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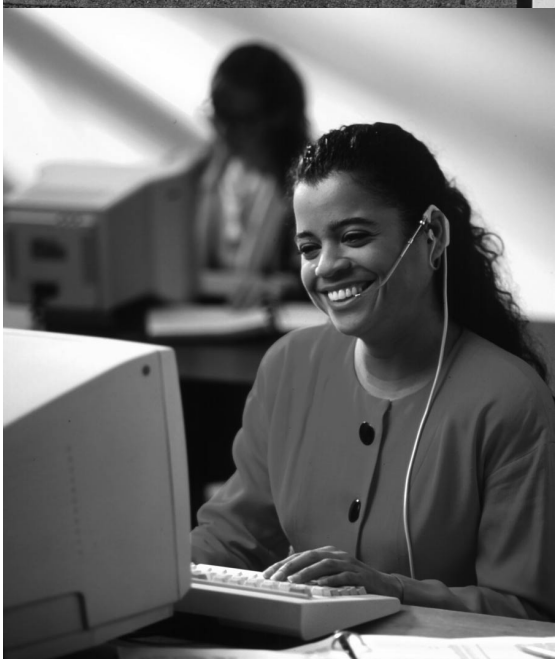

Minnesota Family Investment Program Longitudinal Study:

Two Years After Baseline

Sixth Report in a Series

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Additional copies of this report and previous reports in the series, *Baseline Report, Report on Recipient Sample Six Months After Baseline*, *Report on Applicant Sample Six Months After Baseline, One Year After Baseline and Special Report on Health Care Access Among Welfare Leavers 18 Months After Baseline*, are available on the DHS Web site (www.dhs.state.mn.us).

Executive Summary

The Minnesota Family Investment Program (MFIP) replaced Aid to Families with Dependent Children (AFDC) as Minnesota's family public assistance program in 1998. This followed the enactment of the federal Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) that was signed into law in August 1996. The new program changed the emphasis of assistance from entitlement to "work first" as required by the act, while also supplementing earnings until family income reached approximately 120 percent of the Federal Poverty Guideline (FPG). Minnesota is unusual among states in including poverty reduction as a program goal, in addition to increasing employment and earnings and reducing welfare dependency.

To follow MFIP participants' progress after the program was implemented statewide, the Department of Human Services (DHS) initiated a longitudinal study that sampled 843 ongoing assistance clients (the *Recipient* group) and 985 new clients (the *Applicant* group) in May through October 1998. Study participants were interviewed about the economic and social situations of their families at the beginning of the study and have been and will be interviewed at least once every year thereafter, through five years after baseline. Previous reports have described these MFIP participants at the start of the study, six months, and one year later. A special report examined health care coverage and utilization by welfare leavers at 18 months.

The survey completion rates at two years were 75 percent for each sample. The outcomes in terms of the MFIP goals of employment, decreased welfare use, and moving out of poverty in month 24 of the study are displayed in bold in the table below. Sixty percent of *Recipients* and 66 percent of *Applicants* surveyed were working. Forty-eight percent of Recipients and 63 percent of *Applicants* had left MFIP. More than half of *Recipients* and two-thirds of *Applicants* had family income above the FPG. Using a "basic budget" definition of "out of poverty," 16 percent of *Recipients* and 23 percent of *Applicants* surveyed had family income of two times or more of FPG at month 24. The last two columns give the participants' average earnings and total family income.

MFIP longitudinal study outcomes at three points in time

Outcomes		Working	Off MFIP	Above FPG	Earnings*	Family income*
Recipients	Baseline	44%	0%	37%	$470	$1,174
	12 Months	60%	35%	46%	$846	$1,366
	24 Months	**60%**	**48%**	**55%**	$999	$1,573
Applicants	Baseline	25%	0%	16%	$227	$638
	12 Months	61%	50%	39%	$946	$1,413
	24 Months	**66%**	**63%**	**65%**	$1,201	$1,594

* 2000 dollars (inflation adjusted).

The two-year findings are presented in three parts: economic self-sufficiency, employment and barriers to employment and self-sufficiency, and child well-being. (Section summaries can be found on pages 2, 22, and 48.) The report includes findings from the two-year follow-up survey and concurrent administrative data, as well as trends across time. It addresses how the two groups of families were faring under welfare reform and an economy that was still quite robust for the point in time these interviews asked about – a month in the May through October 2000 period. Future reports will focus on issues such as approaching the five-year TANF time limit, teen mothers, and job retention and advancement during the remainder of the five years of the study.

This executive summary highlights points raised by the study. Discussion of related policy issues was prepared with input from the MFIP policy staff at DHS.

MFIP longitudinal study themes at two-year follow-up

1. MFIP's "work pays" policies were followed by solid economic progress by both *Recipients* and *Applicants*, on the average, with biggest gains made in the first year.

2. Some participants did not see their income improve and still had family income below poverty after two years of MFIP.

3. More workers had employer health insurance, although more than a quarter of the families of employed leavers had uninsured members.

4. Child care, transportation, and housing problems still made it hard for many participants to get a job and work.

5. Many parents said their children were doing well, but a number of parents reported problem behaviors for their school-age and adolescent children.

6. Many children had no personal contact with or financial support from their non-custodial parent.

7. Positive outcomes were more likely for those who had completed high school, those living in two-parent families, and whites.

1. MFIP's "work pays" policies were followed by solid economic progress by both *Recipients* and *Applicants*, on the average, with biggest gains made in the first year. Considerable gains were made during the two years following baseline, as documented in the table on the previous page. More were working, more had left MFIP, and more had family income above the FPG as time passed. Average participant earnings and total family income increased. Hours worked and hourly wages earned also went up. Medians

for those employed in month 24 were 38 hours and $8.75 for *Recipients* and 36 hours and $8.64 for *Applicants*. Half of workers put in that number of hours or more, and half earned that much or more, half that many hours or less, that amount of wages or less. Gains were larger in the first year than in the second, as is typical of new programs.

Policy issues. To ensure that work pays better than public assistance, programs that have supported this claim (MFIP itself with its income disregard, the federal Earned Income Tax Credit, and the Minnesota Working Family Credit) should at least be maintained at their current level. Some changes to MFIP policies could put more money in workers' pockets, like a disregard for child support.

2. Some participants did not see their income improve and still had family income below poverty after two years of MFIP. Despite the overall gains (especially by those who had left MFIP), many families were still struggling as the program reached its two-year point. Twenty-eight percent of *Recipients* and 19 percent of *Applicants* were on MFIP and not working. Some of these participants could reach the time limit in 2002. Forty-five percent of *Recipients* and 35 percent of *Applicants* were living on income below the poverty guideline, including many of the employed. Most jobs continued to be low-level service, clerical, and sales jobs – four-fifths of jobs in each sample.

Policy issues. The leveling off of improvement may have implications for when and how interventions are made. Identifying people with problems that are keeping them from becoming self-sufficient could be done earlier. (Screening tools for mental health and chemical dependency were recently developed and put into use.) Some families may need more intensive intervention. Some families may never be able to reach self-sufficiency and will need ongoing support.

Paying attention to the types of jobs people initially get into and trying to place people in jobs that lead to advancement could increase earnings. The slower rate of improvement also points out the importance of job advancement services (like training, education, and job coaching) to help people move up career ladders.

3. More workers had employer health insurance, although more than a quarter of the families of employed leavers had uninsured members. Forty-five percent of employed *Recipients* and 42 percent of employed *Applicants* were in jobs that offered health care coverage. This was up from 13 percent and 10 percent at baseline and 34 percent and 33 percent at one year, respectively. However, 28 percent of the families of employed *Recipient* leavers and 30 percent of the families of employed *Applicant* leavers had some or all family members uninsured. While 58 percent of employed *Recipient* leavers had been offered employer health insurance, 39 percent of this group purchased it.

Policy issues. Continued effort on the part of DHS and counties is needed to assure continuity of health care coverage for families leaving MFIP. Family members are to be evaluated for ongoing MA under other bases of eligibility and for MinnesotaCare when

MA eligibility no longer exists. DHS is currently working on these issues as part of a Robert Wood Johnson Foundation grant (*Supporting Families after Welfare Reform*).

4. Child care, transportation, and housing problems made it hard for many participants to get a job and work. The most frequent problems unemployed participants noted were issues related to transportation, low wages, child care, and physical or mental health. Over half of *Recipients* and almost two-fifths of *Applicants* lacked either a valid driver's license or access to a reliable car. One-fourth of *Recipients* and one-third of *Applicants* who needed child care had trouble finding it, and more than half needed child care during evenings, nights, or weekends when there is little available. Housing was not "affordable" for about one-third of participants in each sample, while housing subsidies helped shelter two-fifths of *Recipient* and one-quarter of *Applicant* families.

Policy issues. Ways to help people get to work might include improving public transit and helping low-income workers to buy, maintain, and insure cars. Policies that could ensure that workers' children are cared for include the following: better funding and easier access (seamlessness across programs) for child care assistance, developing more child care capacity, and expanding child care in non-traditional hours. Housing problems could be addressed by further expanding public housing and/or housing subsidies as well as increasing the development of affordable housing.

5. Many parents said their children were doing well, but a number of parents reported problem behaviors for their school-age and adolescent children. Most families had very low incomes and few included a second parent. Despite this, many custodial parents, usually mothers, said their children were developing well and doing well in school, had another adult to turn to, and had routines for daily life. But there was also a sizeable number of parents who said their children were missing school, had some problematic behavioral traits (18 percent of *Recipients* with children between ages eight and 15 reported three or more frequent problem behaviors), and at adolescence were getting into trouble at school (32 percent expelled or suspended) or with the police (18 percent).

Policy issues. Policies to prevent or to reduce behavior problems of school-age children and suspensions, expulsions, and other problems of adolescents might include improving and expanding quality child care and preschool programs, Head Start, and before and after-school care. Nationally, the following recommendations for enhancing child well-being based on research findings have been made:

- Reduce family poverty by increasing family income, especially by making sure that family income increases when parents go to work.
- Reduce teen childbearing.
- Improve child care for younger siblings of adolescents.
- Develop and provide early childhood development programs that go beyond basic child care for children in poor families.
- Provide quality after-school activities and better supervision for teens.

6. Many children had no personal contact with or financial support from their non-custodial parent. Only 22 percent of *Recipients* and 27 percent of *Applicants* were receiving child support from a non-custodial parent. Eighty-six percent of *Recipients* and 74 percent of *Applicants* were not living with the other parent of *any* of their children. Many non-custodial parents had no contact at all with their children (one-third to half, depending on age of child and sample).

Policy issues. Policy makers should continue to encourage more financial responsibility and more active parenting by non-custodial parents. Employment services and social services might be needed for non-custodial parents. (Past efforts brought mixed success because of the reluctance of the non-custodial parents to participate, so ways to get greater engagement would have to be explored.) Additional funding may become available to help parents who are living together to strengthen their relationship and parents who are estranged to improve their relationship for the good of their children (funding proposed to promote marriage under TANF reauthorization).

7. Positive outcomes were more likely for those who had completed high school, those living in two-parent families, and whites. High school completion is related to most of the positive study outcomes. One-fourth of study participants still lacked high school credentials. Fourteen percent of *Recipients* and 26 percent of *Applicants* had formed two-parent families since baseline. The parents were married to each other in 63 percent of *Recipient* and 57 percent of *Applicant* two-parent families.

***Policy issues*.** Policy makers could choose to encourage increases in both educational attainment and the formation of two-parent families. MFIP could determine and sponsor the type of education that fits people's current situation since forcing someone to get a GED will not necessarily result in greater employment success (a third factor, such as motivation, may cause a person both to finish school and get a job). Family support measures were mentioned in point 6. Results from the Wilder Research Center and DHS focus group studies (scheduled to be released in October 2002) on the MFIP experience of American Indian, Hmong, African American, and Somali families will point to ways for the program to be culturally sensitive and successful for these major groups of non-white MFIP participants.

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MFIP Longitudinal Study: Two Years after Baseline

The Minnesota Family Investment Program (MFIP) replaced Aid to Families with Dependent Children (AFDC) as Minnesota's family public assistance program. This followed the enactment of the federal Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) that was signed into law in August 1996.[1] By the middle of 1998, all ongoing family assistance cases in Minnesota had been converted to MFIP, and all new and returning cases were entering MFIP. MFIP changed the emphasis of assistance from entitlement to "work first" as required by the act, while also supplementing earnings until the family income[2] reached approximately 120 percent of the Federal Poverty Guideline (FPG).[3] Minnesota is unusual among states in including poverty reduction among its program goals, which also include increasing employment and earnings and reducing welfare dependency.

Prior to implementing MFIP statewide, Minnesota policymakers asked what the effects of the new program would be for participants and wanted to follow their progress after they left assistance. Manpower Demonstration Research Corporation (MDRC) and the Minnesota Department of Human Services (DHS) executed an experimental design study (the MFIP pilot) in eight counties during the four years preceding statewide implementation.[4] Findings of this study showed that families on MFIP were better off than those on AFDC (still the statewide program during the pilot period) on a number of measures, including income, employment, marriage rates, and mothers' ratings of children's behavior and school achievement.

To follow MFIP participants' progress after the program was implemented statewide, DHS initiated a longitudinal study that sampled 843 ongoing assistance clients (the *Recipient* group) and 985 new clients (the *Applicant* group) in May through October 1998. Study participants were to be interviewed about the economic and social situations of their families at the beginning of the study and at least once every year thereafter. The study will continue through five years after baseline. Previous reports have described these MFIP participants at the start of the study, six months, and one year later.[5] A special report examined health care coverage and utilization by leavers[6] at 18 months.

The two-year findings were presented in three parts: economic self-sufficiency, employment and barriers to employment and self-sufficiency, and child well-being. This report combines these three sections and includes findings from the two-year follow-up survey and concurrent administrative data, as well as trends across time. It addresses how the two groups of families were faring under welfare reform and an economy that was still quite robust for the point in time these interviews asked about – a month in the May through October 2000 period. The primary purpose is to inform policymakers and program managers who develop, implement, and modify programs for low-income families. Future reports will focus on participants approaching the five-year TANF time limit, teen mothers, job retention and advancement, and other relevant issues through the rest of the five years of the study.

Part I: Economic Self-Sufficiency at Two Years

On average, both *Recipients* and *Applicants* made progress – especially the *Applicants* – in terms of decreased welfare use, increased earnings and income, and a lower level of poverty. Some families had income above the level of a basic budget estimated to meet the needs of a family in Minnesota; some were still in deep poverty. Overall, employment was the most important factor influencing economic outcomes. Income from second parents in the household, child support payments from non-custodial parents, and the Earned Income Tax Credit were other important income sources for some participants. Because affordable housing has emerged as a major economic issue for many, detailed data on housing costs and shared housing are included in this report. Especially key to consideration of success with respect to the MFIP goal of reducing poverty is the story that the study can tell about what has happened to leavers.

Highlights of Economic Findings

- ***Poverty rates.*** After two years, more than half of each sample had monthly family income that was above the poverty level (55 percent of Recipients and 65 percent of Applicants, compared to 37 percent and 16 percent at baseline). Those reaching 200 percent of the FPG had increased from four percent to 16 percent for Recipients and from two percent to 23 percent for Applicants over this time.

- ***Welfare use.*** Half of Recipients and two-thirds of Applicants had left MFIP at two years; the proportion of leavers continued to increase over time.

- ***Working***. At two years, nearly two out of three study participants were working (60 percent of *Recipients* and 66 percent of *Applicants)*. This was up from baseline when 44 percent of *Recipients* and 25 percent of *Applicants* were working, but little change occurred in proportion working between one year (with 60 percent of *Recipients* and 61 percent of *Applicants* working) and two years. More than one-third of *Recipients* and almost half of *Applicants* were both working and off MFIP at two years.

- ***Earnings.*** Recipients more than doubled their average earnings over the two years, while Applicants' average earnings were more than five times greater at two years, as more people in each group became employed.

- ***Total income.*** Average total monthly family income – including unearned income like MFIP, child support, and disability payments – also increased to close to $1,600 in month 24 in both samples. Income averaged 130 percent of FPG for Recipients and 143 percent for Applicants, up from 99 percent and 66 percent at baseline.

- ***Income sources.*** Two-thirds of Recipients' family income was earned, as was three-quarters of Applicants' family income, nearly double the proportions at baseline. Welfare cash payments accounted for a decreasing share of total family income, declining to around 10 percent from about 40 percent at baseline in each sample.

- ***Child support.*** Custodial parents receiving child support, either directly or through the child support system, increased to 22 percent of Recipients (up from 14 percent) and 27 percent of Applicants (up from 17 percent).

- ***Tax credits for working.*** The federal Earned Income Tax Credit and the state Working Family Credit can function as a powerful work incentive and supplement. The receipt of estimated credits would have effectively decreased the poverty rate from 24 percent to 11 percent for working Recipients and from 17 percent to nine percent for working Applicants if included in total family income.

- ***Two-parent families.*** Fourteen percent of Recipients and 26 percent of Applicants were living with the other parent of one or more of their children; none did at baseline by the study design which sampled MFIP-eligible caregivers from one-parent (or caregiver) families.

- ***Subgroup findings.*** For subgroups based on employment and welfare status:
  - Four-fifths of long-term leavers (off MFIP for at least the last year) in each sample had family income above the FPG.
  - Long-term leavers had significantly higher family income than short-term leavers and subgroups on MFIP at two years, one year, and even at baseline.
  - One-third of employed leavers in each sample had income at least twice the FPG and fewer than one-fifth of employed leavers were living in poverty.
  - For those working and on MFIP, one-third of Recipients and one-fourth of Applicants had family income below the FPG.
  - Few of those who were unemployed and receiving MFIP had incomes above the poverty level (14 percent for Recipients and 13 percent for Applicants).

- ***Housing.*** The most common type of housing continued to be an unsubsidized rental unit (41 percent of Recipients and 47 percent of Applicants) followed by public and subsidized housing (39 percent of Recipients and 26 percent of Applicants), mostly subsidized rentals. People on MFIP were about twice as likely to be living in public or subsidized housing as were leavers. More than one-third of each sample had housing costs that exceeded 30 percent of their family income. Over 40 percent of each sample reported maintenance problems in their housing units.

Trends over Time in Welfare, Income, and Poverty

No single measure can give the reader a sense of the adequacy of a family's income. Multiple economic measures are reported here. Economic indicators show progress for both samples – ongoing *Recipients* and those who were new *Applicants* at baseline – across the first two years of the study, with progress generally greater in the first year.

Leavers

How many study participants were welfare leavers?
Half of *Recipients* and two-thirds of *Applicants* were MFIP leavers, according to administrative data for the complete samples. They had exited and stayed off MFIP for at least two consecutive months including the 24th month after the start of the study. More exits were made in the first year than in the second (Figure 1-1). Increased income continued to be the main reason people surveyed said they had left MFIP (two-thirds of recent *Recipient* leavers and 54 percent of recent *Applicant* leavers). Many said their own courage, desire, or self-motivation got them off (about half of each group). Most of the others said that either family and friends (with money, encouragement, child care, and clothing) or MFIP financial workers and job counselors (through encouragement, help finding a job or getting training, transportation help, explanation of the program, insistence, and help to relearn skills) made the difference.

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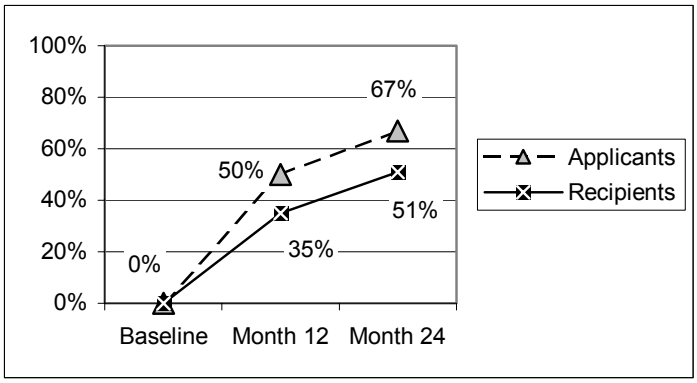
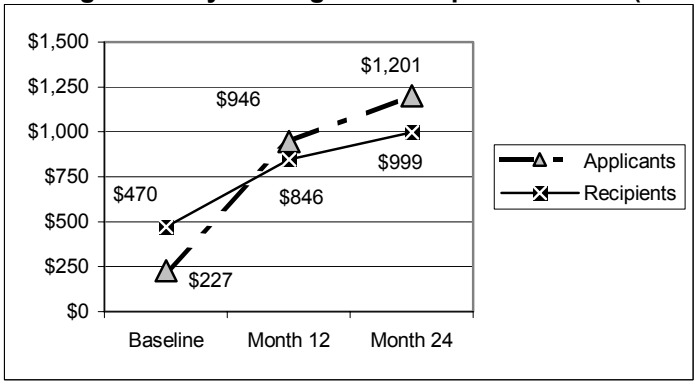
Figure 1-1. Cumulative MFIP exit rates over time



Family Income

Were study participants earning more to support their families?
As a group, *Recipients* more than doubled their own earnings (adjusted for inflation) over the two years. *Applicants*, as a group, earned more than five times as much, reflecting the crisis usually involving loss of income which initially brought them to their county assistance office for help. Figure 1-2 gives earned income averages for all surveyed participants. As the next report in this series will document, increases in earnings were due to increases in the number of people employed, hours worked, and hourly wages.

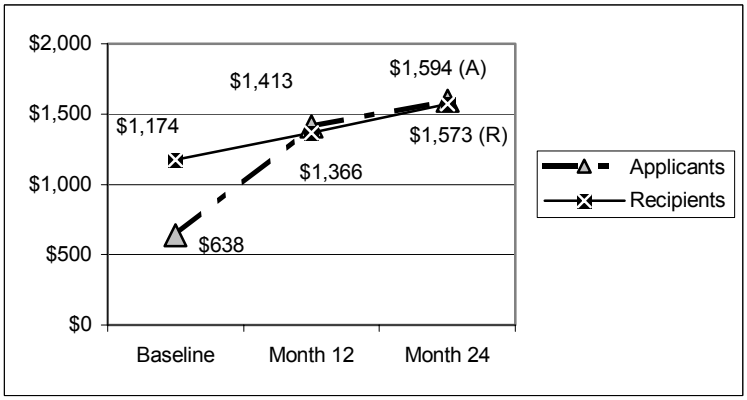
Figure 1-2. Average monthly earnings at three points in time (2000 dollars)



Did total family income increase over time?

Average total family income also increased over time (Figure 1-3). It grew most during the first year of the study for *Applicant*s: up 121 percent as they recovered from their crisis at initial application. It was up 15 percent for both samples in the second year, the same size increase in average total family income the *Recipient* sample achieved the first year. Family income includes earnings of the study participant, earnings of a second parent in the household, public assistance sources (MFIP cash and food portion, food stamps, General Assistance, emergency assistance), child support paid to the study participant as a custodial parent, and other sources of unearned income such as Supplemental Security Income (SSI), insurance and divorce settlements, and inheritance. Tax effects (such as payroll taxes, income taxes, and Earned Income Tax Credits) were not included because they are not included in the FPG.

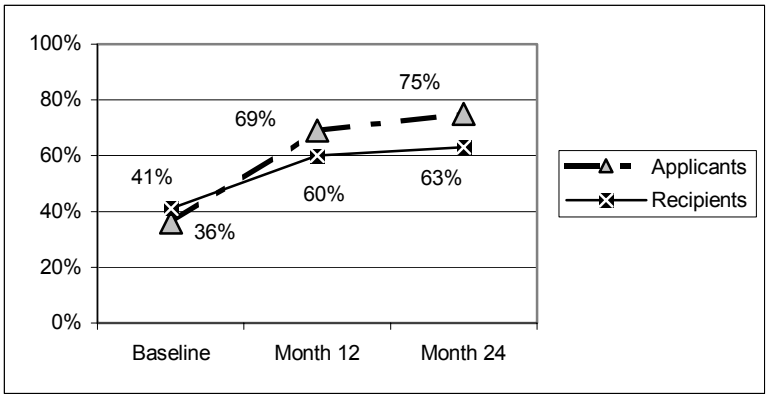
Figure 1-3. Average family monthly income at three points in time (2000 dollars)



Did the proportion of family income from earnings increase over time?

The increased work effort of parents (and decreased reliance on public assistance) is shown by the increasing proportion of family income due to earnings in each sample. After two years, nearly two-thirds of *Recipients*' family income was earned, as was three-quarters of *Applicants*' family income (Figure 1-4).

Figure 1-4. Average percentage of family income from earnings at three points in time



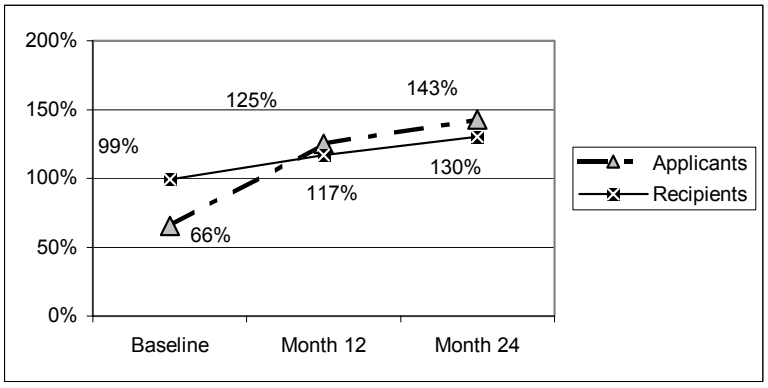
Poverty

There are various ways to measure poverty. The Federal Poverty Guideline (FPG) is the most commonly used. In 2000, the FPG was $14,150 per year ($1,179 per month) for the most typical *Recipient* family of one parent and two children. In the most frequently observed *Applicant* family, a single parent with one child, the 2000 FPG was $11,250 per year ($938 per month). The appendix gives a table of FPG values by family size. In the United States, 8.6 percent of all families had income less than the poverty level in the year 2000.[7] For Minnesota, the family poverty rate was 6.6 percent for 1999 to 2000.[8]

FPG has some shortcomings as a measure of poverty. It was originally set at three times the USDA low-cost family food budget in the 1960s and has been adjusted for inflation every year. But it has not been changed to reflect the fact that the average family now spends only one-fifth of its income on food as the relative costs of items such as housing and health care have increased greatly since then. Nor does it include non-cash resources and tax effects that have been an avenue of expanded government support for low-income families in recent years. The U.S. Census Bureau reports a number of experimental measures, and other organizations have developed alternative measures.[9] This report follows the general convention of using percentages of the FPG to indicate relative poverty: below 50 percent as deep poverty, 100 percent as the poverty line, and between 100 percent and 200 percent as low-income or near-poverty.

How are study families progressing according to poverty indicators?
Under MFIP, a family can continue to receive some cash assistance until their income reaches approximately 120 percent of the FPG for their family size. The average income for all surveyed participants (including those with no income) exceeded the 120 percent exit point both for *Recipients* and *Applicants* (Figure 1-5). This was expected because a majority of each sample had left the program.

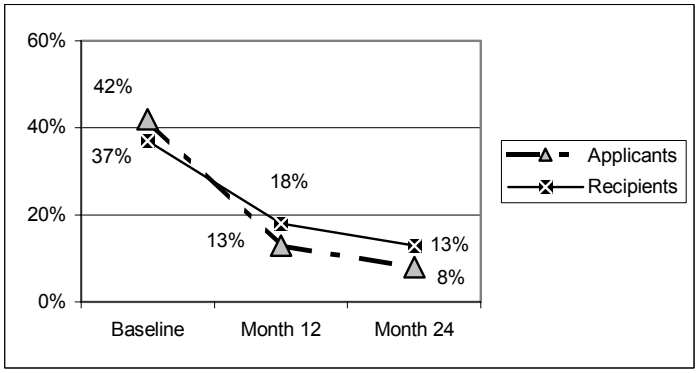
Figure 1-5. Average percentage of Federal Poverty Guideline over time



The 130 percent of FPG would represent $1,533 per month for a typical Recipient family with one parent and two children. The 143 percent of FPG would represent $1,341 per month for a typical Applicant family of one parent and one child or $2,032 per month for a family of four.

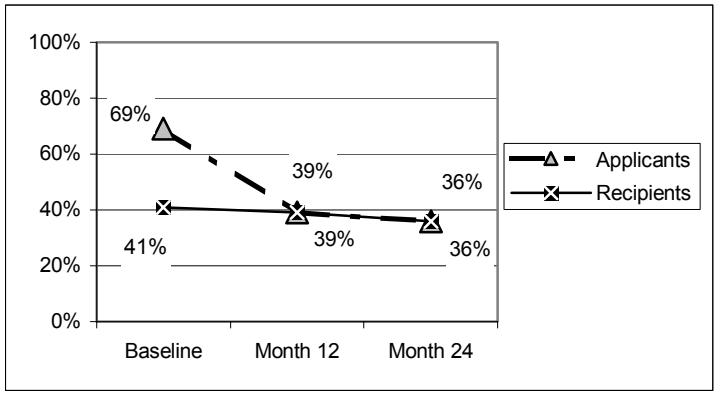
Another indicator of progress in moving out of poverty is a decrease in the percentage of family income coming from MFIP. Welfare cash accounted for less of total family income at two years, declining to around 10 percent from about two-fifths in each sample at baseline (Figure 1-6).

Figure 1-6. Percentage of family income coming from MFIP cash over time



Housing poverty is spending at least 30 percent of family income on housing (rent or mortgage, lot or association fees, and utilities not including telephone). The percentage of families paying this much for housing decreased rapidly for *Applicants* during the first year, from 69 percent to 39 percent. During the same time, there was little change for *Recipients* (41 percent to 39 percent). Each sample had more than one-third of surveyed participants with housing costs that exceeded 30 percent of their family income at two years (Figure 1-7).

Figure 1-7. Percentage of families with housing costs exceeding 30 percent of family income at three points in time

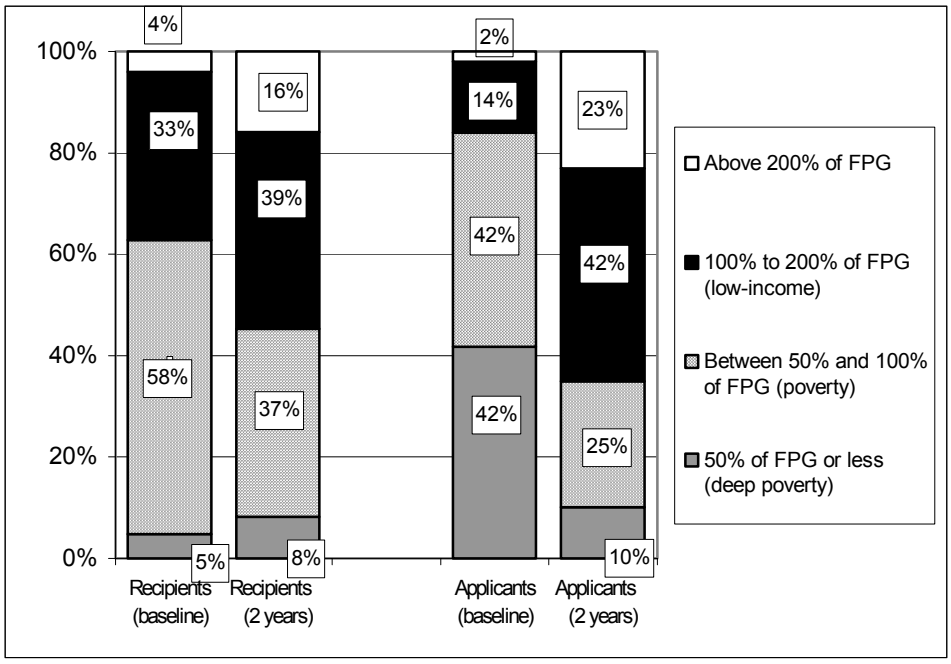


How did poverty status after two years compare with the status at the beginning of the study?

More than half of each sample had family income above the poverty level at the two-year follow-up (55 percent of *Recipients* and 65 percent of *Applicants*). The poverty rate dropped from 63 percent to 45 percent for *Recipients* and from 84 percent to 35 percent for *Applicants* over the two years of the study. Those above 200 percent of the FPG increased from 4 percent at baseline to 16 percent at two years for *Recipients* and from

two percent to 23 percent for *Applicants*.[10] Figure 1-8 shows this increase in participants above the poverty line. At the same time, the proportion of *Applicants* living in "deep poverty" declined from 42 percent to 10 percent. The proportion of *Recipients* in this category was lower, rising slightly from 5 percent to 8 percent over the two years. At two years, the *Recipient* and *Applicant* profiles were much closer to each other than at baseline.

Figure 1-8. Change in economic status of *Recipients* and *Applicants* over time



Outcome Groups Based on Employment and Welfare Use

At baseline, all study participants were on MFIP; some were also working (44 percent of *Recipients* and 25 percent of *Applicants* surveyed). Table 1-1 gives employment and welfare statistics at two years for participants surveyed. At that time, 48 percent of *Recipients* and 63 percent of *Applicants* were no longer receiving MFIP,[11] and 60 percent of *Recipients* and 66 percent of *Applicants* were working. More than one-third of *Recipients* (36 percent) and almost one-half of *Applicants* (47 percent) were both working and off MFIP.

Table 1-1. Employment, MFIP exits, and outcome groups at two years: counts and rates for participants surveyed

		Not working	Working	Total	Not working	Working	Total
Recipients	On MFIP	177	153	330	28%	24%	52%
	Off MFIP	76	228	304	12%	36%	48%
	Total	253	381	634	40%	60%	100%
Applicants	On MFIP	137	138	275	19%	19%	37%
	Off MFIP	113	350	463	15%	47%	63%
	Total	250	488	738	34%	66%	100%

Economic statistics for the four outcome groups based on employment and welfare use are given in Table 1-2 on the next page.

How did the outcome groups differ in the relative importance of sources of their family income?

The *Recipient* and *Applicant* samples were very similar not only in their average (mean) monthly income – just under $1,600 – but also in the pattern of sources of total family income for the outcome groups. Those working and off MFIP averaged the highest incomes with nearly $2,000 in the 24th month, next were those working and receiving a supplement from MFIP, then those off MFIP and not working. The lowest average income was recorded for families receiving MFIP and headed by a study participant unemployed in the month reviewed.

However, the outcome groups differed in the relative importance of income sources. Table 1-2 gives average amounts from the sources of total family income categorized as earnings (own and, in some cases, earnings of a second parent in the household), public assistance, child support, and other unearned income. Family earnings were the primary income source for working participants, with the second most important source being child support for workers no longer on MFIP and public assistance for workers continuing to receive MFIP as an earnings supplement. Unemployed leavers depended on second-parent income, other unearned income (especially SSI), and child support.[12] Those who were on MFIP and not employed relied primarily on public assistance; a few also got money from a working second parent and/or another source.

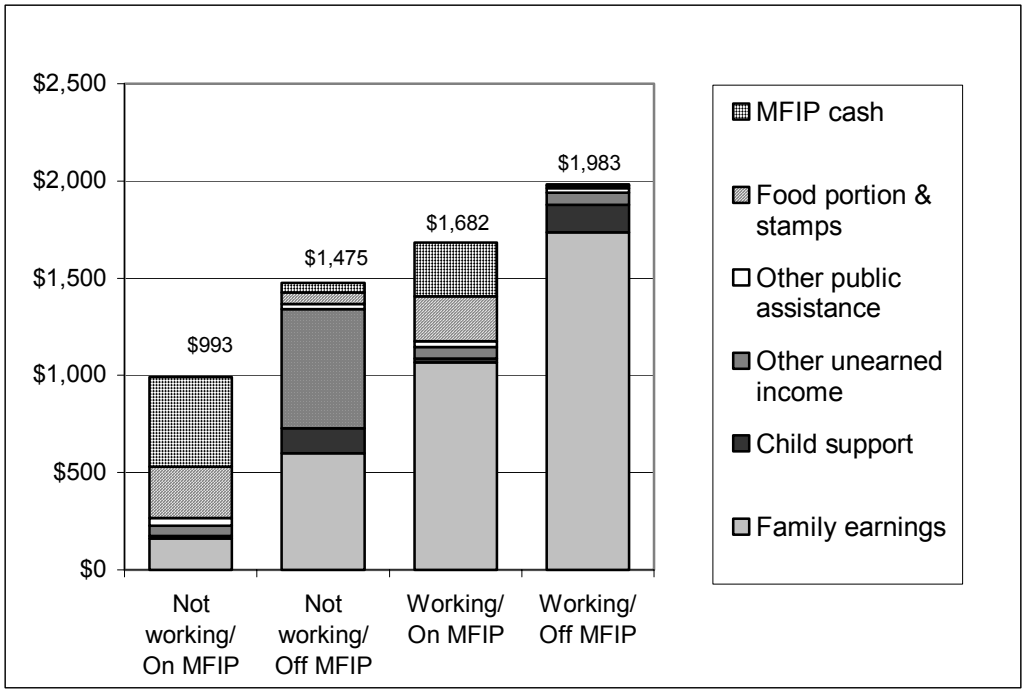
Table 1-2. Economic measures for outcome groups two years after baseline

Recipients		Not working/ On MFIP	Not working/ Off MFIP	Working/ On MFIP	Working/ Off MFIP	All Surveyed
Surveyed study participants		177	76	153	228	634
Percent of all surveyed at 2 years		28%	12%	24%	36%	100%
Family income	Total income in review month	**$993**	**$1,475**	**$1,682**	**$1,983**	**$1,573**
	Earnings of participants	$31	$35	$1,002	$1,452	$777
	Earnings of 2nd parents and spouses	$131	$563	$66	$284	$222
	Public assistance	$766	$135	$535	$41	$374
	MFIP cash	*$463*	*$50*	*$277*	*$6*	*$204*
	Food	*$264*	*$58*	*$229*	*$13*	*$141*
	Other programs	*$38*	*$27*	*$29*	*$23*	*$29*
	Child support received	$10	$131	$20	$143	$75
	Other unearned income	$54	$611	$59	$64	$126
Percent living with second parent or spouse		12%	30%	5%	17%	14%
Percent living with employed second parent or spouse		8%	26%	3%	14%	11%
Child support payment made by noncustodial parent		31%	33%	33%	45%	37%
Child support payment received by custodial parent		6%	30%	7%	41%	22%
Earned Income Credit received in 1999		34%	41%	61%	69%	54%
Earned Income Tax Credit monthly estimate		$23	$32	$248	$178	$134
Average percent of Federal Poverty Guideline (FPG)		77%	117%	132%	175%	130%
Poverty rate (% below FPG)		86%	57%	33%	19%	45%
Housing costs		$274	$329	$354	$439	$361
Percent paying > 30% of income for housing		43%	48%	27%	33%	36%
Applicants		**Not working/ On MFIP**	**Not working/ Off MFIP**	**Working/ On MFIP**	**Working/ Off MFIP**	**All Surveyed**
Surveyed study participants		137	113	138	350	738
Percent of all surveyed at 2 years		19%	15%	19%	47%	100%
Family income	Total income in review month	**$832**	**$1,435**	**$1,600**	**$1,941**	**$1,594**
	Earnings of participants	$14	$63	$1,007	$1,285	$810
	Earnings of 2nd parents and spouses	$152	$1,005	$86	$406	$391
	Public assistance	$626	$38	$477	$23	$222
	MFIP cash	*$394*	*$6*	*$271*	*$2*	*$126*
	Food	*$212*	*$29*	*$182*	*$10*	*$83*
	Other programs	*$20*	*$2*	*$24*	*$11*	*$14*
	Child support received	$14	$119	$23	$131	$88
	Other unearned income	$27	$210	$6	$95	$83
Percent living with second parent or spouse		18%	48%	13%	27%	26%
Percent living with employed second parent or spouse		12%	45%	7%	23%	22%
Child support payment made by noncustodial parent		21%	39%	24%	42%	34%
Child support payment received by custodial parent		9%	30%	11%	39%	27%
Earned Income Credit received in 1999		20%	30%	49%	64%	48%
Earned Income Tax Credit monthly estimate		$16	$49	$212	$167	$129
Average percent of Federal Poverty Guideline (FPG)		73%	115%	148%	177%	143%
Poverty rate (% below FPG)		87%	48%	24%	15%	35%
Housing costs		$246	$367	$301	$425	$359
Percent paying > 30% of income for housing		45%	55%	25%	32%	36%

Note: Housing percentages include families with both income and housing costs (561 Recipients and 628 Applicants). Otherwise, all averages were computed across all cases with non-missing data. Some participants who were not working had earnings paid for work done in the previous month. Some participants off MFIP received MFIP cash for child-only cases.

Figure 1-9 illustrates the magnitude and relative importance of these income sources for the four outcome groups in the *Recipient* sample.

Figure 1-9. Family income for *Recipient* outcome groups



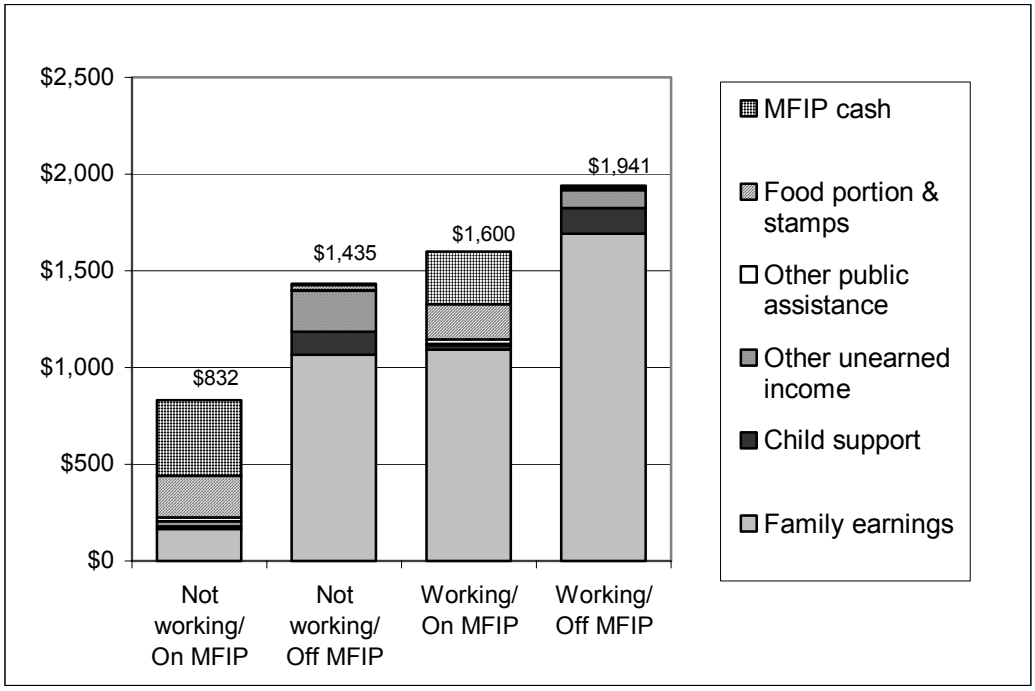
The pattern of income sources was similar for the *Applicant* outcome groups, as displayed in Figure 1-10 on the next page. The most noticeable difference was for the unemployed leavers groups. Second-parent earnings (the source of family earnings for the unemployed participant groups) were the major income source for *Applicants* in this outcome group; other unearned income (including SSI) was the major income source for *Recipients* in this outcome group.

At two years, 14 percent of *Recipients* and 26 percent of *Applicants* were living with the parent of at least one of their children (only one-parent families were sampled at baseline for the study). Unemployed leavers were most likely to be in a two-parent household (30 percent of *Recipients* and 48 percent of *Applicants* in this outcome group). Most second parents were employed.

A non-custodial parent paid child support (either directly to the custodial parent or to the state that then retained payments for children eligible for MFIP) to 37 percent of *Recipient* families and 34 percent of *Applicant* families. Twenty-two percent of *Recipients* and 27 percent of *Applicants* received child support money for the month surveyed, either directly or through the child support system. This was an increase over the previous year, with an additional 8 percent of *Recipients* and 10 percent of *Applicants* getting child support money. Child support was more likely to be a source of income for leavers because money paid through the child support system for children receiving MFIP was retained by the state during the study period in 2000 as reimbursement for

assistance paid to families receiving MFIP. (Starting January 1, 2001, all current child support payments collected through the DHS Child Support Enforcement Division were forwarded to custodial parents and then deducted from the MFIP grant for that month.)

Figure 1-10. Family income for *Applicant* outcome groups



Could the Earned Income Tax Credit raise families out of poverty?
The survey asked participants whether they had received an Earned Income Tax Credit (EITC) for the tax year 1999. The EITC is a fully refundable credit, so any amount above the tax liability was received in cash. About half of each sample did remember utilizing this federal program which supplements the earnings of low-income families. The estimated average credit (combining the EITC and Minnesota Working Family Credit (WFC)) calculated for the review month[13] was $134 for all *Recipient* families and $129 for all *Applicant* families. The averages were over $200 for the participants working and on MFIP.

The EITC is a work incentive important for economic self-sufficiency. Adding the estimated federal EITC to the family income of employed *Recipients* and *Applicants* at two years into the study could lower the poverty rates for these subgroups from 24 percent to 13 percent for working *Recipients* and from 17 percent to 10 percent for working *Applicants*. With the addition of the state WFC, these poverty rates would drop further, to 11 percent for working *Recipients* and nine percent for working *Applicants*.

How did poverty measures differ by outcome group?
Two measures summarizing poverty status were reported in Table 1-2 on page 10. Family income averaged 130 percent of the Federal Poverty Guideline for *Recipients* and 143 percent for *Applicants*. The outcome groups varied as expected, from 77 percent for *Recipients* not working and on MFIP to 175 percent for employed *Recipient* leavers.

Applicants had very similar percents of FPG for the four outcome groups (ranging from 73 percent to 177 percent in the same order).

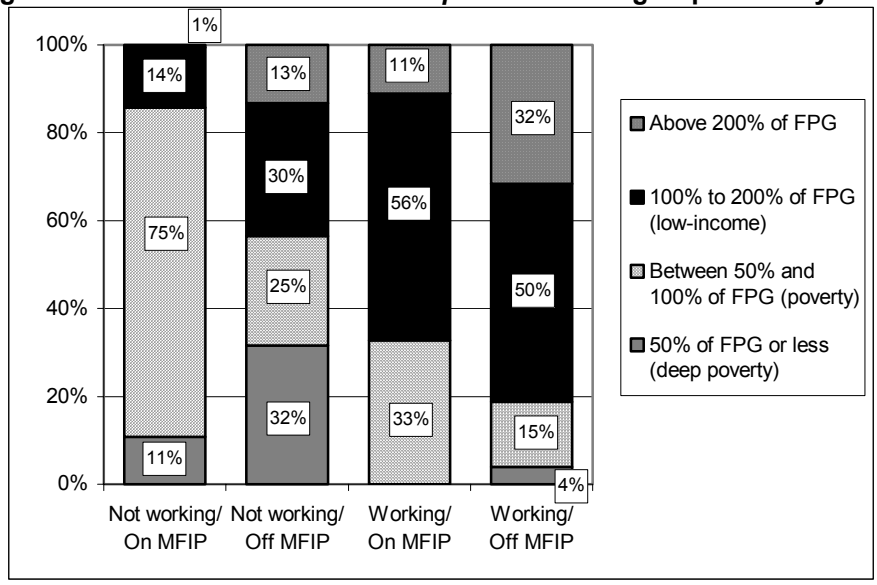
The poverty rate, or percent with income below the FPG, ranged from 86 percent for *Recipients* not working and on MFIP to 19 percent for employed leavers, and was 45 percent of all *Recipients*. The numbers were similar for *Applicants*, with 35 percent of all *Applicants* living under the poverty line. There was a greater contrast in poverty rates between the working outcome groups and those not working than between the outcome groups of leavers and those on MFIP.

Paying more than 30 percent of income for housing, another poverty indicator, will be discussed in the section on housing starting on page 17.

Economic Self-Sufficiency

How close to economic self-sufficiency were outcome groups in the two samples? Figures 1-11 and 1-12 show economic status after two years for the outcome groups within each sample. The categories give family status compared to the FPG, as Figure 1-8 on page 8 showed for the total samples. These figures illustrate that work helps raise families out of poverty.

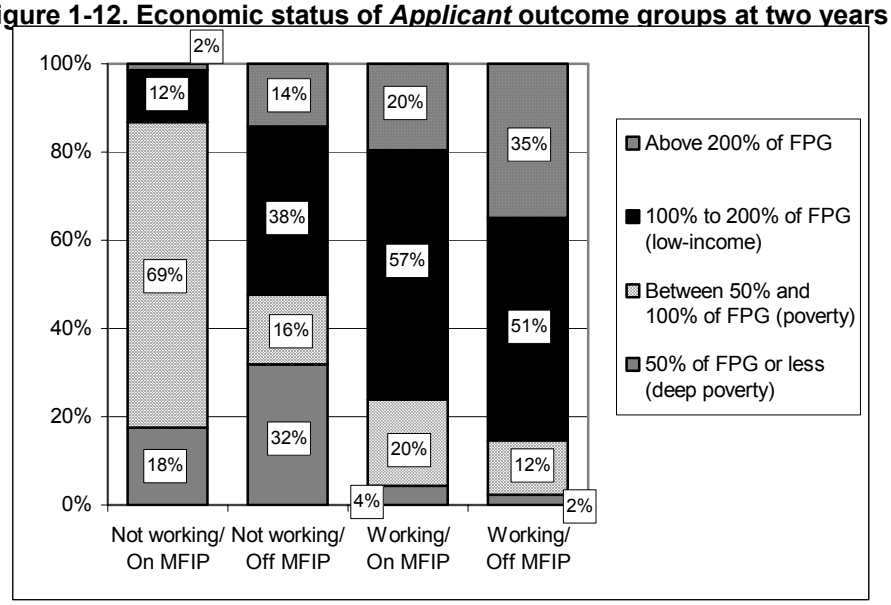
Figure 1-11. Economic status of *Recipient* outcome groups at two years



About one-third of the families in each employed leavers group had income at least equal to 200 percent of FPG and fewer than one-fifth were in poverty. For those working and on MFIP, one-third of *Recipients* and one-fourth of *Applicants* were in poverty. The group that was both unemployed and off MFIP had the most diverse economic outcomes, with the most in deep poverty, but also around 1 in 7 living at or above 200 percent of FPG. Few of those who were unemployed and receiving MFIP were above the poverty level (14 percent for *Recipients* and 13 percent for *Applicants*, due to rounding). Those

who were, had a working second parent in the household earning enough to disqualify them from MFIP in a future month or had received emergency assistance to address a crisis situation. Most of the one percent of those unemployed and on MFIP who had family income above 200 percent of FPG were on their way off MFIP.

Figure 1-12. Economic status of *Applicant* outcome groups at two years



Was economic success related to how long families had been off MFIP?
Table 1-3 on the next page divides the study participants into the following groups:

- Long-term leavers (off at least one year as of month 24).
- Short-term leavers (on MFIP part of the second year of the study).
- Recent rebounders to MFIP (returned within the last year of the study and on in the study month).
- Long-term MFIP participants (on MFIP for at least the last 12 months with no break).

Applicants were more likely than *Recipients* to be long-term leavers (43 percent vs. 30 percent) and less likely to be long-term MFIP participants (24 percent versus 37 percent).

Table 1-3 also divides each status group according to percent of FPG that family income represented. Four-fifths of long-term leavers in each sample (77 percent for *Recipients* and 81 percent for *Applicants*) had family income above the FPG. About one-third of each sample's long-term leavers had income at least at 200 percent of FPG (34 percent of *Recipients* and 35 percent for *Applicants).* At the other end of the income scale, there were some long-term leavers (10 percent for *Recipients* and 8 percent for *Applicants*) in deep poverty (income less than 50 percent of FPG) during month 24.

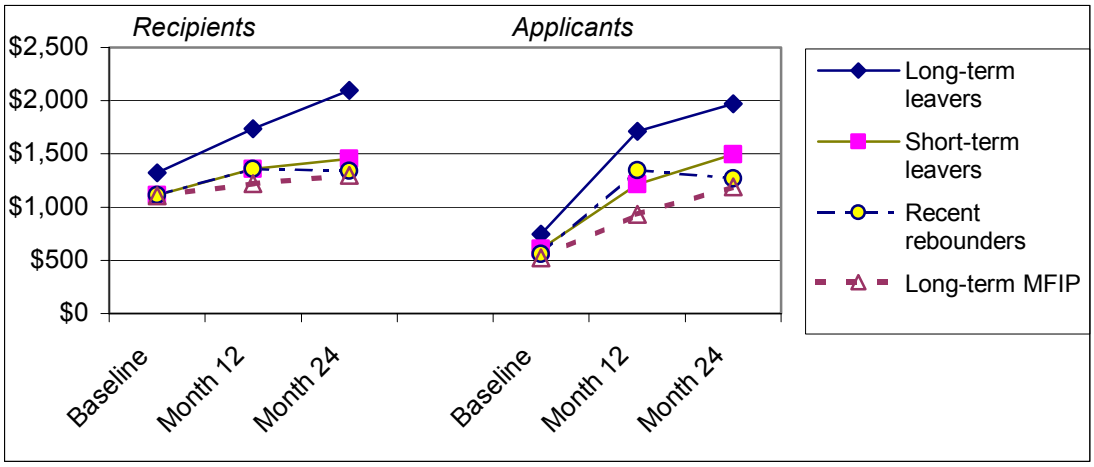
Table 1-3. Long and short-term leavers and MFIP participants: distributions, economic well-being, and average family income

Leaver and welfare-use groups: family income and economic well-being		Percent of surveyed	Below 50% FPG	50% FPG to FPG	100% to 200% FPG	At or above 200% FPG	Average family income
Recipients (N=634)	Long-term leavers (off at least a year)	30%	10%	13%	43%	34%	$2,097
	Short-term leavers (on MFIP part of year 2)	18%	13%	25%	47%	15%	$1,454
	Recent rebounders (off MFIP part of year 2)	15%	8%	51%	31%	10%	$1,341
	Long-term MFIP (on MFIP at least a year)	37%	5%	57%	35%	3%	$1,300
	All *Recipients* surveyed	100%	8%	37%	39%	16%	$1,573
Applicants (N=738)	Long-term leavers (off at least a year)	43%	8%	11%	46%	35%	$1,969
	Short-term leavers (on MFIP part of year 2)	20%	14%	18%	51%	18%	$1,494
	Recent rebounders (off MFIP part of year 2)	13%	18%	34%	33%	16%	$1,269
	Long-term MFIP (on MFIP at least a year)	24%	7%	50%	35%	8%	$1,190
	All *Applicants* surveyed	100%	10%	25%	43%	23%	$1,594

Finally, Table 1-3 gives average family income for the four groups based on MFIP use. Average family income was highest for long-term leavers and lowest for long-term MFIP participants in each sample. However, the only significant differences among all possible group comparisons were those that contrasted the long-term leavers – who had higher average income – with all the other groups. This suggests either that those more able to attain economic self-sufficiency might have been able to leave MFIP sooner or that it takes a while to establish oneself economically after leaving MFIP. Longitudinal data gives some evidence on this question.

Figure 1-13 displays the longitudinal data on family income for the four groups based on welfare status at two years. Average family income is given for people in these groups at the three times. The first hypothesis – that these families started out economically better off – is supported by the fact that these long-term leavers' families also had significantly higher income than the other three groups both one year into the study and also at baseline in both samples. The other three groups were practically indistinguishable for five of the six comparisons.[14]

Figure 1-13. Average family income over time for leaver and welfare use groups at month 24 (longitudinal data using 2000 dollars)



What evidence was there of material hardship?

Table 1-4 gives data on a variety of hardships, all in month 24 except unmet medical need that was for the year 1999. Many families in the study needed food subsidies. Children in many of the families in the study ate free or reduced-price lunches at school. This was especially so for *Recipient* families, more of whom had school-age children. Many people obtained food from a commodity program such as WIC or Fareshare, a food shelf, shelter, or church. Commodity programs provided food to the most families (22 percent of *Recipients* and 33 percent of *Applicants*), followed by food shelves (10 percent of *Recipients* and 8 percent of *Applicants*). Lack of insurance was the biggest reason that some participants reported for their family going without needed medical care any time in the previous year. Some families got free or nearly free clothing. One *Recipient* who had housing was unable to pay or borrow money to pay the rent during the month. Also see Table 1-7 for data on public or subsidized housing in month 24 and Table 1-8 for energy assistance figures for the winter of 1999-2000 and data on emergency housing in the previous 12 months.

Table 1-4. Material hardships reported for month 24

Material hardship	Not working/ On MFIP	Not working/ Off MFIP	Working/ On MFIP	Working/ Off MFIP	All Surveyed
Recipients	177	76	153	228	634
Free or reduced school lunch	68%	58%	70%	50%	61%
Food from WIC, food shelf, shelter, church	47%	32%	31%	15%	30%
Lack of needed medical or dental care	10%	9%	6%	18%	12%
Clothing closet	7%	3%	3%	5%	5%
Applicants	137	113	138	350	738
Free or reduced school lunch	20%	16%	25%	27%	23%
Food from WIC, food shelf, shelter, church	55%	36%	49%	25%	37%
Lack of needed medical or dental care	4%	16%	10%	21%	15%
Clothing closet	6%	1%	1%	1%	2%

What did leavers say about their life after MFIP?

More than half of working leavers in each sample said they had more money after paying bills than they did when they were on MFIP (Table 1-5). One-fifth said they had less. Three-fourths of working leavers in each sample said life was better when asked, while almost one-tenth in each sample said life was worse.

Significantly more leavers who were working than those not working said they had more money after paying bills than they had when they were on MFIP. About half of the unemployed leavers said life was better after MFIP. Some leavers who were not working and had less money after paying bills, still said they were better off after MFIP (15 percent of all *Recipients* and 36 percent of all *Applicants*). Life was better, these participants said, because of having more income or becoming self-supporting, usually due to a working second parent, SSI, marriage, or family reconciliation. Not having to deal with the welfare system anymore was another benefit people mentioned.

Table 1-5. Reported well-being of leavers commenting on life after MFIP

Exiter well-being		Recipients		Applicants	
		Not working	Working	Not working	Working
Money after bills	More	39%	61%	34%	57%
	Same	25%	19%	20%	23%
	Less	36%	20%	46%	20%
Life after MFIP	Better	49%	73%	54%	75%
	Same	27%	17%	35%	18%
	Worse	24%	10%	11%	7%

Leavers who said life was better (199 *Recipients* and 311 *Applicants*) mentioned one or more advantages. An increase in financial well-being was the most common (57 percent of *Recipients* and 53 percent of *Applicants*). Also frequently mentioned were the following: independence and the ability to make choices, no longer having to conform to MFIP requirements, improvements in family life, better housing, enhanced self-esteem or emotional well-being, improved physical or mental health, the value of working such as liking the job, and attending or completing school or training.

Leavers who said life was worse (41 *Recipients* and 35 *Applicants*) were asked, "What are the most important ways your life is worse?" Reasons given at two years were similar to reasons given during previous periods. Leavers explained life was worse due to one or more of eight main kinds of problems: money problems (mentioned most frequently, by 26 *Recipients* and 27 *Applicants*), physical or mental health issues, health insurance, job issues, housing, food, child-related problems, and issues associated with jail or prison.

Was the economic progress observed for these low-income Minnesotans due to the economy or to welfare reform?

At the time of the two-year follow-up (the middle of the year 2000), the U.S. economy, including Minnesota's, was very strong, with unemployment at record lows. At the same time, the TANF rules (MFIP in Minnesota) had been fully implemented and work supplement programs like child care assistance and EITC were in place. While there is agreement that all these factors have been important in decreasing caseload counts (and increasing economic well-being), researchers disagree widely on the relative effect of these presumably causal factors.[15] For some participants, another important factor may be life-cycle changes, resulting from children aging or relationships being formed with potential wage earners.

Housing

Because affordable and stable housing has emerged as an important issue for low-income Minnesotans, this section will address several aspects of housing.

What types of housing did participants live in?

The most common type of housing continued to be an unsubsidized rental unit (41 percent of *Recipients* and 47 percent of *Applicants)*. More *Recipients* than *Applicants*

lived in public and subsidized housing. Subsidized housing was utilized by 33 percent of *Recipients* and 22 percent of *Applicants*, and public housing by 6 percent of *Recipients* and 4 percent of *Applicants*. Table 1-6 shows housing types for those on MFIP and for leavers. People on MFIP were twice as likely to be living in public or subsidized housing than leavers.

Table 1-6. Housing types and mean cost in month 24

		On MFIP	Off MFIP	Total Sample	On MFIP	Off MFIP	Total Sample
Recipients	Counts*	330	304	634	292	266	558
	All	100%	100%	100%	$397	$519	$455
	Public/subsidized	50%	27%	39%	$258	$348	$288
	Unsubsidized rental	35%	47%	41%	$585	$589	$587
	Own home - mobile	2%	7%	4%	$458	$453	$454
	Own home	7%	12%	9%	$623	$744	$697
	Live for free**	3%	6%	4%	$787	$485	$586
Applicants	Counts*	275	463	738	225	408	631
	All	100%	100%	100%	$398	$533	$484
	Public/subsidized	38%	19%	26%	$214	$317	$261
	Unsubsidized rental	46%	48%	47%	$568	$572	$571
	Own home - mobile	4%	6%	5%	$428	$624	$569
	Own home	3%	14%	10%	$653	$682	$679
	Live for free**	7%	9%	8%	$346	$553	$525

*Sample sizes are smaller for mean cost of housing column due to missing cost data for some participants.
**Mean cost shown for "Live for free" group includes amounts paid by others for participants' housing.

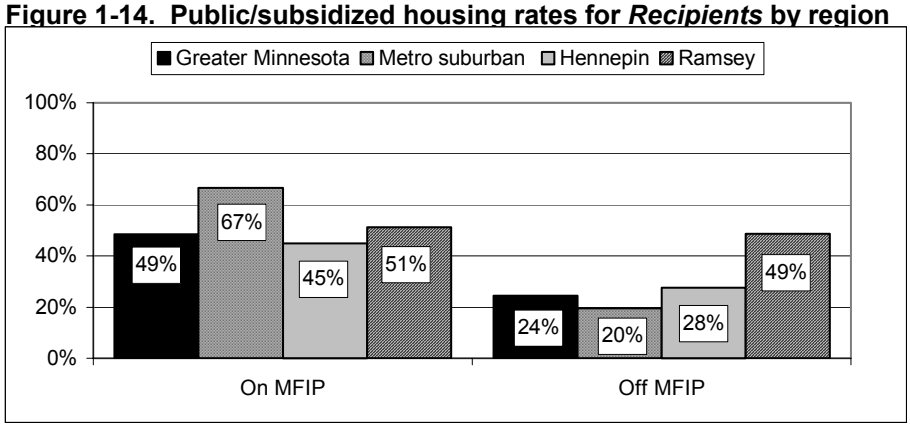
How did the total cost of housing differ by type?

Total housing cost includes amounts paid by others for participants' housing (for example, relatives or those sharing the household). Housing costs include rent or mortgage payments, lot or association fees, and utilities (excluding phone). The total amount paid for housing was similar for *Recipient* and *Applicant* housing as listed in Table 1-6. Leavers' total housing costs were greater among both *Recipients* and *Applicants*. The lower cost of housing for those on MFIP was largely due to their greater utilization of public or subsidized housing. The cost of this type of housing is limited to 30 percent of the renter's income. The total cost for unsubsidized rentals and home ownership was higher than for public or subsidized housing and showed little variation by welfare status.

How did use of public or subsidized housing vary by region?

There were significant regional differences for *Recipients* in the use of public or subsidized housing (see Figure 1-14). Among those on MFIP, about two-thirds of *Recipients* in metro suburban counties lived in public or subsidized housing versus about half of *Recipients* in other regions. Among leavers, *Recipients* in Ramsey County had the highest utilization of subsidized housing. The regional variation in *Applicant* utilization of public or subsidized housing was less pronounced among those on MFIP.

Figure 1-14. Public/subsidized housing rates for *Recipients* by region



How many participants shared housing and housing costs?
Table 1-7 shows that a majority of participants paid all their own housing costs (67 percent of *Recipients* and 65 percent of *Applicants*). About one-third of each sample shared their housing. The patterns of payment for outcome groups were similar for both non-shared and shared housing. An exception was that *Applicants* who were on MFIP and not working were more likely to live in a shared household and share expenses than other employment/welfare outcome groups.

What were the housing costs of the welfare and employment outcome groups?
Housing costs paid by participants varied by employment and welfare outcome status. Working leavers were more likely to pay over $500 a month for housing and they were less likely to live in public or subsidized housing. Conversely, leavers who were not working were the most likely to have personally paid no housing costs. Those who were not working and on MFIP had the lowest housing costs and were most likely to be paying under $250 for housing in the month.

How much of their income did participants spend on housing?
Thirty-six percent of both *Recipients* and *Applicants* spent 30 percent or more of their total income on housing costs. Table 1-7 also shows how the outcome groups fared on this poverty measure. The lower percentage of leavers in public or subsidized housing was one factor in the high percentage of income going to housing for leavers not working. People with this outcome had the worst result, with nearly half of *Recipients* and over half of *Applicants* in this subgroup spending high portions of their income on housing. The employed groups spent the smallest proportion of their income on housing in both samples.

Table 1-7. Shared housing and housing costs by employment/welfare outcome groups

Housing			Not Working/ On MFIP	Not Working/ Off MFIP	Working/ On MFIP	Working/ Off MFIP	Total Sample
Recipients	Shared households		26%	31%	34%	37%	32%
	Paid all expenses		67%	63%	66%	70%	67%
	Subsidized/public housing		51%	24%	49%	28%	39%
	Non-shared household	Paid all	60%	56%	58%	60%	59%
		Shared	14%	13%	8%	4%	9%
	Shared household	Paid all	7%	7%	8%	10%	8%
		Shared	16%	17%	23%	21%	20%
		Lived free	3%	7%	3%	5%	4%
	Housing costs	None	6%	15%	4%	6%	7%
		$1-100	13%	7%	3%	3%	6%
		$101-250	39%	23%	34%	21%	30%
		$251-500	28%	32%	35%	36%	33%
		$501-750	10%	12%	17%	23%	17%
		Over $750	3%	11%	7%	12%	8%
	Average housing costs		$274	$329	$354	$439	$361
	Percent paying > 30% of income		43%	48%	27%	33%	36%
Applicants	Shared households		37%	30%	31%	32%	32%
	Paid all expenses		55%	64%	62%	70%	65%
	Subsidized/public housing		38%	19%	38%	20%	26%
	Non-shared household	Paid all	51%	59%	59%	63%	59%
		Shared	12%	11%	10%	5%	8%
	Shared household	Paid all	4%	5%	3%	7%	5%
		Shared	28%	11%	20%	17%	19%
		Lived free	5%	15%	8%	7%	8%
	Housing costs	None	11%	26%	9%	10%	12%
		$1-100	12%	7%	7%	4%	7%
		$101-250	39%	11%	36%	14%	22%
		$251-500	26%	25%	32%	39%	33%
		$501-750	9%	17%	11%	23%	17%
		Over $750	3%	15%	5%	11%	9%
	Average housing costs		$246	$367	$301	$425	$359
	Percent paying > 30% of income		45%	55%	25%	32%	36%

Note: Percentages for non-shared and shared households (data lines 4-8 in each part of the table) sum to 100 percent within outcome group.

Did participants encounter any housing problems?

Table 1-8 shows percentages of participants encountering housing problems in each outcome group for both samples. Thirty percent of *Recipients* and 19 percent of *Applicants* received energy assistance. More participants on MFIP than leavers received help in each sample. Over 40 percent of each sample reported maintenance problems like leaking ceilings, broken plumbing and heating, electrical problems, and property damage. About one-half of the reported problems were not fixed by the date of the interview. A small number of participants in each sample (1 in 20) indicated they had stayed in emergency housing (including homeless or battered women's shelters, motels, with friends or relatives) or lived on the street in the past 12 months. Those who were

unemployed and on MFIP were more likely to report they had stayed in emergency housing.

Table 1-8. Housing problems reported at two years

Recipients (N=633)	Not working/ On MFIP	Not working/ Off MFIP	Working/ On MFIP	Working/ Off MFIP	All Recipients
Energy assistance	41%	24%	32%	22%	30%
Housing maintenance problems	42%	48%	49%	46%	46%
Stayed emergency housing	9%	9%	6%	4%	6%
Applicants(N=737)	Not working/ On MFIP	Not working/ Off MFIP	Working/ On MFIP	Working/ Off MFIP	All Applicants
Energy assistance	20%	14%	30%	15%	19%
Housing maintenance problems	41%	43%	46%	41%	42%
Stayed emergency housing	11%	5%	6%	3%	5%

Note: Data for six months for maintenance and entire year for other two measures.

Part II: Employment and Unemployment at Two Years

The second section of the report provides data on employment, wages, hours worked, and family income. There was progress on these measures, although greater gains were made in the first year of the study than in the second year. There is also information on emloyment barriers, MFIP experiences, and outcomes for demographic groups.

Highlights of Employment Findings

- ***Working.*** Sixty percent of *Recipients* and 66 percent of *Applicants* were working, up from 44 percent and 25 percent, respectively, at baseline. Most gains in employment rates occurred during the first year of the study.

- ***Recent work.*** A large majority of participants (77 percent of *Recipients* and 80 percent of *Applicants*) had worked at some time in the previous six months. Nearly one-third had been working at the same job during that time.

- ***Hours.*** Workers were putting in more hours than at baseline, with employed *Recipients* averaging 38 hours per week and employed *Applicants* working an average of 36 hours per week. Most gains in hours worked were made during the first year.

- ***Full-time work.*** Almost half of employed *Recipients* and of employed *Applicants* were working at least 40 hours per week.

- ***Wages.*** The level of average hourly wages remained low but still had increased over time, with median wages of $8.75 for *Recipients* and $8.64 for *Applicants*.

- ***Work effort.*** Demonstrating both consistency and intensity of work effort, 24 percent of each sample had worked more than 30 hours per week for the previous six months.

- ***Family work rates.*** Family employment rates (including second parents and spouses present in the household) were 65 percent for *Recipients* and 75 percent for *Applicants*.

- ***Types of jobs.*** Service and clerical/sales occupations continued to be the major employers (four-fifths of each sample both at baseline and two years).

- ***Job satisfaction.*** Participants continued to report high job satisfaction, with 90 percent saying they liked their jobs.

- ***Health care coverage.*** More than two in five working participants were in jobs that offered health care coverage (45 percent of employed *Recipients* and 42 percent of employed *Applicants).* Leavers[16] were more likely to be in jobs that offered health

care coverage than workers on MFIP. More than one-fourth of employed leavers in each sample reported uninsured family members.

- ***Job plans.*** About two-thirds of those in each sample who had met with their job counselor in the previous six months knew they had a job or school plan. Only 1 in 5 remembered plans included measurable goals.

- ***Job counselor help.*** Participants were most likely to remember help job counselors gave them to overcome barriers such as transportation, child care, or housing problems.

- ***Job goals.*** *Recipients* and *Applicants* whose current job was related to their stated job goal a year earlier worked more hours and earned more per hour than participants currently in jobs unrelated to their earlier goals.

- ***Work-related activities.*** Job counselors reported no employment services activities for 13 percent of *Recipients* and 34 percent of *Applicants* during their time on MFIP. However, many of those with no reported work activities, including many leavers, were employed at month 24.

- ***Exemptions.*** Twenty-four percent of *Recipients* and 35 percent of *Applicants* had an exemption from work and employment service activities sometime during the period from the start of MFIP to their 24th month in the study. The average time exempt was six months and five months for the two samples, respectively.

- ***High school completion.*** Three-quarters of those surveyed in each sample reported they had received a high school diploma or a GED[17] by month 24. Half of *Recipients* and two-thirds of *Applicants* who had completed secondary education had a high school diploma. Seven percent of all *Recipients* and 17 percent of all *Applicants* completed their secondary education in 1998 or later.

- ***Barriers to employment.*** The unemployed said they had more barriers to working than did employed participants. Unemployed participants were especially likely to identify transportation, low wages, child care, and physical or mental health as big problems. Working participants were more likely to identify health insurance cost as a big problem.

- ***Driving to work.*** Over one-half of all *Recipients* and almost two-fifths of all *Applicants* lacked either a valid driver's license or a reliable car. This was most common for unemployed MFIP participants.

- ***Child care.*** Approximately 60 percent of participants who were working or in training or education and had a child age 12 or younger reported that their employment, education, or training occurred during non-traditional hours for child care – weekends, evening, or nights. In that group, one of four *Recipients* and one of three *Applicants* identified child care availability as a problem for employment.

- ***Program knowledge.*** Approximately half of recent *Recipient* leavers reported that they were told about their potential eligibility for food stamps and MinnesotaCare before they left MFIP. More than two-thirds reported hearing about potential Medical Assistance and Child Care Assistance eligibility. Results were similar for recent *Applicant* leavers.

- ***Opinions about MFIP.*** Opinions were split. Fifty-five percent of *Recipients* and 45 percent of *Applicants* said MFIP needed improvement. The rest said MFIP was working well.

- ***Sanctions.*** Forty-one percent of surveyed *Recipients* and 30 percent of surveyed *Applicants* had their case sanctioned at some time during their first two years in the study for an average of two months and one month, respectively.

- ***Outcomes for demographic groups.*** The association of demographic groups with outcomes was strong for both samples. Outcomes included employment, leaving welfare, participant hourly wage and earnings, being employed more than six months, family earnings, total family income, family income as a percent of the Federal Poverty Guideline, percent with family income below the guideline, and housing costs greater than 30 percent of income. The relationships may or may not be causal.
  - Age was more strongly related to results for *Applicants*, with those initially applying for assistance in their thirties or later doing better on nearly every measure than the groups applying initially in their twenties or, especially, teens.
  - Completing high school was positively related to nearly every good outcome for both samples.
  - Being white and being a citizen were both strongly related to most positive outcomes for *Applicants* and some positive outcomes for *Recipients*.
  - Having a second parent in the household was related to significant positive outcomes across the board.
  - More family members meant larger income and earnings, but not better overall economic well-being.
  - Having a child under age six was related to worse outcomes for *Applicant* families, many of whom had very young children.
  - Area of residence was related to some positive and some negative outcomes, perhaps related to differences in cost of living or job availability.

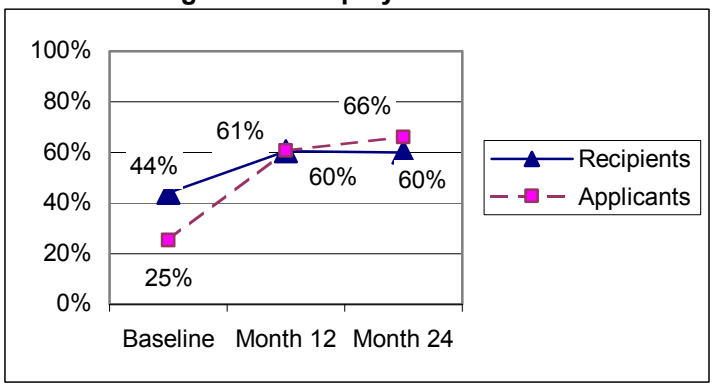
Employment

Have employment rates increased over time?

More people were working in month 24 than at the start of the study. Most of the gains in employment (defined as working at least one hour during the month) occurred in the first year, as Figure 2-1 shows. The employment rate for *Recipients* increased from 44 percent to 60 percent over the first year and was unchanged at the two-year point. The increase was greater for *Applicants*, from 25 percent at baseline when many families were

in a crisis that precipitated their application for MFIP, to 61 percent at year one and 66 percent at year two. Three-quarters of each sample (77 percent of *Recipients* and 80 percent of *Applicants* surveyed) had been employed at some point during the previous six months.

Figure 2-1. Employment rates over time



Employment rates were higher for those who had left MFIP by the two-year mark (75 percent for *Recipients* and 76 percent for *Applicants*) than for people remaining on MFIP (46 percent for *Recipients* and 50 percent for *Applicants*).

Wages Earned and Hours Worked

Were there changes in work effort?

Not only were more people working, but workers in both samples were also putting in more hours, as Table 2-1 shows. The average number of hours worked increased over time, with the median hours worked per week by wage earners[18] increasing from 32 at baseline to 38 for *Recipients* and from 25 to 36 hours for *Applicants* in month 24. The most progress was made in the first year, with little change for the second year. The proportion of employed *Recipients* working at least 40 hours per week increased from a third to nearly half over the two years and from one-quarter to almost half for employed *Applicants*. Most of these gains were also made in the first year.

Table 2-1. Employment rates, hours, wages, and full-time work over time

Work, hours, and wages		Count of surveyed	Employment Rate	Median work hours	35 or more hours	40 or more hours	Median hourly wage
Recipients	Baseline	715	44%	32	49%	35%	$7.00
	Month 12	662	60%	36	58%	47%	$8.00
	Month 24	634	60%	38	57%	48%	$8.75
Applicants	Baseline	836	25%	25	30%	23%	$6.50
	Month 12	766	61%	35	55%	47%	$8.00
	Month 24	738	66%	36	54%	46%	$8.64

What changes were there in hourly wages over time?

The level of wages per hour remained low but increased over time, especially during the first year. Also reported in Table 2-1, median wages[19] increased from $7.00 to $8.00 the first year and to $8.75 the second year for employed *Recipients*, representing increases of 12 percent and 6 percent in the two years, adjusted for inflation. For *Applicant* wage

earners, median wages increased from $6.50 to $8.00 to $8.64, representing inflation-adjusted annual increases of 20 percent and four percent. The *Applicant* workers' average wages equaled the *Recipients*' at one year. Average wages for the two samples were nearly the same at two years. Working at these wages full time, year around can bring a family of four to the federal poverty level.[20]

Did employed leavers earn higher wages than participants combining work with MFIP?

Median wages at two years were higher for employed leavers – $9.09 for *Recipient* leavers and $9.00 for *Applicant* leavers – compared to $8.00 for *Recipient* and $8.01 for *Applicant* workers on MFIP.

Did earnings change over time for individuals?

Three-quarters of those working at both the one-year and two-year points of the study were earning more per hour in month 24 than in month 12. The 175 *Recipients* (71 percent of those who were surveyed and wage earners at the two times) averaged a wage increase of $1.94, while 231 *Applicants* (74 percent) averaged an increase of $1.62 in actual dollars.

There were 24 *Recipients* and 18 *Applicants* with increases of $4.00 or more. Of these, nearly half had changed to a different job altogether. About 1 in 6 had advanced by each of the following methods: becoming a supervisor, getting a better job (for example, general office to administrative assistant or counter staff to waitress), keeping the same job title (half of these switching employers). Two changed to a job requiring more training.

Decreases in hourly wages occurred for 22 percent of *Recipients* and 19 percent of *Applicants* having longitudinal wage data. Most of those with the biggest wage drops were in the same type of work at both times. Some participants (seven percent of workers in each sample) were earning exactly the same wage as a year earlier.

How high was employment retention and had it improved in the last year?

Twenty-nine percent of all *Recipients* (31 percent of all *Applicants*) had worked in the same job for the previous six months or more. The proportion staying at the same job over a six-month period had increased from the one-year follow-up (26 percent of *Recipients* and 23 percent of *Applicants* at one year). Nine percent of *Recipients* (11 percent of *Applicants*) had been at the same job for less than six months and unemployed before then. Twenty-two percent of *Recipients* (24 percent of *Applicants*) had changed jobs at some point during the last six months and were employed again. Table 2-2 gives this breakdown of employment retention rates.

Table 2-2. Employment retention in previous six months

Work effort in months 19-24	*Recipients*	*Applicants*
Count of surveyed	634	738
Working in month 24	**60%**	**66%**
Working same job:	38%	42%
All 6 months	29%	31%
Last 1-5 months	9%	11%
Changed jobs during last 6 months	22%	24%
Not working in month 24	**40%**	**34%**
No work in last 6 months	23%	20%
Left a job during last 6 months	17%	14%

Demonstrating both consistency and intensity of work effort, 24 percent of each sample had worked more than 30 hours per week for the entire six-month period.

Twenty-three percent of *Recipients* and 20 percent of *Applicants* had not worked at all during the previous six months, down from 25 percent of *Recipients* and 27 percent of *Applicants* at the one-year point. Seventeen percent of *Recipients* and 14 percent of *Applicants* had become unemployed during the previous six months.

Of those who had left jobs (either changing jobs or becoming unemployed) in the last six months, around three-fifths had found new employment (63 percent of *Recipient*s and 57 percent of *Applicants* who left jobs). People who had quit jobs or been laid off were equally likely to have found new work; people who had been fired were the least likely. Fewer than half (12 of 31 *Recipients* and 15 of 35 *Applicants* fired during the six months) were working again.

What was the long-term job longevity?
Few workers (5 percent of employed *Recipients* and 6 percent of employed *Applicants*) were in jobs obtained prior to 1998. More than half (52 percent of employed *Recipients* and 55 percent of employed *Applicants*) had started their current job sometime in calendar year 2000 (which included month 24 for study participants). Most workers were in permanent jobs (85 percent of *Recipient* workers and 88 percent of *Applicant* workers) rather than temporary or seasonal employment.

What were the employment rates for families including second parents and spouses?
Fourteen percent of *Recipients* and 26 percent of *Applicants* were in two-parent households (including spouses and partners who were the second parent of a child in the household). When the employment status of these second parents is taken into consideration, the family employment rates were 65 percent for *Recipients*, the same as at one year, and 75 percent for *Applicants*, up from 66 percent at one year.

The Work Experience

Why did people work part time?
Many participants worked less than 35 hours per week (43 percent of employed *Recipients* and 46 percent of employed *Applicants*, according to Table 2-1). Table 2-3

lists explanations participants gave as their *main* reason for not working full-time for the entire month. The three most frequent reasons people gave were that they could only find part-time work, that their employers would not give them more hours, or that they were in school or training as well as working (the last more frequently true for *Applicants*).

Table 2-3. Main reason workers gave for working less than 35 hours per week

Reasons for part-time work	*Recipients*	*Applicants*
Count of part-time workers	161	222
Only could find part-time work	33%	25%
Maximum hours available from employer	22%	12%
Health limitations	8%	6%
School / training	6%	17%
Started new job that month	6%	8%
Wanted to care for their own children	5%	9%
Child care problems	5%	7%
Lost job in that month	4%	7%
Pregnancy	4%	4%
Health limitations of family member	1%	3%
Other	6%	2%

Few worked two or more jobs simultaneously that month (3 percent of *Recipients* and 4 percent of *Applicants*). About two-thirds of those with multiple jobs were working 35 hours or more per week.

Was there any change in types of jobs?
Service and clerical/sales occupations together employed four-fifths of those employed at both baseline and two years later. Over half of workers performed services, especially food preparation and serving, nursing assistance, child care, customer service, and housekeeping.

What did people say about their jobs?
Expressions of job satisfaction continued high. At two years, as at one year, about 90 percent said that they liked their job overall, nearly half in each sample thought there was a chance of moving into a higher paying job, and two-thirds said their pay was good.

What types of benefits did employers offer?
Employed leavers were twice as likely as working MFIP participants to be in jobs that offered any benefits, as Table 2-4 shows. Approximately one-third of employed *Recipients* on MFIP had jobs that offered benefits, compared to two-thirds of employed *Recipient* leavers. Proportions were similar for *Applicants*. The number of full-time workers[21] affects these rates of employer benefits. The proportion of full-time workers was greater than the proportion in jobs offering any benefits. Health care coverage was the most common benefit offered to working participants, followed by paid vacation, paid or unpaid parental leave, paid sick leave, retirement benefits, and less common benefits.

Table 2-4. Employer benefits for employed participants and families at 24 months

Benefits offered to employed participants	*Recipients*			*Applicants*		
	On MFIP	Off MFIP	All	On MFIP	Off MFIP	All
Count of working participants	153	228	381	138	350	488
Working 35 hours per week or more	40%	70%	57%	42%	59%	54%
Offered any employee benefit	37%	65%	54%	33%	62%	53%
Medical coverage	25%	58%	45%	23%	49%	42%
Paid vacation	22%	50%	39%	20%	46%	39%
Paid sick leave	21%	41%	33%	17%	36%	31%
Retirement / pension	17%	42%	32%	17%	34%	29%
Paid or unpaid parental leave	17%	39%	30%	22%	37%	33%
Short term disability coverage	14%	29%	23%	16%	26%	23%
Long term disability coverage	12%	28%	21%	14%	27%	23%
Dental coverage	8%	24%	18%	9%	17%	14%
Education reimbursement	10%	20%	16%	13%	18%	17%
Life insurance	5%	13%	9%	5%	11%	9%
Medical costs reimbursement	3%	10%	7%	5%	12%	10%
Vision / optical coverage	2%	5%	4%	1%	2%	2%
Uniforms / clothing / safety glasses	1%	2%	2%	0%	1%	1%
Personal time off	1%	2%	2%	1%	1%	1%
Food / meals	1%	1%	1%	0%	2%	1%

More *Recipients* and *Applicants* were in jobs that offered health care coverage at two years than previously. Only 13 percent of *Recipients* and 10 percent of *Applicants* had access to employer-based health care coverage at the start of the study. These figures showed the most gain during the first year, increasing to 34 percent for *Recipients* and 33 percent for *Applicants*, and rose to 45 percent and 42 percent, respectively, at two years. Leavers were more likely to have been offered health care coverage by their employers (58 percent of employed *Recipient* leavers compared with 25 percent of working *Recipients* on MFIP and similar proportions for *Applicants*). Not all participants who were offered health care coverage elected this benefit.

Preparing for Work or Job Advancement

What plans had participants made with their job counselor?

Most participants who were required to meet with a job counselor (basically those over age 18 and on MFIP) had done so at some time, as already reported at one year. Table 2-5 gives the number of MFIP participants over age 18 and how many had met with their job counselor in the previous six months, about two-thirds in each sample. Of those who had seen a job counselor that recently, about two-thirds recalled a formal, written job or school plan.

The *MFIP Employment Services Manual* directs job counselors to put MFIP participants in activities that are as high as possible on the hierarchy of activities emphasizing work listed in Table 2-5. Full-time employment was included in 43 percent of working *Recipients'* plans compared to 25 percent of plans for unemployed *Recipients*. School or training was included in unemployed *Recipients'* plans more often (27 percent versus 11 percent for working *Recipients*). *Applicants'* plans included full-time work 32 percent of the time for both working and unemployed participants, and specified educational

activities showed a pattern similar to the *Recipients*' plans. Additional criteria for goals are that they be specific, realistic, and measurable. Only about 1 in 5 remembered plans included goals meeting these criteria. Hours to work each week or a deadline for completing school were the most frequent specific measures. Non-measurable goals included simply "work" and "job search," without specifying actions such as making a certain number of cold calls or filling out a certain number of job applications. Only 15 percent of *Recipients*' plans and 8 percent of *Applicants*' plans included a specific job or field of work.

Table 2-5. Job plans reported by MFIP participants who had met with job counselor

Employment services job plans	*Recipients*			*Applicants*		
	Not working	Working	Total	Not working	Working	Total
On MFIP and age 18 or older in month 24	177	151	328	133	137	270
Met with job counselor during past six months	120	96	216	85	93	178
Had job or school plan — Percent of those who met with job counselor	63%	71%	66%	72%	68%	70%
Hierarchy of activities classification / Percent of plans						
Immediate full-time employment	25%	43%	33%	32%	32%	32%
Immediate part-time employment	3%	5%	4%	1%	4%	3%
Employment plus training / social services	2%	8%	5%	8%	17%	13%
School / training only	27%	11%	20%	24%	14%	19%
Social services	1%	0%	0%	0%	0%	0%
Measure specified — Percent of plans	17%	29%	22%	15%	20%	18%
Job goal or field specified — Percent of plans	19%	9%	15%	11%	6%	8%

Table 2-6 describes what the plans in the previous table said job counselors would do. The job plan form lists possible job counselor responsibilities. Participants frequently mentioned actions that did not fall into these specified categories, especially help with transportation and child care, providing motivation and support, and finding the participant a job. Finally, some people said there was nothing job counselors were supposed to do according to their plan, or they did not remember anything.

Table 2-6. Job counselor responsibilities according to job plans

Employment services job plans: job counselor responsibilities	*Recipients*	*Applicants*
Job Placement Plan Form items		
Provide job leads weekly	5%	3%
Provide ongoing job seeking skills as needed	2%	7%
Review job logs	1%	1%
Assist with cover letters	1%	0%
Schedule interviews	0%	2%
Assist with thank you letters	0%	0%
Other responsibilities reported on survey		
Job-related activities		
Find job	12%	11%
Motivation / support / solve problems	11%	7%
Find clothes for interview / uniforms	7%	6%
Monitor attendance / reporting	4%	3%
Education-related activities		
Help with costs / books	2%	3%
Help get into classes, training, ESL, GED	0%	1%
Assistance with potential barriers		
Transportation	19%	15%
Child care	8%	4%
Housing	2%	1%
Did not remember / did not know	4%	6%
Nothing	6%	6%

How did participants' jobs in month 24 compare to their career goals at month 12?
Applicants who were working and off MFIP were more likely to report that their current job was related to their job goal on the one-year survey than A*pplicants* who were working and on MFIP (see Table 2-7). The relation was in the same direction among *Recipients*, although not significant. Both *Recipients* and *Applicants* whose current job was related to their job goal worked more hours and earned more per hour than participants whose current job was unrelated to their job goal.

Table 2-7. Comparison of current jobs to personal job goals at 12 month interview

Reaching job goals		*Recipients*			*Applicants*		
		On MFIP	Off MFIP	All	On MFIP	Off MFIP	All
Count of employed in month 24 who had stated job goal in month 12		134	187	321	114	295	409
Month 24 job related to month 12 job goal		31%	39%	36%	16%	35%	30%
Mean hours worked	Related job	29.1	37.4	34.3	29.6	35.7	34.8
	Unrelated job	27.1	33.5	30.7	28.4	31.9	30.8
Median wage per hour	Related job	$9.33	$11.32	$10.61	$9.13	$10.34	$10.18
	Unrelated job	$7.98	$9.86	$9.04	$8.29	$8.91	$8.70

How many participants were in training, education, or job search in month 24?
About 1 in 5 participants in each sample said they were in a formal training or education program, or in job search – that often includes practice of "soft skills" – in month 24, as listed in Table 2-8. This was more common for people on MFIP (28 percent of

Recipients and 35 percent of *Applicants*) than for leavers[22] (six percent of *Recipients* and 10 percent of *Applicants*). Those not working were more likely than the employed to have current participation in work-related activities. Those on MFIP were more likely than leavers to identify work-related activities.

Table 2-8. Training and education in month 24 from survey

Employment-related activities		Not working/ On MFIP	Not working/ Off MFIP	Working/ On MFIP	Working/ Off MFIP	All Surveyed
Recipients	Count of surveyed in training or education	57	5	34	12	108
	Percent of surveyed	32%	7%	22%	5%	17%
	Job search / job club	29	1	10	1	41
	Vocational training	14	2	9	5	30
	Post secondary	6	2	5	3	16
	English as Second Language	9	0	2	0	11
	High school	1	0	2	2	5
	GED program	1	0	2	1	4
	Community Work Experience Program	1	0	2	0	3
	On-the-job training	0	0	3	0	3
	Adult Basic Education	0	0	0	1	1
Applicants	Count of surveyed in training or education	48	14	47	33	142
	Percent of surveyed	35%	12%	34%	9%	19%
	Vocational training	10	4	14	13	41
	Post secondary	11	8	9	12	40
	Job search / job club	15	1	9	0	25
	High school	7	0	3	3	13
	GED program	4	0	5	2	11
	English as Second Language	4	0	4	2	10
	Community Work Experience Program	0	0	3	1	4

The top activities for *Recipients* were job search, vocational training, post-secondary education, English as a Second Language, and high school or GED classes. *Applicants*' activities were similar, but with higher proportions enrolled in post-secondary and secondary education and lower in job search. The survey question did not distinguish between searches for entry-level jobs and for job advancement. The vocational programs were short-term technical instruction leading to employment in positions such as certified nursing assistant, medical or legal secretary, and cosmetologist. The post-secondary programs were for degrees in careers such as registered nurse, social worker, accountant, and teacher.

What MFIP activities did participants enroll in through month 24 in the study? Employment services providers report the activities of their MFIP participants to the Department of Economic Security (DES). Table 2-9 gives statistics on activities from the start of MFIP in 1998 (or first application) to the two-year point of the study for everyone in the study. Eighty-seven percent of all *Recipients* and 66 percent of all *Applicants* had enrolled with an employment services provider. Nearly all enrolled participants had activities reported, and nearly all had an initial assessment of their ability to obtain and retain employment. The next most frequent activities were job search and employment, each of which was performed by three-quarters of the enrolled *Recipients* and almost that many *Applicants*. About one-third of participants in each sample had secondary assessments during this time to determine barriers and problems for those who were not yet succeeding. The next six categories in the table are training and education programs, listed with their participation rates. Forty-four percent of enrolled participants in each

sample had participated in at least one of these educational programs during the time up to their 24th month in the study. Next in the table are several programs that at least 10 people in either sample used. Finally about one-fifth of each sample participated in activities that were either infrequent (like volunteer or community service) or unspecified.

Table 2-9. MFIP employment services activities reported up to two-year point of study (administrative data for all people sampled for study)

Employment services activities (DES)	*Recipients* (N=843)		*Applicants* (N=985)	
	Count	Percent	Count	Percent
Count of enrolled participants — Percent of all	736	87%	649	66%
Participants with activities — Percent of enrolled	723	98%	636	98%
Initial assessment	697	95%	634	98%
Job search	567	77%	433	67%
Employment	551	75%	455	70%
Secondary assessment	262	36%	202	31%
Training / education (12 months or less)	168	23%	80	12%
GED training	93	13%	106	16%
English as a Second Language	46	6%	19	3%
Training / education (13 - 24 months)	45	6%	32	5%
High school completion	37	5%	69	11%
Adult Basic Education / literacy training	29	4%	32	5%
Social services	28	4%	12	2%
Paid work experience	22	3%	18	3%
Workplace literacy	13	2%	4	1%
Community Work Experience Program	12	2%	2	0%
Other activities	143	19%	134	21%

Of those who never enrolled with an employment services provider, significantly more were off MFIP in month 24. Leavers included 77 percent of *Recipients* never enrolled and 48 percent of those active with employment services (87 percent versus 57 percent for *Applicants*).

What were the frequency and length of exemptions from employment services activities?

Exemption data were obtained for the complete samples from administrative records (including those not surveyed). Twenty-four percent of all *Recipients* and 35 percent of all *Applicants* had an exemption from work and employment service activities sometime during the period from the start of MFIP to their 24th month in the study. Table 2-10 shows how common the various types of exemptions were. The most typical exemption in both samples was for care of a child under age one. More than one-third of *Applicants* used this exemption that has a lifetime limit of 12 months. Many in this group started receiving MFIP while they were pregnant or shortly after the birth of a child. The average time used for this exemption was four months, and only one person in the study had used the entire 12 months. The next most common type of exemption was for a long-term illness. A majority of people who had an exemption also had hours of employment services activities reported to DES for the period ending with month 24 (74 percent of *Recipients* and 62 percent of *Applicants* with exemptions).

Table 2-10. Exemption types and average lengths of time from the start of MFIP through month 24 (administrative data for all people sampled for the study)

Exemptions through month 24	*Recipients* (N=843)			*Applicants* (N=985)		
		Duration in months			Duration in months	
	Percent	Mean	Maximum	Percent	Mean	Maximum
Ever had an exemption	24%	6	30	35%	5	20
Care of child under age one	14%	4	12	35%	4	11
Ill / incapacitated over 30 days	6%	4	25	13%	4	20
Care of ill / incapacitated family member	4%	7	23	6%	5	17
Personal / family crisis	2%	4	10	6%	4	15
Domestic violence safety plan	1%	3	7	3%	3	5
Pregnancy / incapacitated	1%	3	5	4%	2	9
Age 60 or older	0.1%	8	8	0.2%	4	4

Most people who had received exemptions had only one type (83 percent of *Recipients* and 85 percent of *Applicants* with an employment services exemption). The average number of months of exemptions for those who had any exemption was six months for *Recipients* and five months for *Applicants*, with no difference between leavers and those on MFIP. Thirty months was the maximum number of exempt months for anyone in the study.

How many participants had completed high school or GED programs and when did they graduate?

Three-quarters of those surveyed in each sample said they had received either a high school diploma or a GED equivalency certificate as of month 24, as Table 2-11 shows. High school was the more common route to completing a secondary education. The table also shows the number of participants completing high school or a GED recently. The GED was more common for recent graduates than for the total groups. Seven percent of all *Recipients* and 17 percent of all *Applicants* had finished their secondary education in 1998 or later.

Table 2-11. Secondary education completed at month 24

Education	*Recipients*	*Applicants*
Count of surveyed	634	738
No HS / GED	26%	24%
Completed HS / GED	74%	76%
GED	24%	17%
HS	50%	59%
Completed HS / GED	468	562
Before 1998	411	425
1998	24	58
1999	11	37
2000	11	28

Note: Graduation year missing for 11 *Recipients* and 14 *Applicants.*

Challenges to Getting and Keeping Employment

Losing Jobs and Not Working

About two-fifths of each sample had left a job within the last six months (combining the employed who changed jobs and the unemployed who had left a job in Table 2-2 on page 27). People who had left jobs were asked how and why, the employed were asked whether they were planning to quit, and the unemployed were asked why they were not currently working.

Why had participants left jobs during the last six months?
Table 2-12 lists reasons participants had left jobs or were planning to leave jobs. *Recipients* most frequently cited personal health or medical limitations (12 percent), getting a better paying job (11 percent), or completing temporary or seasonal employment (8 percent) as the *main* reason why they quit, were laid off, or were fired from a job. The top two reasons *Applicants* had left a job were completing temporary or seasonal work (12 percent) and getting a better paying job (11 percent). Issues around pregnancy or the birth of a child (8 percent) and child care problems (8 percent) were the next most frequent responses.

Table 2-12. Reasons people had left jobs or were planning to quit jobs

Main reasons for leaving jobs or considering leaving jobs	Already left job		Considering quitting	
	Recipients	*Applicants*	*Recipients*	*Applicants*
Count of past and potential job leavers	240	283	133	193
Health / medical limitations of participant	12%	5%	5%	3%
Got (or to get) better paying job	11%	11%	23%	22%
Temporary or seasonal work completed	8%	12%	4%	2%
Poor performance (absence, lateness, etc.)	8%	5%	—	—
Personal or family reasons	6%	4%	2%	1%
Slack working conditions / not enough hours	6%	4%	10%	7%
Transportation reasons	5%	3%	6%	3%
Pregnancy or birth of child	5%	8%	5%	6%
Did not like the job	5%	5%	19%	15%
School year ended	4%	2%	—	—
Return to school	3%	3%	4%	11%
Due to participant move	3%	4%	5%	4%
Child care problems	3%	8%	3%	5%
Did not like the people in the workplace	3%	3%	1%	2%
Too many or bad hours	3%	2%	5%	6%
Job ended	3%	4%	—	—
Managerial issues / treatment on job	2%	6%	4%	5%
Wage issues	2%	0.4%	—	—
Found another job	1%	1%	2%	2%
Health / medical limitations of family member	1%	2%	1%	2%
Benefits	0%	1%	1%	2%
Other	7%	6%	3%	4%

Why did some working participants plan to quit soon at the interview date?
While a majority of working *Recipients* (56 percent) said they were not at all likely to quit their jobs at the time of the interview, a quarter (25 percent) had already quit their jobs or lost them due to layoff or firing. The remaining one-fifth (19 percent) considered themselves somewhat or very likely to leave their jobs in the next six months. This portion of the caseload whose attachment to their current job is tentative might benefit from job retention and job enhancement services. The *Applicant* picture was very similar (55 percent of the employed not likely to quit, 26 percent already having left the job, and 19 percent probably going to leave).

Table 2-12 also shows reasons why people were considering quitting jobs. *Recipients* in this situation gave wanting a better paying job as their top reason for thinking about quitting their jobs (23 percent). The next greatest areas of dissatisfaction were the type of work they were doing or their working conditions (19 percent) and insufficient work hours (10 percent). Low wages was also the biggest issue for *Applicants* (22 percent), followed by not liking the job (15 percent), interference created by their return to school (11 percent), and insufficient hours (7 percent).

Why were the unemployed not working?
During the 24th month, 40 percent of *Recipients* and 34 percent of *Applicants* were unemployed. Table 2-13 details the main reason participants said they were not working. The largest single reason for *Recipients* was their own health or medical limitations (30 percent), while for *Applicants* it was wanting to care for their children (20 percent). Besides these two reasons, important for both groups, at least 10 percent in each group said they were not employed due to either not being able to find a job (during 2000, a time of extremely low unemployment) or being in school or training. Also, 14 percent of *Applicants* cited pregnancy as their main reason for not working.

Table 2-13. Main reasons unemployed said they were not working in month 24

Reasons for not working	*Recipients*	*Applicants*
Count of unemployed	252	247
Health / medical limitations of participant	30%	15%
Could not find work	16%	13%
Wanted to care for own children	12%	20%
School or training	10%	15%
Transportation problems	8%	4%
Pregnancy	4%	14%
Other	4%	4%
Child care problems	3%	8%
Did not want to or did not need to	3%	1%
Housing issues	3%	1%
Health / medical limitations of family member	2%	1%
Moving	2%	2%
Language issues	2%	1%
School related job - on leave for summer	1%	0%
Domestic violence	0.4%	1%
Incarcerated	0.4%	1%

Were the unemployed interested in finding a job in the next six months?
By the time of the interview, typically two months after the 24th month of the study, approximately 20 percent of those not working in month 24 in each sample had already found a job. Many of those unemployed at the time of the interview said they were *extremely interested* in finding a job (46 percent of *Recipients* and 41 percent of *Applicants*). About 1 in 5 in each group were *somewhat interested*. Only 1 in 5 (18 percent of *Recipients* and 20 percent of *Applicants* not working) said they were not at all interested in employment, mainly because of a health or medical limitation, enrollment in school or training, or wanting to care for their children.

Barriers to Getting and Keeping a Job

Participants were asked to identify issues that were *a big problem* that made it hard for them to get or keep a job (as opposed to *not a problem* or *somewhat of a problem*) from a list of 20 potential barriers. These were self-reported problems with local employment conditions, child care, work readiness, health, and personal and legal issues.

What were the most common barriers to employment?
Table 2-14 on the next page lists the employment issues from the survey and gives the percentages of all those surveyed at 12 months and at 24 months identifying each of these as a big problem. Unemployed *Recipients* identified more barriers than working *Recipients* both times. For the unemployed, the most problematic were transportation to work, low wages, child care cost and availability, and adult health. For the employed, cost of health insurance was the most frequent problem. The same pattern held for *Applicants*.

Has the number of potential barriers to employment identified as big problems changed over time?
On the average, both employed *Recipients* and *Applicants* identified fewer big problems or barriers than their unemployed counterparts in each of the survey periods, as plotted in Figure 2-2. In addition, the mean number of barriers thus identified has fallen over time in each of the four outcome groups except the unemployed *Recipients* who identified more barriers in the 24th month of the study than they did in the 12th month of the study. The size of this group has shrunk over time, presumably leaving those with more barriers. The number of barriers for this group was still lower than at baseline.

Figure 2-2. Mean number of barriers to finding or keeping a job.

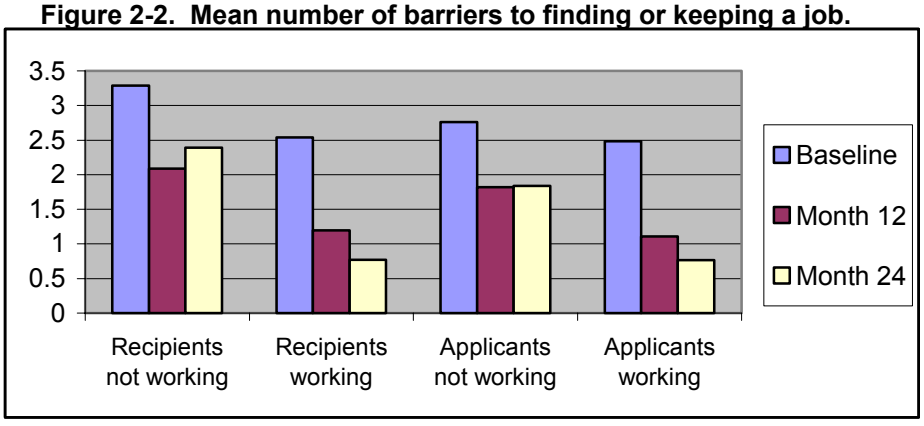


Table 2-14. Barriers to employment at two times

Employment barriers	*Recipients*				*Applicants*			
	Not working		Working		Not working		Working	
	Month 12	Month 24	Month 12	Month 24	Month 12	Month 24	Month 12	Month 24
Local employment problems								
Local wages	20%	21%	17%	13%	16%	11%	11%	11%
Health insurance availability	19%	16%	21%	17%	16%	13%	23%	16%
Health insurance cost		19%		27%		18%		25%
Transportation to work	27%	24%	10%	7%	22%	24%	9%	8%
Local job availability	14%	13%	11%	6%	15%	10%	5%	7%
Having a place to live		8%		3%		4%		3%
Child care problems								
Child care availability	26%	18%	4%	4%	25%	16%	7%	5%
Child care cost	21%	19%	7%	7%	26%	19%	9%	8%
Child care reliability	15%	12%	2%	1%	16%	12%	3%	2%
Child care quality	17%	11%	2%	1%	18%	12%	4%	2%
Work readiness problems								
Work experience	19%	15%	3%	1%	13%	8%	1%	1%
Job skills	18%	17%	2%	1%	11%	6%	1%	0%
Education or training	19%	16%	6%	4%	15%	8%	4%	3%
Ability to speak English	5%	6%	2%	1%	5%	2%	0%	1%
Health problems								
Adult physical or mental health	24%	22%	3%	4%	14%	16%	4%	4%
Special needs children	8%	6%	5%	2%	6%	3%	2%	1%
Normal childhood illnesses	6%		3%		6%		2%	
Personal and legal problems								
Juvenile in legal trouble	2%	4%	1%	1%	1%	0%	0%	0%
Adult in legal trouble	3%	2%	1%	1%	2%	4%	1%	1%
Substance abuse	3%	2%	1%	2%	2%	2%	1%	1%
Violence in the home	1%	0%	0%	1%	1%	0%	0%	0%

How many employment barriers did participants report at month 24?

Table 2-15 shows the mean, median, and minimum and maximum numbers of potential barriers identified as big problems at month 24 by participants within each of the four outcome groups based on employment and welfare use for each sample.

Table 2-15. Number of barriers identified as a "big" problem

Recipients	Not working/ On MFIP	Not working/ Off MFIP	Working/ On MFIP	Working/ Off MFIP	All *Recipients*
Count of surveyed	177	76	153	228	634
Mean number of "big" barriers (max. 20)	2.6	2.9	1.3	1.0	1.8
Median number of barriers	2	2	1	0	1
Minimum	0	0	0	0	0
Maximum	11	13	11	7	13
Applicants	Not working/ On MFIP	Not working/ Off MFIP	Working/ On MFIP	Working/ Off MFIP	All *Applicants*
Count of surveyed	137	113	138	350	738
Mean number of "big" barriers (max. 20)	2.1	2.2	1.2	1.0	1.4
Median number of barriers	1	2	1	0	1
Minimum	0	0	0	0	0
Maximum	10	15	8	7	15

Did participants and their families have health care coverage?
A majority of families had health care coverage for all family members (85 percent of *Recipients* and 77 percent of *Applicants*), as seen in Table 2-16. Seven percent of *Recipients* and 9 percent of *Applicants*, mostly leavers, had no insurance for any family member.[23]

A total of 38 percent of *Recipients* and 36 percent of *Applicants* who were working leavers had employer insurance for some or all family members. This was less than the 58 percent of working *Recipient* leavers and 49 percent of working *Applicant* leavers who said they were offered health care coverage by their employer, as reported in Table 2-4 on page 29. More than a quarter of employed leavers had some or all family members uninsured (28 percent for *Recipients* and 30 percent for *Applicants*). Cost of health insurance was called a big problem by 27 percent of working *Recipients* and 25 percent of working *Applicants* (Table 2-14 on page 38), some of whom chose not to purchase available coverage from their employers.

Table 2-16. Family health care coverage

Family members insured	Insurance source	Not working/ On MFIP	Not working/ Off MFIP	Working/ On MFIP	Working/ Off MFIP	All *Recipients*
Recipients	Count of surveyed	177	76	153	228	634
All		**97%**	**74%**	**96%**	**72%**	**85%**
	Employer	0%	0%	3%	23%	9%
	Employer & others	0%	0%	6%	13%	6%
	Others	97%	74%	87%	36%	70%
Some		**2%**	**11%**	**3%**	**14%**	**7%**
	Employer / Employer & others	0%	0%	1%	3%	1%
	Others	2%	11%	2%	11%	6%
None		**1%**	**16%**	**1%**	**14%**	**7%**
Family members insured	**Insurance source**	**Not working/ On MFIP**	**Not working/ Off MFIP**	**Working/ On MFIP**	**Working/ Off MFIP**	**All *Applicants***
Applicants	Count of surveyed	137	113	138	350	738
All		**93%**	**60%**	**92%**	**70%**	**77%**
	Employer	0%	0%	4%	20%	10%
	Employer & others	0%	0%	1%	13%	6%
	Others	93%	60%	87%	37%	61%
Some		**6%**	**23%**	**7%**	**17%**	**14%**
	Employer / Employer & others	0%	0%	2%	3%	2%
	Others	6%	23%	4%	14%	12%
None		**1%**	**17%**	**1%**	**13%**	**9%**

How many participants could not drive to work?
Many participants could not drive to work because they did not own or have access to a reliable vehicle, or did not have a valid driver's license, or had neither car nor license, as Table 2-17 shows. Over one-half of *Recipients* and one-third of *Applicants* did not have access to a vehicle they considered reliable. Unemployed participants and residents in Hennepin and Ramsey counties were most likely to lack access to a reliable car, while working leavers and residents in areas with less access to public transportation were more likely to have access to a reliable car.

One-third of *Recipients* and one-fourth of *Applicants* did not have a valid driver's license. Fewer respondents lacked a valid driver's license than lacked access to a reliable car. Unemployed participants were less likely to have a valid driver's license. Working leavers and residents in areas with less access to public transit were more likely to have a valid driver's license. The most frequent reasons for not having a license were not needing a license because of not having a car, needing to take the test (those with permits), and not knowing how to drive. Some licenses had been revoked or suspended for driving under the influence, driving without insurance, not paying child support, or not paying fines or tickets (19 *Recipients* and 11 *Applicants*). A few did not want to drive or could not drive for medical reasons.

Table 2-17. Participants lacking access to a reliable car and/or a valid driver's license

Recipients	Not working / On MFIP	Not working / Off MFIP	Working / On MFIP	Working / Off MFIP	All *Recipients*
Count of surveyed	177	76	153	228	634
Lack reliable car	72%	57%	50%	31%	50%
Lack license	51%	43%	37%	21%	36%
Lack reliable car and/or license	75%	63%	54%	33%	53%
Greater Minnesota	73%	49%	42%	26%	43%
Metro suburban	65%	63%	31%	24%	40%
Hennepin County	76%	75%	71%	43%	66%
Ramsey County	80%	70%	57%	48%	66%
Applicants	Not working / On MFIP	Not working / Off MFIP	Working / On MFIP	Working / Off MFIP	All *Applicants*
Count of surveyed	137	113	138	350	738
Lack reliable car	65%	50%	39%	19%	36%
Lack license	46%	32%	32%	13%	26%
Lack reliable car and/or license	69%	53%	43%	22%	39%
Greater Minnesota	63%	36%	33%	16%	29%
Metro suburban	59%	67%	26%	20%	34%
Hennepin County	80%	89%	68%	31%	62%
Ramsey County	70%	70%	42%	36%	49%

How many unemployed people on MFIP said they had a disability that kept them from working?

Nineteen percent of unemployed *Recipients* on MFIP and 10 percent of unemployed *Applicants* on MFIP thought they had an ongoing disability that prevented work. A physical disability was claimed more often than a mental disability by both *Recipients* (20 of 34 claiming a disability) and *Applicants* (11 of 14). Seventeen of these 34 *Recipients* had applied for Supplemental Security Income (SSI) benefits. Seven had been denied SSI benefits, one was approved, and the remaining nine had applications pending. Eight of the 14 *Applicants* had applied for SSI benefits. Five had been denied, and three had applications pending. SSI recipients lose their MFIP eligibility, therefore ongoing SSI recipients were already leavers.

What potential problems did child care pose for those employed or in school or training?

Participants who were working or in education or training and had a child under age 13 answered the child care items. Problems getting children to the child care site, not knowing what to do when child care plans fall through (both when the provider or the provider's children are ill and when the participant's own child is sick) often interfere with working. Also, it may be difficult to find child care for nontraditional times such as nights and weekends. Table 2-18 gives data on these child-care situations for the youngest child.

Table 2-18. Child care issues for those working or in school or training who had children younger than age 13 at month 24

Child care issues and characteristics	*Recipients*		*Applicants*	
	Not working	Working	Not working	Working
Count of participants employed or in training / education wth child under age 13	56	331	57	424
Usual transportation to childcare				
Participant's vehicle	24%	34%	44%	43%
Child cared for in home	27%	25%	22%	30%
School bus	14%	14%	9%	6%
Walk / bike	6%	11%	4%	4%
Someone else transports child	10%	7%	7%	6%
Public transportation	14%	4%	7%	3%
Other	4%	4%	2%	2%
Has back-up child care provider	57%	71%	68%	67%
Sick child care options				
Staying home with child	73%	51%	84%	59%
Using sick / vacation / personal days	2%	19%	0%	21%
Relative, friend, or neighbor	16%	14%	11%	7%
Normal arrangement	7%	9%	4%	8%
Spouse / partner staying home	0%	2%	2%	2%
Older child staying home	2%	1%	0%	0%
Other	0%	5%	0%	1%
Evening / night / weekend child care				
Evening and/or night-time hours	11%	40%	33%	46%
Weekends	11%	47%	12%	54%
Evenings, nights, and/or weekends	18%	59%	39%	64%

Driving was the most frequent mode of transporting the youngest child to child care. Having someone care for the child in their own home removed the need for transportation for many. Several other modes of transportation were also used.

Around 70 percent of working *Recipients* and *Applicants* said they had a back-up plan, someone they could count on to take care of their child if their main child care provider was sick or if their child care program or school closed. If their own child was sick, a majority of both *Recipients* and *Applicants* indicated they would stay at home even without pay. About 20 percent of working *Recipients* and *Applicants* would have used paid sick days, vacation days, or personal days. Some had relatives, friends, or neighbors

who would fill in, and some providers take care of sick children. In a few cases, the other parent or an older child would provide care or the child would stay home alone.

Approximately 60 percent of working participants reported work, education, or training during nontraditional work hours when child care can be hard to find – weekends, evenings, or nights. Working participants in both the *Recipient* and *Applicant* samples were more likely than those only in education or training to report they needed child care during these times. Availability and quality of child care were concerns of working parents, as indicated in Table 2-14 on page 38, and will be covered in the third section of the two-year report that focuses on child well-being.

MFIP Issues

A family's ability to obtain what it needs may be affected by their knowledge of MFIP eligibility rules and how to access support programs. This section describes what participants remembered being told about these issues, their opinions about MFIP, their sanction history, and where in the program administrative data located those on MFIP in month 24.

Did leavers recall being informed about their potential eligibility for programs to help families?

People who leave MFIP may be eligible for the continuation of a number of non-cash benefits including food stamps,[24] Medical Assistance, MinnesotaCare,[25] and child care assistance. County workers are told to discuss community and public resources with the family while on MFIP and when they exit MFIP. Leavers were asked whether they were informed about eligibility for some programs that help families after they stop getting MFIP cash. Within each sample, leavers were more likely to report they were told about Medical Assistance and Child Care Assistance than either food stamps or MinnesotaCare, as reported in Table 2-19.

Table 2-19. Recent leavers' recall of being told about potential program eligibility

Program knowledge	*Recipients*	*Applicants*
Count of recent leavers	67	91
Food Stamps	54%	36%
Medical Assistance	79%	71%
MinnesotaCare	49%	40%
Child Care Assistance	67%	65%

What did participants say about how MFIP was working?

About half of each sample said MFIP was working well (55 percent of *Recipients* and 45 percent of *Applicants*) and the rest said MFIP needs improvement. When asked to give an example that explained why MFIP was working well, both *Recipients* and *Applicants* talked about ways in which MFIP provided assistance when they needed it such as help getting transportation, child care, health care coverage, and housing. Many approved the emphasis on finding a job or going to school, and many appreciated their job counselor. Complaints included the need for more money or other types of assistance, too much

focus on work and accepting any job regardless of pay, problems with financial and employment services workers, poor communication, too many rules, and too much paperwork.

How many sanctions for not cooperating with employment services requirements were applied in month 24 and how many during the entire two years of the study?
Sanction status may result when an eligible adult on the case does not comply with employment services requirements. Sanctions decrease MFIP cash grants by 10 percent initially, increasing to 30 percent the next month if not fixed. Eleven percent of participants on MFIP in month 24 in each sample were in sanction status (Table 2-20). Sanction rates were not significantly different between the employed and unemployed *Recipients* on MFIP, but *Applicants* who were not working were more likely to be sanctioned than those working.

Table 2-20. Employment services sanctions in month 24 and anytime during the first two years of the study

Sanctions		Not working/ On MFIP	Not working/ Off MFIP	Working/ On MFIP	Working/ Off MFIP	All Surveyed
Recipients	Count of surveyed	177	76	153	228	634
	Month 24	12%	--	10%	--	11%
	During 2 years	53%	37%	39%	33%	41%
	Months (mean)	2.7	1.2	1.7	1.2	1.7
Applicants	Count of surveyed	137	113	138	350	738
	Month 24	15%	--	7%	--	11%
	During 2 years	51%	29%	38%	18%	30%
	Months (mean)	1.8	1.0	1.1	0.4	0.9

Forty-one percent of surveyed *Recipients* and 30 percent of surveyed *Applicants* had their case sanctioned at some time during their first two years in the study. More than half of those on MFIP and not working in month 24 had been sanctioned during this time. That group was significantly more likely to have been sanctioned and to have been sanctioned more months than those working and off MFIP. Of course, they had more months on MFIP and so more opportunities to be sanctioned. Of those on MFIP, the unemployed group was more likely to be sanctioned and had been sanctioned for more months than those working.

What were the case dispositions for participants on MFIP?
DHS sends counties quarterly reports on their MFIP participants describing their case disposition: whether the case had employment, no employment but employment services work activities, no employment or activities but an exemption, none of those things but a sanction, or "unaccounted for" if none of the previous four categories apply. Of the 330 *Recipients* on MFIP, 153 were employed, 57 were in work activities only, 18 were exempt and not working or in work activities, and 14 were sanctioned in month 24. This left 88 unaccounted for in the system. Forty-three of these had been unemployed for at least six months. For the 275 *Applicants* on MFIP, 138 were employed, 48 were in work activities, 11 were exempt, 19 were sanctioned, and 59 were unaccounted for. Thirty-three of the latter had been unemployed for at least six months.

Outcomes for Demographic Groups

Whether outcomes are related to demographic characteristics of participants is a continuing question of importance for understanding what might help or hinder the effort toward self-sufficiency. Tables 2-21 and 2-22 give distributions and outcomes for both samples for groups based on the following characteristics:

- Age (teens, twenties, or thirties and older at baseline).
- Education (completed high school or not).
- Immigration status and race (immigrant, citizen of color, or white citizen).
- Number of parents in the home (one or two).
- Number of minor children in the home (none, one, two, three or more).
- Age of youngest child (under six years versus six or older), and place of residence (greater Minnesota, nine Twin Cities suburban counties, Hennepin County (including Minneapolis), Ramsey County (including St. Paul), or moved out of Minnesota).

How did *Recipients* compare to *Applicants* on demographic characteristics?
The ongoing *Recipients* tended to be older, equally likely to have completed high school, more likely to be citizens of color than white (although equally likely to be an immigrant), less likely to have a second parent in the home, more likely to have two or more children, less likely to have a child under age six, and more likely to live in Hennepin or Ramsey counties compared to the group that had been new *Applicants* at baseline. These comparisons echo findings at one year.

How were demographic characteristics related to *Recipient* outcomes?
Only age and education were related to the employment rates of *Recipients*. Those who had been teens at baseline were more likely to be working than older *Recipients*. High school graduates were more likely to be working than those who had not completed high school. There were no significant differences in employment rates due to any other demographic factor. However, all the demographics except age were related to rates of leaving welfare. High school graduates, whites, two-parent families, smaller families, families without children under age 6, and suburban or outstate residents were more likely to have left MFIP. Note, however, that many families with characteristics less likely to be associated with leaving welfare had nevertheless done just that. Also, causality was not established.

Various income, earnings, poverty, and housing measures were reported for *Recipient* demographic subgroups:

- Age of *Recipients* was only related to total income, with teens having less income than older participants.
- Those with at least a high school education or the equivalent GED were doing better on every economic measure except percent spending over 30 percent on housing.

- White citizens were doing significantly better than immigrants or citizens of color on family earnings, job retention, and the percent of the Federal Poverty Guideline (FPG) represented by their family income.
- Two-parent families were associated with much higher family earnings and income and better performance on poverty measures.
- Larger families (with three or more children) had the highest family income but also the lowest employment retention, the lowest percentage of the FPG, and the highest proportion living under the poverty line. MFIP grants are larger for larger families and two-thirds of these families were still on MFIP.
- The age of the youngest child was not related to any of the economic measures.
- The region of residence was related to hourly wages, higher in the Twin Cities metropolitan area where family earnings were also higher. Families in the metro-area suburbs had income representing the greatest percentage of FPG. Suburbs and greater Minnesota had the highest employment retention. Hennepin County residents were the most likely to spend more than 30 percent of their income on housing.

How were demographic characteristics related to *Applicant* outcomes?

The *Applicants* were new to welfare in 1998 and two years later their demographic characteristics were more strongly related to outcomes in several areas than were *Recipient* characteristics.

- The oldest *Applicants*, those in their thirties or older, were doing better than the younger groups on most measures, from working to leaving MFIP, to all the economic measures except housing.
- A high school education or its equivalent was strongly related to success on all measures except housing.
- White citizens were working more and exiting sooner and did significantly better on all the family income measures than immigrants or citizens of color.
- Participants in two-parent households had significantly different outcomes on all measures except hourly wages. Two-parent families had higher MFIP exits, family earnings (total earned by both parents) and income, fewer were in poverty, and there were fewer with disproportionate housing costs. However, some differences were not in the positive direction. Significantly fewer participants with a second parent in the household were working. Fewer had been employed six months or more than participants in one-parent families. Their personal earnings were lower, but an employed second parent often compensated for this. Family earnings and income were both significantly higher for families with more children.
- Having a child under age 6 made a significant difference for outcomes for *Applicants* (but not *Recipients*). These families had fewer workers, fewer leavers, and worse outcomes on every measure except family earnings and income (not significantly different) and housing (with fewer spending 30 percent of income or more).
- The patterns of results for region of residence also differed from those observed for *Recipients*. Hennepin County *Applicants* were least likely to be working, and Hennepin and Ramsey County residents were least likely to be MFIP leavers. *Applicant* earnings were highest in Ramsey County and the metro suburbs. *Applicant* housing costs were lowest, relative to total income, in greater Minnesota.

Table 2-21. Outcomes for *Recipient* demographic groups at two years

Distributions and outcomes Demographic groups		Count	Percent	Working	Leavers	Participant hourly wage	Participant earnings	Employed 6 months+	Family earnings	Total family income	Percent of FPG	Percent below FPG	Housing over 30%
All *Recipients*		634	100%	60%	51%	$8.75	$777	40%	$999	$1,573	130%	45%	36%
Age at baseline	Teens	68	11%	74%	43%	$8.28	$753	35%	$890	$1,311	123%	43%	38%
	Twenties	290	46%	59%	48%	$9.00	$811	40%	$1,109	$1,678	138%	46%	34%
	Thirty or over	276	44%	58%	50%	$8.50	$747	40%	$910	$1,527	124%	46%	38%
				*	ns	ns	ns	ns	ns	*	ns	ns	ns
Education	Less than HS	166	26%	51%	35%	$8.00	$579	27%	$714	$1,319	109%	53%	40%
	HS / GED	468	74%	63%	53%	$9.00	$847	44%	$1,100	$1,663	138%	43%	35%
				**	***	****	***	***	***	**	***	*	ns
Immigration and race	Immigrants	49	8%	51%	45%	$9.00	$705	39%	$850	$1,364	113%	51%	35%
	Citizens of color	255	40%	56%	37%	$9.28	$752	34%	$889	$1,522	121%	50%	38%
	White citizens	330	52%	64%	57%	$8.31	$807	44%	$1,106	$1,643	140%	41%	34%
				ns	***	ns	ns	*	*	ns	*	ns	ns
Second parent in home	Yes	71	11%	54%	65%	$9.81	$757	38%	$2,320	$2,728	190%	23%	35%
	No	563	89%	61%	46%	$9.40	$779	40%	$832	$1,427	123%	48%	36%
				ns	**	ns	ns	ns	***	***	***	***	ns
Number of minor children	None in home	39	6%	64%	See note	$8.00	$725	46%	$879	$1,101	139%	36%	35%
	One	218	34%	63%	59%	$8.75	$837	43%	$998	$1,431	146%	40%	30%
	Two	194	31%	61%	43%	$8.56	$765	41%	$959	$1,578	129%	47%	39%
	Three or more	183	29%	55%	35%	$9.00	$729	33%	$1,068	$1,837	111%	53%	39%
				ns	***	ns	ns	*	ns	***	***	*	ns
Age of youngest child	Under 6	342	54%	59%	44%	$8.60	$728	37%	$1,012	$1,633	129%	47%	34%
	6 or over	292	46%	61%	53%	$8.94	$834	43%	$983	$1,503	131%	44%	39%
				ns	*	ns	ns	ns	ns	ns	ns	ns	ns
Region of residence	Greater Minnesota	232	37%	64%	56%	$8.00	$709	44%	$952	$1,462	125%	49%	32%
	Metro suburban	85	13%	64%	54%	$9.18	$933	48%	$1,256	$1,839	159%	37%	28%
	Hennepin	169	27%	60%	34%	$9.39	$836	37%	$1,014	$1,647	131%	44%	46%
	Ramsey	117	18%	49%	33%	$10.00	$695	31%	$815	$1,509	121%	47%	35%
	Moved out of state	31	5%	65%	See note	$8.56	$843	32%	$1,256	$1,513	119%	42%	39%
				ns	***	***	ns	**	*	ns	*	ns	*

*Significant at p=.05 level. **Significant at p=.01 level. ***Significant at p=.001 level. ns=not significant. F or t-tests for continuous data and chi-square for categorical data.

Notes: All demographic variables are as of month 24 of the study except age which is as of the start of the study.

Cases with no minor children and those which have moved out of state are ineligible and automatically closed, so are dropped from the comparision of leavers to others.

Averages are means of all participants in the category except hourly wage whose average is the median of all employed wage earners.

Table 2-22. Outcomes for *Applicant* demographic groups at two years

Demographic groups	Distributions and outcomes	Count	Percent	Working	Leavers	Participant hourly wage	Participant earnings	Employed 6 months+	Family earnings	Total family income	Percent of FPG	Percent below FPG	Housing over 30%
All *Recipients*		738	100%	66%	67%	$8.64	$810	44%	$1,201	$1,594	143%	35%	36%
Age at baseline	Teens	265	36%	57%	51%	$8.00	$615	35%	$960	$1,307	122%	45%	33%
	Twenties	276	37%	67%	64%	$8.57	$804	45%	$1,332	$1,686	147%	33%	35%
	Thirty or over	197	27%	76%	76%	$9.65	$1,081	56%	$1,341	$1,852	166%	24%	40%
				***	***	***	***	***	***	***	***	***	ns
Education	Less than HS	176	24%	55%	44%	$8.00	$584	32%	$833	$1,271	116%	48%	39%
	HS / GED	562	76%	70%	69%	$9.00	$881	48%	$1,316	$1,695	151%	31%	35%
				***	***	**	***	***	***	***	***	***	ns
Immigration and race	Immigrants	48	7%	65%	60%	$9.30	$826	40%	$1,179	$1,559	130%	42%	36%
	Citizens of color	194	26%	58%	44%	$9.00	$700	29%	$936	$1,409	127%	46%	36%
	White citizens	496	67%	70%	70%	$8.50	$851	51%	$1,306	$1,670	151%	30%	36%
				*	***	ns	ns	***	***	*	**	***	ns
Second parent in home	Yes	190	26%	59%	78%	$8.50	$697	37%	$2,207	$2,502	191%	17%	25%
	No	548	74%	69%	57%	$8.70	$849	47%	$852	$1,279	126%	41%	40%
				*	***	ns	*	*	***	***	***	***	***
Number of minor children	None in home	53	7%	66%	See note	$8.75	$717	43%	$910	$1,196	155%	38%	38%
	One	425	58%	67%	59%	$8.48	$789	46%	$1,077	$1,449	144%	34%	36%
	Two	186	25%	63%	62%	$8.78	$810	43%	$1,478	$1,867	143%	34%	36%
	Three or more	74	10%	68%	61%	$9.09	$998	41%	$1,425	$2,028	129%	38%	32%
				ns	ns	ns	ns	ns	***	***	ns	ns	ns
Age of youngest child	Under 6	552	75%	64%	57%	$8.50	$753	40%	$1,203	$1,579	138%	37%	33%
	6 or over	186	25%	74%	78%	$9.22	$980	56%	$1,193	$1,639	158%	29%	44%
				*	***	**	***	***	ns	ns	**	*	*
Region of residence	Greater Minnesota	323	44%	71%	67%	$8.00	$759	49%	$1,184	$1,559	139%	31%	26%
	Metro suburban	130	18%	69%	68%	$10.00	$951	53%	$1,366	$1,719	158%	32%	42%
	Hennepin	149	20%	58%	45%	$9.82	$796	31%	$1,030	$1,519	139%	43%	45%
	Ramsey	90	12%	67%	51%	$9.20	$951	44%	$1,293	$1,707	152%	33%	42%
	Moved out of state	46	6%	50%	See note	$7.25	$538	33%	$1,225	$1,512	125%	46%	44%
				**	***	***	**	**	ns	ns	ns	ns	***

*Significant at p=.05 level. **Significant at p=.01 level. ***Significant at p=.001 level. ns=not significant. F or t-tests for continuous data and chi-square for categorical data.

Notes: All demographic variables are as of month 24 of the study except age which is as of the start of the study.

Cases with no minor children and those which have moved out of state are ineligible and automatically closed, so are dropped from the comparision of leavers to others.

Averages are means of all participants in the category except hourly wage whose average is the median of all employed wage earners.

Part III: Child Well-Being at Two Years

Questions in the two-year survey on child well-being focused on these groups:

- Young children (specifically, the oldest child under age six).
- Children who were in elementary or middle school at the start of the study. (One child who was in the household and between the ages of six and 13 at baseline – aged between eight and 15 at month 24 of the study – was randomly chosen for each family prior to the interview.)[26]

There were also questions about adolescent risk behaviors, children with special needs, minor children not living with the participant, child care type and quality, and child support. The report ends with some points of contact with national findings such as the National Survey of American Families (the NSAF included a Minnesota sample) and several research syntheses of experimental and observational studies of child well-being.

Highlights of Child Well-Being Findings

- ***Demographics***. *Applicants* were far more likely than ongoing *Recipients* to have young children than children in the older age range. On the average, they had smaller families, more two-parent families, and higher family income than *Recipients*. About half of *Recipients* had children in the birth-to-five and half in the eight-to-15 age ranges.

- ***Children under age six***. There were no statistically significant differences in measures of care and development of young children across groups associated with differences in family income, or one versus two-parent families, or across four outcome groups based on parental employment and welfare use. Parents in the study described their child's experiences as follows:
  - ***Well-child health care***. Only 1 in 20 said their child had no regular preventive health care.
  - ***Screening before school***. At least 70 percent of *Recipients* and *Applicants* had their preschool age child screened for school readiness and vision, hearing, and speech problems as required before kindergarten. *Recipients* were more likely than *Applicants* to have had their child who was one to three years of age screened voluntarily for possible problems.
  - ***Reading to children***. Most said they read to their young child frequently (more than 80 percent in each sample).
  - ***Contact with non-custodial parent***. About a third of these young children in each sample had no contact with their non-custodial parent in the past year. Another quarter saw them less than monthly during that time.
  - ***Development***. Only 8 percent of *Recipients* and 5 percent of *Applicants* thought their child under age six was developing slower than other children.
  - ***Head Start***. Fewer than half of preschool age children had been enrolled in Head Start (two-fifths for *Recipients* and one-third for *Applicants*).

- ***Children ages eight to 15***. There were no significant differences identified on measures of care, schooling, and behavior of focal children in the age eight to 15 range across groups based on family income, or one versus two-parent families, or across the four outcome groups based on parental employment and welfare use. Parents in the study described their older child's experiences as follows:
  - ***Contact with non-custodial parent***. Half of *Recipients*' children and one-third of *Applicants*' children whose second biological parent did not live with them had not seen the non-custodial parent during the past year. There was absolutely no contact, either in person or by telephone, letter, or e-mail for 42 percent of *Recipient* children and 22 percent of *Applicant* children in this living situation.
  - ***Mentors***. Most participants said their child had at least one adult they could turn to besides the participant who was "a good example and can help him or her" (81 percent of *Recipients* and 90 percent of *Applicants*).
  - ***Head Start***. Nearly two-thirds of *Recipients*' children and less than one-third of *Applicants'* children chosen as the focal child for the survey in this age range had been enrolled in Head Start.
  - ***Changing schools***. A quarter of *Recipients*' children changed schools during the past year not counting changes due to advancing to a higher level. Seven percent changed schools multiple times. Numbers for *Applicants*' children were lower.
  - ***Missing school***. Seven percent of *Recipients*' children and 9 percent of *Applicants*' children had missed at least a week of school during the past four weeks. Almost half in each group had missed at least some school.
  - ***Family routines***. Large majorities of parents reported attending school conferences and other family routines supporting learning.
  - ***School performance.*** Most parents thought their child's school performance was above average. Only 14 percent of *Recipients* and 8 percent of *Applicants* indicated their child was below average or not doing well at all.
  - ***Young teen workers***. About one-quarter of 14 and 15-year olds were working, most often in fast food restaurants.
  - ***Behavior problems***. Sixty percent of *Recipients* and 70 percent of *Applicants* with older children reported that their child often exhibited problem behaviors. Impulsivity, restlessness, and anger were selected most frequently. However, sizable majorities reported positive behaviors such as trying to do things for themselves, showing concern for other people's feelings, and caring about school.

- ***Adolescent risk behaviors***. When asked about problem behaviors exhibited by any of their children between the ages of 10 and 17, participants were most likely to cite school problems. Thirty-five percent of *Recipients*' families with adolescents and 11 percent of *Applicants*' families with adolescents had a child who had been suspended or expelled from school during the past year. There were significant differences in getting into trouble with the police and being involved with pregnancy ("getting pregnant or getting someone else pregnant") for family groupings based on economic status and number of parents in the household.

- ***Special needs children***. About one-fifth of *Recipients* and one-tenth of *Applicants* said they had special needs children. Asthma and allergies were the most common

special needs. Among *Applicant* parents, significantly fewer were working who had a special needs child than those who did not (55 percent versus 67 percent).

- ***Minor children not in household***. One in 10 respondents in each sample had children under 18 living outside of their household. *Applicants*' children were most likely to be living with the other parent. *Recipients*' children were equally likely to be living with the other parent or a relative. Foster care and adoption were other reasons children lived elsewhere.

- ***Child care issues***.
  - Participants who were working or in school or training and had a child under age 13 provided data on the child care availability and quality for their youngest child.
  - Youngest children most often received child care in someone's home (their own most frequently, next often that of a relative or friend, then licensed family child care).
  - Most participants were satisfied with the quality of their child care. Fewer than 10 percent indicated they wanted to change their child care provider.
  - A problem with a child care provider or teacher was the most frequent reason for wanting to change child care providers for both *Recipients* and *Applicants*. The second most important reason for wanting a change among *Applicants* was a dirty or unhealthy environment.

- ***Child Support***.
  - A child support collections case had been opened for nearly all of the focal children.
  - Only around half of the children in each age group had a non-custodial parent with a court order outlining their responsibilities to the child. More than 90 percent of the non-custodial parents with court orders were obligated to pay some child support.
  - Only about three-fourths of the approximately half of non-custodial parents with a child support obligation paid any child support during the six-month period from May to October 2000. About one-third of *all* cases surveyed actually received child support, and the mean monthly amount received was about $300 for all age groups. Actual amounts paid ranged between two dollars and nearly $1,600 per month.

Families of Focal Children

Half of *Recipients* and three-quarters of *Applicants* surveyed had a child under age six living with them in the 24th month of the study. Slightly less than half of *Recipients* had children in the eight to 15 age range, a small drop, but only 18 percent of *Applicant* families had children between those ages. *Applicants* had been sampled for the study at their first application that was often around the time of the birth of their first child. Table 3-1 describes families of focal children.

Table 3-1. Families with children in the age ranges studied

Focal children	*Recipients* (N=634)		*Applicants* (N=738)	
	Birth to age 5	Age 8 to 15	Birth to age 5	Age 8 to 15
Count of families with child in age range	342	284	551	133
Percent of families surveyed	54%	45%	75%	18%
Two-parent families	18%	13%	30%	19%
Family income				
Below FPG	47%	48%	37%	23%
200% of FPG or above	16%	12%	21%	25%
Mean number of children in family	2.2	2.7	1.5	2.2

What was their status on family composition and family income?
All families in the study were one-parent families at baseline. By two years later, 18 percent of the *Recipient* families and 30 percent of the *Applicant* families with young children had two parents in the household. The percentages were smaller for families of the older children (13 percent and 19 percent, respectively). Nearly half of the *Recipient* families with children in either age range were living below the Federal Poverty Guideline (FPG),[27] and fewer than 1 in 6 had family income at least 200 percent of FPG. For *Applicants*, the percentages living below the FPG were smaller, especially those with children in the older age range, and percentages having income at or above 200 percent of FPG were larger. *Recipients* had more children than *Applicants*, on the average, and families with older children had more children than families with young children.

Children Under Age Six

Table 3-2 reports results for the oldest child under age six living in the household. There were no significant differences between groups based on family income (below FPG versus 200 percent of FPG or above), between one-parent and two-parent families, or across the four outcome groups based on employment and welfare use,[28] so only total group findings are reported.

Did young children get preventive health care?
Most participants said they took their children to a doctor or clinic for well-child visits, preventive health care such as immunizations and check-ups. Only about 1 in 20 did not.

Were children screened for physical and developmental problems before school?
Early childhood screening by school districts is required before kindergarten but can be requested earlier, especially if the parent suspects a condition for which services can be provided before normal school age. However, grouping by child's age shows that *Recipients* were twice as likely as *Applicants* to have had their very young children screened, but the two samples were equally likely to have had their children approaching kindergarten age screened. Nearly three-quarters in each sample did so. Seventeen percent of *Recipients*' children screened and 13 percent of *Applicants*' children screened were given a referral for vision, hearing, speech, or other concerns.

Table 3-2. Parent's report of well-being of oldest child under age six

Children under age 6	*Recipients*	*Applicants*
Count of families with children under age 6	342	551
Well-child health care	95%	94%
Early childhood screening		
Ages 1-3	27%	15%
Ages 4-5	72%	70%
Reading together most days or every day	81%	86%
Contact with non-custodial parent		
Most days	9%	8%
At least weekly	15%	23%
At least monthly	15%	15%
Sometime in last year	27%	23%
Never in last year	35%	31%
Developmental level		
Faster than average	44%	58%
Average	49%	37%
Slower than average	8%	5%
Head Start (ages 3-to-5)	41%	33%

Did parents read to their young children?
More than four-fifths of the parents of young children in each sample said that they read together with this child most days or every day. These numbers are very close to those reported by the National Survey of American Families (NSAF) cited on page 65.

How well did parents think their young children were developing and learning?
Asked how well their oldest child under age six was developing and learning, a small number suspected problems (8 percent of *Recipients* and 5 percent of *Applicants* with a child in that age group). A remarkable 44 percent of *Recipient* parents and 58 percent of *Applicant* parents thought their child was developing faster than other children.

Did absent parents stay in contact with their young children?
Custodial parents in the study rated the frequency of involvement by the other parent in situations where the biological second parent was neither in the home nor deceased. Many of the other parents had minimal or no contact with their children. About a third had not seen them at all in the last year, and another quarter less than monthly in that time. Approximately 1 in 10 non-custodial parents in each sample saw their young children daily or almost every day.

Did preschool-age children attend Head Start?
A minority of children in the three-to-five year age range (41 percent for *Recipients* and 33 percent for *Applicants* with children that age) had ever been enrolled in Head Start, the federally funded preschool and family education program for low-income families.

Focal Children Between Ages Eight and 15

To study school-age children, one child was randomly selected in each family from children between the ages of six and 13 living with the participant at baseline as part of the MFIP assistance unit. This process selected the children of 284 *Recipients* and 133 *Applicants* who responded to the two-year survey.[29] Their current ages 24 months into the study were between eight and 15. They represented nearly half of *Recipient* families but only 1 in 5 *Applicant* families surveyed at two years. The age distributions of these children were not significantly different in the two samples. As was the case for the younger children, results are presented for all surveyed because there were no significant differences across the groupings studied.

How much contact did older children have with their non-custodial parent?
Of those children whose second biological parent was living outside the household, fully half of *Recipients*' children and nearly one-third of *Applicants*' children had not seen this parent for at least a year, as Table 3-3 shows. A smaller number (15 percent for *Recipients* and 29 percent for *Applicants*) saw their non-custodial parent at least weekly. Few non-custodial parents with no physical contact communicated in any other way (telephone, letter, or e-mail). Only 21 of 131 second parents of *Recipients*' children who had not seen their child in over a year had called or written during that time (9 of 33 for *Applicants*). Thus, 42 percent of *Recipients*' children and 22 percent of *Applicants*' children whose second parent did not live in the household had absolutely no contact during the last year. Half of all non-custodial parents in the *Recipient* group and three-quarters in the *Applicant* group did use these other means of communication.

Table 3-3. Older children's contact with non-custodial parents

Contact with non-custodial parent	*Recipients*	*Applicants*
Count of families with children ages 8 to 15	284	133
In-person contact		
Most days	2%	2%
At least weekly	13%	27%
At least monthly	11%	19%
Sometime in last year	24%	22%
Never in last year	50%	31%
Phone / letter / e-mail		
At least weekly	20%	37%
At least monthly	12%	18%
At least yearly	18%	20%
Never	50%	25%
Other caring adult	81%	90%

Were there other adults in these children's lives who could help them?
Because attention from an adult role model can be especially important to adolescents, the survey asked whether the focal child had another adult besides the participant who was "a good example and can help him or her." Relationships such as the other parent, a grandparent, teacher, or volunteer friend were reported. Most participants said their child did have at least one adult they could turn to (81 percent of *Recipients* and 90 percent of *Applicants*). These adults may have had a mentoring relationship with some of the

children, but may have been simply other adults the participant trusted with their children. Many participants mentioned multiple other adults their child could potentially turn to.

The most frequently mentioned potential mentors were the other parent (15 percent of *Recipients* and 32 percent of *Applicants* with children in this group), grandmother (21 percent and 27 percent, respectively), and the spouse or partner of the participant or other parent (17 percent and 13 percent). Also mentioned by at least 10 percent of each group were aunts and uncles and friends of the family. Less frequently cited were siblings, cousins, and professional or volunteer helpers (these non-relatives mentioned by 8 percent of *Recipients* and 12 percent of *Applicants* included teachers, coaches, friendship program volunteers, pastors, daycare providers, probation officers, and mental health workers).

Had older children ever attended Head Start?

Nearly two-thirds of the *Recipients*' children in this school-age range had attended a Head Start program, as Table 3-4 shows. Fewer than one-third of *Applicants*' children had done so, but these participants may not have had income low enough to qualify for Head Start during the early childhood years of these children.

Table 3-4. Schooling of children in 8-to-15 year age range

School and learning experiences	*Recipients*	*Applicants*
Count of families with children ages 8 to 15	284	133
Head Start	62%	29%
Changed schools due to move in year		
None	73%	84%
Once	19%	14%
Twice or more	7%	3%
Missed school in last 4 weeks		
None	54%	46%
Less than one week	39%	46%
One week or more	7%	9%
Family routines		
Parent attends school conferences	95%	95%
Homework place	91%	95%
Homework time	76%	72%
Usually eats breakfast	88%	84%
Public library visits with family member	58%	59%
Parent's rating of child's school performance		
Doing well or very well	58%	64%
Average	28%	28%
Below average or not doing well at all	14%	8%
Jobs for 14 and 15 year-olds	24%	23%

Did family situations support school?

Table 3-4 also contains information about changing schools, missing school, and family routines important to learning. Changing schools (not counting changes due to moving between levels, like from elementary to middle school), especially during the school year, is often cited as a reason for poor educational outcomes. More than a quarter of the

Recipients' children changed schools in the last year, 7 percent multiple times. Seventeen percent of *Applicants*' children changed schools during the last year for moves or other reasons not including advancing to a higher level. Missing school also makes it harder to learn, and nearly half of the *Recipients*' children had missed some school in the last four weeks, 7 percent at least a week. More than half of *Applicants*' children had missed school.

The survey asked about family routines. Nearly all study parents said they attended school conferences. Most families had a set homework place. More than 80 percent in each sample usually ate breakfast, and about three-quarters had a set homework time. More than half of families periodically visited the public library.

How well did parents think their children were doing in school?
Many study parents were very satisfied with their children's school performance, saying they were doing well or very well (again rating most above average). Only 14 percent of *Recipients* and 8 percent of *Applicants* said their children were performing below average or not doing well at all. For those students who had reached eighth grade and taken the Minnesota Basic Standards tests required for high school graduation, passing rates were 75 percent in reading and 63 percent in math for the 51 *Recipients*' children and 83 percent in reading and 71 percent in math for the 24 *Applicants*' children, compared to the statewide passing rates of 80 percent in reading and 72 percent in math. Most of those who had failed were doing something to prepare for the next opportunity.

Were young teens working?
Working can be an educational experience, but it can also interfere with school. About one-quarter of 14 and 15-year olds were working, most often in fast food restaurants, but also babysitting, as cashiers or stockers in a store, in youth programs, housekeeping, and farm work.

How common were various behaviors by these school-age children?
Parents were asked how true a number of behavioral statements were if applied to the focal school-age child – *not true*, *sometimes true*, or *often true*. A factor analysis yielded four factors: problem behaviors, school engagement, positive behaviors, and relationship problems. Table 3-5 groups the items into the four factors and gives the percentage who answered *often true* to each item except the items that were negatively weighted where the percentage given is of the *not true* responses, as indicated in the table.

Forty percent of *Recipients* and 30 percent of *Applicants* with children in this age range reported that their child often exhibited one or more problem behaviors; three or more were reported by 18 percent *Recipient* parents and 9 percent of *Applicant* parents. Impulsivity, restlessness, and anger were the most frequent problem behaviors. The number of problem behaviors was not related to the age of the child (correlation of -0.04). A majority of the parents said that working and caring about school described their children, as did positive behavioral descriptors such as independent, concerned about other people, curious, and assertive. Few parents said their children often had

trouble getting over being upset or were disobedient or had trouble getting along with teachers.

Table 3-5. Frequency behaviors of children 8 to 15 called *often true*

Behaviors of children ages 8 to 15	*Recipients*	*Applicants*
Count of families with children ages 8 to 15	284	133
Problem behaviors		
Is impulsive, or acts without thinking	20%	14%
Is restless or overly active, cannot sit still	19%	11%
Argues too much	18%	14%
Has a very strong temper and loses it easily	16%	8%
Does not seem to feel sorry after misbehavior	8%	6%
Cheats or tell lies	7%	5%
Is disobedient at school	6%	3%
Has trouble getting along with other children	5%	2%
Is helpful and cooperative - *not true*	4%	1%
Breaks things on purpose	3%	2%
Bullies or is cruel or mean to others	3%	3%
One or more problem behaviors reported	40%	30%
Three or more problem behaviors reported	18%	9%
School engagement		
Cares about doing well in school	71%	76%
Always does homework	68%	60%
Does just enough schoolwork to get by - *not true*	59%	61%
Only works on schoolwork when forced - *not true*	59%	64%
Positive behaviors		
Tries to be independent, to do things by self	75%	72%
Shows concern for other peoples' feelings	73%	76%
Is curious and exploring, likes new experiences	70%	68%
Sticks up for self, is self-assertive	61%	56%
Relationship problems		
Gets over being upset quickly - *not true*	14%	11%
Is disobedient at home	9%	3%
Has trouble getting along with teachers	4%	4%

Adolescent Problems

How common were various adolescent risk behaviors?

Study interviewers asked participants about risk behaviors engaged in by any of their children between the ages of 10 and 17 during the past year (not just the focal child discussed in the previous section and not just children still living in the participant's household). Questions were asked about all children within this age range whether or not the study participant was their custodial parent during this year. Table 3-6 tells what proportion of the parents in the study were aware of these high-risk behaviors by their children.

Table 3-6. Adolescent risk behaviors

Behaviors of adolescents ages 10 to 17	*Recipients*	*Applicants*
Count of families with adolescents	290	148
Suspended or expelled from school	32%	15%
Trouble with police	18%	12%
Problem with alcohol or drugs	7%	8%
Dropping out of school	7%	5%
Getting pregnant / getting someone else pregnant	5%	5%
Doing something illegal to get money	3%	3%

School problems were the most common. A third of *Recipient* families and one-seventh of *Applicant* families with adolescents had one or more of their adolescents suspended from school during the last year. Trouble with police was reported by 18 percent of *Recipients* and 12 percent of *Applicants* who had adolescent children. Other problems were reported by fewer than 10 percent of each sample, but all are serious and disruptive to the adolescents and to their families. A few parents (10 *Recipients* and four *Applicants*) said they did not know whether their children were involved in one or more of these activities.

Unlike for the younger children, some behaviors of adolescents were significantly related to groupings based on family factors, in particular, getting into trouble with the police and being involved in a pregnancy. There was one significant difference across employment and welfare outcome groups. For *Recipients,* unemployed parents on MFIP most frequently reported that their adolescents had trouble with the police than parents in the other three outcome groups (28 percent versus 9 percent for unemployed leavers, 13 percent and 17 percent for the working groups on and off MFIP, respectively).

There were significant differences between one-parent and two-parent families on two risk behaviors. More one-parent than two-parent *Recipient* families reported adolescents in trouble with the police (20 percent versus 6 percent). Reported involvement with pregnancy was significantly higher for adolescents in *Applicant* two-parent families (12 percent versus 3 percent for one-parent families) but the numbers of adolescents in both groups were very small.

There were also significant differences on these two adolescent risk behaviors for groups based on family income, comparing families with income less than the Federal Poverty Guideline with families whose income was 200 percent of FPG or greater. Poorer *Recipient* families had more adolescents in trouble with the police (24 percent versus 8 percent of the more prosperous families). Poorer *Recipient* families also were more likely to have an adolescent involved in a pregnancy (7 percent versus none of the higher income families).

Special Needs Children

How many families had children with special needs?
Physical and mental health needs, disabilities, and developmental delays of children can be barriers to parental employment. The survey asked about conditions requiring special

care for any of the participants' children, and findings are summarized in Table 3-7. About one-fifth of *Recipients* and one-tenth of *Applicants* said they had children with such conditions, the proportions being nearly as high for working as for non-working participants. One in 25 of *Recipient* families had more than one special needs child (one family had four). Among families with a child under age six, *Recipient* families were twice as likely as *Applicant* families to have a special needs child.

Significantly more two-parent than one-parent *Applicant* families (15 percent versus 9 percent) and more poor than moderate-income *Recipient* families (21 percent versus 13 percent) had special needs children. For *Recipients*, working leavers had special needs children the least often (13 percent versus 33 percent of unemployed leavers, 29 percent of those working and on MFIP and 20 percent of those on MFIP and not working).

What kinds of conditions caused special needs for children?
Asthma and allergies were the most common conditions, suffered by nearly half of the youngest special needs children in families in each sample. Attention deficit disorders were also common. Many other conditions were reported, including developmental delays, depression, heart problems, physical disabilities, epilepsy, and speech problems. Percentages in the table sum to over 100 percent because some children had multiple problems. There was no rating of seriousness of the special need, beyond its requiring special care.

Table 3-7. Frequency and types of special needs of children in families surveyed

Special needs children	*Recipients*	*Applicants*
Count of families with special needs children	131	72
Percent of all families surveyed	21%	10%
Percent of families with participant working	19%	8%
Percent of families with participant not working	23%	13%
Count of families with more than one special needs child	27	4
Percent of families with special needs children	21%	6%
Percent of all families surveyed	4%	1%
Count of families with special needs child under age 6	49	41
Percent of all families with special needs children	37%	57%
Percent of all families surveyed with child under age 6	14%	7%
Percent of all families	8%	6%
Condition(s) of youngest special needs child Count	131	72
Asthma / allergies	45%	52%
Attention deficit disorders	29%	10%
Other	32%	43%
Count of families with special needs child with working participant	73	40
Percent of parents with special needs child	56%	56%
Median hours per week worked	32	32

How did hours worked by families with special needs children compare to work hours of all families in the study?
The median hours per week worked by those with a special needs child was 32 hours for both samples, compared with 38 hours for all working *Recipients* and 36 hours for all working *Applicants* (see Table 2-1 on page 25). However, among *Applicant* parents,

those with a special needs child were significantly less likely to be working than those whose children did not have a special need (56 percent compared to 66 percent for the whole sample). The difference for *Recipients* was not significant (56 percent compared to 60 percent).

Minor Children Out of Household

Why were some minor children living somewhere else?

One in 10 participants in each sample had children under age 18 who were not living with them (Table 3-8). The largest number of these families had one child living elsewhere, but some had as many as five. Seventeen *Recipients* and 38 *Applicants* had all their minor children out of the household and that made them ineligible for MFIP. *Recipients*' children were equally likely to be living with the other parent or a relative (two-fifths each), with the rest in foster care or adoption and a few each in jail or detention, an independent living arrangement, a group home, or not recorded. For *Applicants*, by far the most likely location was with the other parent. There were no significant differences between one and two-parent families nor between poor and moderate-income families in having minor children living outside their household. However, a smaller percentage of female than male participants had minor children out of the household (for surveyed participants with minor children, 10 percent of female *Recipients* and 7 percent of female *Applicants* but 28 percent of male *Recipients* and 39 percent of male *Applicants*).

Table 3-8. Children under age 18 not living with the participant

Minor children out of the household	*Recipients*	*Applicants*
Count of participants with minor children out of household	64	69
Percent of participants with minor children	10%	9%
Number of minor children out of household		
1	41	39
2	13	22
3	4	7
4	4	1
5	2	0
All minor children	17	38
Children's living situations (percent of children)		
Other parent	39%	69%
Relative care	38%	17%
Foster care	8%	5%
Adoption	6%	6%
Other	10%	5%

Child Care Issues

Participants who were employed or in school or training and whose youngest child in the household was under age 13 were considered to have a child care need.

Who cared for their youngest child while participants were at work, looking for work, or in education or training?

No one type of child care site predominated. Table 3-9 details where the youngest child in the family received care and who provided it. Someone coming into their home while they were at work or school was the most common. Homes of relatives and friends, schools, center-based child care, and licensed family child cares followed. A few took their children with them to work or school. Table 3-9 also gives secondary child care sites, other ways these children were cared for during month 24 while the participant was at work, looking for work, or in training or education.

Table 3-9. Where the youngest child was cared for

Child care locations and providers	*Recipients*	*Applicants*
Count of participants with work, school and/or training who had child under age 13	388	481
Primary child care location and provider		
Own home	25%	28%
Grandparent	8%	9%
Brother/sister	6%	2%
Non-relative	5%	5%
Other relative	3%	3%
Other parent*	3%	9%
Child cared for self	1%	1%
Home of relative or friend	20%	21%
Grandparent	10%	9%
Non-relative	5%	6%
Relative (not parent or grandparent)	4%	4%
Other parent	2%	2%
Elementary or middle school	19%	7%
Center-based child care	19%	21%
Child care center	17%	20%
Head Start	2%	1%
Preschool	0.5%	0.2%
Licensed family child care home	13%	19%
Worksite by parent	4%	4%
All secondary child care arrangements		
No other child care	43%	40%
Grandparent	19%	29%
Other relative	17%	20%
Non-relative	14%	13%
Other parent	10%	17%
Sibling	10%	5%
Child care center latch key program	3%	2%
Licensed family child care home	3%	4%
School	2%	1%
Child cares for self	1%	1%
Child in organized school-based activity	1%	1%
Head Start	1%	0.4%
Other	1%	1%
Same provider 12 months or less		
Under 3 years old	70%	70%
3 to 5 years old	59%	59%
6 to 8 years old	67%	60%
9 years and older	63%	47%

* Other parent included non-custodial step-parents.

How stable was child care?
Table 3-9 gives the percentages of children in care with the same primary child care provider for twelve months or less. The majority of children in all age groups had been cared for by the same provider for one year or less, so care was not a stable part of their life. Of course, many of their parents were newly employed during that year. But 30 percent of the youngest children of participants in each sample had been with the same provider for more than one year.

What did participants say about the quality of care their youngest child received?
Most participants were satisfied with the quality of their youngest child's primary child care. Only 6 percent of *Recipients* and 8 percent of *Applicants* wanted to change providers, according to the results in Table 3-10. Fewer than 1 in 5 thought that their child did not get enough individual attention or that the provider did not keep the parent informed. Few doubted that their child felt safe (1 in 25 *Recipients* and two in 25 *Applicants*). However, this subjective rating did not address the question of whether participants knew what high quality child care would look like.

Table 3-10. Quality of child care for youngest child

Child care quality	*Recipients*		*Applicants*	
Count of participants with work, school and/or training who had child under age 13 cared for by someone other than own parent	357		413	
I wanted to change my child care	6%		8%	
Parent's opinions about child care	*Never or sometimes*	*Always*	*Never or sometime*	*Always*
My child got enough individual attention	18%	82%	17%	83%
My provider shared information about my child	11%	89%	14%	86%
My child felt safe and secure	4%	96%	8%	92%

How did participants find out about child care?
A majority of these parents used only informal information sources such as word of mouth and advertisements when looking for child care for their youngest child. Only 1 in 5 in each sample said they received information from a community service. Table 3-11 shows that child care resource and referral agencies, the most cited formal source of child care information, were used by fewer than 1 in 10.

Table 3-11. Sources of information on finding and choosing child care*

Child care information sources	*Recipients*	*Applicants*
Count of participants with work, school and/or training who had child under age 13 and needed child care	296	427
Informal information sources only	83%	80%
Child care resource and referral agency	9%	8%
MFIP case worker	3%	6%
Child care worker	3%	3%
MN Workforce Center or Employment Services provider	2%	4%

* Excluded children in school, children caring for self, and children cared for by parents at their workplace.

Child Support

Records from the Child Support Enforcement Division (CSED) of DHS were used to link the focal children[30] in this study to their child support case. Each CSED case includes one or more children of the same non-custodial parent (NCP). Table 3-12 lists steps in the child support process that starts with the opening of a case, proceeds through establishing paternity and getting a court order and setting financial obligations for the NCP, and continues with collection and disbursement of child support payments. During the period covered by the survey, payments for families receiving public assistance were retained to reimburse state and federal government expenses. Current payments were passed through only to leavers. (Beginning January 1, 2001, all current support has gone to the custodial parent, with a dollar-for-dollar reduction in MFIP grants.)

Table 3-12. Child support for focal children in the two-year survey

Child support for focal children		Ages birth to 5 years		Ages 8 to 15 years	
		Recipients	*Applicants*	*Recipients*	*Applicants*
Count of focal children		342	551	284	133
CSED case opened		338	509	281	129
	Percent of all focal children	**99%**	**92%**	**99%**	**97%**
Paternity established		218	337	215	108
	Percent of all focal children	**64%**	**61%**	**76%**	**81%**
	Adjudicated by court order	106	86	119	13
	Recognition or declaration of parentage	73	172	13	10
	Married at child's birth	37	76	82	76
	Non-custodial parent (NCP) is birth mother	2	3	1	9
Court order	NCP with court order	187	260	177	75
	Percent of all focal children	**55%**	**47%**	**62%**	**56%**
	Medical insurance	70	150	53	41
	Dental insurance	53	97	36	29
Current obligation	NCP with obligation	177	242	165	69
	Percent of all focal children	**52%**	**44%**	**58%**	**52%**
	Percent of NCPs with court order	**95%**	**93%**	**93%**	**92%**
	Monthly mean obligation, if any	$244	$264	$274	$334
	Range	$32-$980	$26-$1,155	$5-$1,649	$20-$1,204
Child support payments for six months (May - Oct. 2000)					
	Child support collected from NCP	122	201	111	51
	Percent of all focal children	**36%**	**36%**	**39%**	**38%**
	Percent of NCPs with obligation	**69%**	**83%**	**67%**	**74%**
	Mean for six months, if any child support collected	$1,620	$1,475	$1,852	$1,923
	Mean for one month	$270	$246	$309	$320
	Range for one-month mean	$5-$1,573	$2-$986	$2-$1,139	$5-$1,174
All families (including those receiving no child support)					
On MFIP	Count	193	235	161	33
	Mean for six months	$280	$432	$609	$567
Leavers	Count	149	316	123	100
	Mean for six months	$963	$617	$874	$793
Total	Count	342	551	284	133
	Mean for six months	$578	$538	$724	$737

How many children had established paternity?
A child support case had been opened for nearly all the focal children, the lowest percentage being 92 percent of *Applicants*' children under age six. Paternity establishment was higher for the older children, with more than three-quarters for each sample compared to less than two-thirds for the younger children. Court order was the most common way paternity was established for *Recipients*' children, marriage at the child's birth for *Applicants*' older children, and recognition of parentage form (now encouraged at the hospital at time of birth) for *Applicants*' younger children.

How many children were supposed to be getting child support payments?
More than half of the older children's non-custodial parents (62 percent for *Recipients* and 56 percent for *Applicants*) had a court order outlining their responsibilities to these children. The percentages were lower for the younger children (55 percent for *Recipients* and 47 percent for *Applicants*). Responsibility for medical or dental health care coverage was not always included. Most non-custodial parents with court orders (more than 90 percent) were also obligated to pay some child support. These obligations averaged around $200 or $300 per month (for example, $274 for NCPs of *Recipients'* older children). The range of current child support obligations was wide, however, between five dollars and $1,649 per month for those who were assigned a payment amount. For some families, the support was meant for more than one child on the same court order.

What was the child support collection rate for the focal children in this study?
Only about one-third of NCPs paid *any* child support during the six-month period from May to October 2000. (For example, NCPs of 39 percent of *Recipients'* older children paid child support. This was 67 percent of those with a court-ordered obligation.) The mean monthly amount paid was in the area of $300 for all groups. The mean amounts of child support paid on behalf of *all* the focal children (including those receiving nothing) averaged around $100 per month, slightly less for the younger children and slightly more for the older children. These child support collection rates were close to the rates reported in part one of this report. Non-custodial parents had paid child support on behalf of one or more children in participants' care during month 24 of the study for 37 percent of the 634 *Recipients* and 34 percent of the 738 *Applicants* surveyed.

National Findings

This study looks only at low-income families who are or have been on welfare and primarily compares child outcomes across families with different employment/welfare use outcomes and ongoing versus new welfare use at the study's start. There are two other important types of comparisons to be made, and new national reports address these: (1) experimental studies of the impacts on parents and children of welfare reform policies such as mandatory employment and employment activities, income supplements, and time limits and (2) comparisons of the well-being of children in low-income families (including but not limited to welfare recipients) with children in higher-income families.

When TANF replaced AFDC, requiring more mothers to go to work, critics worried primarily about young children, and generally thought that effects for adolescents would be positive due to having an improved role model for entering the work world. However, recent reports have turned these expectations around. Adverse effects have not generally been reported for younger children as their parents, primarily mothers, go to work (although the data on very young children is scant). And there is new concern about adolescents.

Research syntheses. Recently, three research organizations have completed meta-analyses of the results of experimental studies in cities, counties, and states across the country that studied the impacts of welfare reform policies.[31] These syntheses summarize and make general conclusions about findings comparing outcomes for families in welfare programs run under waivers (often as pilots for programs later implemented under TANF) with outcomes for families in control groups who were enrolled in the then-current AFDC.

These studies were conducted before the 1996 welfare act took effect. (In Minnesota, AFDC cases were converted to MFIP cases during the first half of 1998.) TANF programs implemented after PRWORA are generally not the same as the programs in the experimental studies. For example, statewide MFIP has as lower exit point (120 percent of FPG versus 140 percent) and immediate mandatory work requirements. Also, even significant effects are generally small. And there may be limitations to data primarily based on reports by parents. The Urban Institute cautions that "comprehensive measures of child well-being require direct observation, which is time-consuming and expensive…limited findings may also reflect how long it takes for a series of modest changes to accumulate in a manner that affects children's well-being. While parental employment and family income may change rapidly, aggregate measures of children's well-being likely change more slowly."[32] However, these studies contain the strongest conclusions possible with data currently available.

- A RAND study found modest mixed effects or no results for work requirements or incentives on behavior problems and school problems of children in primary school or adolescents with one exception. This wide review of both experimental and observational literature found strong evidence of an increase in school problems for adolescents caused by work requirements for their parents under welfare reform.

- MDRC summarized their own studies and concluded that programs that increase employment and supplement earnings improve the school performance and behavior of children in primary school. This conclusion was largely due to their findings in the experimental study of the MFIP pilot that showed better school engagement and performance, as rated by parents, when parents increased their income.[33] The MFIP pilot study also found increased risk behavior by adolescents when low-income parents worked more. The conclusion from their research synthesis was that for all policy combinations studied, parents involved in welfare reform programs reported that their

adolescents had "worse school performance, a higher rate of grade repetition, and more use of special educational services than did control group parents." Further, older adolescents (ages 16-18 at follow-up) were more likely to have been suspended or expelled or dropped out than older adolescents in the control group. These adverse effects were strongest for adolescents with younger siblings, and the ethnographic component of the report pointed to their need to assume adult responsibilities as a concern.

- Child Trends' review of the experimental research found favorable impacts in some studies (increases in both employment and income associated with better behavioral, cognitive, and academic outcomes) and unfavorable impacts in others (for children in families new to welfare, for adolescents' school performance and behavior problems).

National trends. The Child Trends report pointed out that "there is no pattern of either solid improvement or substantial decline for children nationally," citing indicators such as a decrease in child poverty but an increase in deep poverty, no change in the rate of nonmarital births, and little change in children's health status or reading and math scores. However, they emphasized that "low-income children – including children touched by welfare reform – continue to lag far behind all other children on these measures" as well as other measures like school engagement and behavioral and emotional problems.[34] The NSAF reported "a significant and sizable gap persists between low- and higher-income children, with low-income children continuing to fare worse on every indicator of child well-being." [35]

Comparison data for several of the items in this report are available from the National Survey of American Families[36] for Minnesota and nationally, for all families and for families below 200 percent of the poverty level. Table 3-13 shows that parent reports in this study were very similar to those made by other low-income parents in the national survey and in its Minnesota component. Most parents said they read to their young children regularly and frequently. (Whether they actually do cannot be determined from a survey.) NSAF found fewer than half of children age six to 17 highly engaged in school .[37] This study found slightly more than half of children age eight to 15 were highly engaged in school, according to their parents, but did not include the older teens most likely to drop out of school. NSAF found that nearly a quarter of low-income adolescents had been suspended or expelled from school, about twice the proportion of all adolescents at all income levels. This study found nearly one-third of *Recipient* families had an adolescent who had been suspended or expelled, higher than NSAF's finding that was based on number of adolescents rather than number of families with adolescent children.

Table 3-13. Comparisons of parent reports about child behavior in two studies

Comparisons of child well-being findings	MFIP Longitudinal Study			National Survey of American Families 1999				
	2000				Minnesota		U.S.	
	Age range	*Recipients*	*Applicants*	Age range	< 200%	All	< 200%	All
Reading together most days	Birth to 5	81%	86%	1 to 5	84%	89%	76%	82%
Highly engaged in school	8 to 15	55%	56%	6 to 17	41%	41%	37%	40%
Suspended or expelled from school	10 to 17	32%	15%	12 to 17	24%	12%	22%	14%

Policy proposals. The findings on child well-being have prompted recommendations for improving child care for younger siblings of adolescents, going beyond child care to developing and providing early childhood development programs for children in poor families, providing quality after-school activities and better supervision for teens, reducing teen childbearing, and reducing family poverty by increasing family income (especially by making sure that family income increases when parents go to work).[38] These potential policy changes could be expanded beyond the welfare population to all low-income families.

Future Reports

Next will come a report analyzing data on families with at least three years of TANF time used as of the end of 2001. Data were collected from *Recipient* families closest to reaching the time limit on public assistance to describe their situations, experiences with the human service and employment services systems, and plans for the future. This report will be released after the 60th month of the TANF program in Minnesota, June 2002. A special report on teen pregnancy and parenting will be issued within the next six months, followed by a report focusing on job retention and advancement three years into the study. DHS will also study the population of leavers from the total caseload who exit near or at the end of their 60 months of eligibility for MFIP in 2002.

Appendix. Federal Poverty Guidelines 2000

	Poverty level: 100% FPG		Deep poverty: 50% FPG	
Family size	Monthly income	Annual income	Monthly income	Annual income
1	$696	$8,350	$348	$4,175
2	$938	$11,250	$469	$5,625
3	$1,179	$14,150	$590	$7,075
4	$1,421	$17,050	$711	$8,525
5	$1,663	$19,950	$832	$9,975
6	$1,904	$22,850	$952	$11,425
7	$2,146	$25,750	$1,073	$12,875
8	$2,388	$28,650	$1,194	$14,325
9	$2,629	$31,550	$1,315	$15,775
10	$2,871	$34,450	$1,436	$17,225

Federal Register: February 15, 2000 (Volume 65, Number 31, pages 7555-7557).

Endnotes

[1] The federal program replacing AFDC was named Temporary Assistance for Needy Families (TANF). MFIP is Minnesota's TANF implementation.

[2] Family income includes earnings of one or two parents, public assistance, child support, and other unearned income such as disability payments.

[3] Appendix I gives the Federal Poverty Guidelines for the year 2000 by family size.

[4] *Reforming Welfare and Rewarding Work: Final Report on the Minnesota Family Investment Program. Volume 1: Effects on Adults*. C. Miller, V. Knox, L. Gennetian, M. Dodoo, J.A. Hunter, and C. Redcross. *Volume 2: Effects on Children*. L. Gennetian and C. Miller. New York: MDRC, 2000. The results were stronger for long-term recipients than recent applicants and for single-parent than two-parent families. Statewide MFIP has lower support levels (exit for working participants at 120 percent of FPG versus 140 percent) and more immediate work requirements than did the pilot.

[5] Response rates were 85 percent, 83 percent, 79 percent, and 75 percent for *Recipients* when the total sample was surveyed at baseline, 6 months, one year, and two years. The response rates for the *Applicant* sample were 85 percent, 82 percent, 78 percent, and 75 percent for these surveys.

[6] Leavers are former participants who have been off MFIP for two months or more.

[7] U.S. Census Bureau, *Current Population Survey*, March 2000 and March 2001.

[8] U.S. Census Bureau, *Current Population Survey,* March 2000 and March 2001. A two-year average is given for states because of their smaller population size.

[9] For example, in Minnesota, the JOBS NOW Coalition developed "basic budgets" contingent on family composition through research on the local economy. According to their research (*The Cost of Living in Minnesota: The Job Gap Family Budgets*, St Paul, MN, 2001), a Minnesota family with one working parent and two children would have needed $34,032 in the year 2000 to meet basic needs such as food, shelter, health care, child care, transportation, and clothing (excluding such items as savings, eating out, and vacations). The Minnesota House Research Department published a report *(Basic Needs Budgets for Custodial and Noncustodial Parents*, St. Paul, MN, 1999) which pegged the amounts needed for a no-frills standard of living for a single working parent with two young children requiring child care and not on MFIP at $36,161 in the Twin Cities metropolitan area and $21,426 outside the metropolitan area in 1999. For comparison, the median 2000 family income was $68,600 in the Twin Cities metro area, $44,800 in the nonmetro area of Minnesota, and intermediate amounts in other metro areas (*Legislative Fact Book* by Minnesota House Research, St. Paul, MN, January 2001).

[10] This was similar to the 12 percent of *Recipients* and 18 percent of *Applicants* with family incomes at or above the Minnesota JOBS NOW basic budget level for their family. Those budget levels were derived with no reference to the FPG.

[11] These exit percentages were slightly smaller than for the complete samples, as reported on page 4. Also, surveyed study participants in 19 *Recipient* cases and six *Applicant* cases had left MFIP when they became ineligible due to SSI receipt or fraud, but other family members still received MFIP.

[12] There were 10 *Recipients* and 17 *Applicants* who said they had no income at all in the month; some were able to call on friends or family for support, use savings, or were incarcerated. Two of these *Recipients* and three *Applicants* were off MFIP for the first month; the rest were leavers.

[13] The estimated monthly combined credit was calculated at one-twelfth of the credit for annual earnings equal to 12 times the monthly family earnings.

[14] The only significant difference among the incomes of the other three groups for either time or sample was that *Applicants* in the long-term MFIP group had significantly less income than any other group at one year.

[15] DHS January 2002 Evaluation Note: *AFDC/TANF Caseload Decline, 1993-1996: A Summary of the Explanation*.

[16] A welfare leaver is defined as a former MFIP participant who has not been eligible for MFIP for at least two months.

[17] A GED (General Educational Development equivalency certificate) is a an alternative to the high school diploma.

[18] The self-employed (19 *Recipients* and 21 *Applicants*) have not been included in calculations of average hours and wages because of their often very low calculated hourly earnings.

[19] The Minnesota median hourly wage for 2000 was $13.68. The range for occupations typically held by workers in this study ranged from $8.15 for maids and housekeeping cleaners to $12.27 for customer service representatives. Median hourly wages also varied by region, with the highest median wages ($15.23) reported in the Twin Cities. Outside the Twin Cities, median hourly wages ranged from $10.47 in the Northwest region of Minnesota to $12.45 in the Southeast region. (Source: Minnesota Department of Economic Security)

[20] Reducing poverty is one of the goals of MFIP. The first part of the two-year findings discussed the concept *out of poverty* in the context of *basic budgets* proposed by various groups.

[21] Different employers define full-time work differently; 35 hours was used for this discussion. Also, different employers have different work hour requirements for qualifying for benefits.

[22] Enrollment with employment service providers can continue after MFIP exit.

[23] Insurance data were recall items from the survey. Those on MFIP in month 24 had Medical Assistance (Minnesota's Medicaid program) for themselves and minor children. Some MFIP participants had family members uninsured, either children ages 18 through 20 that the survey asked about or second parents not eligible for MFIP. Further data on leavers and health care coverage can be found in the fifth report from the MFIP Longitudinal Study (*Special Report on Health Care Access Among Welfare Leavers 18 Months After Baseline*) issued in January 2002.

[24] Food stamp eligibility would be limited because the exit rate for MFIP is 120 percent of the Federal Poverty Guideline (FPG) and the end of food stamp eligibility is 130 percent of FPG.

[25] MinnesotaCare is a sliding-fee, state-subsidized health care program for low- to moderate-income Minnesotans.

[26] The child who is the focus of questions is called the "focal child."

[27] Based on a comparison of total family income for month 24 with one-twelfth of 2000 FPG. Not all families would maintain that level of income year round so this is probably an overestimate of those above 200 percent of FPG for the entire year.

[28] The outcome groups used in other longitudinal study reports: not working and on MFIP, unemployed leaver, working and on MFIP, working leaver.

[29] At baseline, 49 percent of *Recipients* and 20 percent of *Applicants* in the complete original sample had a child of their own (or relative child they were responsible for) between the ages of six and 13 living in their household, very close to the 45 percent of *Recipients* and 18 percent of *Applicants* surveyed for month 24.

[30] Focal children were the children in the birth to age five and ages eight to 15 groups defined on page 1 and described earlier in this report.

[31] Gennetian, L.A., G.J. Duncan, V.W. Knox, W.G. Vargas, E. Clark-Kauffman, and A.S. London. *How welfare and work policies for parents affect adolescents: A synthesis of research.* New York: MDRC, May 2002. Karoly, L., *Synthesis of effects of welfare reform.* Presentation at Fifth Annual Welfare Reform Evaluation Conference, Arlington, VA, June 2002 based on RAND report in preparation. Moore, K.A. and M.J.Zaslow. *The unfinished business of welfare reform: Improving prospects for poor children and youth*. Child Trends: Washington, April 2002. Morris, P., Knox, and L.A. Gennetian.

Welfare policies matter for children and youth: lessons for TANF reauthorization. New York: MDRC, March 2002.

[32] Weil, A. *Ten things everyone should know about welfare reform*. Washington, D.C.: Urban Institute, May 2002.

[33] Gennetian, L.A. and Miller, C. Reforming welfare and rewarding work: Final report on the Minnesota Family Investment Program. Volume 2: Effects on children. New York: MDRC, 2000.

[34] Data sources include U.S. Census Bureau, National Center for Health Statistics, National Assessment of Educational Progress, and National Survey of American Families.

[35] Hatcher et al. *Ibid*. p.5.

[36] Vandivere, S., Moore, K.A., and Zaslow, M. Snapshots of America's Families II: Children's family environment. Washington, D.C.: Urban Institute, 2001. Moore, K.A., Hatcher, J.L., Vandivere, S., and Brown, B.V. Snapshots of America's Families II: Children's behavior and well-being. Washington, D.C.: Urban Institute, 2001. Zedlewski, S.R. Snapshots of America's Families II: Family economic well-being. Washington, D.C.: Urban Institute, 2001.

[37] Defined as scoring 11 or 12 points out of 12 on scale made up of the four items on school work in Table 3-5, after the MDRC study cited above (page 140).

[38] MDRC and Child Trends reports in end note #31.

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