OFFICE OF INTERGOVERNMENTAL AFFAIRS
DEPARTMENT OF HEALTH AND HUMAN SERVICES
200 Independence Avenue, SW
Room 630F
Washington, DC 20201

F A X C O V E R S H E E T

WR- Calif.

DATE: 7/24/96

TO: Bruce Reed

PHONE:
FAX:

FROM: John Monahan
Director

PHONE: (202) 690-6060
FAX: (202) 690-5672

RE:

CC:

Number of pages including cover sheet: 3

Message:

STATE OF CALIFORNIA—HEALTH AND WELFARE AGENCY

DEPARTMENT OF SOCIAL SERVICES
744 P Street, Sacramento, CA 95814

July 19, 1996

Mary Jo Bane, Ph.D., Assistant Secretary
Administration for Children and Families
U.S. Department of Health and Human Services
Washington, D.C. 20447

Dear Dr. Bane:

This is to inform you that we are modifying our previous decision to reject the draft Terms and Conditions (T&Cs) for the Maximum Family Grant component of our California Work Pays Demonstration Project forwarded by your staff on February 1, 1996. This modification is consistent with the Secretary's letter of July 11, 1996 to Governor Wilson, wherein she indicates that the Department stands ready to act on its latest offer should the state desire to do so. While our position about including the first child of a teenager residing with an aided parent is unchanged, we are reluctantly accepting the draft T&Cs as set forth by the Department of Health and Human Services.

Governor Wilson has long been committed to a policy of removing incentives in the welfare program for women to have additional children in order to receive higher grants. Now that California's economy is turning the corner, it is particularly important to reward work more than welfare, and to take appropriate steps to insure that our caseload and cost increases do not return to their previous levels. Our decision to accept these T&Cs now is made possible by these considerations as well as the enactment of several major new initiatives in the 1996-97 budget to combat teenage pregnancy. As you know, the prevention of teen pregnancy continues to be one of the highest priorities of the Wilson Administration, since approximately half of the mothers currently receiving aid had their first child as a teenager. This is why we requested that the Maximum Family Grant waiver include teenagers living at home.

In addition to requesting this waiver, Governor Wilson presented a number of initiatives to the California Legislature earlier this year to combat teenage pregnancy. As a result of bipartisan support, the budget contains major new funding for this purpose, including $20 million for the Governor's Community Challenge Grant Initiative, which will support locally sponsored public/private collaborative efforts to reduce the number of unwed teenage pregnancies, and $10.6 million to expand the number of mentors working with at-risk children and youth. In addition, the budget contains $13.25 million for a media campaign to raise public awareness about the problem of unwed teenage pregnancy and change societal attitudes and behavior. The budget also contains $8.4 million for statutory rape prosecution, a $6 million augmentation that will provide the resources necessary to prosecute statutory rape statewide. To provide greater access to family planning services, the budget provides an additional $20.2 million to expand access to family planning services to individuals with incomes up to 200 percent of the federal poverty level through the Medi-Cal program.

These new funds, committed even in a situation of scarce resources, place us in a better position to accept the T&Cs, by initiating several new efforts to combat teenage pregnancy. Nevertheless, we continue to request that you reconsider your decision to limit the scope of the Maximum Family Grant and to remove the requirement that we exempt the first born child of teenage parents living in welfare households. Deleting this provision would enable California to continue its all-out effort to deal with the critical issue of teenage pregnancy, and to combat generational welfare dependency. Such action would also be consistent with President Clinton's recent statement and actions with respect to preventing teenage pregnancy.

In requesting your reconsideration, we would respectfully point out that your department had our initial waiver request for over nine months before ever raising the issue of possibly exempting the teenager living at home. Since the Administration has pledged to approve state waivers within 120 days, we would greatly appreciate an expeditious response to our request for reconsideration of your decision to limit the scope of the Maximum Family Grant, thereby allowing us to implement the Maximum Family Grant proposal described in our waiver application.

If you have any questions regarding the implementation of this project, please contact Bruce Wagstaff, Deputy Director, Welfare Programs Division at (916) 657-3546.

Sincerely,

for ELOISE ANDERSON
Director

TOTAL P.03

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Los Angeles Times FRONT PAGE HELP?

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WR - Calif.

Thursday, October 9, 1997

Welfare Rolls for State, L.A. County Begin to Plummet

■ Aid: Officials credit sharp three-month drop to surging economy and the Jan. 1 deadline for moving more people into work force. L.A. posts lowest figures in five years.

By VIRGINIA ELLIS, Times Staff Writer

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U.S. Welfare Caseloads Information

SACRAMENTO--After lagging behind other states, California's welfare rolls have suddenly begun to plummet, declining by nearly 140,000 in a three-month period.

State officials said Wednesday that a booming economy and the prospect of stiff new time limits under welfare reforms have encouraged recipients to leave public assistance in record numbers.

Even in Los Angeles, where job losses were especially severe during the recession, welfare caseloads have plunged to the lowest level in five years as 36,000 recipients left the rolls.

California's welfare rolls had been showing a modest decrease for months but the rate of decline rapidly accelerated in May, June and July to nearly 2% a month--more than double what it had been previously. In the last year, the rolls declined more than 11%.

"This is huge," said Ted Gibson, chief economist for the state Department of Finance. "For California to see monthly declines of over 1% is just amazing. And for Los Angeles, the only metropolitan county that hasn't regained its pre-recession peak in employment, to see the welfare rolls decline is pretty remarkable."

Officials believe that former welfare recipients have moved into jobs. Although the question has not yet been researched, they cite indications that many onetime recipients have entered the workplace.

National figures show a rise in the number of jobs going to single mothers, many of whom are believed to be former welfare recipients.

In California, officials have noted that an increasing number of welfare recipients also have jobs, causing their aid payments to go down.

Spending on welfare grants has dropped nearly 23% in the last year, according to Eloise Anderson, the state's Social Services Department director.

"What that says to me is that I've got two things going on here," Anderson said. "I've got a whole group of people who are working and getting off welfare, and I've got a whole group of people who are working but they haven't made enough money yet to get off welfare."

The sudden decline in recipients, Gibson said, is particularly significant because California rolls have remained high during the last year when other states were experiencing sharp drops.

The president announced in July that 1.2 million recipients nationwide had moved off public assistance since he signed a massive federal welfare reform law in August 1996. In the last year, welfare rolls dropped 19% in Florida, 16% in Pennsylvania, 26% in Wisconsin and 23% in Oregon.

Gibson attributes California's decline to what he calls the "announcement effect." As the Legislature debated and passed a welfare reform plan in May, June and July, the attendant publicity forced a realization by recipients, he said, that welfare reform with its strict time limits and stiff work requirements was finally coming to California.

"People are beginning to realize that the program is changing and that the kind of behavior that perhaps had been going on for decades literally may not be acceptable anymore," he said.

Although other states had already implemented their reform plans, California's was delayed by partisan wrangling in the Legislature. It still will not go into effect until Jan. 1, allowing recipients to remain on the rolls more than year longer than in some states.

Anderson said she expects the rolls to continue to shrink as county welfare agencies increasingly shift their emphasis to moving recipients into jobs, rather than maintaining them on welfare.

Although counties have not completed reports on their August figures, officials said a preliminary examination shows the decline is continuing although at a somewhat slower rate.

With its revamped welfare-to-work programs, Los Angeles County has played a key role in reducing the state's welfare rolls, Anderson said.

"You can't move the number of people that Los Angeles is moving into the work force and not affect what we're doing statewide," she said. "Los Angeles is like an elephant; when it moves, we all move."

Ann Jankowski, chief of the budget and management services division of the county's Department of Public Social Services, said officials have no conclusive explanation but believe the improving economy and the specter of welfare reform have driven down the rolls.

"We're getting more people into jobs," she said. "They might not all be able to leave welfare completely but certainly they are getting less welfare."

Mary Daly, a researcher for the Federal Reserve Bank in San Francisco, said national statistics show the number of women entering the job market who head families is skyrocketing. She said that factor coupled with the falling unemployment rate would indicate that many welfare recipients are entering the work force.

Gibson said that although the improving economy has helped provide jobs for welfare recipients, he believes the motivation for them to leave the rolls was probably created by welfare reform.

What is happening now to the welfare rolls, he said, is new for California, because in the past an improving economy has not always caused the number of recipients to decline.

Until 1995, when the rolls began a modest decline, he said the last time California's welfare caseload had dropped was in 1972.

"Our history, our experience tells us that the effect the economy has had on welfare caseload is to slow its growth down but not to make it decline," he said. "I think what has happened is that we have taken some measures to make welfare perhaps a little bit less attractive."

Anderson said the huge government investment in child care has made it easier to leave welfare for those who are the most employable.

"I think you have some parents out there who are pretty sophisticated," she said. "I think they looked up and said, 'Five year time limits, I'm out of here.' "

* * *

'97 Welfare Numbers

Through July, the number of people on welfare declined each month this year in Los Angeles County and statewide.

Month	L.A. County	% change	Statewide	% change
January	837,106	-0.5%	2,472,872	-0.6%
February	831,976	-0.6%	2,464,251	-0.3%
March	827,414	-0.5%	2,444,273	-0.8%
April	822,043	-0.6%	2,424,344	-0.8%
May	809,107	-1.6%	2,380,478	-1.8%
June	791,775	-2.1%	2,329,877	-2.1%
July	785,641	-0.8%	2,284,541	-1.9%

***Sources: California Department of Social Services, Los Angeles* Department of Public Social Services**

* * *

Welfare Decline

In recent years, the number of welfare recipients in California has been rising steadily. Since federal reforms were adopted a year ago, the rest of the country has seen a downturn in the number of recipients. California's decline has been modest until recent months, when it began to accelerate.

1980: 1.36
1995: 2.68
1997: 2.48
Source: California Department of Social Services

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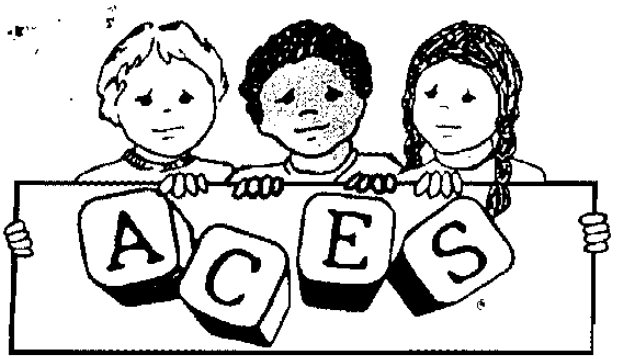

The Association for Children for Enforcement of Support, Inc.

WR
California

May 21, 1997

Bruce Reed, Domestic Policy Council
The White House
1600 Pennsylvania Avenue, NW
Washington D.C., 20500

Re: California's Federal Waiver Request-Oppose

Dear Mr. Reed,

California's $300 million computer, the Statewide Automated Child Support System, (SACSS), has been plagued by many problems such as not being able to disperse payments to families and not able to connect to the State Parent Locator. It is unlikely that SACSS will make the deadline of October 1, 1997 for federal certification.

It has come to our attention that your department is considering giving a waiver to California's Department of Social Services, Office of Child Support Enforcement to allow each county to have their own separate automated computer system rather than a statewide system. ACES is fully opposed to this waiver because this would further fragment the child support system in California. Currently with California's county-run system, each county develops different policies based on state and federal law. The result is that there is no uniformity of procedure across the state. SACSS (or it's equivalent) needs to be functioning as quickly as possible, with costs kept at a minimum to work for the 5 million children owed $5 billion.

Clearly, Los Angeles County's computer system, ARS, which has barely functioned since it was put in place in February 1995, is not the answer to California's debacle. ACES members in Los Angeles County have reported serious defects in the system. For example, ACES member Karin Carter received only a partial payment recently and was told that the rest of the payment went to reimburse welfare as well as pay support for other children. Ms. Carter has never been on aid and the non-custodial parent has no other children. Other defects that have been revealed are: payments on interstate cases were received in Los Angeles County but could not be distributed to families for over nine months because the interstate case information would not be accepted by the computer, and it's accounting system so inaccurate that one case was $100,000 delinquent actually showed an overpayment of $600.00. Lockheed Martin IMS was the contractor for both the Los Angeles and California computers in addition to other states that are experiencing major difficulties with implementation. Why give credit to Lockheed Martin IMS when they have failed so miserably to produce a computer that will help children ?

ACES REGIONAL OFFICE, 926 J STREET, SUITE 615, SACRAMENTO, CA 95814
916-448-2004 FAX 916-448-2117

Please contact us if you have any questions, we would be happy to provide assistance. We look forward to hearing from you regarding this matter.

Sincerely,

Nora O'Brien
ACES California State Director

cc: Los Angeles County District Attorney Gil Garcetti
Representative Clay Shaw, House Ways and Means Committee
Donna Shalala, Secretary Health and Human Services Department

WR - Calif.

APR 9 1996

BILL LOCKYER
PRESIDENT PRO TEMPORE
OF THE SENATE

CALIFORNIA LEGISLATURE

STATE CAPITOL
SACRAMENTO, CALIFORNIA 95814

RICHARD KATZ
ASSEMBLY
DEMOCRATIC LEADER

March 27, 1996

The Honorable Bill Clinton
The White House
Washington, D.C. 20500

Dear President Clinton:

During the last few months, we or other members of the Legislature have communicated with you regarding major concerns raised by proposed social services reform legislation. The purpose of this letter is to provide recommendations for staff-level negotiations regarding the details of this legislation. If there is to be an agreement, we ask that these primarily technical issues be addressed in ways that will make implementation easier in California (and other states) as well as protect the health and welfare of children.

In this letter we address nine issues in a variety of areas: child welfare, Supplemental Security Income (SSI), child care, AFDC-work participation rates, benefits eligibility, and implementation dates.

Maintain Entitlement of Title IV-E Administration and Training Costs

While we commend maintaining the entitlement to Adoptions Assistance and Foster Care Maintenance payments, we think it is critical to maintain the entitlement for administration and training as well. "Administration" dollars support caseworkers essential to providing emergency response and other services necessary to place and maintain children safely in foster care and adoptive homes. We must, at a minimum, assure meaningful protection for children from abuse and neglect during welfare restructuring. Title IV-E "administration" is actually part and parcel of the foster care and adoption assistance network; together they provide child welfare services.

SSI for Older Non-Citizens

There were **292,000** non-citizen legal immigrants receiving SSI in California as of December 1993, a figure that undoubtedly has grown in the two years since then. This aid is provided to the aged, blind and disabled, most of whom could not support themselves by going to work if their SSI benefits ended. Under HR 4, SSI would be denied to non-citizens. Current recipients who are non-citizens would lose their SSI in 14 months.

The House version of HR 4 exempted from the SSI ban non-citizens who are at least 75 and have lived in the U.S. for five years, and those too disabled to become citizens. Your December budget proposal also would exempt from an SSI ban those who become disabled after they enter this country.

The costs of the proposed congressional bar on SSI to non-citizens are estimated in the billions of dollars for California's counties, which would have to provide for aged, blind and disabled non-citizens turned down elsewhere. At a minimum, the very elderly, those too disabled to become citizens and those who find themselves disabled after they arrive in this country should be exempted from the prohibition on SSI -- if for no other reason than to lessen to counties the indefensible cost of shifting care for a needy population admitted under U.S. immigration laws.

Adequate Funding for Child Care:

The funds provided for child care are inadequate to meet the needs of parents entering the work force while on aid and leaving aid as their earnings increase. For California to meet required participation rates, about 400,000 parents would have to enter the work force and an additional 100,000 would have to increase their hours of work. Even if only 15 percent of these parents need a paid, formal child care arrangement, we will need nearly $300 million per year in additional child care funds. Funding provided in section 802 of the Conference Report should increase in FFY 1998 and each year thereafter.

Real Flexibility for Child Care:

California has years of experience utilizing a range of child care options. The more flexibility states have to design high-quality, cost-effective options, the more families can be served and the better will be children's child care experience. While the Conference Report makes state flexibility the first goal of the Child Care title (see section 802), it leaves limits and strictures in current federal law that stand in the way of such flexibility. Section 658D(c)(2)(A) of the Child Care and Development Block Grant of 1990 should direct states to provide parental choice between a certificate and a space in a contract

WR - Calif.

APR 9 1996

BILL LOCKYER
PRESIDENT PRO TEMPORE
OF THE SENATE

CALIFORNIA LEGISLATURE

STATE CAPITOL
SACRAMENTO, CALIFORNIA 95814

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program at the time parents establish eligibility for care rather than at the time services are offered -- because there is no guarantee that both a certificate and a space in a contract program would be open on the same day. This change would provide true choice rather than the false choice in current law. A similar provision should be amended into part A of Title IV of the Social Security Act, in or near section 418 -- allowing states to design a mix of certificates and contract programs to ensure access and quality in all communities.

Valuing Part-Time Work for Parents:

Congress and the President can strike an important blow for children and single parents by recognizing that part-time work is often the best way for a parent to mix family responsibilities and earnings. Recognizing the value of part-time work also decreases the need for child care funds -- either from a parent's earnings or from government subsidies. In this spirit, any single parent who has a child 15 years of age or younger should be credited with being in the work force and meeting a state's participation rates if he or she is working 20 hours per week or more. This change should also assist parents to keep their young adolescents safe from high-risk behavior that can lead to crime, drug and alcohol use, and teen pregnancy. Such a change would also recognize the reality of today's economy -- in which California and other states have more new part-time jobs than full-time jobs.

Calculating Participation Rates:

When someone is exempted from any work requirement imposed, either temporarily or permanently, they should not remain in the denominator of the calculation of participation rates. For example, persons exempted from work with a young child, persons exempted because they or a dependent are disabled, and persons exempted due to the fact that they are already working in the private sector should be excluded from the denominator as well as the numerator in this calculation.

State Flexibility for Transition Benefits:

States should be provided the ability to design their own benefits package, including transitional Medicaid and transitional child care, for those transitioning from AFDC to private sector employment. For example, a state that currently provides up to a year of Medicaid benefits to a family that is moving off aid should not be prohibited from making that a two-year transition.

Maintain the Link Between Eligibility for AFDC and for Medicaid:

States should be permitted to retain for the Medicaid program categorical eligibility of children and parents on AFDC. This policy saves state and county administrative costs (families do not have to apply separately), and it helps us ensure that low-income children get coverage.

Set Implementation "Start Date" Realistically:

The states and counties need adequate time to enact statutory changes in state law, notify recipients of program changes, train caseworkers, and reprogram computers. Given the magnitude of the proposed changes and the size of California's caseload, any measure enacted by Congress this year could not reasonably be implemented until July 1, 1997, the beginning of our next fiscal year, or January 1, 1997 at the very earliest. Moreover, we believe that the date for the state implementation of program changes should correspond with the date set for changes in federal funding.

Thank you for your consideration of these concerns. If your staff have any questions about these issues, they can contact Tim Gage, at (916) 324-0341.

Sincerely,

BILL LOCKYER
President Pro Tempore
California Senate

RICHARD KATZ
Democratic Floor Leader
California Assembly

California Legislature
Senate Rules Committee
ROOM 500, STATE CAPITOL
SACRAMENTO, CALIFORNIA 95814
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Office of Domestic Policy
Washington, D.C. 20502

Attention: Carol Rasco

DEPARTMENT OF HEALTH & HUMAN SERVICES

Memo from John Monahan

Director for Intergovernmental Affairs

Date: 2/29

To: [redacted] Ken Apfel, MJ. Bane, Rich Tarplin, Wendell Primus, Fernando Torres-Gil

☐ For necessary action

Date due: _____

☒ For your information

☐ Comments/Recommendations

☐ Please see me

Remarks:

Attached is information describing the (1) human impact of the Conference Report's immigration provision on L.A. County, (2) the fiscal impact of the Senate-passed bill, and (3) outlines of a state/county-funded in-home services program that could be jeopardized by the immigrant cuts.

Room 600E, HHH Building, 202 690-6060, FAX: 2020 690-5672

The Stories of Legal Immigrants Age 65 and over in Los Angeles County who would be endangered by the Congressional Welfare Reform Bill

February 1996

Client Profiles provided by
AltaMed Health Services Corporation,
Asian-Pacific Planning Council,
City of Arcadia,
Jewish Family Services of Los Angeles,
Los Angeles County Department of Public Social Services, and
Los Angeles County Homecare Workers Union, SEIU 434B

Compiled by
Los Angeles County
Department of Community and Senior Services
3175 West 6th Street
Los Angeles, CA 90020
Phone (213) 738-2273 -- Fax (213) 381-8120

Over 100,000 legal immigrants age 65 and over in Los Angeles County receive Supplemental Security Income (SSI), Medicaid, and/or In-Home Supportive Services (IHSS). The Conference version of the Congressional Welfare Reform bill would deny one or more of these benefits to most elderly legal immigrants.

The following true stories provide a glimpse of the human devastation which would result from the termination of these life-sustaining benefits to elderly legal immigrants. The immigrants whose stories follow have come to Los Angeles from every corner of the globe, including Mexico, the former Soviet Union, Honduras, Laos, China, Guatemala, Vietnam, Iran, Nicaragua, and the Philippines. Most have been in the United States for more than fifteen years. All are here legally. Some are recent political refugees. All would have their survival severely threatened if the Conference version of the Congressional welfare reform bill were to become law. For each of them, there are over 2,000 elderly legal immigrants in Los Angeles County alone who stand to suffer a similar fate.

Garegin G., 92, from Armenia and Iran

Mr. G. entered the United States as a political refugee in 1990 when he was 87 years old. He is of Armenian origin and fled the Islamic Republic of Iran.

SSI is his only source of income. He receives In-Home Supportive Services (IHSS) to assist with the tasks of daily living.

Under the Congressional bill, Mr. G. would lose his SSI benefits because he arrived in the United States as a refugee more than five years ago. Under California law, he would also lose IHSS benefits, as a result of becoming ineligible for SSI.

Maria G., 84, from Mexico

Maria came to the United States in 1973 when she was 62 years old to live with her daughter. In 1984, her daughter had a stroke at work which resulted in two cerebral aneurysms. Following the stroke, her daughter was unable to work and therefore unable to support Maria as she had done for the preceding eleven years. Maria receives both SSI and Medicaid. Neither Maria nor her daughter would be able to survive on her daughter's disability income alone.

Under the Congressional bill, Sophia would lose her SSI benefits.

Leonid G., 68 and Irina G., 73, from former Soviet Union

Leonid (age 68) and Irina (age 73) emigrated to this country as refugees in April 1991 from the former Soviet Union, to escape political persecution. Irina has Parkinson's disease and needs personal care assistance which is provided by the IHSS program. She and her husband are both receiving SSI, MediCal and In-Home Supportive Services. If their benefits were cut off, they would lack financial resources to maintain their independence in their apartment, they would be unable to access necessary medical care and medication and they would lose their IHSS provider, thus leaving Leonid without the ability to care for his wife at home.

Under the Congressional bill, Leonid and Irina would lose SSI. Under California law, they would lose IHSS benefits, as a result of becoming ineligible for SSI. Under Governor Wilson's proposed budget, they would also lose non-emergency Medicaid benefits; the Congressional welfare reform bill permits states to exclude legal immigrants from Medicaid coverage.

Sophia S., 86, from Iran

Sophia S. was granted political asylum from Iran in 1985 when she was 76 years old. She receives SSI and Medicaid. She has a range of medical problems, including enlarged heart and clogged arteries, a stroke in 1992, high blood pressure, and respiratory ailments. Because of her age, medical condition, and limited knowledge of English, Sophia S. could not pass the citizenship exam. Because of her poor eyesight, she can no longer read or write even in her own language.

Under the Congressional bill, Sophia would lose SSI.

Solomon F., 76, from Russia

Solomon F., age 76, emigrated from Russia in 1991, when he was 72 to escape religious persecution. He receives SSI, Medicaid, and In-Home Supportive Services Solomon resides with his son who is emotionally disturbed, but who provides for his physical care. Solomon is totally dependent and wheelchair bound, following a stroke in February 1995. His son has been known to be verbally and physically abusive, but Solomon is enrolled in an Adult Day Health Care facility, covered by MediCal, so that his son receives respite and Solomon receives medical, rehabilitative, and socialization services. Solomon is also enrolled in a MSSP intensive case management program, for elderly persons on MediCal, at risk for institutionalization, so that his home situation can be monitored and he will be more secure and protected. Any curtailment of benefits would put this senior totally at risk. He would no longer be able to receive any services, he would need to be institutionalized, and his son's emotional disturbance would be greatly exacerbated.

Under the Congressional bill, Solomon would lose SSI. Governor Wilson has also proposed to terminate his non-emergency Medicaid benefits, pursuant to authority which would be granted by the Congressional welfare reform bill. Under California law, Solomon would also lose IHSS, as a result of becoming ineligible for SSI.

Supote S., 67, from Laos

Supote S. is 67 years old. He came to the United States from Laos in 1978 due to the communist takeover in Laos. While in Laos, he worked for the CIA-sponsored Special Police.

This person needs SSI/IHSS/Medicaid to survive in this country because of his age, language and inability to find work. If benefits were cut off, this person would be helpless, hopeless and may end up in the street and become homeless.

Under the Congressional bill, Supote would lose his SSI benefits because he arrived as a refugee more than five years ago. Governor Wilson has also proposed to terminate his non-emergency Medicaid benefits, pursuant to authority which would be granted by the Congressional welfare reform bill. Under California law, Supote would also lose IHSS, as a result of becoming ineligible for SSI.

Tomasa G., 80, from Mexico

Tomasa G. immigrated to the United States in 1951. She worked as a housewife. She receives SSI and in-home supportive services. Her late husband is a veteran of the U. S. Army, while her son is a veteran of the U. S. Air Force.

Under the Congressional bill, Tomasa would be cut off SSI. Under California law, she would also lose in-home supportive services (IHSS), as a result of becoming ineligible for SSI. If her husband were still alive, she would remain eligible because he was a U.S. veteran.

Concepcion L., 70, from the Philippines

I come from a little town in the Philippine Islands. I came to join my husband here in the U.S. I am 70 years old and my name is Concepcion L. My husband is one of the Filipino War Veterans who served under the U.S. military command in the Philippines. My husband and I now live in a small rental bachelor apartment. Both my husband and I cannot find any gainful employment because of our health problems. My husband has arthritis of the backbone and I have hypertension and heart problems. We do not have any children here to help us.

When we heard about the government's plan to take away SSI and Medicaid benefits, we got very worried. What will happen to us if this plan will go through? Where will we go to live? How can we buy our food? What can we do without medications? If the government will pass this dreadful law we will be like stray dogs in the street with no place to live - no home to shelter our frail old bodies, no clothes to protect us from the cold or hot weather, no food to nourish our old and weak bodies. If you go ahead and cut off SSI and other aid from us elderly, you might just as well round-up the legal immigrants receiving these benefits and squeeze our necks, because it means a death sentence for us.

So please do not do this to us. Have pity on us poor old seniors who depend on the help of the government to help us live a little longer. Please!

Under the Congressional bill, Concepcion L. would be denied SSI, because her husband does not have status as a U.S. veteran, despite serving under U. S. military command in the Philippines during World War II. Governor Wilson has also proposed to terminate her non-emergency Medicaid benefits pursuant to authority which would be granted by the Congressional welfare reform bill.

Julia U., 75, from Chile

Julia U. immigrated from Chile in 1981. She became seriously ill in 1990, and has been in a vegetative state since then which requires 24-hour care. She receives SSI and in-home supportive services (IHSS). She is totally dependent upon others to survive. She cannot walk or speak, and has a feeding tube.

Under the Congressional bill, she would be cut off SSI and, as a result, IHSS. Under Governor Wilson's proposal, she would also become ineligible for non-emergency Medicaid benefits and would therefore not even be able to go to a nursing home.

Gabriella S., 79, from Columbia

Gabriella emigrated to the United States in 1982. In 1984, she was paralysed by an automobile accident, and has required total care since then. She receives SSI and IHSS. She would like to become a U. S. citizen, but is unable to pass the exam.

Under the Congressional bill, Gabriella would be cut off SSI and, as a result, IHSS benefits.

Shendlya K., 71, from former Soviet Union

Shendlya, age 71, emigrated to Los Angeles as a political refugee from the former Soviet Union, in 1990. She is widowed and has also lost her only daughter. She receives SSI which allows her to pay rent and purchase food. While in this country, Shendlya's diabetes worsened and she is now on weekly dialysis for renal failure. Cutting off her Medicaid benefits would deny her access to critical medical care.

Under the Congressional bill, Shendlya would be cut off SSI, because she has exhausted the five-year eligibility period for refugees. Governor Wilson has also proposed to terminate her non-emergency Medicaid benefits pursuant to authority which would be granted by the Congressional welfare reform bill.

Encarnacion L., 70, from the Philippines

My name is Encarnacion L. I came from the province of Pamapanga in the Philippine Islands to join my husband, a veteran of the Filipino military, who served under the U.S. military command. He is 70 years old now and is not in good physical condition.

I worked at odd jobs upon my arrival in this country as a housekeeper, companion and babysitter to supplement my husband's meager income, until arthritis started crippling my hands and I could not work as much any more. That was the time that I applied for SSI to help us rent our room, for that is all we can afford, to buy food, buy second-hand clothes and buy medicine.

If the government cuts off SSI from the legal immigrants, it would spell a slow, agonizing death sentence for us elderly. So please have pity on us and spare us the cut on our lives.

Thank you for listening to our supplication.

Under the Congressional bill, Encarnacion L. would be denied SSI, because her husband does not have status as a U.S. veteran, despite serving under U. S. military command in the Philippines during World War II.

Maria A., 86, from Mexico

I am an 86-year old Hispanic woman who has lived for many years in this country. I am a legal resident and have always been a law abiding resident.

Currently, I suffer from a vast array of illnesses that prevent me from doing some of the things I enjoyed doing best. I have severe limitations, but I continue to do my best to make things better for myself.

However, with new legislation (H.R. 4) that will take away my SSI, I will lose the benefits that keep me alive. Without these benefits I will have no means of support and therefore become homeless and die. My survival will become dim and sad without these services.

Under the Congressional bill, Maria would lose her SSI benefits.

Khiem N., 64, from Vietnam

My name is Khiem N. I am 64 years old and came to the United States from Vietnam as a refugee in May 1991. I cannot work because my arm was paralyzed in the war. I need SSI to survive.

Under the Congressional bill, Khiem would lose his SSI benefits, because refugees would only remain eligible for SSI for five years after entering the United States.

Fu, 77, from China

My name is Fu. I am 77 years old. I am Chinese and came to the United States nine years ago. I got stomach disease and gall stones, and also hernia, and prostate trouble, headaches all the time. On the 13 June in 1994 I was in an accident hit by a motor car. The lawyer is investigating, but they had no insurance to pay the medical bill. Only the government would help me. I had to stay in the hospital two and a half months. Because I have SSI I can support my life. Also, the government gives me IHSS, family help. Suppose the government cancels all these kinds of benefits ... I can only wait to die. Just ask for all the Senators to give kindness, gentleness to old people. Thank you.

Under the Congressional bill, Fu would be cut off SSI. Under California law, he would also lose In-Home Supportive Services (IHSS), as a result of becoming ineligible for SSI.

Chu, 78, from China and Bolivia

My name is Chu. I was born in 1917. I was born in Suchow in Kingsu Province, China. I am female. I was an immigrant from Bolivia to the United States in 1986. Now I am happy with a Green Card and permanent resident. I came here with help from childhood friend my age. He is my only friend in the United States. But he already died a long time ago. Now I am a lonely old senior. I am only living because of the SSI benefits. Now I heard the Senators and Congress will suggest canceling SSI benefits system. If it is true, I don't know how I can live. But to protect myself, I hope that all these Senators and Congressmen give much thinking about very poor people. Don't suggest this. I will be appreciative.

Under the Congressional bill, Chu would lose SSI.

Leonid M., 65, from former Soviet Union

Leonid M., age 65, arrived as a political refugee in Los Angeles in October 1991 from the former Soviet Union. Leonid suffers from ALS, a progressive neurological disease. He receives SSI, Medicaid and IHSS in order to be maintained in the community, because he cannot care for himself. He has been connected with the UCLA Department of Neurology and would not be able to access this medical care without his Medicaid benefits. A visiting nurse provides him with a weekly bath, which would also no longer be available. Although his daughter assists with his daily care, he requires IHSS to meet his basic needs of shopping, meal preparation, laundry, etc.

Under the Congressional bill, Leonid would lose eligibility for SSI five years after his arrival in the United States as a political refugee. Under Governor Wilson' proposed budget, he would lose non-emergency Medicaid benefits; the Congressional welfare reform bill permits states to exclude legal immigrants form Medicaid coverage. Under California law, he would lose IHSS, as a result of becoming ineligible for SSI.

Chang, 75, from China

My name is Chang. I was born in 1920 in Ningpo in Cheking, China. I was the mayor. I came to the United States in 1985 as a legal immigrant. I have my Green Card and am a permanent resident. I came to the United States to live with my daughter. My daughter's income is very low and can only support the minimum living. Now with the economic situation very bad in the United States, my daughter was laid off from her office. Now I am living in very difficult situation, dependent for my living on SSI benefits. And now I heard Senators and Congress will cancel the SSI and benefit system. This is not only about my life. This is pressure threatening my life. I write this letter to complain--do not cancel the SSI and benefit system. That will be much appreciated, and thanks to all the Senators and Congressmen.

Under the Congressional bill, Chang would lose SSI.

Chen, 78, from Taiwan

My name is Chen. I am 78 years old. My wife is 72. We are living together. Both of us were born in China. Nine years ago we immigrated from Taiwan to the United States. We already receive the government SSI and Medicaid. We receive assistance from the American government and are very appreciative to the government for this kind of system. If the American government changes the benefit policies and cancels all the benefits of SSI and Medicaid, we will lose everything. If we become sick we cannot get Medicaid. This will put us in a very difficult position. At the same time, many old people will lose government help and make society unsafe. I really hope the government doesn't take such steps. Don't make any changes in supporting this good benefit system. Please continue to treat senior citizens by protecting them. Keep society safe. Keep the benefit system.

Under the Congressional bill, Chen and his wife would both lose SSI. Governor Wilson has proposed to terminate their non-emergency Medicaid benefits as well; the Congressional welfare reform bill permits states to exclude legal immigrants from Medicaid coverage.

Charles S., 66, from Laos

Charles S. is 66 years old. He came to the United States from Laos in 1978 in response to the communist takeover there. In Laos, he worked at the U.S.-funded Operation Brotherhood Hospital.

This person needs SSI, IHSS and Medicaid to survive in this country because of his age, language and inability to find work. If benefits were cut off, this person would be helpless, hopeless and may end up in the street and become homeless.

Under the Congressional bill, Charles would lose his SSI benefits because he arrived as a refugee more than five years ago. Under California law, he would lose IHSS, as a result of becoming ineligible for SSI. Under Governor Wilson's proposed budget, he would also lose non-emergency Medicaid benefits; the Congressional welfare reform bill permits states to exclude legal immigrants from Medicaid coverage.

Yu Yung C., 87, from Taiwan

Yu Yung immigrated from Taiwan in 1980. He worked as a volunteer English teacher at a public housing project from 1983-88 when he was already in his seventies. He was sponsored by his daughter, who was subsequently divorced and left by herself to care for two young children. Mr. C. receives both SSI and IHSS.

Under the Congressional bill, Yu Yung would be cut off SSI and, as a result, he would also lose IHSS.

Mrs. N., 65, from Nicaragua

Mrs. N. is a 65 year old woman from Nicaragua who has lived in the United States since 1980. Mrs. N. worked as a maid for nine years and was paid in cash. Now her only source of income is SSI.

Six or seven years ago, Mrs. N. fell and injured her knee. She required a complete knee reconstruction. Since her injury, she has been unable to work. Mrs. N. is in severe pain, has limited use of her left leg and suffers from depression. She lives alone and has no family to help her. She depends on IHSS for assistance with routine tasks of daily living such as housekeeping and laundry, and for personal care tasks such as bathing and grooming.

Under the Congressional bill, Mrs. N. would lose SSI. She would lose her SSI eligibility because she has only nine years work history in the United States rather than the 10 years (40 quarters) required by the Congressional bill. Under California law, she would also lose IHSS, as a result of becoming ineligible for SSI.

Ernestina B., 76, from Mexico

Ernestina, age 76, immigrated from Mexico many years ago. She lived with her husband until his death in April 1995. She is wheelchair bound and has multiple medical problems, including diabetes, inability to walk, and a pacemaker.

Mrs. B. receives SSI, IHSS and Medicaid. If her benefits were terminated, she would be unable to live at home because she is totally dependent on her IHSS provider for personal care, bathing, dressing, and meal preparation. Without Medicaid, she would be unable to secure medical attention. Without SSI, she would have no money for food or other necessities.

Under the Congressional bill, Ernestina would lose SSI and, as a result, she would also lose IHSS.

Chin-Chen W., 85 and Man-Ju W., 82 from Taiwan

We are Chin-Chen W. and Man-Ju W. of Chinese nationality, and were admitted as legal immigrants to this country from Taiwan in 1977 and 1988 respectively. Chin-Chen is now eighty-five, Man-Ju 82. Being old and in poor health, we depend on SSI to maintain a living. We also need Medi-Cal to provide medical services. If SSI and medical services were suspended, we could hardly earn a living by ourselves. For this reason, we urgently appeal to you to make every effort to continue to give us such benefits. We wish to express to you our heartfelt thanks for your help and attention.

Under the Congressional bill, Chin-Chen and Man-Ju would both lose SSI. Under Governor Wilson's proposed budget, he would also lose non-emergency Medicaid benefits; the Congressional welfare reform bill permits states to exclude legal immigrants from Medicaid coverage.

Mark V., 75 and Mrs. V., 72, from Laos

My name is Mr. Mark V. I am 75 years old. I was born in Laos and came to the United States in 1980. I live with my wife who is 72; she also receives SSI. Neither wife and I can speak a little bit of English.

Because both of us are elderly, we cannot work. Only SSI helps us survive. The SSI money pays for rent, food, utilities, and clothes for us. With the SSI money, it still isn't enough to use at the end of our age, so we make sure we use it carefully so that we survive each month. My wife and I cannot travel a long way on this money, cannot use money for happiness like having parties. It is for our lives each month.

With no SSI, we will fall down like drowning in water. Without food, without anything. The most important needs for our lives would be lost. If the government still wants to do this, you will see within a month how many elderly will be killed or die. Because what we depend on is this--there would be no food, no place to live.

This is incomparable to our country, Laos. There we can grow food on our land, vegetables, but here we have no place to do that. The system and culture is so different. How can we survive? We cannot go back to Laos. It's too late for us because of our age, and we would suffer a lot from the government.

If the government and officials do this, can you place yourselves in my position and think about what my wife and I will have to do. Language is different, age is 75, we do not know the system working here. Everything must be bought in this country. Everyone needs money. We feel that it is not that you are trying to save the money. You must be punishing us for something else. If you have respect to the elderly who used to work but not in this country, who used to work for the whole world to make peace, to make joyfulness, we don't ask for much.

Please don't take the SSI. To do this would be a sentence of death.

Under the Congressional bill, Mr. and Mrs. V. would both lose their SSI.

Natasha, 73 and Boris, 74 from Russia

Natasha and Boris immigrated from Russia four years ago. Natasha is 73 and Boris is 74. They are very proud to be living in the United States and had been taking English classes, until their health prevented them from leaving the house to go to school. Natasha has had bilateral hip replacements and Boris has kidney failure requiring dialysis three times a week. Boris' multiple illnesses are a result of bullet wounds suffered as a soldier during World War II, when he fought with the Allies.

Natasha and Boris rely on their support from SSI, Medicaid and IHSS in order to remain independent in their own home. Without medical treatment, Boris would go into renal failure, costing more dollars in emergency medical treatment. Without SSI, this couple would not have money for rent, food or medication, and it is impossible to imagine the situation in which they would find themselves.

Under the Congressional bill, Natasha and Boris would lose their SSI benefits. Under California law, they would also lose IHSS, as a result of becoming ineligible for SSI. Under Governor Wilson's proposed budget, they would also lose non-emergency Medicaid benefits; the Congressional welfare reform bill permits states to exclude legal immigrants from Medicaid coverage.

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IMPACTS OF IMMIGRANT PROVISIONS OF SENATE-PASSED WELFARE REFORM BILL ON LOS ANGELES COUNTY

- Its provisions to bar SSI benefits to most legal non-citizens would cut off SSI benefits to an estimated 93,000 immigrants in the County who would remain eligible for general assistance (GA) under current State law. If all immigrants who are denied SSI benefits apply for GA, the annual increased cost to the County would total an estimated $317 million (note: in California, counties finance 100% of GA costs).

- Under current State law, the loss of SSI eligibility also would result in an estimated 37,000 aged, blind, or disabled immigrants in the County losing eligibility for in-home supportive services (IHSS), which allow them to live safely in their homes, avoiding much more costly institutional care.

- Its provisions to bar future legal immigrants (except for refugees and asylees) from receiving non-emergency Medicaid services during their first 5 years in the country would result in an estimated Medicaid revenue loss to the County's public hospital/health system of over $100 million a year when its full impact is felt 5 years after the bill's enactment.

- The denial of non-emergency Medicaid services to legal immigrants also would result in a major shift in health costs from the private sector to the County, which is the health provider of last resort for indigent and uninsured persons. Without Medicaid coverage, many private health providers no longer would be willing to serve legal immigrants.

- The adverse impact on the County's health care system would be even worse if the State exercised its option to deny non-emergency Medicaid services to most legal non-citizens, including those who currently are in the country. This is because an estimated 35 percent of all patients at the County's Department of Health Services facilities are legal non-citizens.

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Personal Care Services Program/Residual IHSS Basic Costs

DESCRIPTION:

In-Home Supportive Services (IHSS) enables eligible persons to remain in their own homes as an alternative to out-of-home care. Eligible persons are aged, blind or disabled recipients of public assistance and similar persons with low incomes. Services include: domestic services such as meal preparation, laundry, shopping and errands; non-medical personal care services; assistance while traveling to medical appointments or to other sources of supportive services; protective supervision; teaching and demonstration directed at reducing the need for supportive services; and certain paramedical services ordered by a physician.

The existing IHSS Program is now split between Personal Care Services Program (PCSP) and Residual IHSS. All recipients eligible under the IHSS Program are eligible for PCSP except for the following: domestic services only cases, protective supervision tasks, spousal providers, parent providers, parent providers of minor children, income eligibles, advance pay recipients, and recipients covered by third party insurance. These recipients receive services under the Residual IHSS Program.

Personal Care Services Program (PCSP)

Chapter 939, Statutes of 1992 (AB 1773) required the California Department of Health Services to submit a Medicaid State Plan Amendment to the federal Health Care Financing Administration to include a portion of the IHSS Program as a covered service. Federal approval was received on November 2, 1992, and the Personal Care Services Program (PCSP) was implemented beginning April 1, 1993.

Services under PCSP are eligible for 50 percent federal financial participation. The remaining 50 percent is shared 32.5 percent/17.5 percent state/county. Currently, PCSP makes up 60 percent of the IHSS caseload and 63.5 percent of the IHSS expenditures.

Residual IHSS

The Residual program provides services to those recipients not PCSP eligible. Services not eligible for PCSP are listed above. Costs are shared 65 percent/35 percent state/county.

Personal Care Services Program/Residual IHSS (Continued - 2)

METHODOLOGY: The basic estimate includes the costs of the three delivery modes: Individual Providers (IP), Contract Mode and Welfare Staff. Based on 1994-95 actuals, the IP mode constitutes 94.45 percent of the caseload (174,867 for 1995-96 and 180,824 for 1996-97. Of the remaining 5.55 percent, (10,276 for 1995-96 and 10,626 for 1996-97) the welfare staff mode makes up less than 3 percent (the 1994-95 average caseload was 290). Due to the small percentage of recipients served by the contract and welfare staff modes, these two modes have been combined for estimating purposes.

The estimate for the Individual Provider and Contract/Welfare Staff Mode is based on caseload, cost per hour, and average hours.

Hour Per Case:

The average hours per case are based on 1994-95 actuals, adjusted for year over growth between 1993-94 and 1994-95.

In the IP mode the estimated hours per case are 77.34 for 1995-96, and 78.27 for 1996-97. The actual 1994-95 hours were 76.42, with a year over growth of 1.012 percent.

The contract/welfare staff mode hours per case are 33 hours per case in both 1995-96 and 1996-97. The 1994-95 actual hours per case were 33 hours per case with no discernible year over growth. The total actual hours for the contract mode and the welfare staff mode were added together and divided by the total actual caseload in both modes. The resulting number of hours per case (33) represents a weighted average of the total of both modes.

Cost Per Hour:

The average cost per hour is based on 1994-95 actuals.

For IP mode, the cost per hour is adjusted to reflect the effect of Share of Cost (SOC). This results in an average net IP hourly rate of $4.12 per hour over the last two fiscal years. This rate is expected to continue; therefore the IP hourly rate of $4.12 is used in both 1995-96 and 1996-97.

For the combined contract/welfare staff mode, the hourly rate for 1995-96 and 1996-97 has been adjusted to reflect year over growth. The 1994-95 actual total hours and actual total cost of those hours for both the contract and welfare staff modes were added together and the total cost was divided by the total hours to produce a weighted average cost per hour for the combined modes. The average cost per hour for 1994-95 was $11.11. The year over growth from 1993-94 to 1994-95 was 1.027 percent. After adjusting the 1994-95 actuals for year over growth, the estimated cost per hour is $11.41 for 1995-96 and $11.71 for 1996-97.

Personal Care Services Program/Residual IHSS (Continued - 3)

Contract Expenditures and Other Costs

The IP mode has the following additional costs not reflected in the average cost per hour: employer taxes, workers compensation, the payrolling contracts and the restaurant meal allowance.

Employer Taxes: Although the IHSS recipients are the employers of their respective service providers, the employer taxes are paid by the state. The cost estimate for IP employer taxes is based on the cost of IP wages. Prior fiscal year actuals are used to estimate employer taxes. The actual percentage of taxes to actual wages for the 1994-95 fiscal year is calculated. The percentage is then adjusted for SOC. The adjusted percentage is then applied to estimated wages for 1995-96 and 1996-97 to arrive at the estimated employer taxes.

Workers Compensation: The estimated costs for workers' compensation for 1995-96 and 1996-97 are fixed contract costs based on 1994-95 actual billing amounts provided by the Office of Insurance and Risk Management. The contract amount is the same in both 1995-96 and 1996-97. The workers compensation contract is held by the State Compensation Insurance Fund (SCIF).

The Department of General Services (DGS), under contract, acts as agent for CDSS in the management and supervision of SCIF. DGS also monitors high cost cases ($50,000 and over in paid costs) on a quarterly basis.

Payrolling Contracts: The 1995-96 costs for the contracts with the State Controller's Office, the Office of the State Treasurer, and Electronic Data Systems (EDS) are based on the actual amounts of the contracts. The contract amounts for 1996-97 were adjusted for caseload growth.

Restaurant Meal Allowance: The estimate of the restaurant meal allowance (RMA) cases was derived by multiplying the ratio of restaurant meal cases to total caseload for 1994-95. The resulting percentage of RMA cases to total caseload was then applied to the projected caseload for 1995-96 and 1996-97. The resulting estimated RMA caseload for both years was then multiplied by the 1994-95 actual cost per case of $62.00. The average cost per case of $62.00 has been constant over the last two fiscal years.

Case Management Information Payrolling System (CMIPS) Consultant: The data processing contract, currently held by EDS, will be up for bid in the 1995-96 fiscal year. A private outside consultant will be hired to help with the CMIPS contract procurement process. The total cost for the consultant is estimated to be $181,500 for both years.

Personal Care Services Program/Residual IHSS (Continued - 4)

	1995-96	1996-97
Total IP Basic	$760,472,123	$794,800,770
IP Wages	668,639,284	699,731,023
Employer Taxes	62,473,297	65,378,307
Workers' Compensation	19,809,269	19,809,269
Dept. General Services	110,000	113,740
Payrolling Contracts		
Treasurer	251,261	259,804
Controllers	2,000,000	2,068,000
EDS	7,189,012	7,440,627
CMIPS Consultant	96,659	84,841
RMA	995,254	1,029,158

FUNDING:

For the Personal Care Services Program, the federal (Title XIX reimbursements) amount represents 50 percent of the total cost and the nonfederal share is split 65 percent/35 percent state/county. Based on latest data, 63.5 percent of the total IHSS expenditures will be PCSP eligible and will receive Title XIX funding. In addition, 60 percent of the cases are assumed to be PCSP eligible.

For the Residual IHSS Program, the state share represents 65 percent of the total, and the county share represents 35 percent of the total.

In 1995-96 the Title XX amount for the Residual IHSS Program is $171,081,000 and in 1996-97 the amount will be $120,081,000. (See separate premise on Title XX funding).

CHANGE FROM PRIOR SUBVENTION:

The estimate has been revised to reflect the most recent trends in caseload and average hours.

Personal Care Services Program/Residual IHSS (Continued -5)

	1995-96	1996-97
CASEMONTHS:	2,221,714	2,297,399
EXPENDITURES (IN 000'S):		
IHSS Total	$ 807,993	$845,186
PCSP Total	$ 512,444	$536,040
Federal	0	0
State	166,544	173,513
County	89,678	93,447
Reimbursements	256,222	269,080
Residual IHSS Total	$295,549	$309,146
Federal	0	0
State	192,107	200,945
County	103,442	108,201
Reimbursements	0	0

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Governor Wilson Proposed Budget FY 96-97

Program Changes

Federal Funding for Illegal Immigrants. Federal immigration policy and the provisions of OBRA 1986 require that California provide Medi-Cal benefits for emergency services and deliveries to illegal immigrants. Excluding state only programs, total costs in this area are $769 million ($384 million General Fund) and $787 million ($394 million General Fund) in 1995-96 and 1996-97, respectively. The federal government participates by providing funds at the federal medical assistance payment (FMAP) rate which has been approximately 50 percent of total payments.

The FFY 1996 Budget is expected to authorize an additional $3.5 billion that will be allocated by formula over a five-year period to states which have had the greatest number of illegal immigrants. This marks the first time that the federal government has recognized the obvious burden the illegal immigrant population places on states and the federal government's responsibility for funding these costs. California, which has the largest number of illegal immigrants of any state and 43 percent of the nation's illegal immigrants, is expected to receive $1.6 billion over the next five years. This translates into an additional $215.7 million in 1995-96 and $303.4 million in 1996-97.

State-Only Prenatal Services. The Governor's Budget also assumes that prenatal benefits for illegal immigrants, although authorized under State law, will be discontinued as of March 1, 1996. Similarly, no new long-term care benefits will be provided to illegal immigrants as of that date. Federal legislation enacting federal welfare reform prohibits states from providing public benefits, including all non-emergency medical services, to illegal immigrants unless a state chooses to reauthorize these benefits to illegal immigrants after the enactment of the federal law.

The sanction imposed on states continuing to provide benefits is loss of federal welfare reform block grant funds. The budget assumes these benefits will be discontinued as the State will be accepting the federal block grant funds.

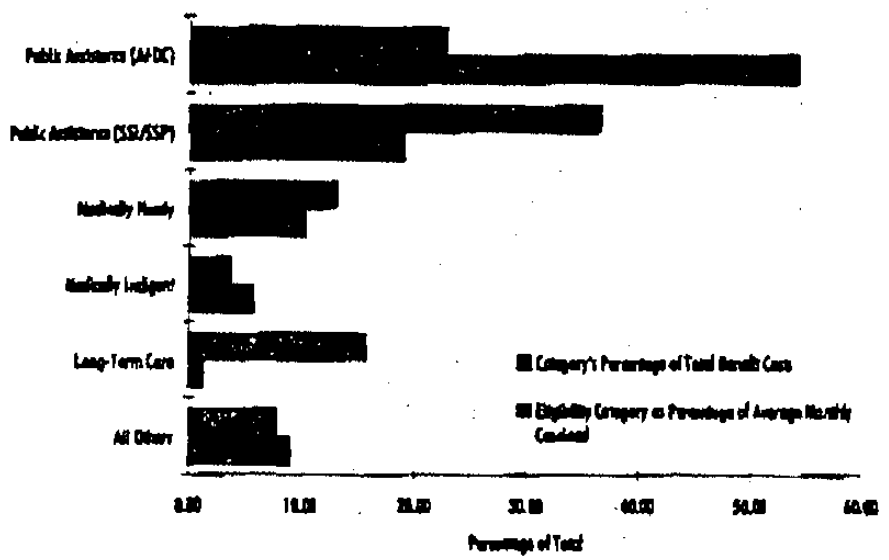
The budget proposes state legislation to reauthorize services to illegal immigrants currently residing in long-term care. No other non-emergency services will be continued for others illegally living in the United States.

Federal Funding for Legal Immigrants. In addition, federal law specified that legal immigrants in the country for less than five years are ineligible for SSI/SSP effective January 1, 1997. This automatically makes this population ineligible for full scope Medi-Cal benefits. After January 1, 1997 these immigrants will transition to Medi-Cal Only eligibility, a category under which they will only qualify for emergency services in accordance with the federal law change. Legal immigrants qualifying for AFDC cash benefits will continue to receive full scope Medi-Cal benefits. Though the General Fund will have an overall savings as a result of complying with the federal legislation related to legal immigrants, the Medi-Cal program will have a net increase of $5.5 million General Fund due to the shifting of eligibility determination and administrative costs from the Social Security Administration to the State.

Eliminating Alcohol or Drug Addiction as a Disability. Federal legislation is expected to revise the definition of disability to not recognize disabilities based on alcohol or drug abuse. Persons whose only basis of disability is drug

FIGURE HW-G

Medi-Cal Cost by Eligibility Category
1996-97



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Policy Brief

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The President's Welfare Reform Proposal: Fiscal Effect on California

SUMMARY

On June 14, 1994, President Clinton formally released his welfare reform proposal, generally designed to facilitate employment for AFDC recipients. Major changes include:

- ***Making the current JOBS Program (GAIN in California) more employment-oriented, and phasing-in its participation starting with AFDC parents born after 1971.***
- ***Establishing a two-year time limit on JOBS and requiring those who reach this time limit to participate in a new WORK Program, which would place individuals in jobs paying wages subsidized in whole or part by the government.***
- ***Making other AFDC program changes, including increasing the resource limits for AFDC eligibility.***
- ***Adopting various changes in the child support enforcement program.***

This policy brief assesses the proposal's fiscal impact on California. We conclude that:

- The proposal would result in five-year state costs (state and county funds) ranging from $352 million to $510 million. These costs may be offset at least in part by unknown savings from reduced dependency on AFDC, due primarily to increases in employment and increased child support collections.
- State costs beyond the five-year time line would increase significantly as more AFDC recipients are phased into the JOBS and WORK programs. In the sixth year of welfare reform, for example, state costs for the WORK Program would be $130 million.
- The single largest cost to the state (about $245 million over five years) is not the result of providing employment and training services through the JOBS and WORK programs. Rather it is due to increasing the AFDC resource limits, thereby making more individuals eligible for aid. If the resource limit proposal were deleted by Congress, California's five-year costs would be cut almost in half.

"...the changes in the JOBS Program would result in savings to the state of approximately $150 million during the first five years of implementation"

On June 14, 1994, President Clinton presented his proposal to reform the nation's welfare system (SB 2224 and HR 4605). The proposal focuses on facilitating employment for AFDC recipients, providing support services for AFDC teen parents, and increasing child support enforcement.

In this policy brief, we summarize the key features of the plan and its potential effects on state and local governments in California.

EMPLOYMENT AND TRAINING PROGRAMS

JOBS (Gain) Program

In 1988, the federal government established the Job Opportunities and Basic Skills Training (JOBS) Program, designed to provide education, training, and employment services to AFDC recipients. In California, this program is known as the Greater Avenues for Independence (GAIN) Program.

The President's proposal would modify the JOBS Program in several key ways. Figure 1 summarizes the major proposed changes and compares them with the existing requirements of the GAIN Program.

Several of these changes are worth highlighting because they illustrate a difference in approach to employment and training between the President's plan and the current GAIN Program. Specifically, the President's plan places a greater emphasis on (1) moving participants through the program in a specified period of time (two-year time limit) and (2) connecting participants as quickly as possible to the job market (job search before basic education; employment-oriented education instead of basic/remedial education; requiring acceptance of a job if offered).

Another significant change in the President's proposal is that mandatory participation is limited to those born after 1971 (initially, those under age 25). Thus, with each passing year, the age limit for those required to participate in the program will increase, thereby resulting in an increasing percentage of mandatory participants.

Fiscal Effect. We estimate that for California, the changes in the JOBS Program would result in savings to the state of approximately $150 million during the first five years of implementation. This estimate assumes that the state would serve voluntary participants (from the non-mandatory group) up to the point where the state reaches the federal funding cap on JOBS, as required by the proposal.

Figure 1

President's Proposed Changes in the JOBS (GAIN) Program

	Current Law	President's Proposal
Participation Requirements	Mandatory participation unless child under three, if funding is sufficient	Mandatory participation by all AFDC parents born after 1971, unless child under one year, and all volunteers (from the nonmandatory group) up to the federal funding cap
Participation Standards	Penalizes states for not serving 20 percent of all mandatory participants and 50 percent of AFDC-U recipients (federal fiscal year [FFY] 1995)	Penalizes states for not serving 50 percent of mandatory participants
Targeting of Services	Targets services by giving priority to certain groups—teen parents, long-term recipients	Eliminates target groups for receiving services
Deferrals/Pre-Jobs	No requirement that deferred persons participate in any employment activity	Requires that all persons deferred from JOBS (due to temporary disability or child under one) engage in some preparation for JOBS
Time Limits	No time limit	Establishes two-year limit (followed by the WORK Program)
Sequence of Services	Job search after basic education, if needed	Requires job search immediately after orientation
Education Services	Requires basic and remedial education if needed	Replaces requirement for basic/remedial education with employment-oriented education
Job Acceptance	Participants can refuse jobs if wages are below specified levels	Requires participants to accept job if offered, and increases sanction on participants for noncooperation
Funding	Provides 50 percent federal funding for most program components	Establishes 65 percent federal funding in FFY 1996, increasing to 70 percent by FFY 2000. Increases the nationwide federal funding cap

"...the WORK Program in California would result in a state cost of $210 million in the first five years of welfare reform."

The proposal results in a savings to the state primarily because of the increase in the federal share of program costs, including the cost of case management for teen parents in the state's Cal Learn Program.

WORK Program

The President proposes to establish a new WORK Program, which would be required for the new mandatory group of JOBS participants (born after 1971) once they have been on aid for two years (excluding time in pre-JOBS and time in which an individual worked at least 20 hours per week).

Under the WORK Program, persons who are not already working more than an average of 20 hours per week would be placed in a subsidized private- or public-sector job, with the government subsidizing part or all of the wages. (For private-sector jobs, the employer would have to pay for part of the wages.) The government would provide supplemental cash benefits if necessary to augment wages so that the family is no worse off than a nonworking family on AFDC.

Participants would receive child care, transportation, and other support services if needed. If WORK assignments are not available, the family would receive regular AFDC benefits and would engage in job search activities while waiting for a WORK slot.

Federal financial participation for the WORK Program would be the same as for the JOBS Program (65 to 70 percent), and the amount of federal funds for these programs would be capped nationwide, except that funding for wages would be matched at the state's regular AFDC rate (50 percent in California) and would not be capped.

Fiscal Effect. We estimate that the WORK Program in California would result in a state cost of $210 million in the first five years of welfare reform. It is important to note that this represents only three years of operation of the WORK Program, and that the cost would increase significantly in subsequent years as more AFDC recipients are phased into the two-year time limit for the JOBS Program. The state cost in the sixth year of welfare reform, for example, is estimated to be $130 million.

We also note that state costs would be higher if the cap on federal funds is not sufficient to meet mandated costs for the WORK Program.

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Policy Brief

The President's Welfare Reform Proposal: Fiscal Effect on California

SUMMARY

On June 14, 1994, President Clinton formally released his welfare reform proposal, generally designed to facilitate employment for AFDC recipients. Major changes include:

- ***Making the current JOBS Program (GAIN in California) more employment-oriented, and phasing-in its participation starting with AFDC parents born after 1971.***
- ***Establishing a two-year time limit on JOBS and requiring those who reach this time limit to participate in a new WORK Program, which would place individuals in jobs paying wages subsidized in whole or part by the government.***
- ***Making other AFDC program changes, including increasing the resource limits for AFDC eligibility.***
- ***Adopting various changes in the child support enforcement program.***

This policy brief assesses the proposal's fiscal impact on California. We conclude that:

- The proposal would result in five-year state costs (state and county funds) ranging from $350 million to $510 million. These costs may be offset at least in part by unknown savings from reduced dependency on AFDC, due primarily to increases in employment and increased child support collections.
- State costs beyond the five-year timeline would increase significantly as more AFDC recipients are placed into the JOBS and WORK programs. In the sixth year of welfare reform, for example, state costs for the WORK Program would be $130 million.
- The single largest cost to the state (about $245 million over five years) is not the result of providing employment and training services through the JOBS and WORK programs. Rather it is due to increasing the AFDC resource limits, thereby making more individuals eligible for aid. If the resource limit proposal were deleted by Congress, California's five-year costs would be cut almost in half.

"...the changes in the JOBS Program would result in savings to the state of approximately $150 million during the first five years of implementation"

On June 14, 1994, President Clinton presented his proposal to reform the nation's welfare system (SB 2224 and HR 4605). The proposal focuses on facilitating employment for AFDC recipients, providing support services for AFDC teen parents, and increasing child support enforcement.

In this policy brief, we summarize the key features of the plan and its potential effects on state and local governments in California.

Employment and Training Programs

JOBS (Gain) Program

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The President's proposal would modify the JOBS Program in several key ways. Figure 1 summarizes the major proposed changes and compares them with the existing requirements of the GAIN Program.

Several of these changes are worth highlighting because they illustrate a difference in approach to employment and training between the President's plan and the current GAIN Program. Specifically, the President's plan places a greater emphasis on (1) moving participants through the program in a specified period of time (two-year time limit) and (2) connecting participants as quickly as possible to the job market (job search before basic education; employment-oriented education instead of basic/remedial education; requiring acceptance of a job if offered).

Another significant change in the President's proposal is that mandatory participation is limited to those born after 1971 (initially, those under age 25). Thus, with each passing year, the age limit for those required to participate in the program will increase, thereby resulting in an increasing percentage of mandatory participants.

Fiscal Effect. We estimate that for California, the changes in the JOBS Program would result in savings to the state of approximately $150 million during the first five years of implementation. This estimate assumes that the state would serve voluntary participants (from the non-mandatory group) up to the point where the state reaches the federal funding cap on JOBS, as required by the proposal.

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Participants would receive child care, transportation, and other support services if needed. If WORK assignments are not available, the family would receive regular AFDC benefits and would engage in job search activities while waiting for a WORK slot.

Federal financial participation for the WORK Program would be the same as for the JOBS Program (65 to 70 percent), and the amount of federal funds for these programs would be capped nationwide, except that funding for wages would be matched at the state's regular AFDC rate (50 percent in California) and would not be capped.

Fiscal Effect. We estimate that the WORK Program in California would result in a state cost of $210 million in the first five years of welfare reform. It is important to note that this represents only three years of operation of the WORK Program, and that the cost would increase significantly in subsequent years as more AFDC recipients are phased into the two-year time limit for the JOBS Program. The state cost in the sixth year of welfare reform, for example, is estimated to be $130 million.

We also note that state costs would be higher if the cap on federal funds is not sufficient to meet mandated costs for the WORK Program.

JOBS/WORK—Reduced Dependency Impact

The President's proposals are likely to increase the proportion of AFDC recipients who obtain employment, for several reasons. First of all, the JOBS program would be expanded (on a phase-in basis) and made more employment-oriented. Secondly, the two-year time limit and the establishment of the WORK Program mean that eventually most recipients will have an obligation to work in a subsidized job if they are not employed in a nonsubsidized job. In other words, not working would no longer be an alternative. This change, in conjunction with the fact that nonsubsidized jobs generally will provide more income to recipients than will WORK slots (due largely to differences in how the income disregard—discussed below—and the Earned Income Tax Credit are treated), could lead to a significant increase in the incentive for recipients to obtain nonsubsidized jobs. Furthermore, the experience gained in the WORK Program should make participants better qualified for employment.

Consequently, it is reasonable to assume that the provisions relating to the JOBS and WORK programs will result in an increase in nonsubsidized employment and associated savings due to a reduction in AFDC caseload and lower grants. (These savings would be partly offset by additional Transitional Child Care and Transitional Medi-Cal costs.) Additional savings could result from the provisions to make more stringent the sanctions on recipients for insufficient cooperation in the JOBS Program.

Sufficient data are not available to estimate these savings, but they are potentially significant. Based on the federal administration's nationwide estimate, the five-year savings to the state and counties in California would be roughly $50 million. We note that this is less than 1 percent of the state's AFDC grant expenditures over this period. In our judgment, the administration's estimate appears to be conservative, particularly in light of the June 1994 GAIN evaluation findings for Riverside County (which has adopted an employment-oriented approach that bears some similarity to JOBS as envisioned in the proposal) as well as the potential effects of the WORK Program. The GAIN evaluation showed that the program in Riverside County reduced AFDC grant payments by an average of 15 percent over a three-year period.

Other AFDC-Related Program Changes

AFDC Resource Limits

The proposal would increase from $1,000 to $2,000 the maximum amount of resources (with certain items excluded) that a family can have and be eligible for AFDC.

"...the (proposed) increase in resource limits...would increase the AFDC caseload and result in additional state costs of about $245 million over the first five years."

Under current state law, the resource limit for applicants is $1,000 but the state is operating under a federal waiver that provides for recipients a $2,000 limit (the higher limit is operable once a person is on aid).

The proposal also provides that the automobile resource limit be increased from $1,500 to $3,500. Under current state law, the limit is $1,500 for applicants but, pursuant to a waiver, $4,500 for recipients.

Because the increase in resource limits would apply to applicants as well as recipients, these provisions would increase the AFDC caseload and result in additional state costs of about $245 million over the first five years. These costs would be partly offset by unknown savings to counties due to reduced caseloads in the General Assistance program.

AFDC Teen Parents' Residence

This proposal—requiring teen parents to live with their parents or other responsible adult in order to receive AFDC—is the same as proposed by the Governor in the 1994-95 budget. The budget estimates that the proposal would result in no net costs or savings. (The Governor's proposal was not adopted by the Legislature.)

AFDC Grant Determination Rules

This proposal would replace the existing rules for income disregards (in calculating AFDC grants) with a flat $120 income disregard, but would allow states to adopt higher disregards of up to 50 percent of earned income. California is currently operating under a federal waiver to apply the "$30 and one-third" income disregard without regard to time in employment. We assume that the state will continue its current policy for the AFDC Program, but will apply the flat $120 disregard to earnings in the WORK Program. The fiscal effect is subsumed in our estimates for the WORK Program.

Child Care for the Working Poor

The proposal would expand funding for the At-Risk Child Care Program for low-income working families not on AFDC. This program is designed to prevent participants from going on public assistance.

Based on the administration's projected five-year costs for the nation, we estimate that California could receive an additional $280 million in federal funds. The net increase in state costs (to provide the required match) would be about $20 million when considered in conjunction with the existing funding level for the At-Risk program. The

relatively low net cost is due to savings that would be realized in the existing program due to the proposed increase in the federal share of costs (corresponding to the JOBS Program match). We also note that the additional child care could result in unknown "cost-avoidance" in the AFDC and Medi-Cal Programs.

Child Support Enforcement Program

The President proposes numerous changes to the financing and operation of the child support enforcement program. Figure 2 summarizes the financing changes and Figure 3 summarizes the changes in program operations.

Financing Provisions

The three financing provisions that would have the most significant fiscal effects are (1) the federal match of administrative costs, (2) the performance incentives, and (3) the maintenance of effort provision.

The proposal would change the federal matching requirements for the child support enforcement program. Under the current system, the federal government pays for 66 percent of most administrative costs and a variable percent—generally 6 to 6.5 percent in California—of child support collections. Under the President's proposal, all federal financial participation

Figure 2

Proposed Changes in Child Support Enforcement Financing Changes

- **Federal Match of Administrative Costs.** Increases from 66 percent to 69 percent in federal fiscal year (FFY) 1996, 72 percent in FFY 1997, and 75 percent annually thereafter.
- **Performance-Based Incentives.** Replaces the existing federal incentive payments, based on child support collections, with performance incentives of up to 15 percent of administrative costs, effective FFY 1998.
- **Maintenance-of-Effort.** Requires states to maintain total program expenditures for each year, at a level determined by a specified formula.
- **Paternity Establishment.** Penalizes states for not establishing paternity in a specified percentage of cases within one year.
- **Distribution of Arrearage Collections.** Requires that collections for AFDC arrearages for custodial parents who were formerly on AFDC be paid directly to the custodial parent rather than used to offset prior government costs for the grants, effective FFY 1998.
- **Paternity Outreach.** Provides enhanced (90 percent) federal funding for these activities.
- **$50 Pass-Through.** Requires inflation adjustments to the "pass-through" of collections to the custodial parent.

Figure 3

Proposed Changes in Child Support Enforcement Program Operations Changes

- **Central Registry.** Requires establishment of an automated registry of all cases.
- **Enforcement of Non-AFDC Cases.** Requires states to enforce all non-AFDC cases except under specified circumstances, rather than only upon request.
- **Non-AFDC Awards.** Requires periodic updating of awards (for example, reviewing changes in parent's income) unless requested otherwise, rather than only on request.
- **Hospital-Based Paternity Establishments.** Strengthens existing requirements and requires paternity outreach efforts.
- **Administrative Procedures.** Facilitates greater use of these procedures to reduce the reliance on courts.
- **Noncooperation by Custodial Parent.** Strengthens existing penalties for not cooperating with state child support agencies.
- **Suspension of Licenses.** Requires suspension of drivers' and professional licenses for persons with specified levels of delinquency in child support obligations.
- **Enforcement Tools.** Establishes and strengthens various enforcement tools, such as use of administrative liens and providing access to credit reports and financial and other records to locate absent parents.
- **Federal Interstate Enforcement.** Strengthens federal activities, such as the federal parent locator service.
- **Directory of New Hires.** Establishes a directory at the federal level to assist states in locating noncustodial parents.

would be based on administrative costs and could reach 95 percent, with (1) the base percentage increasing annually to 75 percent in FFY 1998, (2) an additional performance-based amount up to 15 percent, and (3) an additional 5 percent for states with a state-operated child support enforcement program, beginning in FFY 1998. Also, enhanced funding at 90 percent would be provided for development and implementation of automated central registries and for paternity outreach (and genetic testing, as currently authorized).

The proposal also includes a maintenance of effort provision for total program spending, effective in FFY 1996. This provision, however, would require the state to do more than simply maintain its existing expenditure effort. Instead, it would have the effect of requiring the state to increase its current level of spending, with the amount varying inversely with the amount of the federal matching funds. In other words, if the state qualifies for a relatively high federal match in performance-based incentives, its maintenance of effort requirement

will be lower than if the state does not do well on the performance measures. Thus, the maintenance of effort provision would have the effect of magnifying the importance of the performance incentives.

Fiscal Effect. We estimate that these three financing provisions will increase total spending (federal and state) for the child support enforcement program in California by $235 million over the first five years. This consists of an increase in federal funds ranging from $70 million to $200 million and additional state/county spending ranging from $35 million to $165 million. The federal share will be proportionately higher, and the state share proportionately lower, depending on how well the state does in the performance-based incentives. These five-year cost increases represent about a 13 percent increase above the amount projected under current law.

In addition to these three major financing provisions, there are two other financing provisions with fiscal implications for the state. First, we estimate that the state would save about $20 million annually, beginning no earlier than FFY 1998, from additional federal matching funds if the state converted to a state-operated, rather than the existing county-operated, system. (This is an option that we recommended in our report on the child support enforcement program in *The 1992-93 Budget: Perspectives and Issues*.)

Second, the proposal provides that, effective FFY 1998, collections for AFDC arrearages for custodial parents who were formerly on AFDC be paid to the custodial parent rather than used to reimburse the government for the costs of the grant, as currently authorized. We estimate that this provision would result in costs to the state and counties of about $20 million over the first five years of welfare reform, offset by an unknown amount to the extent that the additional income results in families not returning to AFDC or using other public assistance.

Changes in Program Operations

Some or all of the additional spending resulting from the financing provisions (discussed above) would be applied toward the various program changes required by the proposal. If the actual costs of mandated program changes exceed the increase in spending pursuant to the financing provisions, the state would incur additional costs beyond the expenditures resulting from the financing provisions.

Fiscal Effect. The fiscal effect of the proposed program changes on the state would fall into three basic categories: additional administrative costs, resulting from various provisions; potential penalties from not meeting paternity establishment standards; and savings from reduced AFDC expenditures, resulting pri-

"Combining all components of the (President's) proposal,...it would result in five-year costs ranging from $380 million to $510 million to the state..."

marily from various provisions designed to increase collections.

Because of data limitations, we are unable to estimate the net increase in costs resulting from the various proposals. We note, however, that many of the proposed changes do not vary significantly from current federal or state law and therefore are not likely to have a major fiscal impact. Current state law, for example, requires development of a statewide automation system, cooperation by custodial parents in providing information to county district attorneys, an in-hospital paternity establishment program, a new hire registry (with some limitations), periodic updating of non-AFDC awards on request, inclusion of non-AFDC cases on request, and prohibitions against issuance of certain professional licenses to individuals who are delinquent in child support payments.

On the other hand, several provisions could significantly increase costs. For example, the requirement that *all* non-AFDC child support cases be enforced by the state (except under certain circumstances) could increase administrative costs substantially. State costs could also increase significantly due to the provision requiring states to meet specified paternity establishment standards.

Finally, the child support enforcement proposals could result in state savings to the extent that child support collections increase, thereby reducing AFDC grant expenditures. It is not possible to estimate this fiscal effect. As a point of reference, however, we note that a 1 percent increase in AFDC collections would result in state and county saving of about $1.5 million. Some "cost-avoidance" would also result from increases in non-AFDC collections, to the extent that this prevents families from going on AFDC.

Summary of the Effect of the Child Support Provisions

The net effect of the President's proposals for child support enforcement depends on a number of factors. As indicated above, we estimate that the financing provisions would increase state expenditures over the first five years by an amount ranging from $55 million to $185 million, depending on the performance incentives. Costs, however, could be higher if the program changes result in costs that exceed these minimum expenditures required by the financing provisions. In general, we believe that the cost of the program changes probably can be accommodated within these amounts.

It is not possible to estimate the effect of the proposed changes in bringing about a higher level of child support collections. Clearly the

program changes and the additional spending would have some effect on increasing collections. This, in turn, would result in savings from reduced AFDC grant expenditures. We note, however, that if a large share of the additional resources goes into the enforcement of non-AFDC child support cases, the savings to government will be relatively low because there is no direct offset to grants in these cases.

Proposals for Financing the Federal Cost of Welfare Reform

The Clinton administration estimates that if its welfare reform proposal is adopted, it would result in costs of $9.3 billion to the federal government over the first five years. The President's proposal includes various provisions designed to save funds at the federal level in order to finance these new federal costs. The major financing components include (1) placing a cap on federal Emergency Assistance funds allocated to states, (2) extending the period for deeming aliens' sponsors' income from three to five years in the AFDC Program, (3) eliminating SSI/SSP and AFDC eligibility for aliens whose sponsors' incomes are above the U.S. median, (4) conforming eligibility, for certain immigrants, for SSI/SSP, Medicaid, and AFDC to the more restrictive criteria in the Food Stamps Program and (5) limiting to three years SSI/SSP eligibility for drug- and alcohol-addicted recipients.

Due to a lack of sufficient information, it is not possible at this time to estimate the net fiscal effect of these financing provisions on California. Some provisions would result in state savings while others would result in costs. Of the major provisions noted above, the cap on federal Emergency Assistance funds would result in costs to the state, and the other provisions would result in savings. The restrictions on eligibility for aliens and immigrants to receive AFDC, SSI/SSP, and Medicaid, however, could result in state costs rather than savings if the state decided to continue to provide assistance to those individuals affected.

The net effect could be costs or savings, depending primarily on how the administration applies the Emergency Assistance cap to the state.

Summary of Fiscal Effect

Figure 4 summarizes the estimated fiscal effect of the President's proposal on California. Combining all components of the proposal, we estimate that it would result in five-year costs ranging from $380 million to $510 million to the state (combined state General Fund and county funds), offset at least in part by unknown savings from reduced

dependency on AFDC and increased child support collections. We also note that costs would increase significantly in subsequent years as more AFDC recipients are phased into the new JOBS and WORK programs. For example, the state cost for the WORK Program in the sixth year of welfare reform would be $130 million.

Figure 4

President's Welfare Reform Proposal
Fiscal Effect On California

Summary: *Estimated five-year costs ranging from $380 million to $510 million to the state General Fund and county funds, offset at least in part by unknown savings from reduced dependency on AFDC due primarily to increases in employment and child support collections. Costs in subsequent years would increase significantly due to phase-in of mandatory participation in the JOBS and WORK programs.*

Program	*Five-Year State/County Fiscal Effect*
JOBS (GAIN)	**Savings.** $150 million, due primarily to increased federal funding match for JOBS, including case management for teen parents. Additional unknown, but potentially significant, savings from reduced AFDC dependency, depending on the expanded program's effect on increasing the level of employment by participants
WORK	**Costs.** $210 million. (This represents three full years of WORK Program costs because virtually no costs would be incurred in the first two years of welfare reform.) Costs would increase significantly in subsequent years as more AFDC recipients are phased into the two-year limit for JOBS. **Savings.** Unknown, but potentially significant, savings from reduced AFDC dependency, depending on the program's effect on increasing the level of nonsubsidized employment by AFDC recipients.
AFDC Resource Limits	**Costs.** About $245 million due to increased AFDC caseload, partly offset by unknown county savings in general assistance.
AFDC Teen Parents' Residence	**Costs.** No net fiscal effect. Grant savings offset by administrative costs.
At-Risk Child Care	**Costs.** $20 million net costs for state match. Unknown "cost-avoidance" in the AFDC and Medi-Cal Programs from additional child care.
Child Support Enforcement:	
Financing Provisions	**Costs.** State/county costs ranging from $55 million to $185 million.
Program Provisions	**Costs.** Unknown potential costs to the extent (1) state costs of the program changes exceed the expenditures required by the financing provisions, as shown above, and (2) the state incurs penalties for not meeting paternity standards. **Savings.** Unknown but potentially significant savings in the AFDC Program due to increased child support collections.
Federal Financing of Welfare Reform	**Costs or Savings.** Unknown, depending primarily on the effect of the cap on Emergency Assistance funds.

This report was prepared by Bill Lucia, under the supervision of Chuck Lieberman. For additional copies, contact the Legislative Analyst's Office, State of California, 925 L Street, Suite 1000, Sacramento, CA 95814, (916) 445-6061.

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REPORT SUMMARY

GAIN: Benefits, Costs, and Three-Year Impacts of a Welfare-to-Work Program
Manpower Demonstration Research Corporation, June 15, 1994

MDRC offers their evaluation of **California's Greater Avenues for Independence (GAIN)** program, the largest and one of the most ambitious state JOBS programs (operating since 1989, GAIN accounts for almost 13 percent of total federal spending on the JOBS Program). The MDRC study shows GAIN as a qualified success, with varying outcomes across the six counties studied. At its best, when the program combined a strong employment focus with a controlled use of education and training, GAIN substantially raised participants' income and taxpayers' savings. But the results also contain a caution: even with strong programs many people remained on welfare three years after entering JOBS.

(The study was based on at least three years of follow-up data for 33,000 people who entered GAIN between early 1988 and mid-1990; each of the sample members was assigned randomly to either an experimental group who were subject to GAIN requirements or a control group who were precluded from the group; the study examined the effects in six counties on employment, earnings, welfare receipt and other outcomes).

GAIN increased the average earnings of participants by 25 percent in the third year after orientation (average increase of 22 percent over the entire three year period), continuing its trend of progressively stronger earnings effects over time. **GAIN also reduced participants' average AFDC payments by 8 percent** in the third year (average reduction of 6 percent over the three years).

A comparison of those recipients who participated in GAIN (the experimental group) and those who did not (the control group) also reveal the following outcome differentials:

- a modest increase (3 percentage points) in the proportion of recipients whose combined income (earnings, AFDC and Food Stamps) exceeded the poverty line.
- a modest increase (3 percentage points) in the proportion of recipients who both worked and received no AFDC payments during the last quarter of the follow-up period (those who had attained "self-sufficiency through employment"); 53 percent of GAIN participants were on welfare at the end of the three-year period, compared to 56 percent of the controls.
- moderate to large increases in earnings for long-term ("difficult-to-serve") recipients in three counties

The most insightful elements of the MDRC assessment reveal why the impacts of GAIN varied across the six counties studied. In five of the six counties, GAIN produced moderate-to-large earnings gains for the participants or welfare savings for the government or both. One county (the famed Riverside) was a widely hailed success story, producing both earnings gains (an increase of 49 percent) and welfare savings (a 15 percent reduction). Three counties (Alameda, Butte and San Diego) had more moderate earnings gains and welfare savings. Of the two remaining counties, Los Angeles achieved welfare savings but

with little effect on earnings gains, while Tulare produced earnings gains but with little effect on welfare payments.

In Riverside, GAIN produced the most impressive results ever found for a large-scale welfare-to-work program. Riverside's success points to the importance of the program's message - WORK. Most distinctive was Riverside's attempt to communicate to all registrants that employment was essential, that it should be sought expeditiously and that opportunities to obtain low-paying jobs should not be turned down. In contrast, the staff in Alameda county believed strongly in "human capital" development and pushed education and training as the path to higher-paying jobs. Alameda's outcomes were across-the-board less impressive than those of Riverside. Furthermore, to a much greater extent than any other county, case managers in Riverside directly assisted participants in locating employment opportunities. But Riverside workers were also reported as quickest to evoke the threat of sanctioning in response to noncompliance.

GOOD

BAD

interesting

In the final analysis, what most distinguished Riverside from other counties - and, therefore, what might have contributed to Riverside's more favorable results - was its unique combination of practices and conditions: a pervasive employment message and strong job development efforts, extensive use of job search and education activities for registrants needing basic education, a strong commitment to (and adequate resources for) securing the participation of all mandatory registrants, and reliance on GAIN's formal enforcement mechanisms to underline the seriousness with which it viewed the participation obligation.

Other points of interest:

- Net costs varied widely across counties, from $1,597 per participant in Riverside to $5,597 in Alameda.

- Government budgets came out ahead in two counties (Riverside and San Diego) and broke even in a third (Butte); return to government budget per net dollar invested was largest in Riverside ($2.84).

- The MDRC findings reiterated the need for a campaign to increase awareness of the Earned Income Tax Credit (EITC). Only 54 percent of those participants who had worked and 34 percent of those who had never worked said they had even heard of the EITC.

- In Riverside, a special substudy assigned a group of participants to case managers with smaller case loads (approximately 50 cases as opposed to the average of 100 cases). Preliminary results found that there was no significant improvement in earnings and AFDC payments for the participants who were monitored more closely.

*

TABLE 4

GAIN's EFFECTS ON EMPLOYMENT AND EARNINGS FOR AFDC-FGs (SINGLE PARENTS)

(ALL COUNTIES COMBINED) (a)

	Average Earnings per Experimental ($)	Average Earnings per Control ($)	Difference (Impact) ($)	Percentage Change
Year 1	1,908	1,642	266***	16%
Year 2	2,714	2,202	512***	23%
Year 3	3,159	2,523	636***	25%
Total	7,781	6,367	1,414***	22%

	Experimentals	Controls	Difference (Impact)
Percent ever employed, years 1-3	56.7	50.8	6.0***
Percent ever employed, year 3	39.6	33.7	5.9***
Percent earning $5,000 or more in year 3	19.7	16.3	3.5***
Percent earning $10,000 or more in year 3	12.1	9.2	3.0***

	Employed Experimentals	Employed Controls
Of those employed in year 3, average year 3 earnings	7,977	7,487
Of those employed in year 3, percent earning $10,000 or more	30.6	27.3

NOTES: ***Denotes statistical significance at the 1 percent level.
(a) Each impact estimate is the average of the impacts for each of the six counties, which are weighted equally.

Manpower Demonstration Research Corporation
June 1994

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The contents of this draft are not for citation, quotation, or publication until June 15, 1994. Stories can be published or aired on that day.

EXECUTIVE SUMMARY

GAIN:

BENEFITS, COSTS, AND THREE-YEAR IMPACTS OF A WELFARE-TO-WORK PROGRAM

James Riccio
Daniel Friedlander
Stephen Freedman
with
Mary E. Farrell
Veronica Fellerath
Stacey Fox
Daniel Lehman

Manpower Demonstration
Research Corporation

June 1994

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MANPOWER
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CORPORATION

MDRC

Three Park Avenue
New York, NY 10016-5936
Tel: (212) 532-3200 Fax: (212) 684-0832
Regional Office:
88 Kearny Street, Suite 1650
San Francisco, CA 94108
Tel: (415) 781-3800 Fax: (415) 781-3820

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June 8, 1994

Mr. Bruce Reed
Deputy Assistant for Domestic Policy
The White House
The Old Executive Office Building, Room 216
Washington, D.C. 20500

Dear Bruce:

In June, MDRC will be releasing new findings from two studies that are of critical relevance to current discussions of welfare reform:

1. **On June 15:** The final report from MDRC's evaluation of **California's Greater Avenues for Independence (GAIN) Program, the largest state JOBS program.** The new findings show a continuation of the promising earnings and welfare results reported earlier and provide, for the first time, cost-effectiveness data for JOBS. At its best, when the program combined a strong employment focus with a controlled use of education and training, GAIN substantially raised people's income and saved taxpayers money. The variation in results across counties points to the challenge of bringing the welfare system up to this high standard of performance. The results also contain a caution: even with strong programs, many people remained on welfare three years after entering JOBS.

2. **On June 22:** An interim report from MDRC's evaluation of **The New Chance Demonstration, a program of intensive services for young mothers on welfare who were high school dropouts and their children.** New Chance's impacts after 18 months are mixed. Positive impacts on GED receipt and modest effects on parenting skills are balanced by high rates of repeat pregnancy and lower than anticipated program participation. Future reports will focus on longer-term impacts on employment and welfare receipt and the program's effects on children. However, the contrast with GAIN's continuing success with older mothers provides a cautionary note about the potential of welfare reform to increase the self-sufficiency of this group of young welfare mothers.

I thought you might want to see advance copies of the Executive Summaries of both reports. The Summary for GAIN is enclosed; I will send that for New Chance as soon as it is available. **Please note that the GAIN report is embargoed until June 15th and the New Chance report until June 22nd.**

Let me know if you have any questions or would like further information.

Best wishes,

Judy

Judith M. Gueron

I will call to see if you would like, a briefing on these findings
J

EXECUTIVE SUMMARY

This report presents the latest findings on the effectiveness of California's Greater Avenues for Independence (GAIN) Program, a statewide initiative aimed at increasing the employment and self-sufficiency of recipients of Aid to Families with Dependent Children (AFDC), the nation's major cash welfare program. Based on three years or more of follow-up data for 33,000 people who entered GAIN between early 1988 and mid-1990, the study examines the program's effects in six counties on employment, earnings, welfare receipt, and other outcomes, as well as findings from a comprehensive benefit-cost analysis. The results are of broad relevance to welfare reform because California has the country's biggest AFDC caseload and GAIN is the largest and one of the most ambitious programs operating under the federal Job Opportunities and Basic Skills Training (JOBS) Program, created by the Family Support Act of 1988. Operating as California's JOBS program since July 1989, GAIN currently accounts for almost 13 percent of federal spending on JOBS. GAIN is overseen by California's Department of Social Services (CDSS) and administered by the 58 counties. This report is part of a multi-year evaluation conducted for CDSS by the Manpower Demonstration Research Corporation (MDRC).

The Findings in Brief

Each of the 33,000 sample members was assigned at random to either an experimental group (who were subject to GAIN's participation requirements) or a control group (who were precluded from the program but could seek other services in the community on their own). The two groups were tracked over time, and the differences between them (e.g., in earnings and welfare receipt) constitute the effects or "impacts" of GAIN -- the difference the program made.

Single Parents (AFDC-FGs)

Overall. Over the entire three-year follow-up period, and across the six counties, GAIN produced increasing earnings impacts for single parents (AFDC-FGs), a group mostly with children age 6 or older when they enrolled in the study. In year 3, average earnings for the experimental group were $636 higher than the control group's average (a 25 percent gain); for the full three years, they

were $1,414 higher (a 22 percent gain). (Earnings for each group were averaged over *all* members of each group, including those who did not work as well as those who did.) Moreover, some data point to sustained or still larger earnings impacts in the future. GAIN also continued to produce welfare savings in year 3 at the same level as in year 2. In year 3 and across the six counties, experimentals received an average of $331 less in AFDC payments (an 8 percent reduction) compared to the control group average; the reduction was $961 (6 percent) for the entire three-year period. Longer-term trends suggest a gradual tapering off of these welfare effects in the future.

GAIN also had an effect on the rate of AFDC case closures, but it was not large. Across all six counties, over half of the experimental group was on AFDC in the last quarter of the three-year follow-up period (53 percent, or only 3 percentage points lower than the rate for controls).

County-Specific. GAIN's impacts on single parents varied across the six counties in the study. Riverside County, which had unusually large first- and second-year earnings gains and welfare savings, again produced large effects in year 3. Over the three-year period, Riverside increased the experimental group's earnings by an average of $3,113, a 49 percent gain over the control group average. It reduced welfare payments by $1,983, a 15 percent reduction compared to the control group. These impacts were the biggest for any of the six counties, and are greater than those found in previous large-scale experimental studies of state welfare-to-work programs. Riverside also produced large earnings gains and welfare savings for a special sample – single parents with children under the age of 6.

GAIN's three-year impacts on earnings were moderate to large in three of the other five counties: $1,492 in Alameda (a 30 percent increase above the county's control group average), $1,474 in Butte (a 21 percent increase), and $1,772 in San Diego (a 22 percent increase). Tulare produced a moderate impact ($518) in year 3, but its average effect for the full follow-up period was under $400, as was true in Los Angeles. Four of the remaining five counties (all but Tulare) achieved welfare savings for AFDC-FGs for the three-year period, ranging from an average of $782 per experimental in Alameda (a 4 percent reduction compared to the control group average) to $1,136 in San Diego (an 8 percent reduction).

Benefits and Costs. GAIN was a relatively expensive program compared to the simpler and primarily job search welfare-to-work programs of the 1980s. For the single-parent sample in all six

counties combined, over a five-year period, county welfare departments were estimated to have spent an average of $2,899 per experimental, about 60 percent of which was for case management functions. In addition, schools and other non-welfare agencies spent $1,515 per experimental to provide education and training instruction as part of the GAIN program, bringing the total cost of GAIN to $4,415 per experimental. Another important cost number is the *net cost* per experimental, which measures the government's net expenditures after adding the cost of education and training activities experimentals entered on their own after leaving GAIN, and then subtracting the cost of services that members of the control group received on their own. The net cost over five years was $3,422 per experimental for the six counties combined, but varied widely by county, from under $2,000 per experimental in Riverside and San Diego to over $5,500 in Alameda and Los Angeles. The higher costs in the latter two counties, which enrolled only long-term welfare recipients into their GAIN programs, reflects, to an important extent, a greater net increase in the use of education and training activities in Alameda and Los Angeles compared to the patterns in other counties.

Net cost estimates are key because they are used in the benefit-cost study to determine whether the program costs or saves taxpayers money. That analysis also assesses whether people in the experimental group are made financially better off by the program. (The benefit-cost analysis does not take into account non-monetary gains or losses.)

When measured earnings gains are compared to welfare reductions and other losses over five years, welfare recipients in five of the six counties (Alameda, Butte, Riverside, San Diego, and Tulare) were, on average, better off financially as a consequence of the GAIN program. Net benefits ranged from $948 per experimental in San Diego to $1,900 per experimental in Riverside, for an overall average of $923 per experimental.

From the perspective of the government budget, the benefit-cost findings were positive in three of the six counties – Butte, Riverside, and San Diego – and negative in the remaining three counties. From this perspective, a positive result means that, on average, for every extra dollar the government invested per experimental (above and beyond the public cost of education and training controls received on their own initiative), it got more than a dollar back in the form of reduced costs for AFDC and other transfer programs and increased tax payments arising from experimentals' increased employment. This return was exceptionally large in Riverside – $2.84 per every net $1 invested. The return was

$1.40 per $1 in San Diego, and $1.02 per $1 in Butte, but less than a dollar ($.76) per $1 for all six counties together. It is worth mentioning that return per net dollar invested is a standard of success by which few social programs are assessed.

Heads of Two-Parent Families (AFDC-Us)

GAIN also produced earnings gains and welfare savings for the heads of two-parent families (AFDC-Us), who make up about 18 percent of all AFDC cases in California. Although the longer-term trends were not as impressive as they were for single parents, GAIN's earnings effects over the full three-year follow-up period were moderate to large in three counties (Butte, Los Angeles, and Riverside, although they were declining over time in Riverside). They were especially large in Butte, reaching $3,295 per experimental. The same three counties also produced moderate to large welfare savings, as did San Diego. GAIN's benefit-cost results for AFDC-Us show a large positive effect from the perspective of welfare recipients solely in Butte, and a modest positive return on the government's investment in Butte ($1.22 per net $1 invested) and Riverside ($1.61 per net $1 invested).

In sum, the results of this evaluation show that the GAIN program can work, especially for single parents on welfare, who account for about 82 percent of California's welfare caseload. For that group, both welfare recipients and the government budget came out ahead in two counties as a result of GAIN, with one county (Riverside) producing the most impressive results yet observed for a large-scale welfare-to-work program. Of the remaining four counties, three made welfare recipients better off, but without producing net budgetary savings (although the government essentially "broke even" in one). An important open question is whether some of the implementation approaches of the better-performing counties, especially those of Riverside, can be adapted by other localities and produce similarly impressive results.

The GAIN Program Model

A key feature of GAIN, which distinguishes it from most other welfare-to-work and JOBS programs, is the way it uses educational and basic skills levels to sort registrants into one of two service streams. Those who do not have a high school diploma (or a General Educational

Development certificate – a GED) or fail to achieve predetermined scores on both parts of a math and reading test or are not proficient in English are deemed by GAIN to be "in need of basic education." These individuals can choose to attend a basic education class – Adult Basic Education (ABE), GED preparation, or English as a Second Language (ESL) instruction – or a job search activity first, but if they choose job search and fail to obtain employment, they must then enter basic education. Registrants judged "*not* in need of basic education" – those who pass both parts of the math and reading test and possess a high school diploma (or a GED) – usually must participate in job search first. Registrants already enrolled in education and training programs when they enter GAIN may continue in those activities if the activities meet certain criteria (e.g., they must prepare registrants for occupations in need of workers in the local labor market, and registrants must be able to complete the training within two years after enrolling in GAIN). Participants in any of these three sequences who do not find employment after completing their initial activities undergo an employability assessment designed to help them choose their next activity, e.g., skills training, vocationally oriented post-secondary education, on-the-job training, or unpaid work experience. Any GAIN registrant, who, without "good cause," fails to participate in GAIN's orientation and services may incur a "sanction," i.e., a reduction of the welfare grant. (The grant level in California is one of the nation's highest.)

The GAIN Evaluation

The six counties selected to participate in the study of GAIN's impacts capture a wide variety of local conditions and population characteristics account for more than one-third of the state's GAIN caseload and more than one-half of its AFDC caseload. Three counties are in southern California: *Los Angeles*, with about one-third of the state's caseload and a welfare population larger than all but a few states'; *San Diego*, with the state's second-largest caseload; and *Riverside*, a large county encompassing both urban and rural areas. Two counties are in northern California: *Alameda*, an urban county that includes the City of Oakland, and, further north, the mid-sized county of *Butte*. *Tulare* is located in the largely agricultural, rural Central Valley. (Table 11, at the end of this summary, presents a brief profile of each county.)

It is important to stress that this report's descriptions of the counties' strategies for implementing GAIN are based on information collected no later than mid-1991, and prior to that in most cases. This

is the relevant information for describing the research sample's actual experiences in GAIN. However, some of the information does not portray the counties *current* modes of operating GAIN. All of the counties have continued to revise their implementation strategies as they have acquired more experience in operating this very complex welfare-to-work initiative, and in response to changes in funding and other circumstances.

The findings on GAIN's implementation, effectiveness, and benefits and costs come from a study of 33,000 applicants for and recipients of AFDC whose participation in GAIN was mandatory, i.e., a condition for receiving their full welfare grant. This group included single heads of families (AFDC-FGs, who are usually mothers) mostly with children age 6 or older, and all heads of two-parent families (AFDC-Us, typically fathers). (It is important to note that almost one-third of Alameda's sample consisted of single parents with children younger than age 6.)

During the period in which members of the research sample enrolled in GAIN and thus became part of the study (March 1988 to June 1990), four of the six counties had sufficient resources to enroll all registrants in their caseloads who were mandatory for GAIN under the pre-JOBS rules. The other counties – Alameda and Los Angeles – focused exclusively on long-term recipients, in conformity with GAIN's rules in cases where resources did not permit serving all those required to participate.

To determine the effects of GAIN, mandatory registrants who attended an orientation to the program were randomly assigned to either an experimental group (who were subject to GAIN's participation mandate) or a control group (who were precluded from GAIN but could seek other services in the community). Random assignment assured that the two groups did not differ systematically on measured and unmeasured background characteristics when they entered the study, and that any differences in their subsequent labor market and welfare experiences could be attributed with confidence to the GAIN program. The two groups' employment rates, average earnings, average AFDC payments, and other outcomes were compared over the course of the follow-up period, and the differences between them are referred to as the estimated "impacts" of GAIN. The data used in this study came from a variety of sources, including automated employment, earnings, and welfare records for the full 33,000-person sample, a registrant survey administered two to three years after orientation to a subsample of experimentals and controls in five counties (excluding Butte because of the evaluation's limited survey budget), and program participation and fiscal information obtained from

the counties and various state agencies.

Findings on Program Implementation

- **The six counties made different decisions about how much to emphasize quick entry into the labor market versus the longer and more expensive process of building registrants' human capital through education and training.**

Not surprisingly, given California's state-supervised but county-operated welfare system, and the absence of evidence when GAIN started as to what strategies would work best, the six counties varied in how they sought to prepare registrants for employment. Viewing almost any job as a positive first step, with advancement to come by acquiring a work history and learning skills on the job, Riverside's staff placed much more emphasis on moving registrants into the labor market quickly than did the staff in any other county. Most distinctive was Riverside's attempt to communicate a strong "message" to all registrants (even those in education and training activities), at all stages of the program, that employment was central, that it should be sought expeditiously, and that opportunities to obtain low-paying jobs should not be turned down. The county's management underscored this message by establishing job placement standards as one of several criteria for assessing staff performance, while at the same time attempting to secure the participation of all mandatory registrants. In addition, the county instituted a strong job development component to assist recipients in gaining access to job opportunities.

→ negative benefit-cost

Alameda illustrates a very different approach. Its GAIN managers and staff believed strongly in "human capital" development -- the use of education and training as a path to getting jobs that offer a better chance to get off or stay off welfare. Within the overall constraints imposed by the GAIN model's service sequences, Alameda's staff encouraged registrants to be selective about the jobs they accepted and to take advantage of GAIN's education and training to prepare for higher-paying jobs. Butte, Los Angeles, San Diego, and Tulare took approaches falling between those of Riverside and Alameda, but closer to Alameda's than to Riverside's.

- **All six counties successfully communicated to registrants that the participation requirement was real and would be enforced, although the counties varied in the extent to which they relied on GAIN's formal penalty process.**

Over 90 percent of experimentals said on the registrant survey that they believed it was "likely" or "very likely" that their AFDC grants would be reduced if they were assigned to a GAIN activity but did not go. Casefile records showed that up to about 6 percent of experimentals (in Los Angeles and Riverside) were sanctioned within the first 11 months after GAIN orientation, although self-reported information from the survey and interviews with GAIN staff suggest that the rates rose over time in all the counties. Evidence also suggests that case managers in Los Angeles and Riverside were quickest to invoke the "threat" of sanctioning in response to noncompliance. About half to three-quarters of survey respondents believed the participation mandate to be "fair" and "a good idea," and only about one-quarter of respondents in both the experimental and control groups agreed with the statement, "Making welfare mothers work is bad for their children."

Impacts on Participation in Employment-Related Activities for AFDC-FGs

GAIN could have an impact on labor market and welfare outcomes if experimentals received more or different kinds of services than controls and were subject to different requirements. Since controls could participate in non-GAIN employment-related services on their own initiative, an important measure of the GAIN intervention (and a major determinant of the net costs) is the extent to which experimentals had different participation patterns than controls.

To determine GAIN's effect on experimentals' use of employment-related activities, the evaluation compared experimentals' rates and duration of participation in all such activities (including GAIN and post-GAIN participation) with the amount of participation in non-GAIN activities by the control group. The difference in the amount of participation represents the "impact" of GAIN, which tells how much experimentals' participation *changed* compared to what it would have been in the absence of GAIN.

- **A sizable number of controls used non-GAIN employment-related activities, usually vocational training and post-secondary education.**

Few controls (4 percent) participated in job search activities, which, in comparison to opportunities for education and training, are not widely available in the community. Moreover, few (8 percent) participated in basic education classes (for ABE, GED, and ESL instruction). Although more widely available, basic education may have been of less interest to controls than occupational

skills training (nor was it generally needed by those who already had a high school diploma or GED). Only a handful of controls took part in unpaid work experience and on-the-job training (OJT) assignments. In contrast, a full 23 percent participated in vocational training or post-secondary education.

- **The GAIN program substantially increased experimentals' participation in job search and basic education.**

Given that the GAIN model requires most participants to enter upfront job search or basic education as their initial GAIN activity, it is not surprising that GAIN's largest impacts were on the use of these two activities. Across all six counties, 29 percent of experimentals participated in job search compared to only 4 percent of controls, for a difference of 25 percentage points. Similarly, GAIN increased experimentals' participation in ABE, GED, and ESL activities (taken together) by 28 percentage points. The program had little overall impact (3.3 percentage points) on the percentage who participated in vocational training or post-secondary education, although, as discussed later in this summary, it did in some counties (especially Alameda) for registrants determined not to need basic education. Few experimentals took part in unpaid work experience (PREP) or OJT. (More recently, the use of PREP has increased in several counties.)

Impacts on Employment, Earnings, and Welfare Outcomes for AFDC-FGs

Impacts on Earnings and Welfare Payments

- **GAIN increased the average earnings of experimentals by 25 percent in the third year after orientation, continuing its trend of progressively stronger earnings effects over time. It reduced experimentals' average AFDC payments by 8 percent, a result that reflected a leveling off of GAIN's impacts on this measure.**

The average earnings for *all* experimentals and *all* controls were calculated for the full sample, including people who did not work (and whose earnings were counted as zero). Averaged across the six counties, with each county given equal weight, earnings for AFDC-FGs in the third year (as shown in official automated earnings records) were $3,159 per experimental group member and $2,523 per control group member. This yields an earnings gain, or impact, of $636 per experimental (or 25

percent of the average control group member's earnings), as shown in the "all counties" section of Table 1. (This, again, is an average that includes sample members who did not work at all; those who worked benefited more than this $636 suggests.) Welfare savings were $331 per experimental in year 3 (i.e., AFDC payments were 8 percent lower than the average payments of $4,163 for controls). As indicated by the asterisks for the "all counties" rows in Table 1, these results were statistically significant, meaning that one can have greater confidence that they were due to the program rather than to statistical chance.[1] The earnings impacts compare favorably with the three-year results for simpler (mostly job search) programs studied previously, and the AFDC impacts compare very favorably.

Over the entire three-year follow-up period, GAIN's earnings impacts grew progressively larger. Averaged across the six counties, with each county given equal weight, the program's impact on earnings nearly doubled between the first and second years of follow-up and rose by another 24 percent between the second and third follow-up years, reaching $1,414 per experimental for the entire period. (See Table 1 and Figure 1A.) An analysis of GAIN's effects for an early cohort of sample members (i.e., those who entered the study early on and for whom more quarters of follow-up are available) points toward sustained or still larger earning impacts after the third year.

GAIN's effects on AFDC payments leveled off in year 3, but totaled $961 for the full three-year period. (See Table 1 and Figure 1B.) After having grown by about 23 percent between years 1 and 2, they were about the same in year 3 as in year 2. Longer-term trends for the early cohort suggest a gradual tapering off of these welfare effects in the future.

- **GAIN's impacts varied by county. One county (Riverside) had large earnings gains and welfare savings in all three follow-up years. Three counties (Alameda, Butte, and San Diego) had more moderate earnings gains and welfare savings. Of the two remaining counties, one (Los Angeles) achieved welfare savings but with little effect on earnings gains, while the other (Tulare) produced earnings gains but with little effect on welfare payments.**

Riverside, which had unusually large first- and second-year earnings gains and welfare savings,

[1]Some of the year 1 and year 2 numbers in this and other tables differ slightly from those reported earlier because they were recalculated using updated earnings and AFDC data.

TABLE 1

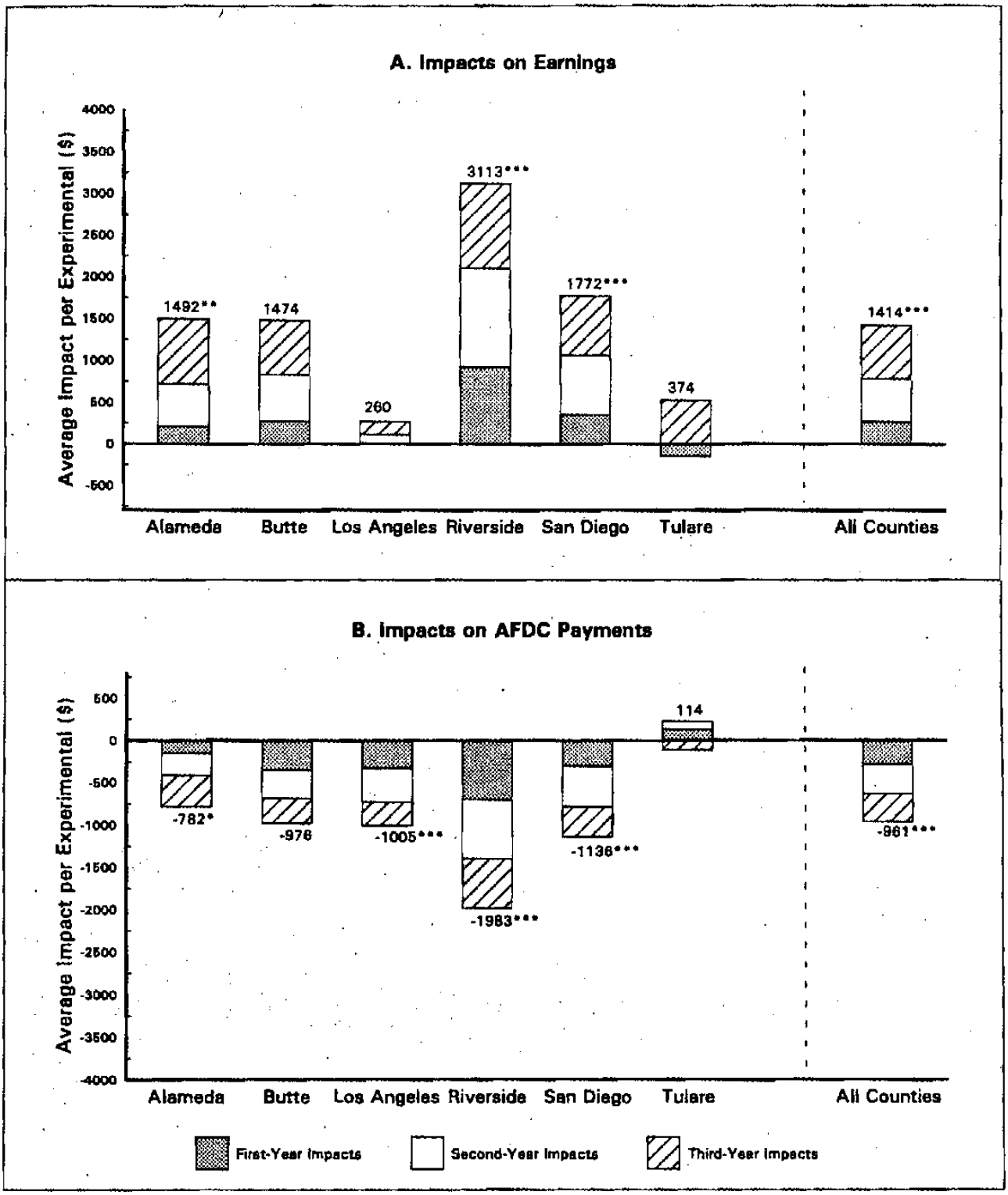
GAIN's THREE-YEAR IMPACTS ON EARNINGS AND AFDC PAYMENTS FOR AFDC-FGs (SINGLE PARENTS)

County	Average Total Earnings				Average Total AFDC Payments			
	Experimentals ($)	Controls ($)	Difference ($)	Percentage Change	Experimentals ($)	Controls ($)	Difference ($)	Percentage Change
Alameda								
Year 1	1421	1212	209	17%	6916	7066	-150	-2%
Year 2	2132	1624	508 *	31%	5816	6077	-261	-4%
Year 3	2880	2105	774 **	37%	4861	5232	-371 **	-7%
Total	6432	4941	1492 **	30%	17593	18375	-782 *	-4%
Butte								
Year 1	2001	1729	272	16%	5132	5486	-353 *	-6%
Year 2	2998	2442	556	23%	3715	4048	-333	-8%
Year 3	3638	2992	647	22%	2812	3101	-290	-9%
Total	8637	7163	1474	21%	11659	12635	-976	-8%
Los Angeles								
Year 1	1304	1308	-4	-0%	6874	7202	-328 ***	-5%
Year 2	1699	1589	110	7%	5711	6111	-401 ***	-7%
Year 3	1939	1786	153	9%	4729	5006	-277 **	-6%
Total	4943	4683	260	6%	17314	18319	-1005 ***	-5%
Riverside								
Year 1	2470	1550	920 ***	59%	4962	5658	-695 ***	-12%
Year 2	3416	2233	1183 ***	53%	3458	4161	-703 ***	-17%
Year 3	3562	2552	1010 ***	40%	2864	3448	-584 ***	-17%
Total	9448	6335	3113 ***	49%	11284	13267	-1983 ***	-15%
San Diego								
Year 1	2462	2113	349 **	17%	5529	5832	-302 ***	-5%
Year 2	3503	2794	709 ***	25%	4199	4679	-480 ***	-10%
Year 3	3821	3108	713 ***	23%	3555	3908	-353 ***	-9%
Total	9786	8014	1772 ***	22%	13283	14419	-1136 ***	-8%
Tulare								
Year 1	1792	1941	-149	-8%	6363	6231	132	2%
Year 2	2536	2531	5	0%	5118	5023	95	2%
Year 3	3111	2594	518 **	20%	4171	4284	-113	-3%
Total	7439	7066	374	5%	15653	15538	114	1%
All counties (a)								
Year 1	1908	1642	266 ***	16%	5963	6246	-283 ***	-5%
Year 2	2714	2202	512 ***	23%	4669	5017	-347 ***	-7%
Year 3	3159	2523	636 ***	25%	3832	4163	-331 ***	-8%
Total	7781	6367	1414 ***	22%	14464	15426	-961 ***	-6%

NOTES: Dollar averages for each year include zero values for sample members who were not employed or did not receive welfare during that year.
Statistical significance levels are indicated as *** = 1 percent (the highest level); ** = 5 percent; * = 10 percent.
(a) In the all-county averages, the results for each county are weighted equally.

FIGURE 1

GAIN's THREE-YEAR IMPACTS ON EARNINGS AND AFDC PAYMENTS FOR AFDC-FG REGISTRANTS



NOTE: Statistical significance levels are indicated as *** = 1 percent (the highest level); ** = 5 percent; * = 10 percent.

also produced large third-year effects on AFDC-FGs. (See Table 1 and Figure 1.) Over the entire three-year period, the experimental group's earnings in Riverside were $3,113 higher, on average, than the control group's earnings, an increase of 49 percent. Their welfare payments were $1,983 lower, a 15 percent reduction compared to the control group. These impacts were the largest in any of the six counties, and are larger than those found in previous large-scale experimental studies of state welfare-to-work programs. They are notable as much for their consistency as for their magnitude: Riverside had statistically significant earnings gains for many key subgroups of the single-parent research sample, and these gains were almost always accompanied by welfare savings. Such a consistent pattern was not found in any other county.

Among the other five counties, three (Alameda, Butte, and San Diego) had middle-level three-year earnings impacts ($1,474 to $1,772 per experimental, or 21 to 30 percent above the control group average). Also of note was the $518 earnings impact in year 3 for Tulare, where positive and statistically significant effects were observed for the first time. Four of these five counties (Tulare was the exception) achieved moderate welfare savings (ranging from $782 per experimental over the three years to $1,136, or a 4 to 8 percent reduction). (The three-year earnings and welfare impacts in Butte were not statistically significant, possibly owing to the small control group sample size there.)

In Los Angeles, the finding that GAIN produced welfare savings but had little effect on earnings ($260, and not statistically significant) may have resulted from GAIN's producing an increase in the rate of employment, but in jobs that were low-paying, of short duration, or both. The welfare savings may also partly reflect the influence of financial sanctions (grant reductions) for noncompliance with GAIN's participation mandate and any effect the mandate may have had in increasing or hastening case closures among experimentals who were working "off the books." It is also worth noting that although the earnings impact in Los Angeles was small overall, this was not true in all five of the county's GAIN offices. The two offices located outside of central-city areas produced three-year earnings impacts exceeding $2,100 per experimental (an effect that was statistically significant in one office). None of the other offices, all of which were in central-city locations, produced an earnings gain.

In Riverside, each of the four local offices operating GAIN in the four economically diverse regions of that county produced large and statistically significant earnings gains and welfare savings. San Diego also had consistently positive results (though not always statistically significant) across most of its local offices, but Tulare did not. (Alameda and Butte each had only one GAIN office.)

All in all, the evidence of impacts across the six counties shows that GAIN can produce earnings gains, welfare savings, or both within a three-year period, even when it is operated in very different ways and under different circumstances. This is an encouraging finding because local conditions will always vary across counties and because some variation in key implementation practices is inevitable.

Impacts on Employment Rates, Earnings Levels, and Job Quality

- **GAIN increased the proportion of experimentals who were ever employed in year 3 by 6 percentage points above the control group rate. At the same time, a majority of experimentals as well as controls did not work at all during that year.**

For the six counties combined, automated official records show that 40 percent of experimentals had worked at some time during year 3 compared to 34 percent of controls, resulting in a statistically significant difference of 6 percentage points (see Table 2). A similar impact is found when the proportions of experimentals and controls ever employed over the entire three-year period are compared (57 percent versus 51 percent, respectively). GAIN's impact on the rate of employment was largest in Riverside, where it exceeded 9 percentage points in year 3 and almost 14 percentage points over the full follow-up period. Despite this accomplishment, the data in Table 2 imply that, across the six counties, about two-thirds of experimentals and controls did *not* work during year 3, and almost half never worked during the entire three-year period. In response to a question on the registrant survey in four counties (Alameda, Riverside, San Diego, and Tulare), about 60 percent of experimentals who were not working at the time of the interview said that they were not looking for work. Of that group, 28 percent cited their own ill health or disability as the most important reason, 4 percent cited the ill health or disability of their children, and 22 percent said that they were in a school or training program. Only 4 percent said that the main reason they were not looking for work was that they could not afford or arrange for child care (perhaps in part because the study sample was composed largely of women with no preschool-age children), although 10 percent said that their major reason was that they wanted to stay home with their children.

awareness of EITC

Of those who had never worked during the survey follow-up period, only 34 percent said that they had heard of the Earned Income Tax Credit (EITC), a federal tax credit for low-income workers

TABLE 2

GAIN's THREE-YEAR IMPACTS ON RATES OF EMPLOYMENT AND WELFARE CASE CLOSURES FOR AFDC-FGs (SINGLE PARENTS)

County and Year	Ever Employed in the Specified Year			On AFDC in the Last Quarter of the Specified Year		
	Experimentals (%)	Controls (%)	Difference	Experimentals (%)	Controls (%)	Difference
Alameda						
Year 1	30.1	27.3	2.8	86.0	89.2	−3.2 *
Year 2	32.8	26.3	6.5 ***	76.6	77.1	−0.5
Year 3	33.9	26.7	7.2 ***	67.5	70.6	−3.1
Total	48.8	40.8	8.0 ***	n/a	n/a	n/a
Butte						
Year 1	42.3	45.6	−3.3	65.0	68.4	−3.4
Year 2	46.3	42.2	4.0	49.4	47.7	1.7
Year 3	46.7	42.5	4.3	39.7	41.0	−1.3
Total	63.4	63.7	−0.2	n/a	n/a	n/a
Los Angeles						
Year 1	27.0	24.9	2.1	84.8	87.9	−3.1 ***
Year 2	26.9	22.9	4.0 ***	74.0	76.3	−2.3
Year 3	26.0	22.4	3.6 ***	63.8	67.5	−3.7 **
Total	39.4	34.9	4.5 ***	n/a	n/a	n/a
Riverside						
Year 1	52.1	34.0	18.0 ***	58.7	65.9	−7.2 ***
Year 2	49.4	35.4	14.0 ***	46.6	52.0	−5.4 ***
Year 3	44.5	35.2	9.3 ***	40.6	45.8	−5.2 ***
Total	67.1	53.4	13.6 ***	n/a	n/a	n/a
San Diego						
Year 1	46.0	40.0	6.0 ***	69.1	72.1	−3.1 **
Year 2	45.8	40.8	5.1 ***	56.0	81.1	−5.1 ***
Year 3	42.5	37.3	5.2 ***	49.0	51.9	−3.0 *
Total	62.2	56.5	5.7 ***	n/a	n/a	n/a
Tulare						
Year 1	39.9	40.9	−1.0	76.7	75.0	1.7
Year 2	41.8	42.3	−0.5	65.4	62.2	3.1
Year 3	43.9	38.0	5.8 ***	54.5	56.2	−1.7
Total	59.5	55.3	4.2 **	n/a	n/a	n/a
All counties (a)						
Year 1	39.6	35.5	4.1 ***	73.4	76.4	−3.1 ***
Year 2	40.5	35.0	5.5 ***	61.3	62.7	−1.4
Year 3	39.6	33.7	5.9 ***	52.5	55.5	−3.0 ***
Total	56.7	50.8	6.0 ***	n/a	n/a	n/a

NOTES: The totals indicate the proportion of sample members who were ever employed at any time during the three years of follow-up. Totals are not applicable (n/a) in the AFDC panel of the table.

Statistical significance levels are indicated as *** = 1 percent (the highest level); ** = 5 percent; * = 10 percent.

(b) In the all-county averages, the results for each county are weighted equally.

intended to enhance the financial payoff from working. Of those who had worked, 54 percent said that they had heard of it.

- **Riverside and San Diego produced earnings gains mostly by increasing the rate and duration of employment, while Alameda and Butte produced about half their earnings gains by increasing the amount of money earned per quarter of employment.**

In Riverside and, to a lesser extent in San Diego, GAIN appears to have produced earnings impacts because experimentals had higher employment rates and more quarters of employment, but the jobs they held paid about as much, on average, as the jobs held by controls. In Alameda and Butte, in contrast, approximately half the earnings gains were associated with increased earnings per quarter of employment for experimentals, implying that, on average, experimentals who worked held better jobs than controls who worked.

These differences across the counties are also reflected in the characteristics of the most recent jobs reported on the registrant survey by experimentals and controls who had worked at some time during the two- to three-year follow-up period. In Riverside, similar proportions of *employed experimentals* and *employed controls* (64 percent) had worked full-time (i.e., 30 hours a week or more) in their most recent job, and average weekly wages were somewhat lower for all workers in the experimental group ($191 per week) than for all workers in the control group ($206). In contrast, employed experimentals in Alameda got jobs providing more hours of work per week than the jobs obtained by employed controls (e.g., 59 percent versus 55 percent, respectively, were full-time), and higher weekly wages for those working ($209 versus $167).

It is also of interest that approximately 28 percent of employed experimentals in the four counties had jobs providing health care coverage. Among controls, the rate was 25 percent.

- **GAIN increased the proportion of experimentals who had more substantial earnings.**

Table 3 shows that, for all six counties combined, about 20 percent of experimentals earned *at least* $5,000 in year 3 compared to 16 percent of controls, for an impact of almost 4 percentage points; 12 percent of experimentals, compared to 9 percent of controls, earned at least $10,000 – an amount of money that exceeds the poverty line for a single parent with one child.

TABLE 3

GAIN's IMPACTS ON YEAR 3 EARNINGS LEVELS AND THE PERCENTAGE OF AFDC–FGs (SINGLE PARENTS) BOTH EMPLOYED AND OFF AFDC AT THE END OF YEAR 3

Outcome Measure and County	Experimentals (%)	Controls (%)	Difference
Earned $5,000 or more in year 3			
Alameda	16.4	12.7	3.7 *
Butte	21.9	18.8	3.1
Los Angeles	12.6	12.0	0.6
Riverside	23.7	17.1	6.6 ***
San Diego	23.3	19.7	3.6 ***
Tulare	20.6	17.6	3.0 *
All counties (a)	19.7	16.3	3.5 ***
Earned $10,000 or more in year 3			
Alameda	10.6	8.4	2.2
Butte	14.6	10.2	4.3 *
Los Angeles	7.7	6.7	1.0
Riverside	13.7	9.5	4.2 ***
San Diego	15.0	12.0	3.1 ***
Tulare	11.2	8.2	3.0 **
All counties (a)	12.1	9.2	3.0 ***
Employed and received no AFDC in the last quarter of year 3			
Alameda	14.2	10.0	4.2 **
Butte	22.8	22.0	0.8
Los Angeles	11.2	9.1	2.1 **
Riverside	23.0	16.4	4.6 ***
San Diego	21.4	18.8	2.6 **
Tulare	19.9	17.6	2.3
All counties (a)	18.8	16.0	2.8 ***

NOTES: Statistical significance levels are indicated as *** = 1 percent (the highest level); ** = 5 percent; * = 10 percent.
(a) In the all–county averages, the results for each county are weighted equally.

Another way to view earnings levels is to consider what proportion of *workers*, rather than all experimentals or all controls, earned above certain thresholds. Although experimental-control differences on such a measure are not true estimates of GAIN's impacts (since the background characteristics of those who found jobs in each group may not have been equivalent), they illustrate that many of those who did find work had more substantial earnings. For example, for all six counties combined, about 31 percent of all *employed experimentals* earned above $10,000 in year 3. Among *employed controls*, the rate was 27 percent.

- **GAIN produced a small increase in the proportion of experimentals whose combined income from earnings, AFDC, and Food Stamps exceeded the poverty line in year 3.**

To approximate GAIN's effects on poverty, the analysis compared sample members' total year 3 earnings, AFDC payments, and Food Stamps with the official poverty line, taking into account the size of each sample member's family at the time of GAIN orientation. (In 1992, the poverty line for a single parent with one child was $9,190.) The income measure used here is different from the Census Bureau's official poverty measure in that Food Stamps are not counted in the official measure, while other family income not measured in the GAIN evaluation is counted. The analysis suggests that GAIN helped move some families out of poverty: 20 percent of the experimentals across the six counties, compared to 17 percent of the controls, had a combined income above the poverty line. In other words, experimentals' poverty rate was reduced by 3 percentage points. This impact reached almost 5 percentage points in Butte and Tulare.

<u>Impacts on Case Closures</u>

- **GAIN reduced by a small amount (3 percentage points) the proportion of experimentals who were on AFDC during the last quarter of year 3. About half of all experimentals and controls received some AFDC payments during that period. Only about one-fifth were both off AFDC *and* working.**

Table 2 shows the proportion of sample members who had received any AFDC payments in the last quarter of each follow-up year. The proportion of experimentals on AFDC had dropped to 53 percent (for all six counties combined) by the end of the three-year period. However, only a portion of this change can be attributed to GAIN, since the control group experienced a similar decline.

Nonetheless, the counties collectively produced a reduction of 3 percentage points in the proportion of experimentals receiving welfare by the end of year 3, ranging from under 2 percentage points in Butte and Tulare to over 5 percentage points in Riverside.

Table 3 (bottom panel) shows the proportion of people who had both worked *and* received no AFDC payments during the last quarter of the follow-up period. This combined status comes closer than any other measure in this study to representing the achievement of "self-sufficiency through employment." By this criterion, about 19 percent of experimentals (for all six counties combined) achieved self-sufficiency by working compared to 16 percent of controls, for a small (statistically significant) impact of almost 3 percentage points. The impact on this measure was highest in Riverside and Alameda, where it exceeded 4 percentage points. (During this same quarter, another 10 percent of experimentals both worked and received welfare.)

- **Several counties increased the proportion of registrants who made a permanent exit from AFDC during the available follow-up period, although this effect was not large.**

Welfare recipients who leave AFDC often return to the rolls. Across the six study counties, 27 percent of experimentals who left AFDC for at least one full quarter during the first half of the follow-up period (i.e., from quarters 2 through 7) returned to AFDC before the three years were out. (This rate ranged from 22 percent in Los Angeles to 30 percent in Tulare.) Nonetheless, three counties increased the likelihood that experimentals would get off welfare and remain off the rolls. For example, 39 percent of all experimentals in Riverside, compared to 35 percent of all controls, had left AFDC during the first half of the three-year follow-up period and did not return during the rest of that period. This 4 percentage point difference was statistically significant and accounts for more than half of Riverside's impact of nearly 8 percentage points on the *total* percentage of experimentals who left AFDC within the first half of the follow-up period. For the full follow-up period, Los Angeles and San Diego each had an impact of 3 percentage points (statistically significant) on the likelihood of exiting AFDC, but little effect was detected in the other three counties (Alameda, Butte, and Tulare).

Impact Findings for Selected AFDC-FG Subgroups

- **For the two basic education subgroups, GAIN produced earnings gains and welfare savings, but not always for both groups in each county.**

A central question for GAIN is whether particular subgroups of welfare recipients are or are

not affected by the services the program offers and by its participation mandate. All GAIN registrants were classified into two groups, for whom the GAIN program model established different service sequences: those determined "not in need of basic education" and those deemed "in need of basic education." Overall, GAIN produced earnings gains and welfare savings for both of these subgroups among AFDC-FGs.

Three counties (Alameda, Riverside, and San Diego) produced large earnings gains – ranging from about $3,000 to $4,000 – for registrants determined *not* to need basic education, as shown in the top panel of Table 4. Two of these counties (Riverside and San Diego) also produced large welfare savings, while the third (Alameda) did not. (The pattern in Alameda could have occurred if its earnings impact was concentrated among individuals who, during the follow-up period, would have left welfare and worked even in the absence of GAIN, but in lower-paying jobs.) In contrast, Los Angeles achieved large welfare savings for this subgroup, but more modest (and not statistically significant) earnings gains.

Alameda's success (noted above) in raising the quality of jobs suggests that the use of job search to explore career options, combined with subsequent participation in vocational training and post-secondary education, may have played a role in producing Alameda's earnings impact. As the top panel of Table 5 shows, Alameda raised experimentals' participation in training and post-secondary education 16 percentage points, on average, above the control group rate – a participation impact that was higher than in the other counties; it also had the largest impact on the duration of participation in these activities. Moreover, Alameda increased the proportion of experimentals in the not-in-need-of-basic-education subgroup who received a trade certificate by almost 6 percentage points (not statistically significant) and receipt of a Bachelor's degree by 3 percentage points. In contrast, Riverside did not increase participation in training and post-secondary education, nor did it increase the receipt of education credentials, implying that its earnings impacts for this subgroup came about from other sources – possibly through a combination of factors, including the large impact on participation in job search activities (48 percentage points, as shown in Table 5) and other program features that made Riverside distinctive. (See the section above on implementation findings.) San Diego's experience appears to have been closer to Riverside's in that it did not have a large impact on the use of vocational education and training.

TABLE 4

GAIN's THREE-YEAR IMPACTS ON EARNINGS AND AFDC PAYMENTS FOR KEY AFDC-FG (SINGLE-PARENT) SUBGROUPS

	Impact on Average Total Earnings ($)				Impact on Average AFDC Payments ($)			
Subgroup and County	Year 1	Year 2	Year 3	Total	Year 1	Year 2	Year 3	Total
AFDC-FGs determined not to need basic education								
Alameda	672 *	1008	1267	2947 *	-1	-38	-94	-133
Butte	154	374	418	946	400	357	229	986
Los Angeles	201	534	412	1147	-692 ***	-794 ***	-709 ***	-2194 ***
Riverside	1199 ***	1464 ***	1287 ***	3950 ***	-682 ***	-691 ***	-693 ***	-2067 ***
San Diego	632 **	1185 ***	1223 ***	3040 ***	-317 **	-558 ***	-405 ***	-1278 ***
Tulare	-614 *	-233	212	-635	331	208	4	543
AFDC-FGs determined to need basic education								
Alameda	-21	229	402	610	-202	-350 *	-483 **	-1036 **
Butte	507 *	972 **	1113 **	2592 ***	-1204 ***	-1128 ***	-906 **	-3239 ***
Los Angeles	-35	28	113	107	-252 ***	-314 ***	-173	-739 ***
Riverside	738 ***	1023 ***	834 ***	2595 ***	-677 ***	-700 ***	-509 ***	-1886 ***
San Diego	74	269	230	572	-281 **	-426 ***	-313 **	-1020 ***
Tulare	123	174	690 ***	987 **	39	57	-152	-56
AFDC-FGs who are long-term welfare recipients								
Alameda	209	508 *	774 **	1492 **	-150	-261	-371 **	-782 *
Butte	518 *	945 *	855	2318 *	-388	-424	-313	-1125
Los Angeles	-4	110	153	260	-328 ***	-401 ***	-277 **	-1005 ***
Riverside	1072 ***	1409 ***	1056 ***	3538 ***	-730 ***	-819 ***	-635 ***	-2184 ***
San Diego	207	332	158	697	-358 ***	-692 ***	-495 ***	-1545 ***
Tulare	-117	203	844 ***	929	85	-43	-264	-222

NOTES: Statistical significance levels are indicated as *** = 1 percent (the highest level); ** = 5 percent; * = 10 percent.

TABLE 5

GAIN's IMPACTS ON THE RATE OF PARTICIPATION IN KEY ACTIVITIES
WITHIN TWO TO THREE YEARS AFTER ORIENTATION FOR AFDC–FGs (SINGLE PARENTS)

A. Registrants Determined Not to Need Basic Education

	Ever Participated in Job Search Activities			Ever Participated in Vocational Training or Post–Secondary Education		
County	Experimentals (%)	Controls (%)	Difference	Experimentals (%)	Controls (%)	Difference
Alameda	55.9	3.6	52.3	48.3	31.9	16.4
Los Angeles	25.8	2.9	22.9	27.6	23.0	4.6
Riverside	50.1	2.3	47.8	40.9	43.3	−2.4
San Diego	41.9	7.9	34.0	48.3	43.5	4.8
Tulare	46.4	3.0	43.4	48.8	36.7	12.1
All counties (a)	44.0	3.9	40.1	42.8	35.7	7.1

B. Registrants Determined to Need Basic Education

	Ever Participated in Job Search Activities			Ever Participated in Basic Education (ABE, GED, or ESL)		
County	Experimentals (%)	Controls (%)	Difference	Experimentals (%)	Controls (%)	Difference
Alameda	19.6	3.8	15.8	65.1	9.2	55.9
Los Angeles	11.2	3.8	7.4	49.2	10.8	38.4
Riverside	32.0	0.7	31.3	40.6	14.5	26.1
San Diego	27.4	7.5	19.9	42.1	11.8	30.3
Tulare	12.4	0.9	11.5	65.6	13.3	52.3
All counties (a)	20.5	3.3	17.2	52.5	11.9	40.6

NOTES: Estimates of participation rates for the two– to three–year follow–up period, which rely partly on data from the registrant survey, are not available for Butte.

Tests of statistical significance were not performed.

(a) In the all–county averages, the results for each county are weighted equally.

For registrants who *were* determined to need basic education, increasing experimentals' use of ABE, GED, and ESL classes (relative to the use of those classes by controls) may have contributed to positive earnings impacts, for Butte, Riverside, and Tulare all had a positive impact on the rate of participation in those activities (see the second panel of Table 5 for the Riverside and Tulare impacts). All three counties (Tulare to a lesser extent) also produced statistically significant earnings increases, as shown in the second panel of Table 4. In addition, two of them (Butte and Riverside) produced welfare savings. At the same time, the experience of the other three counties indicates that even a large impact on the use of basic education may not result in earnings gains. For example, Alameda had a 56 percentage point impact on the in-need-of-basic-education subgroup's rate of participation in basic education, yet its three-year impact on this group's earnings was relatively small.

If an impact on the use of basic education contributes to an impact on earnings, the mechanism by which this occurs may sometimes involve factors other than simply an increase in basic skills or credentials. For example, it is noteworthy that Riverside achieved its earnings gain for this subgroup without having had an impact on the proportion of experimentals who obtained a GED and without having an impact on literacy skills.[2] Furthermore, impacts on GED attainment were found in Alameda (an 8 percentage point impact), while impacts on the literacy test were concentrated in San Diego – two counties that did *not* produce a statistically significant increase in earnings for this subgroup.

It is possible that in Riverside (and perhaps elsewhere) basic education may have increased skills not measured by the literacy test used in this evaluation, or increased participants' interest in – or self-confidence about – working. Perhaps these kinds of influences, when combined with other aspects of Riverside's implementation of GAIN (including its strong employment message and its substantial impact of 31 percentage points on the rate of participation in job search for the in-need-of-basic-education subgroup, as shown in Table 5), help to explain why Riverside achieved an impressive earnings impact for this subgroup without improving measured educational gains.

- **GAIN produced earnings and welfare savings for a variety of other subgroups, including (in some counties) registrants who had received AFDC**

[2]See Karin Martinson and Daniel Friedlander, *GAIN: Basic Education in a Welfare-to-Work Program* (New York: MDRC, 1994).

for more than two years prior to entering the program, showing GAIN's potential to reach a difficult-to-serve population.

Among long-term recipients, the total three-year earnings impact was moderate to large (and statistically significant) in three counties (Alameda, Butte, and Riverside), ranging from $1,492 to $3,538, as shown in the bottom panel of Table 4. Three-year welfare savings of $782 to $2,184 were found across five counties (and were statistically significant in four of them). It is noteworthy that Riverside produced the largest earnings gains *and* the largest welfare savings for long-term AFDC-FG recipients. It also produced statistically significant impacts on these outcomes when "long-term" is defined more strictly to mean recipients who received AFDC continuously for at least the six years prior to orientation.

The evaluation examined GAIN's impacts on a variety of other subgroups and found evidence of earnings gains and welfare savings, although not consistently in all counties. Across racial and ethnic groups, the largest impacts were found among whites and blacks. For blacks in Alameda (who constituted almost 70 percent of that county's sample), there was a relatively large year 3 earnings impact of $1,020. These results in Alameda are especially interesting because that county's sample was drawn entirely from relatively long-term recipients and an inner-city area (Oakland). For Hispanics in the three counties that had large samples of Hispanics (Los Angeles, Riverside, and San Diego), only Riverside produced a statistically significant earnings impact in year 3 ($920), but none of the three produced statistically significant welfare savings for this group.

In some counties, GAIN also achieved impacts for individuals facing conditions commonly thought to reflect important barriers to employment. As previously discussed, the program produced earnings gains and welfare savings for subgroups with long welfare histories (as it did for those who were welfare applicants or shorter-term recipients when registering for GAIN). It also achieved impacts for those with little employment experience prior to entering GAIN and for those with two or more children. At the same time, however, it had weak earnings effects for a "most disadvantaged" subgroup, defined as sample members with multiple barriers: more than two years' previous receipt of AFDC *and* no employment in the year preceding GAIN orientation *and* no high school diploma. Larger earnings impacts for this group may be particularly difficult to achieve because of those multiple barriers, although Riverside's success in doing so shows GAIN's potential to reach even them.

Impact Findings for Single Parents with Children Younger than Age 6 in Three Counties

- **GAIN's impacts on single parents with children under the age of 6 largely paralleled its impacts on single parents whose children were age 6 or older in three counties.**

Under the JOBS legislation, starting in July 1989, GAIN's participation mandate was extended to single parents with children 3 to 5 years old at the time of orientation. Although this group was not part of the main research sample for the evaluation (except in Alameda), employment, earnings, and welfare data were collected for a supplementary sample of such individuals in Riverside and Tulare. This sample was somewhat younger, on average, than the main sample, but fewer than a quarter of them were under age 25.

Over the entire three-year follow-up period, Riverside produced large average increases in earnings ($3,511) and reductions in AFDC payments ($2,558) for this group, just as it had for its main sample. Similarly, Alameda showed a sizable earnings impact for this sample ($2,220), as it had for its main sample, although the effect was not statistically significant (perhaps because of a small sample size). However, Alameda did not substantially reduce AFDC payments for this sample (it had a somewhat larger effect for the main sample). Tulare produced no earnings gains or welfare savings for this group (although it achieved earnings gains in year 3 for the main sample).

The Riverside Case Management Experiment

- **In Riverside, GAIN's already large impacts on earnings and AFDC payments were not improved for registrants who were assigned to case managers with smaller-than-normal caseloads.**

A special study was conducted in Riverside to test whether assigning registrants to staff with smaller caseloads, and allowing staff to monitor them more closely and work with them more intensively, would produce larger impacts on earnings and AFDC. Using random assignment procedures, experimentals and case managers were divided into two groups: an "enhanced" group and a "regular" group. The average registrant-to-staff ratio in the enhanced group (53 to 1) was about half as large as the ratio for the regular group (97 to 1).

Both the enhanced and regular experimental groups obtained large gains in earnings and large

reductions in AFDC, but, contrary to what had been expected, these impacts were not greater for the enhanced group. These findings suggest that there may be little advantage to operating a GAIN program – at least one like Riverside's – with caseloads substantially below 100 registrants per case manager, and that keeping them in the moderate range of about 100 to 1 may be one way of containing program costs without jeopardizing program effectiveness.

Findings on Program Costs for AFDC-FGs

This study calculated several different types of cost estimates, including: the *county welfare department's average expenditure* per experimental; the *total GAIN cost* per experimental, which adds to the welfare department cost the average expenditures by schools and training providers for services provided to GAIN participants as part of the GAIN program; and the *net cost* (or net investment) per experimental. Net cost per experimental is the total public expenditure on employment-related activities per experimental – for post-GAIN activities as well as the total GAIN cost – minus the public cost of (non-GAIN) services to controls. Net cost is the cost measure used in the benefit-cost analysis, discussed later in this summary. All cost estimates cover a time horizon of five years after orientation (in order to capture long-term participation in GAIN activities and to be consistent with the benefit-cost analysis), and are expressed in 1993 dollars.

- **For all six counties combined, county welfare departments spent an average of $2,899 per experimental within the five years after orientation.**

Table 6A summarizes the average county welfare department expenditure for each of the six counties. Four of the six (Butte, Riverside, San Diego, and Tulare) spent between $2,000 and $2,700, while the remaining two counties (Alameda and Los Angeles) spent about $4,000 or more. Across the six counties, about 60 percent of these expenditures were on activities that could be classified as case management (including conducting orientations, appraisals, and assessments; assigning registrants to activities; arranging for support service payments; responding to noncompliance; etc.). Among the other welfare department expenditures were the costs of conducting (or subcontracting the operation of) job club sessions and supervising individual job search activities, paying schools to provide extra monitoring and attendance data (to help the welfare department measure compliance with GAIN's participation mandate), and paying for child care and other support services (e.g., for transportation

TABLE 6

ESTIMATED GAIN AND NET COST PER AFDC-FG (SINGLE-PARENT) EXPERIMENTAL WITHIN FIVE YEARS AFTER ORIENTATION (IN 1993 DOLLARS)

A. Total GAIN Cost: Expenditures by Welfare Department and Other Agencies

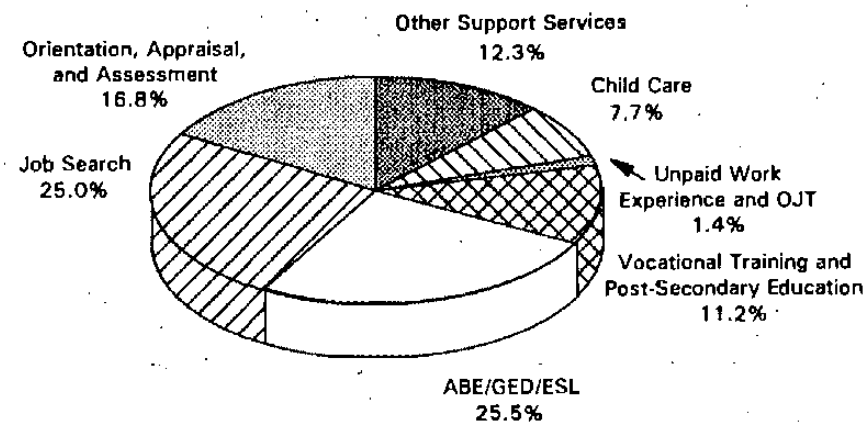
	Five-Year Average Cost per Experimental ($)		
County	Welfare Department GAIN Cost	Other Agencies' Costs for Serving GAIN Participants	Total GAIN Cost
Alameda	4429	2193	6622
Butte	2650	1309	3959
Los Angeles	4023	1961	5984
Riverside	2073	890	2963
San Diego	2134	1096	3230
Tulare	2086	1644	3731
All counties	2899	1515	4415

B. Net Cost per Experimental

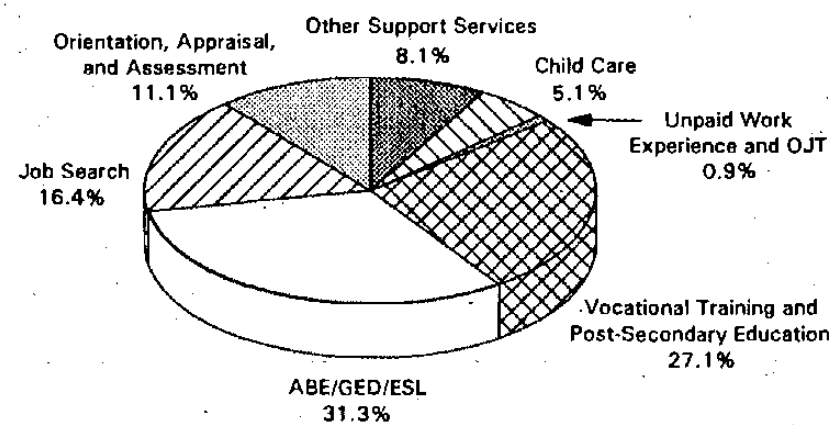
	Five-Year Average Cost ($)		
County	Total per Experimental (a)	Total per Control	Difference (Net Cost per Experimental)
Alameda	6977	1379	5597
Butte	4413	1509	2904
Los Angeles	6402	613	5789
Riverside	3469	1871	1597
San Diego	3918	2007	1912
Tulare	4189	1455	2734
All counties	4895	1472	3422

(a) Total GAIN cost plus cost of post-GAIN activities.

C. Welfare Department GAIN Cost: Percentage Distribution by Component for All Counties Combined



D. Total GAIN Cost (Welfare Department and Other Agencies): Percentage Distribution by Component for All Counties Combined



NOTES: In the all-county averages and percentage distributions, the results for each county are weighted equally. Case management, which accounts for about 60 percent of the welfare department GAIN cost, is included in the costs for the individual components identified in panels C and D.

and such ancillary items as books, tools, and uniforms).

- **The total five-year cost of GAIN (counting welfare department and other agencies' costs for serving GAIN participants) was $4,415 per experimental.**

The total cost of GAIN per experimental is the sum of the GAIN-related expenditures of the county welfare department and other agencies. Non-welfare agencies – adult schools, community colleges, and other organizations – provided the education and training for GAIN registrants who were assigned to basic education classes, vocational training, and post-secondary education to meet their participation obligation, or who were participating in approved self-initiated activities begun prior to entering GAIN. Thus, the expenditures made by the non-welfare agencies to serve GAIN registrants are considered to be GAIN-related costs, even though they were not controlled directly by the county welfare departments. For all six counties combined, these expenditures averaged $1,515 (Table 6, panel A). Adding these GAIN expenditures to those incurred by county welfare departments ($2,899) yields the total GAIN cost of $4,415 per experimental.

- **GAIN expenditures were heaviest for job search, basic education, and vocational training and post-secondary education.**

The pie charts in Table 6 show how this six-county total cost per experimental was distributed across the key components of GAIN. The first chart (Table 6C) illustrates that the cost to the welfare department of processing registrants through the orientation and appraisal stages of the program (including following up on those who failed to attend their scheduled orientation sessions), plus the cost of assessments, accounted for about 17 percent of the $2,899 average welfare department GAIN cost, while expenditures on registrants assigned to job search activities and basic education (ABE, GED, or ESL activities) each accounted for about one-quarter of those expenditures. (Again, this includes the cost of the case managers' effort to monitor attendance and progress, arrange support services, follow up on nonattenders, etc., for these two activities.) Another 8 percent was spent on child care, and 12 percent was spent on other support services (transportation and ancillary services). It is important to note that, across all six counties, the average cost of GAIN child care per experimental would have been higher if the research sample had been composed mostly of parents with younger children, a group that has a greater need for child care. For those with schoolage children, GAIN activities were often scheduled to take place while the children themselves were in school. Also, those

whose youngest child was a teenager (up to about one-quarter of the research sample in some counties) would not have been eligible for GAIN-funded child care.

The second pie chart (Table 6D) shows the distribution of *total* GAIN costs, i.e., after adding in the expenditures by other agencies providing the education and training received by GAIN participants while they were enrolled in GAIN. It shows that of the total average GAIN cost ($4,415), three-quarters is accounted for by expenditures on registrants assigned to job search activities (16 percent), basic education activities (31 percent), and vocational training and post-secondary education (27 percent).

- **The total cost of GAIN varied widely by county, ranging from under $4,000 per experimental in four counties (Butte, Riverside, San Diego, and Tulare) to almost $6,000 or more in two counties (Alameda and Los Angeles).**

Four counties – Butte, Riverside, San Diego, and Tulare – had an average total GAIN cost (including welfare department and non-welfare agency expenditures) in the range of about $3,000 to $4,000, while Los Angeles spent almost $6,000 per experimental and Alameda, more than $6,600. GAIN costs were lowest in Riverside ($2,963) owing, to an important extent, to Riverside experimentals' quicker departures from the GAIN program and their shorter length of participation, on average, in education and training activities in that county compared to experimentals in other counties. The unusually high costs in Alameda and Los Angeles (both of which served only long-term welfare recipients) are attributable to a combination of factors, including their experimentals' relatively long lengths of stay in GAIN and heavy use of education and training activities. In Los Angeles, this high usage was mostly in basic education activities, while in Alameda it extended to vocational training and post-secondary education as well. Longer participation in activities also produces greater expenditures for support services.

- **The average *net* cost of all GAIN and non-GAIN services per experimental was $3,422 for all six counties combined, but varied widely across the counties.**

Net costs are key to determining whether GAIN has been a cost-effective investment from the perspective of government budgets. They represent the difference between the five-year average total cost per experimental (including public expenditures on experimentals who participated in non-GAIN

employment and training activities after leaving GAIN) and the average cost per control for non-GAIN services. The government's net cost per experimental for the six counties combined is thus obtained by subtracting the total cost per control ($1,472) from the total cost per experimental for GAIN *and* non-GAIN activities ($4,895), which yields $3,422 (after rounding). This number is presented in the last column of Table 6B. These costs were largest where the cost of GAIN itself was highest – in Los Angeles ($5,789) and Alameda ($5,597) – and lowest in Riverside ($1,597) and San Diego ($1,912).

Benefit-Cost Findings for AFDC-FGs

The benefit-cost analysis addresses three questions: Are welfare recipients financially better or worse off as a result of the GAIN program? Is the government's net investment in services for the experimental group offset by subsequent budget savings? Does society as a whole come out ahead or behind as a result of the program? The analysis takes into consideration GAIN's effects on earnings, AFDC payments, Food Stamps, and Unemployment Insurance payments, fringe benefits, taxes, Medi-Cal (i.e., Medicaid) payments, administrative costs for AFDC and other transfer programs, and the net cost of employment-related services. It does not formally incorporate intangible positive or negative effects of the program, such as the increased sense of pride or feelings of stress or loss of time with their families that registrants might have felt in substituting work for welfare, or any enhancement of their self-esteem from obtaining a GED or other education credential through the GAIN program. The analysis also assumes that no displacement of other workers occurred as a result of employment gains for experimentals, because the displacement effects could not be measured.

The benefit-cost estimates presented in this summary cover the five years after GAIN orientation, a time frame similar to the one used in most previous MDRC evaluations of welfare-to-work programs. (Because a full five years of follow-up data were not available for earnings, welfare payments, and other outcomes, the overall benefit estimates include some projected values, up to two years for some sample members but less than that for most.) It should be noted, however, that this probably is a conservative estimate, since five years is not likely to be long enough to capture the total effects of GAIN.

- **In five of the six counties, experimentals, on average, were better off**

financially as a result of the GAIN program.

As shown by the impact analysis, GAIN increased the earnings of experimentals in most counties. The measured and projected earnings gains and their associated fringe benefits constitute the primary financial gain from the standpoint of experimentals (referred to in benefit-cost analyses as the "welfare sample perspective"). However, these gains were offset to some extent by reduced AFDC payments and other transfer payments.

Nonetheless, GAIN experimentals – with the exception of those in Los Angeles – experienced a net financial gain as a result of the program, averaging $923 per experimental for the six counties combined over the five-year period, as shown in Figure 2A and Table 7. (The average net gain equals $1,420 when Los Angeles is excluded.) In Los Angeles, experimentals' losses in transfer payments (especially AFDC payments) exceeded their *measured* earnings increases, leaving them with a net loss overall of $1,561. (Any effect GAIN may have had on "off the books" earnings is not considered in this analysis.) In all other counties, experimentals realized an average net gain of between $948 in San Diego and $1,900 in Riverside. It is noteworthy, however, that in Tulare this positive result was achieved with a smaller earnings increase and a smaller reduction in AFDC payments compared to the other counties. In contrast, Riverside's results, compared to all of the other counties, reflect both a large increase in earnings and a large reduction in welfare payments – in other words, a greater substitution of work for welfare.

- **From the standpoint of the government budget, GAIN also produced economic gains that exceeded costs in two of the six counties (Riverside and San Diego). A third county (Butte) led to the government budget "breaking even."**

From the "government budget perspective," the potential gains of the program include reduced AFDC payments, reductions in other transfer payments, reductions in transfer program administrative costs, and the increased taxes paid by experimentals. The net expenditures for GAIN and non-GAIN services constitute the major potential costs of the program. Overall, the results for this perspective – which sets a tough standard for programs to meet – are mixed, as Figure 2B and Table 7 show. Average costs incurred by the government exceeded savings per experimental by $3,054 in Alameda, $3,442 in Los Angeles, and $2,261 in Tulare. There was a moderate net *gain* (i.e., savings and

FIGURE 2

GAIN's BENEFIT-COST RESULTS FROM THE WELFARE SAMPLE AND GOVERNMENT BUDGET PERSPECTIVES FOR AFDC-FGs (SINGLE PARENTS) WITHIN FIVE YEARS AFTER ORIENTATION (IN 1993 DOLLARS)

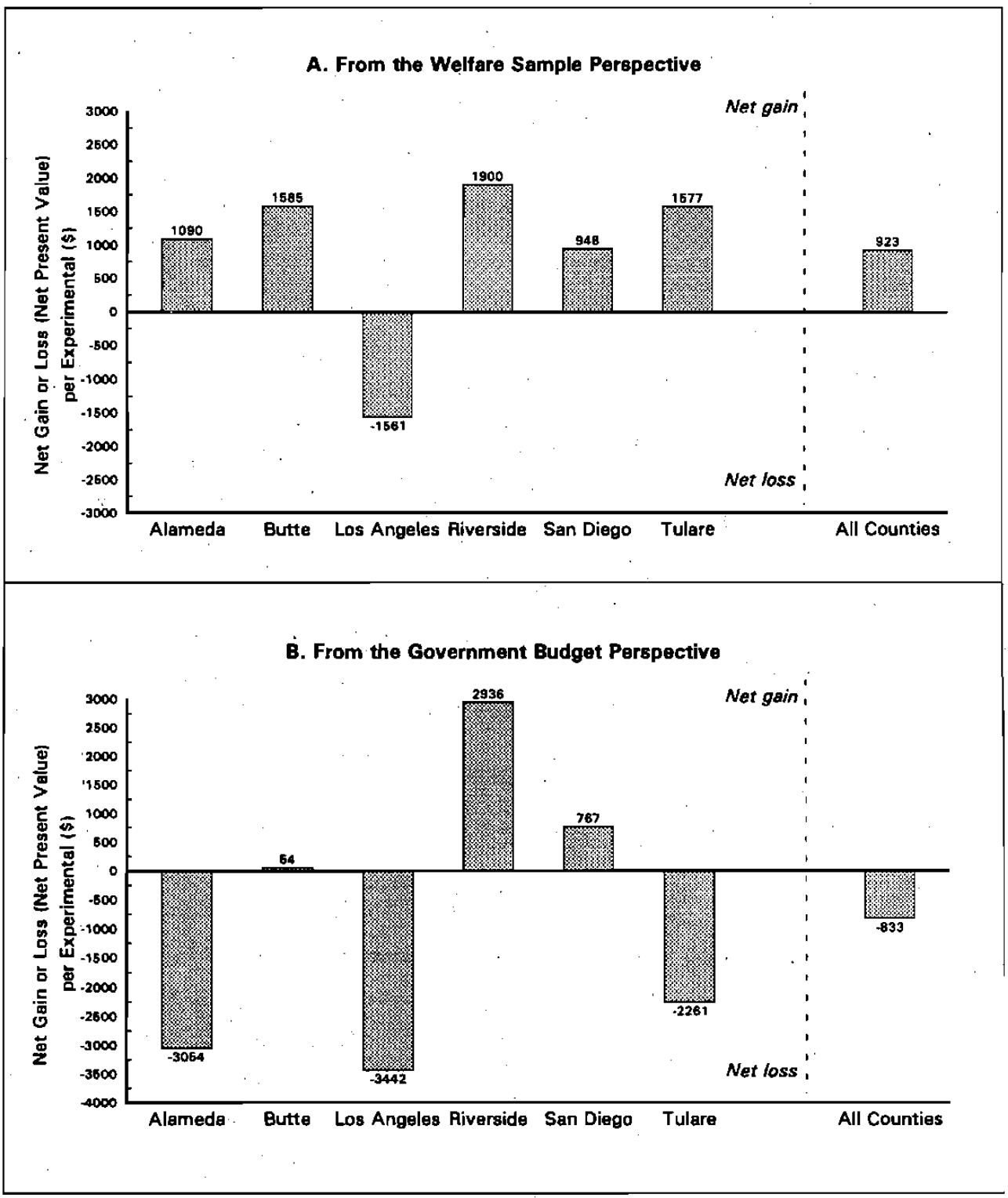


TABLE 7

GAIN's BENEFIT–COST RESULTS FOR AFDC–FGs (SINGLE PARENTS) (IN 1993 DOLLARS)

Sample and County	Estimated Net Gain or Loss (Net Present Value) per Experimental Within Five Years After Orientation, by Accounting Perspective ($)			Return to Government Budget per Net Dollar Invested
	Welfare Sample	Government Budget	Society	
Full sample				
Alameda	1090	−3054	−2103	0.45 per $1
Butte	1585	54	1452	1.02 per $1
Los Angeles	−1561	−3442	−5046	0.41 per $1
Riverside	1900	2936	4458	2.84 per $1
San Diego	948	767	1649	1.40 per $1
Tulare	1577	−2261	−819	0.17 per $1
All counties (a)	923	−833	−67	0.76 per $1
Registrants determined not to need basic education				
Alameda	5328	−6041	−904	0.16 per $1
Butte	4702	−3955	621	−0.30 per $1
Los Angeles	−2826	2892	−11	2.15 per $1
Riverside	3235	3576	6328	4.36 per $1
San Diego	2925	2610	5235	3.95 per $1
Tulare	673	−2812	−2163	−0.24 per $1
Registrants determined to need basic education				
Alameda	−1199	−2011	−3299	0.60 per $1
Butte	−820	4816	3656	2.71 per $1
Los Angeles	−1162	−4755	−5941	0.26 per $1
Riverside	1111	2444	3246	2.24 per $1
San Diego	−968	−759	−1590	0.72 per $1
Tulare	2333	−2082	45	0.30 per $1

NOTES: The net present value from the societal perspective is estimated by summing the net present value from the perspective of the government budget (minus employers' share of payroll taxes) plus the net value of output produced by registrants in unpaid work experience positions.

(a) In the all–county averages (included for the full sample only), the results for each county are weighted equally.

increased tax revenues exceeded net costs) in San Diego ($767), and a quite large net gain in Riverside ($2,936). In Butte, GAIN resulted in the government budget breaking even (with a slight net gain of $54). The losses in Alameda and Los Angeles to an important extent reflect the comparatively high net expenditures on employment-related services per experimental, especially for education and training activities. On average, across the six counties, the GAIN program incurred a net loss to the government budget of $833 within a five-year time horizon.

One can also consider the cost-effectiveness of the GAIN program from the standpoint of the government budget by estimating the value of budgetary savings and tax increases per dollar of investment (i.e., per dollar of net costs). This measure is called *net return to budget per net dollar invested*. An average gain of more than $1 means that the program brings in more than a dollar's worth of additional revenues and savings for each additional dollar spent on employment-related services to experimentals; an average return that is less than $1 implies a net loss for the government.

Riverside's program produced $2.84 in increased revenues and savings for every net dollar spent on experimentals, a substantial return to the budget. (If Riverside had operated GAIN solely with the higher caseload sizes assigned to staff in the "regular" case management group, its return to the government budget would have been higher than $2.84.) The program in San Diego and (to a slight extent) Butte also returned more than $1 in revenues and savings ($1.40 and $1.02, respectively). Alameda, Los Angeles, and Tulare returned less than $.50 per dollar of net costs; and the six counties combined returned $.76, on average.

- **Overall, three counties (Butte, Riverside, and San Diego) achieved a net gain from the societal perspective.**

The net financial gain or loss to "society as a whole" is approximated by summing the results from the welfare sample and government budget perspectives.[3] As Table 7 shows, Butte, San Diego, and especially Riverside achieved a net financial gain from the societal perspective, and were the only counties to do so. In Alameda and Tulare, the government incurred a net loss but welfare recipients

[3]The results from another perspective — that of the taxpayer — were also calculated but were excluded from this summary because they were close to those of the government budget. They included a small additional gain from increased output from experimentals employed in unpaid work experience (PREP) jobs and excluded the employer's share of payroll taxes.

gained -- a kind of trade-off that policymakers may or may not find acceptable.

- **The findings across the six counties point to GAIN's potential to produce net financial gains for *both* education subgroups. However, different strategies may involve important trade-offs between the welfare sample and government budget.**

For experimentals determined *not* to need basic education, Alameda (which served longer-term welfare recipients) stands out as having produced the largest net gain for the welfare sample ($5,328 per experimental). At the same time, Alameda's average net cost per experimental in this subgroup was unusually high ($7,161, compared to less than $1,100 in Riverside and San Diego), in part because of its high net increase in experimentals' use of vocational training and post-secondary education. These expenditures, in combination with the absence of substantial reductions in AFDC payments, resulted in a substantial net loss for the government budget ($6,041 per experimental), as shown in Table 7. Riverside and San Diego illustrate an alternative pattern: Although they placed much less emphasis on vocational training and post-secondary education, they too achieved a net gain for the welfare sample (in the range of $3,000 per experimental), although it was considerably smaller than in Alameda. Because their expenditures were lower, these two counties also produced a net gain for the government budget: by $3,576 in Riverside and $2,610 in San Diego (a return of $4.36 and $3.95, respectively, per net dollar invested).

For experimentals who *were* determined to need basic education, GAIN resulted in a net gain from the welfare sample perspective in only two counties (Riverside and Tulare) and for the government budget in two counties (Butte and Riverside). Riverside was the only county of the six to produce a net gain for both of the basic education subgroups from both the welfare sample and government budget perspectives.

Summary of Impact and Benefit-Cost Findings for AFDC-Us (Heads of Two-Parent Families)

- **GAIN produced earnings gains for the heads of two-parent families (AFDC-Us) that were about the same in year 3 as in year 2, and welfare savings that were somewhat lower. Butte had the most impressive earnings impacts, which were large and sustained over time.**

Averaging across five counties (omitting Alameda because of a small sample size) yields three-

year earnings gains of $1,111 per AFDC-U experimental group member (a 12 percent increase over the control group average) and three-year AFDC impacts of $1,168 (a saving of 6 percent relative to the average AFDC payments to controls). (See Table 8.)

The results varied considerably by county. GAIN increased earnings in the three-year follow-up period in three of the five counties – Butte, Los Angeles, and Riverside. However, only in Butte did earnings impacts increase from year 1 to year 2; they then held steady from year 2 to year 3, reaching a total of $3,295 per experimental over the entire three-year period.

Reductions in AFDC payments were found in four counties – Butte, Los Angeles, Riverside, and San Diego – although they were not statistically significant in Butte (possibly because of a small sample size). Riverside's welfare impacts were the largest: a saving of $2,064 per experimental over the three years, or 14 percent of the average payments to controls. Butte, Los Angeles, and San Diego were in a middle range, while Tulare produced no AFDC impacts. It appeared unlikely there would be much addition to total AFDC impacts after year 3 except in Butte.

- **GAIN had a positive impact on AFDC-U experimentals' rate of employment in year 3 in three counties (Butte, Los Angeles, and Riverside). However, it did not reduce the proportion on welfare.**

Table 9 indicates that across the five counties included in the AFDC-U analysis, nearly 45 percent of experimentals had ever been employed in year 3, compared to 40 percent of controls, a difference of almost 5 percentage points. This impact was concentrated in Butte, Los Angeles, and Riverside. Although Los Angeles had the largest impact (10 percentage points on this measure), this effect did not translate into a correspondingly large earnings gain, perhaps because the jobs were short-term, low-paying, or both.

Table 9 also shows that GAIN had little overall effect on the proportion of AFDC-Us receiving AFDC in the last quarter of follow-up, although Butte did show a reduction (not statistically significant) of almost 5 percentage points. In fact, the proportion of both groups receiving welfare at the end of year 3 was high in most counties, exceeding 50 percent (and reaching 78 percent in Los Angeles). These levels are comparable to those found for the AFDC-FGs, which was not expected because AFDC-Us are typically considered to be more "job-ready" and shorter-term users of welfare. These patterns may partly reflect the fact that the AFDC-U samples in several counties included a

TABLE 8

GAIN's THREE-YEAR IMPACTS ON EARNINGS AND AFDC PAYMENTS FOR AFDC-Us (HEADS OF TWO-PARENT FAMILIES)

	Average Total Earnings				Average Total AFDC Payments			
County	Experimentals ($)	Controls ($)	Difference ($)	Percentage Change	Experimentals ($)	Controls ($)	Difference ($)	Percentage Change
Alameda (a)								
Year 1	--	--	--	--	--	--	--	--
Year 2	--	--	--	--	--	--	--	--
Year 3	--	--	--	--	--	--	--	--
Total	--	--	--	--	--	--	--	--
Butte								
Year 1	3026	2393	633 *	26%	6523	6749	-226	-3%
Year 2	4033	2776	1257 ***	45%	5246	5775	-529	-9%
Year 3	4752	3346	1406 **	42%	4555	5071	-516	-10%
Total	11811	8515	3295 ***	39%	16324	17595	-1271	-7%
Los Angeles								
Year 1	1480	1221	259 **	21%	9440	9871	-431 ***	-4%
Year 2	1787	1468	319 *	22%	8333	8826	-493 ***	-6%
Year 3	1726	1417	309	22%	7417	7739	-323 *	-4%
Total	4993	4106	887 **	22%	25190	26436	-1246 ***	-5%
Riverside								
Year 1	3691	2930	761 ***	26%	4840	5807	-967 ***	-17%
Year 2	4038	3628	411	11%	3892	4640	-748 ***	-16%
Year 3	3812	3478	334	10%	3614	3964	-350 *	-9%
Total	11542	10036	1506 **	15%	12346	14411	-2064 ***	-14%
San Diego								
Year 1	3331	3089	242	8%	6790	7301	-510 ***	-7%
Year 2	4128	3978	150	4%	5565	6197	-632 ***	-10%
Year 3	4144	4402	-258	-6%	5155	5339	-184	-3%
Total	11603	11469	134	1%	17510	18837	-1327 ***	-7%
Tulare								
Year 1	2987	2961	26	1%	7545	7523	23	0%
Year 2	3721	3998	-277	-7%	6316	6261	54	1%
Year 3	4121	4138	-17	-0%	5588	5600	-12	-0%
Total	10829	11097	-268	-2%	19449	19384	66	0%
All counties (b)								
Year 1	2903	2519	384 ***	15%	7028	7450	-422 ***	-6%
Year 2	3542	3170	372 **	12%	5871	6340	-469 ***	-7%
Year 3	3711	3356	355 **	11%	5266	5543	-277 ***	-5%
Total	10156	9045	1111 ***	12%	18164	19332	-1168 ***	-6%

NOTES: Dollar averages for each year include zero values for sample members who were not employed or did not receive welfare during that year. Statistical significance levels are indicated as *** = 1 percent (the highest level); ** = 5 percent; * = 10 percent.

(a) Because of Alameda's small sample size for AFDC-Us, the estimates of its earnings impacts ($782 for the three-year period, or a 24 percent increase over the control group average) and AFDC payments impacts (-$103, or less than a 1 percent decrease) are considered much less reliable than those for the other counties; therefore, the Alameda impacts are not included in this table.

(b) In the all-county averages, the results for each county are weighted equally.

TABLE 9

GAIN's IMPACTS ON RATES OF EMPLOYMENT AND WELFARE CASE CLOSURES AT THE END OF YEAR 3 FOR AFDC–Us (HEADS OF TWO–PARENT FAMILIES)

	Ever Employed in Year 3			On AFDC in the Last Quarter of Year 3		
County	Experimentals (%)	Controls (%)	Difference	Experimentals (%)	Controls (%)	Difference
Butte	48.1	41.9	6.2 *	47.9	52.7	−4.8
Los Angeles	35.8	26.0	9.8 ***	78.4	77.9	0.5
Riverside	44.8	40.2	4.6 **	42.8	40.9	1.7
San Diego	45.6	43.9	1.7	56.9	57.2	−0.2
Tulare	48.9	48.4	0.5	60.4	59.9	0.5
All counties (a)	44.6	40.1	4.5 ***	57.3	57.7	−0.5

NOTES: Statistical significance levels are indicated as *** = 1 percent (the highest level); ** = 5 percent; * = 10 percent.

Because of Alameda's small sample size for AFDC–Us, the estimates of its impacts are considered much less reliable than those for the other counties; therefore, the Alameda impacts are not included in this table.

(a) In the all–county averages, the results for each of the five counties displayed in the table are weighted equally.

TABLE 10

GAIN's BENEFIT–COST RESULTS FOR AFDC–Us (HEADS OF TWO–PARENT FAMILIES) (IN 1993 DOLLARS)

	Estimated Net Gain or Loss (Net Present Value) per Experimental Within Five Years After Orientation, by Accounting Perspective ($)			
County	Welfare Sample	Government Budget	Society	Return to Government Budget per Net Dollar Invested
Butte	2096	697	2568	1.22 per $1
Los Angeles	−621	−2021	−2748	0.55 per $1
Riverside	−714	1314	466	1.61 per $1
San Diego	−1949	−86	−1796	0.96 per $1
Tulare	260	−2939	−2685	− 0.08 per $1
All counties (a)	−186	−607	−838	0.79 per $1

NOTES: The net present value from the societal perspective is estimated by summing the net present value from the perspective of the government budget (minus employers' share of payroll taxes) and the net value of output produced by registrants in unpaid work experience positions.

Because of Alameda's small sample size for AFDC–Us, the estimates of its impacts are considered much less reliable than those for the other counties; therefore, the Alameda impacts are not included in this table.

(a) In the all–county averages, the results for each of the five counties displayed in the table are weighted equally.

relatively high proportion of registrants who were not proficient in English. This was especially so in Los Angeles, where they accounted for 83 percent of the research sample, many of whom were Southeast Asian refugees.

- **GAIN's benefit-cost results for AFDC-Us show a large positive effect from the welfare sample perspective in Butte only, and a modest positive return on the government's investment in Butte and Riverside only.**

As suggested by the impact analysis, GAIN did not produce for AFDC-Us the same overall economic benefits from the welfare sample perspective that AFDC-FGs received, primarily because savings in AFDC and other transfers offset earnings gains to a greater extent. As seen in Table 10, the AFDC-U welfare sample incurred net losses in three counties (Los Angeles, Riverside, and San Diego) and net gains in two others (Butte and Tulare). However, only in Butte did AFDC-Us receive a large net gain from the program, $2,096. From the government budget perspective, only Butte and Riverside produced a net gain ($697 and $1,314, respectively).

Policy Lessons

In passing the GAIN legislation in 1985, California legislators launched an ambitious effort to change the terms and conditions of receiving AFDC, with the twin goals of helping welfare recipients become self-sufficient and reducing the financial burden of welfare on the government. The model itself was the product of a compromise between two groups in California that embraced both of these goals but differed in their beliefs about the type of program best suited to achieving them. One group of reformers initially favored a relatively short-term program of mandatory job search followed, for participants who did not find jobs, by unpaid work experience (or "workfare"). The other group favored a broader range of services, with a strong emphasis on education and skills training, as well as less onerous penalties for noncompliance than the financial sanctions advocated by the first group. The resulting GAIN model incorporates elements of both of these approaches, representing a significant departure from the simpler (mainly job search) lower-cost initiatives of the early 1980s – and a prelude to the federal JOBS program, which, like GAIN, includes a reciprocal obligation and greater focus than earlier programs on education and training.

Representing a bold leap in welfare reform – in ambition, complexity, and expense – GAIN

started with its feasibility uncertain and its effectiveness unknown. Would it be operated as envisioned on a large scale? Would its performance beat the clear but modest successes of earlier welfare-to-work programs? What approaches for implementing it would work best? The GAIN evaluation findings that are now available offer some answers.

Operating GAIN as envisioned *on a large scale*

GAIN's ambitiousness derived as much from the scale of the project – in most counties, having been targeted (originally) toward *all* single parents on AFDC with schoolage children and heads of two-parent families – as from the complexity of the model itself. Nonetheless, all of the study counties – large and small – were able meet the challenge of implementing GAIN's mixed service approach involving job search, basic education, training, and other services, along with its ongoing participation mandate and multi-step enforcement process. Funding levels did not permit Alameda and Los Angeles to enroll the full mandatory caseload, or the other counties to continue doing so (especially after the transition to JOBS, which expanded the share of the welfare caseload targeted for GAIN), but the program model envisioned by the California legislature was given a "fair test" during the main period of program operations covered by the evaluation, and it proved administratively feasible.

Is GAIN more successful than past welfare-to-work programs, and for more disadvantaged welfare recipients?

In establishing GAIN, the California legislature hoped to create a program that would surpass in effectiveness the primarily job search programs of the early 1980s, particularly with the more disadvantaged portion of the welfare caseload that had benefited less from such services. Overall, the results suggest that GAIN could meet this standard – average GAIN impacts were larger than those produced by these earlier programs – but that it did not do so uniformly. The results also show that, in one county, GAIN produced the most impressive results ever found for a large-scale welfare-to-work program.

Moreover, GAIN's pattern of impacts shows that the program could substantially increase the earnings of long-term recipients, but that here, too, the effects were not consistent across counties. Some counties had better results for advantaged groups, some for less advantaged. The absence of

a more consistent, predictable pattern suggests that giving priority for enrollment into GAIN to particular segments of the welfare caseload may not yield effective results across all counties. Therefore, for the state as a whole, a more broadly focused strategy might be more effective. (Past welfare-to-work studies point to the same conclusion.) At the same time, the challenge remains to improve the consistency of GAIN's effectiveness across a wide variety of subgroups.

Do some approaches work better than others?

Although GAIN is based on a uniform program model that all of California's counties must operate, county administrators have considerable authority – under California's state-supervised, county-operated welfare system – to shape the program's actual content. The GAIN administrators in the six study counties chose to implement the program in different ways. The most important dimensions of program variation included the use of basic education, vocational training and post-secondary education, and other strategies; the message conveyed to welfare recipients about employment; and the use of direct job development. This variation provided the evaluation with an opportunity to explore whether some of these alternative approaches generated better results than others.

The Role of Basic Education. The study's findings suggest (but do not prove) that basic education – one of GAIN's most innovative and expensive features – may make an important contribution to the program's success, as its designers had hoped. (As previously discussed, such an effect in Riverside would have been indirect, since it did not come from an increase in measured skills gains or GED receipt.) At the same time, the findings caution that basic education offers *no guarantee* of success – even when it is extensively used (as in Alameda) or its quality is considered exceptional (as in San Diego). Although the study cannot point to particular changes in the character of the education treatment itself that would enhance its effectiveness, the absence of large earnings impacts in four of the six counties for welfare recipients lacking basic skills suggests that attempting to get as many of these recipients as possible to attend basic education as their initial GAIN activity appears not to be the most productive strategy. It may also be that permitting very long stays in this activity without closely monitoring participation and progress, and without requiring participants to test opportunities in the labor market along the way, would weaken the contribution that basic education could make to GAIN's overall success. In the absence of more convincing evidence of a payoff from

maximizing the use of basic education, a *more equal emphasis* on upfront job search as well as basic education activities, in combination with other factors, could be a better way of serving those lacking basic skills.

The Role of Vocational Training and Post-Secondary Education. For recipients who already possess a high school diploma or a GED and pass a literacy test, the GAIN model requires "testing the job market first" by participating in job search activities before moving on to more expensive vocational training or post-secondary education. Given this sequence, and the fact that many controls enrolled themselves in non-GAIN vocational training or post-secondary education (as did some experimentals after leaving welfare), GAIN's impact on the use of these activities was small in most counties. Thus, the evaluation can provide only limited evidence on the effects of increasing their use.

Some evidence suggests (but does not prove) that greater use of vocational training and post-secondary education *may* be an effective approach: Alameda produced the largest increase in the use of such activities by registrants not needing basic education and achieved a large earnings gain for them; it also got them better jobs (compared to employed controls). In addition, Alameda produced the largest overall financial gain for experimentals *in that subgroup* across the six counties, as measured by the benefit-cost analysis. At the same time, this strategy can also be costly from the standpoint of the government budget, with the financial return falling far short of the government's net investment per experimental in the not-in-need-of-basic-education subgroup, as was the case in Alameda.

It is therefore an equally important finding that, for this subgroup, two other study counties (Riverside and San Diego) produced large earnings gains and welfare savings, and an overall net gain for both the welfare sample and the government budget, all *without* increasing experimentals' use of vocational training and post-secondary education (compared to their use by controls). Thus, other approaches can provide an alternative route to achieving desirable earnings and welfare impacts and may be more cost-effective (although they may not lead to higher-paying jobs).

The "Message" and Emphasis on Quick Employment and Job Development. While GAIN's job search, basic education, and vocational education and training might help a county achieve positive earnings impacts, these services are unlikely to be all that matter. Among the program's other features, the "message" about employment that staff attempt to convey to registrants while they are

in *all* components, and the active use of job development to establish a close link to private-sector employers, may also be critically important.

A program's employment message is an aspect of operating GAIN that transcends specific program components. As described earlier in this summary (in the section on implementation findings), the content of that message can vary widely, from more strongly emphasizing the value of any job, even a low-paying job, to encouraging participants to wait for (and prepare for) a better job. Yet, the very content of that message may be part of what determines whether participation in *any* given component will actually have a payoff in the labor market. Indeed, the finding that the best-performing county (Riverside) far more strongly and pervasively than all other counties advocated the value of any job points to the potential importance of the employment message, even to registrants assigned to education and training activities. Perhaps it contributed to Riverside's success by affecting how much effort registrants – across a variety of subgroups – made to look for a job, and how selective they were with regard to the kinds of jobs they would accept.

Job development, whereby staff directly assist registrants in locating employment opportunities, also transcends program components and may be another aspect of operating GAIN that enhances the payoff derived from participating in a GAIN component. By offering those taking part in GAIN job search or education or training a direct link to employers (as Riverside did to a far greater extent than any other county), job development may increase participants' *opportunity and incentive* to apply in the labor market what they learn in GAIN activities.

The Case of Riverside: A Combination of Factors. No single implementation factor is likely to explain why one county performs better than another, and this appears to be the case in accounting for Riverside's unusually strong performance. For example, the available evidence suggests that Riverside's results appear not to be explained by differences in the background characteristics of its GAIN registrants or local economic conditions. Moreover, while it had some distinctive program features, along many dimensions the program was not unique. What most distinguished Riverside from the other counties – and, therefore, what might have contributed to Riverside's more favorable results – was its particular *combination* of practices and conditions: a pervasive employment message and job development efforts, more equal use of job search and education activities for registrants needing basic education, a strong commitment to (and adequate resources for) securing the

participation of all mandatory registrants, and reliance on GAIN's formal enforcement mechanisms to reinforce the seriousness with which it viewed the participation obligation. This constellation of practices was not found in any other county.

If Riverside's success sets a new standard of achievement for welfare-to-work programs, and if a combination of program strategies explains its success, it is important to ask whether Riverside's overall approach or some of its distinctive strategies can be replicated elsewhere with the same success. On the one hand, the finding that Riverside produced similarly impressive impacts across each of its GAIN offices suggests that its approach and success can be replicated even when operated by different staff and in localities characterized by diverse labor market and local conditions. On the other hand, the variation in local conditions within Riverside County does not capture the greater variation that exists across counties. Thus, it is not a foregone conclusion that Riverside's approach – including its focus on more rapid employment and job development – would work in other types of localities, particularly in inner-city areas such as those found in Los Angeles and Alameda, or whether they would succeed in more rural, agricultural areas with persistently high unemployment, such as those found in Tulare. Also, at least in the inner-city areas, where the welfare population as a whole undoubtedly faces greater barriers to employment, a stronger employment focus may or may not help to improve their employment prospects. Also important is whether other combinations of practices can produce results as good as or (by helping more recipients get higher-quality jobs) better than those found in Riverside – e.g., by instituting a strong job development component in a program emphasizing vocational education and training, or delivering a strong employment message in a program that (unlike Riverside) actually produces a greater net increase in (i.e., impact on) the use of vocationally oriented activities. These are important questions for future evaluation efforts.

Would Changing the Incentives to Work Produce Better Results?

It is also important to consider some of the limitations of GAIN. As previously mentioned, GAIN, even operating at its best, was only moderately successful in moving people off welfare and out of poverty by the end of three years. This is probably because of conditions that transcend the GAIN program, such as the economic incentive for welfare recipients to take and keep jobs. It is therefore important to ask whether GAIN's effectiveness can be enhanced by other reforms now under debate or already instituted that aim to improve the financial payoff from working. Such strategies

include increasing the EITC (as the federal government has recently done), and, at the same time, increasing welfare recipients' awareness of this benefit (which this study found to be low among recipients in GAIN). Other strategies would include allowing welfare recipients to keep more of their earnings and still collect AFDC (as recent legislation in California and in other states does), and improving access to medical care (which is under debate in Congress) and child care for the working poor. Whether these and other reforms can strengthen the payoff from GAIN (or JOBS programs in other states) remains an important open question.

TABLE 11

THE SIX COUNTIES IN THE GAIN IMPACT STUDY AND THEIR SAMPLES (AT THE TIME THE SAMPLES WERE ENROLLED IN GAIN: MARCH 1988 THROUGH JUNE 1990)

Alameda, which includes the city of Oakland, has the largest welfare caseload of single parents (AFDC-FGs), and the second-largest caseload of heads of two-parent families (AFDC-Us), among counties in the San Francisco Bay area. It was one of two evaluation counties that had a large inner-city welfare population and that enrolled only long-term recipients, a practice that was consistent with the statutory requirement for counties that did not have enough resources to serve all GAIN-eligibles. More than 80 percent of both its AFDC-FG and AFDC-U GAIN registrants were minorities; a large majority (69 percent) of its single-parent registrants were black, and a substantial proportion (40 percent) of its heads of two-parent families were Indochinese. Alameda had the second-highest proportion of registrants who were determined "in need of basic education" (65 percent for AFDC-FGs and 81 percent for AFDC-Us). The caseload size per case manager in Alameda was relatively low, about 75:1.

Butte, a mid-sized rural county in northern California, had by far the smallest welfare caseload of the counties studied and the largest proportion of non-minorities (more than 85 percent of AFDC-FGs and about three-quarters of AFDC-Us). Although it enrolled a broad cross section of its mandatory GAIN caseload, Butte appeared to have the least disadvantaged AFDC-FG sample in the study, with the lowest rate of those determined "in need of basic education" (49 percent), the lowest proportion of long-term recipients (28 percent), and the second-highest proportion of registrants with a recent work history (57 percent). Butte used an unusual GAIN intake procedure in order to keep caseload size per case manager relatively low (63:1); registrants were brought into GAIN but were placed on waiting lists for up to several months until a case manager had an opening.

Los Angeles, with about one-third of the state's caseload and a welfare population larger than all but a few states', was the other county that had a large inner-city welfare population and that enrolled only long-term recipients. As a result, Los Angeles had the highest relative proportion of recipients in the research sample who were determined "in need of basic education" (81 percent for AFDC-FGs and 92 percent for AFDC-Us). An unusually large proportion (32 percent of AFDC-FGs and 83 percent of AFDC-Us) were not proficient in English. Los Angeles also had the smallest proportion of AFDC-FGs with a recent work history (just 17 percent) and the second-smallest proportion of AFDC-Us who had recently worked (32 percent), the highest average age (almost 39 years for AFDC-FGs and 42 for AFDC-Us), and the highest proportion of minorities (nearly 90 percent for both AFDC-FGs and AFDC-Us). Nearly 60 percent of its AFDC-U population was Indochinese. Los Angeles' program started later and was somewhat less fully developed than other counties' programs during the study period. Alone among the counties in California, Los Angeles had also contracted with a private-sector firm to conduct case management. (This contract was terminated in 1993.) Its GAIN caseload per case manager (128:1) was the highest among the six counties.

(continued)

TABLE 11 (continued)

Riverside, a large county in southern California, which has both urban and rural areas, enrolled a broad cross section of its mandatory welfare population. A substantial proportion of its registrants (60 percent for AFDC-FGs, two-thirds for AFDC-Us) were determined "in need of basic education." Approximately half of its AFDC-FG registrants were minorities, as were 57 percent of its AFDC-U registrants. While half of its AFDC-FGs had recent work experience, the rate was 72 percent for AFDC-Us. Owing to a special study of the impact of different caseload sizes, the average caseloads were about 53:1 (for one group of case managers) and 97:1 (for the other group).

San Diego, with the state's second-largest AFDC-FG caseload and the fourth-largest AFDC-U caseload, enrolled a broad cross section of its caseload in GAIN. About 60 percent of its registrants were minorities, and well over half were determined "in need of basic education." The county's GAIN sample had the highest proportion of registrants who had recently worked – 59 percent among AFDC-FGs – and the second-highest among AFDC-Us (nearly 80 percent). It had the second-highest average caseload per case manager (103:1).

Tulare was the only county of the six that had to operate GAIN in the context of a rural and highly agricultural, seasonal labor market. A high proportion of Tulare's GAIN registrants were determined "in need of basic education" (65 percent of AFDC-FGs and nearly three-fourths of AFDC-Us). About 40 percent of its registrants were Hispanic, the highest proportion of any county. It had an average caseload per case manager, about 100:1.

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EXECUTIVE SUMMARY

GAIN:

BENEFITS, COSTS, AND THREE-YEAR IMPACTS OF A WELFARE-TO-WORK PROGRAM

James Riccio
Daniel Friedlander
Stephen Freedman
with
Mary E. Farrell
Veronica Fellerath
Stacey Fox
Daniel J. Lehman

Manpower Demonstration
Research Corporation

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EXECUTIVE SUMMARY

This report presents the latest findings on the effectiveness of California's Greater Avenues for Independence (GAIN) Program, a statewide initiative aimed at increasing the employment and self-sufficiency of recipients of Aid to Families with Dependent Children (AFDC), the nation's major cash welfare program. Based on three years or more of follow-up data for 33,000 people who entered GAIN between early 1988 and mid-1990, the study examines the program's effects in six counties on employment, earnings, welfare receipt, and other outcomes, as well as findings from a comprehensive benefit-cost analysis. The results are of broad relevance to welfare reform because California has the country's biggest AFDC caseload and GAIN is the largest and one of the most ambitious programs operating under the federal Job Opportunities and Basic Skills Training (JOBS) Program, created by the Family Support Act of 1988. Operating as California's JOBS program since July 1989, GAIN currently accounts for almost 13 percent of federal spending on JOBS. GAIN is overseen by California's Department of Social Services (CDSS) and administered by the 58 counties. This report is part of a multi-year evaluation conducted for CDSS by the Manpower Demonstration Research Corporation (MDRC).

The Findings in Brief

Each of the 33,000 sample members was assigned at random to either an experimental group (who were subject to GAIN's participation requirements) or a control group (who were precluded from the program but could seek other services in the community on their own). The two groups were tracked over time, and the differences between them (e.g., in earnings and welfare receipt) constitute the effects or "impacts" of GAIN – the difference the program made.

Single Parents (AFDC-FGs)

Overall. Over the entire three-year follow-up period, and across the six counties, GAIN produced increasing earnings impacts for single parents (AFDC-FGs), a group mostly with children age 6 or older when they enrolled in the study. In year 3, average earnings for the experimental group were $636 higher than the control group's average (a 25 percent gain); for the full three years, they were $1,414 higher (a 22 percent gain). (Earnings for each group were averaged over *all* members of each group, including those who did not work as well as those who did.) Moreover, some data point to sustained or still larger earnings impacts in the future. GAIN also continued to produce

welfare savings in year 3 at the same level as in year 2. In year 3 and across the six counties, experimentals received an average of $331 less in AFDC payments (an 8 percent reduction) compared to the control group average; the reduction was $961 (6 percent) for the entire three-year period. Longer-term trends suggest a gradual tapering off of these welfare effects in the future.

GAIN also had an effect on the rate of AFDC case closures, but it was not large. Across all six counties, over half of the experimental group was on AFDC in the last quarter of the three-year follow-up period (53 percent, or only 3 percentage points lower than the rate for controls).

County-Specific. GAIN's impacts on single parents varied across the six counties in the study. Riverside County, which had unusually large first- and second-year earnings gains and welfare savings, again produced large effects in year 3. Over the three-year period, Riverside increased the experimental group's earnings by an average of $3,113, a 49 percent gain over the control group average. It reduced welfare payments by $1,983, a 15 percent reduction compared to the control group. These impacts were the biggest for any of the six counties, and are greater than those found in previous large-scale experimental studies of state welfare-to-work programs. Riverside also produced large earnings gains and welfare savings for a special sample – single parents with children under the age of 6.

GAIN's three-year impacts on earnings were moderate to large in three of the other five counties: $1,492 in Alameda (a 30 percent increase above the county's control group average), $1,474 in Butte (a 21 percent increase), and $1,772 in San Diego (a 22 percent increase). Tulare produced a moderate impact ($518) in year 3, but its average effect for the full follow-up period was under $400, as was true in Los Angeles. Four of the remaining five counties (all but Tulare) achieved welfare savings for AFDC-FGs for the three-year period, ranging from an average of $782 per experimental in Alameda (a 4 percent reduction compared to the control group average) to $1,136 in San Diego (an 8 percent reduction).

Benefits and Costs. GAIN was a relatively expensive program compared to the simpler and primarily job search welfare-to-work programs of the 1980s. For the single-parent sample in all six counties combined, over a five-year period, county welfare departments were estimated to have spent an average of $2,899 per experimental, about 60 percent of which was for case management functions. In addition, schools and other non-welfare agencies spent $1,515 per experimental to provide education and training instruction as part of the GAIN program, bringing the total cost of GAIN to $4,415 per experimental. Another important cost number is the *net cost* per experimental, which measures the government's net expenditures after adding the cost of education and training activities experimentals

entered on their own after leaving GAIN, and then subtracting the cost of services that members of the control group received on their own. The net cost over five years was $3,422 per experimental for the six counties combined, but varied widely by county, from under $2,000 per experimental in Riverside and San Diego to over $5,500 in Alameda and Los Angeles. The higher costs in the latter two counties, which enrolled only long-term welfare recipients into their GAIN programs, reflects, to an important extent, a greater net increase in the use of education and training activities in Alameda and Los Angeles compared to the patterns in other counties.

Net cost estimates are key because they are used in the benefit-cost study to determine whether the program costs or saves taxpayers money. That analysis also assesses whether people in the experimental group are made financially better off by the program. (The benefit-cost analysis does not take into account non-monetary gains or losses.)

When measured earnings gains are compared to welfare reductions and other losses over five years, welfare recipients in five of the six counties (Alameda, Butte, Riverside, San Diego, and Tulare) were, on average, better off financially as a consequence of the GAIN program. Net benefits ranged from $948 per experimental in San Diego to $1,900 per experimental in Riverside, for an overall average of $923 per experimental.

From the perspective of the government budget, the benefit-cost findings were positive in three of the six counties – Butte, Riverside, and San Diego – and negative in the remaining three counties. From this perspective, a positive result means that, on average, for every extra dollar the government invested per experimental (above and beyond the public cost of education and training controls received on their own initiative), it got more than a dollar back in the form of reduced costs for AFDC and other transfer programs and increased tax payments arising from experimentals' increased employment. This return was exceptionally large in Riverside – $2.84 per every net $1 invested. The return was $1.40 per $1 in San Diego, and $1.02 per $1 in Butte, but less than a dollar ($.76) per $1 for all six counties together. It is worth mentioning that return per net dollar invested is a standard of success by which few social programs are assessed.

Heads of Two-Parent Families (AFDC-Us)

GAIN also produced earnings gains and welfare savings for the heads of two-parent families (AFDC-Us), who make up about 18 percent of all AFDC cases in California. Although the longer-term trends were not as impressive as they were for single parents, GAIN's earnings effects over the full three-year follow-up period were moderate to large in three counties (Butte, Los Angeles, and

Riverside, although they were declining over time in Riverside). They were especially large in Butte, reaching $3,295 per experimental. The same three counties also produced moderate to large welfare savings, as did San Diego. GAIN's benefit-cost results for AFDC-Us show a large positive effect from the perspective of welfare recipients solely in Butte, and a modest positive return on the government's investment in Butte ($1.22 per net $1 invested) and Riverside ($1.61 per net $1 invested).

In sum, the results of this evaluation show that the GAIN program can work, especially for single parents on welfare, who account for about 82 percent of California's welfare caseload. For that group, both welfare recipients and the government budget came out ahead in two counties as a result of GAIN, with one county (Riverside) producing the most impressive results yet observed for a large-scale welfare-to-work program. Of the remaining four counties, three made welfare recipients better off, but without producing net budgetary savings (although the government essentially "broke even" in one). An important open question is whether some of the implementation approaches of the better-performing counties, especially those of Riverside, can be adapted by other localities and produce similarly impressive results.

The GAIN Program Model

A key feature of GAIN, which distinguishes it from most other welfare-to-work and JOBS programs, is the way it uses educational and basic skills levels to sort registrants into one of two service streams. Those who do not have a high school diploma (or a General Educational Development certificate – a GED) or fail to achieve predetermined scores on both parts of a math and reading test or are not proficient in English are deemed by GAIN to be "in need of basic education." These individuals can choose to attend a basic education class – Adult Basic Education (ABE), GED preparation, or English as a Second Language (ESL) instruction – or a job search activity first, but if they choose job search and fail to obtain employment, they must then enter basic education. Registrants judged "*not* in need of basic education" – those who pass both parts of the math and reading test and possess a high school diploma (or a GED) – usually must participate in job search first. Registrants already enrolled in education and training programs when they enter GAIN may continue in those activities if the activities meet certain criteria (e.g., they must prepare registrants for occupations in need of workers in the local labor market, and registrants must be able to complete the training within two years after enrolling in GAIN). Participants in any of these three sequences who do not find employment after completing their initial activities undergo an employability assessment

designed to help them choose their next activity, e.g., skills training, vocationally oriented post-secondary education, on-the-job training, or unpaid work experience. Any GAIN registrant, who, without "good cause," fails to participate in GAIN's orientation and services may incur a "sanction," i.e., a reduction of the welfare grant. (The grant level in California is one of the nation's highest.)

The GAIN Evaluation

The six counties selected to participate in the study of GAIN's impacts capture a wide variety of local conditions and population characteristics account for more than one-third of the state's GAIN caseload and more than one-half of its AFDC caseload. Three counties are in southern California: *Los Angeles*, with about one-third of the state's caseload and a welfare population larger than all but a few states'; *San Diego*, with the state's second-largest caseload; and *Riverside*, a large county encompassing both urban and rural areas. Two counties are in northern California: *Alameda*, an urban county that includes the City of Oakland, and, further north, the mid-sized county of *Butte*. *Tulare* is located in the largely agricultural, rural Central Valley. (Table 11, at the end of this summary, presents a brief profile of each county.)

It is important to stress that this report's descriptions of the counties' strategies for implementing GAIN are based on information collected no later than mid-1991, and prior to that in most cases. This is the relevant information for describing the research sample's actual experiences in GAIN. However, some of the information does not portray the counties *current* modes of operating GAIN. All of the counties have continued to revise their implementation strategies as they have acquired more experience in operating this very complex welfare-to-work initiative, and in response to changes in funding and other circumstances.

The findings on GAIN's implementation, effectiveness, and benefits and costs come from a study of 33,000 applicants for and recipients of AFDC whose participation in GAIN was mandatory, i.e., a condition for receiving their full welfare grant. This group included single heads of families (AFDC-FGs, who are usually mothers) mostly with children age 6 or older, and all heads of two-parent families (AFDC-Us, typically fathers). (It is important to note that almost one-third of Alameda's sample consisted of single parents with children younger than age 6.)

During the period in which members of the research sample enrolled in GAIN and thus became part of the study (March 1988 to June 1990), four of the six counties had sufficient resources to enroll all registrants in their caseloads who were mandatory for GAIN under the pre-JOBS rules. The other

counties – Alameda and Los Angeles – focused exclusively on long-term recipients, in conformity with GAIN's rules in cases where resources did not permit serving all those required to participate.

To determine the effects of GAIN, mandatory registrants who attended an orientation to the program were randomly assigned to either an experimental group (who were subject to GAIN's participation mandate) or a control group (who were precluded from GAIN but could seek other services in the community). Random assignment assured that the two groups did not differ systematically on measured and unmeasured background characteristics when they entered the study, and that any differences in their subsequent labor market and welfare experiences could be attributed with confidence to the GAIN program. The two groups' employment rates, average earnings, average AFDC payments, and other outcomes were compared over the course of the follow-up period, and the differences between them are referred to as the estimated "impacts" of GAIN. The data used in this study came from a variety of sources, including automated employment, earnings, and welfare records for the full 33,000-person sample, a registrant survey administered two to three years after orientation to a subsample of experimentals and controls in five counties (excluding Butte because of the evaluation's limited survey budget), and program participation and fiscal information obtained from the counties and various state agencies.

Findings on Program Implementation

- **The six counties made different decisions about how much to emphasize quick entry into the labor market versus the longer and more expensive process of building registrants' human capital through education and training.**

Not surprisingly, given California's state-supervised but county-operated welfare system, and the absence of evidence when GAIN started as to what strategies would work best, the six counties varied in how they sought to prepare registrants for employment. Viewing almost any job as a positive first step, with advancement to come by acquiring a work history and learning skills on the job, Riverside's staff placed much more emphasis on moving registrants into the labor market quickly than did the staff in any other county. Most distinctive was Riverside's attempt to communicate a strong "message" to all registrants (even those in education and training activities), at all stages of the program, that employment was central, that it should be sought expeditiously, and that opportunities to obtain low-paying jobs should not be turned down. The county's management underscored this message by establishing job placement standards as one of several criteria for assessing staff performance, while at the same time attempting to secure the participation of all mandatory registrants.

In addition, the county instituted a strong job development component to assist recipients in gaining access to job opportunities.

Alameda illustrates a very different approach. Its GAIN managers and staff believed strongly in "human capital" development – the use of education and training as a path to getting jobs that offer a better chance to get off or stay off welfare. Within the overall constraints imposed by the GAIN model's service sequences, Alameda's staff encouraged registrants to be selective about the jobs they accepted and to take advantage of GAIN's education and training to prepare for higher-paying jobs. Butte, Los Angeles, San Diego, and Tulare took approaches falling between those of Riverside and Alameda, but closer to Alameda's than to Riverside's.

- **All six counties successfully communicated to registrants that the participation requirement was real and would be enforced, although the counties varied in the extent to which they relied on GAIN's formal penalty process.**

Over 90 percent of experimentals said on the registrant survey that they believed it was "likely" or "very likely" that their AFDC grants would be reduced if they were assigned to a GAIN activity but did not go. Casefile records showed that up to about 6 percent of experimentals (in Los Angeles and Riverside) were sanctioned within the first 11 months after GAIN orientation, although self-reported information from the survey and interviews with GAIN staff suggest that the rates rose over time in all the counties. Evidence also suggests that case managers in Los Angeles and Riverside were quickest to invoke the "threat" of sanctioning in response to noncompliance. About half to three-quarters of survey respondents believed the participation mandate to be "fair" and "a good idea," and only about one-quarter of respondents in both the experimental and control groups agreed with the statement, "Making welfare mothers work is bad for their children."

Impacts on Participation in Employment-Related Activities for AFDC-FGs

GAIN could have an impact on labor market and welfare outcomes if experimentals received more or different kinds of services than controls and were subject to different requirements. Since controls could participate in non-GAIN employment-related services on their own initiative, an important measure of the GAIN intervention (and a major determinant of the net costs) is the extent to which experimentals had different participation patterns than controls.

To determine GAIN's effect on experimentals' use of employment-related activities, the evaluation compared experimentals' rates and duration of participation in all such activities (including

GAIN and post-GAIN participation) with the amount of participation in non-GAIN activities by the control group. The difference in the amount of participation represents the "impact" of GAIN, which tells how much experimentals' participation *changed* compared to what it would have been in the absence of GAIN.

- **A sizable number of controls used non-GAIN employment-related activities, usually vocational training and post-secondary education.**

Few controls (4 percent) participated in job search activities, which, in comparison to opportunities for education and training, are not widely available in the community. Moreover, few (8 percent) participated in basic education classes (for ABE, GED, and ESL instruction). Although more widely available, basic education may have been of less interest to controls than occupational skills training (nor was it generally needed by those who already had a high school diploma or GED). Only a handful of controls took part in unpaid work experience and on-the-job training (OJT) assignments. In contrast, a full 23 percent participated in vocational training or post-secondary education.

- **The GAIN program substantially increased experimentals' participation in job search and basic education.**

Given that the GAIN model requires most participants to enter upfront job search or basic education as their initial GAIN activity, it is not surprising that GAIN's largest impacts were on the use of these two activities. Across all six counties, 29 percent of experimentals participated in job search compared to only 4 percent of controls, for a difference of 25 percentage points. Similarly, GAIN increased experimentals' participation in ABE, GED, and ESL activities (taken together) by 28 percentage points. The program had little overall impact (3.3 percentage points) on the percentage who participated in vocational training or post-secondary education, although, as discussed later in this summary, it did in some counties (especially Alameda) for registrants determined not to need basic education. Few experimentals took part in unpaid work experience (PREP) or OJT. (More recently, the use of PREP has increased in several counties.)

Impacts on Employment, Earnings, and Welfare Outcomes for AFDC-FGs

Impacts on Earnings and Welfare Payments

- **GAIN increased the average earnings of experimentals by 25 percent in the third year after orientation, continuing its trend of progressively stronger**

earnings effects over time. It reduced experimentals' average AFDC payments by 8 percent, a result that reflected a leveling off of GAIN's impacts on this measure.

The average earnings for *all* experimentals and *all* controls were calculated for the full sample, including people who did not work (and whose earnings were counted as zero). Averaged across the six counties, with each county given equal weight, earnings for AFDC-FGs in the third year (as shown in official automated earnings records) were $3,159 per experimental group member and $2,523 per control group member. This yields an earnings gain, or impact, of $636 per experimental (or 25 percent of the average control group member's earnings), as shown in the "all counties" section of Table 1. (This, again, is an average that includes sample members who did not work at all; those who worked benefited more than this $636 suggests.) Welfare savings were $331 per experimental in year 3 (i.e., AFDC payments were 8 percent lower than the average payments of $4,163 for controls). As indicated by the asterisks for the "all counties" rows in Table 1, these results were statistically significant, meaning that one can have greater confidence that they were due to the program rather than to statistical chance.[1] The earnings impacts compare favorably with the three-year results for simpler (mostly job search) programs studied previously, and the AFDC impacts compare very favorably.

Over the entire three-year follow-up period, GAIN's earnings impacts grew progressively larger. Averaged across the six counties, with each county given equal weight, the program's impact on earnings nearly doubled between the first and second years of follow-up and rose by another 24 percent between the second and third follow-up years, reaching $1,414 per experimental for the entire period. (See Table 1 and Figure 1A.) An analysis of GAIN's effects for an early cohort of sample members (i.e., those who entered the study early on and for whom more quarters of follow-up are available) points toward sustained or still larger earning impacts after the third year.

GAIN's effects on AFDC payments leveled off in year 3, but totaled $961 for the full three-year period. (See Table 1 and Figure 1B.) After having grown by about 23 percent between years 1 and 2, they were about the same in year 3 as in year 2. Longer-term trends for the early cohort suggest a gradual tapering off of these welfare effects in the future.

- **GAIN's impacts varied by county. One county (Riverside) had large earnings gains and welfare savings in all three follow-up years. Three**

[1]Some of the year 1 and year 2 numbers in this and other tables differ slightly from those reported earlier because they were recalculated using updated earnings and AFDC data.

TABLE 1

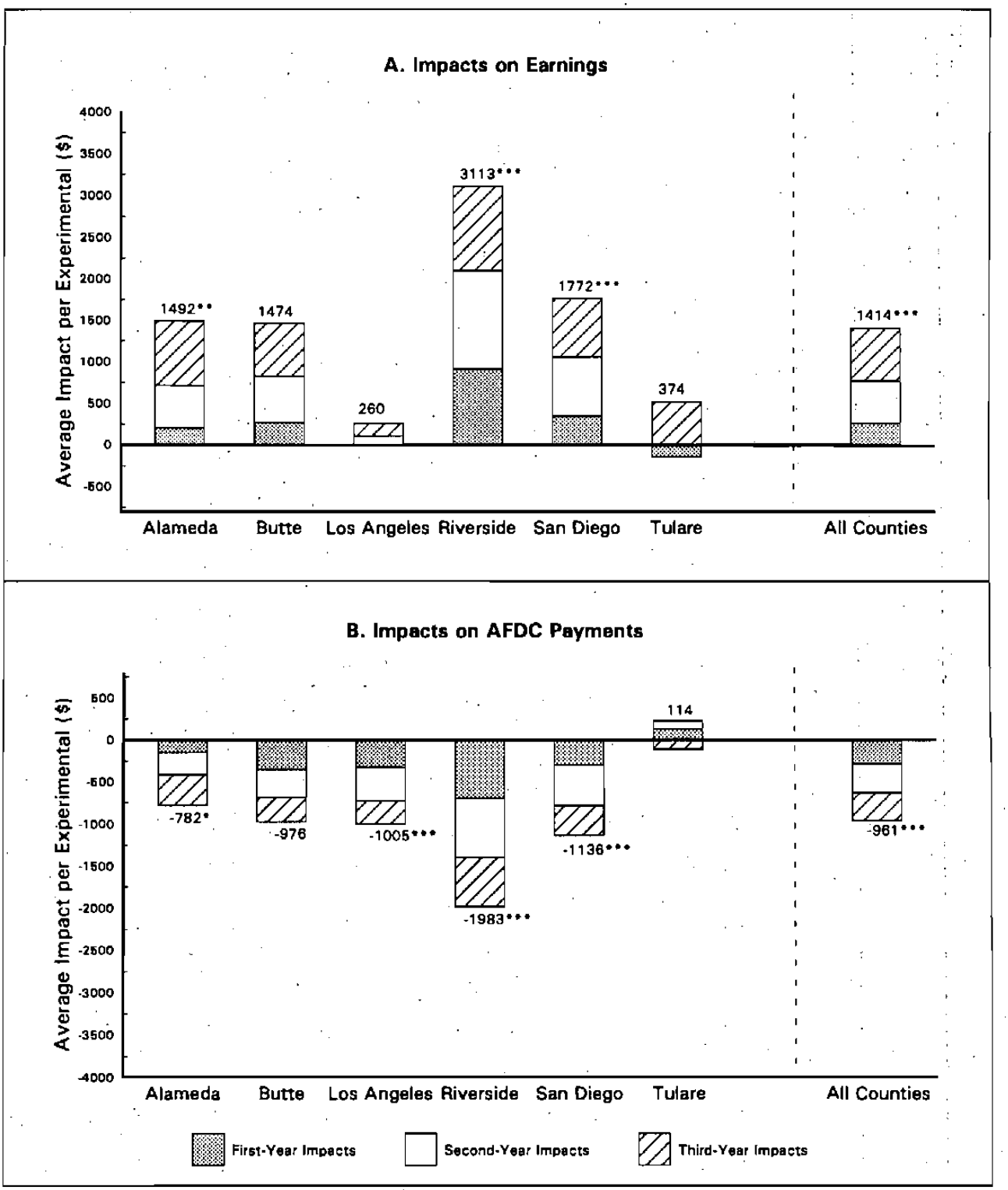
GAIN's THREE-YEAR IMPACTS ON EARNINGS AND AFDC PAYMENTS FOR AFDC-FGs (SINGLE PARENTS)

	Average Total Earnings				Average Total AFDC Payments			
County	Experimentals ($)	Controls ($)	Difference ($)	Percentage Change	Experimentals ($)	Controls ($)	Difference ($)	Percentage Change
Alameda								
Year 1	1421	1212	209	17%	6916	7066	-150	-2%
Year 2	2132	1624	508 *	31%	5816	6077	-261	-4%
Year 3	2880	2105	774 **	37%	4861	5232	-371 **	-7%
Total	6432	4941	1492 **	30%	17593	18375	-782 *	-4%
Butte								
Year 1	2001	1729	272	16%	5132	5486	-353 *	-6%
Year 2	2998	2442	556	23%	3715	4048	-333	-8%
Year 3	3638	2992	647	22%	2812	3101	-290	-9%
Total	8637	7163	1474	21%	11659	12635	-976	-8%
Los Angeles								
Year 1	1304	1308	-4	-0%	6874	7202	-328 ***	-5%
Year 2	1699	1589	110	7%	5711	6111	-401 ***	-7%
Year 3	1939	1786	153	9%	4729	5006	-277 **	-6%
Total	4943	4683	260	6%	17314	18319	-1005 ***	-5%
Riverside								
Year 1	2470	1550	920 ***	59%	4962	5658	-695 ***	-12%
Year 2	3416	2233	1183 ***	53%	3458	4161	-703 ***	-17%
Year 3	3562	2552	1010 ***	40%	2864	3448	-584 ***	-17%
Total	9448	6335	3113 ***	49%	11284	13267	-1983 ***	-15%
San Diego								
Year 1	2462	2113	349 **	17%	5529	5832	-302 ***	-5%
Year 2	3503	2794	709 ***	25%	4199	4679	-480 ***	-10%
Year 3	3821	3108	713 ***	23%	3555	3908	-353 ***	-9%
Total	9786	8014	1772 ***	22%	13283	14419	-1136 ***	-8%
Tulare								
Year 1	1792	1941	-149	-8%	6363	6231	132	2%
Year 2	2536	2531	5	0%	5118	5023	95	2%
Year 3	3111	2594	518 **	20%	4171	4284	-113	-3%
Total	7439	7066	374	5%	15653	15538	114	1%
All counties (a)								
Year 1	1908	1642	266 ***	16%	5963	6246	-283 ***	-5%
Year 2	2714	2202	512 ***	23%	4669	5017	-347 ***	-7%
Year 3	3159	2523	636 ***	25%	3832	4163	-331 ***	-8%
Total	7781	6367	1414 ***	22%	14464	15426	-961 ***	-6%

NOTES: Dollar averages for each year include zero values for sample members who were not employed or did not receive welfare during that year.
Statistical significance levels are indicated as *** = 1 percent (the highest level); ** = 5 percent; * = 10 percent.
(a) In the all-county averages, the results for each county are weighted equally.

FIGURE 1

GAIN's THREE-YEAR IMPACTS ON EARNINGS AND AFDC PAYMENTS FOR AFDC-FG REGISTRANTS



NOTE: Statistical significance levels are indicated as *** = 1 percent (the highest level); ** = 5 percent; * = 10 percent.

counties (Alameda, Butte, and San Diego) had more moderate earnings gains and welfare savings. Of the two remaining counties, one (Los Angeles) achieved welfare savings but with little effect on earnings gains, while the other (Tulare) produced earnings gains but with little effect on welfare payments.

Riverside, which had unusually large first- and second-year earnings gains and welfare savings, also produced large third-year effects on AFDC-FGs. (See Table 1 and Figure 1.) Over the entire three-year period, the experimental group's earnings in Riverside were $3,113 higher, on average, than the control group's earnings, an increase of 49 percent. Their welfare payments were $1,983 lower, a 15 percent reduction compared to the control group. These impacts were the largest in any of the six counties, and are larger than those found in previous large-scale experimental studies of state welfare-to-work programs. They are notable as much for their consistency as for their magnitude: Riverside had statistically significant earnings gains for many key subgroups of the single-parent research sample, and these gains were almost always accompanied by welfare savings. Such a consistent pattern was not found in any other county.

Among the other five counties, three (Alameda, Butte, and San Diego) had middle-level three-year earnings impacts ($1,474 to $1,772 per experimental, or 21 to 30 percent above the control group average). Also of note was the $518 earnings impact in year 3 for Tulare, where positive and statistically significant effects were observed for the first time. Four of these five counties (Tulare was the exception) achieved moderate welfare savings (ranging from $782 per experimental over the three years to $1,136, or a 4 to 8 percent reduction). (The three-year earnings and welfare impacts in Butte were not statistically significant, possibly owing to the small control group sample size there.)

In Los Angeles, the finding that GAIN produced welfare savings but had little effect on earnings ($260, and not statistically significant) may have resulted from GAIN's producing an increase in the rate of employment, but in jobs that were low-paying, of short duration, or both. The welfare savings may also partly reflect the influence of financial sanctions (grant reductions) for noncompliance with GAIN's participation mandate and any effect the mandate may have had in increasing or hastening case closures among experimentals who were working "off the books." It is also worth noting that although the earnings impact in Los Angeles was small overall, this was not true in all five of the county's GAIN offices. The two offices located outside of central-city areas produced three-year earnings impacts exceeding $2,100 per experimental (an effect that was statistically significant in one office). None of the other offices, all of which were in central-city locations, produced an earnings gain.

In Riverside, each of the four local offices operating GAIN in the four economically diverse

regions of that county produced large and statistically significant earnings gains and welfare savings. San Diego also had consistently positive results (though not always statistically significant) across most of its local offices, but Tulare did not. (Alameda and Butte each had only one GAIN office.)

All in all, the evidence of impacts across the six counties shows that GAIN can produce earnings gains, welfare savings, or both within a three-year period, even when it is operated in very different ways and under different circumstances. This is an encouraging finding because local conditions will always vary across counties and because some variation in key implementation practices is inevitable.

Impacts on Employment Rates, Earnings Levels, and Job Quality

- **GAIN increased the proportion of experimentals who were ever employed in year 3 by 6 percentage points above the control group rate. At the same time, a majority of experimentals as well as controls did not work at all during that year.**

For the six counties combined, automated official records show that 40 percent of experimentals had worked at some time during year 3 compared to 34 percent of controls, resulting in a statistically significant difference of 6 percentage points (see Table 2). A similar impact is found when the proportions of experimentals and controls ever employed over the entire three-year period are compared (57 percent versus 51 percent, respectively). GAIN's impact on the rate of employment was largest in Riverside, where it exceeded 9 percentage points in year 3 and almost 14 percentage points over the full follow-up period. Despite this accomplishment, the data in Table 2 imply that, across the six counties, about two-thirds of experimentals and controls did *not* work during year 3, and almost half never worked during the entire three-year period. In response to a question on the registrant survey in four counties (Alameda, Riverside, San Diego, and Tulare), about 60 percent of experimentals who were not working at the time of the interview said that they were not looking for work. Of that group, 28 percent cited their own ill health or disability as the most important reason, 4 percent cited the ill health or disability of their children, and 22 percent said that they were in a school or training program. Only 4 percent said that the main reason they were not looking for work was that they could not afford or arrange for child care (perhaps in part because the study sample was composed largely of women with no preschool-age children), although 10 percent said that their major reason was that they wanted to stay home with their children.

Of those who had never worked during the survey follow-up period, only 34 percent said that they had heard of the Earned Income Tax Credit (EITC), a federal tax credit for low-income workers

TABLE 2

GAIN's THREE-YEAR IMPACTS ON RATES OF EMPLOYMENT AND WELFARE CASE CLOSURES FOR AFDC-FGs (SINGLE PARENTS)

County and Year	Ever Employed in the Specified Year			On AFDC in the Last Quarter of the Specified Year		
	Experimentals (%)	Controls (%)	Difference	Experimentals (%)	Controls (%)	Difference
Alameda						
Year 1	30.1	27.3	2.8	86.0	89.2	−3.2 *
Year 2	32.8	26.3	6.5 ***	76.6	77.1	−0.5
Year 3	33.9	26.7	7.2 ***	67.5	70.6	−3.1
Total	48.8	40.8	8.0 ***	n/a	n/a	n/a
Butte						
Year 1	42.3	45.6	−3.3	65.0	68.4	−3.4
Year 2	46.3	42.2	4.0	49.4	47.7	1.7
Year 3	46.7	42.5	4.3	39.7	41.0	−1.3
Total	63.4	63.7	−0.2	n/a	n/a	n/a
Los Angeles						
Year 1	27.0	24.9	2.1	84.8	87.9	−3.1 ***
Year 2	26.9	22.9	4.0 ***	74.0	76.3	−2.3
Year 3	26.0	22.4	3.6 ***	63.8	67.5	−3.7 **
Total	39.4	34.9	4.5 ***	n/a	n/a	n/a
Riverside						
Year 1	52.1	34.0	18.0 ***	58.7	65.9	−7.2 ***
Year 2	49.4	35.4	14.0 ***	46.6	52.0	−5.4 ***
Year 3	44.5	35.2	9.3 ***	40.6	45.8	−5.2 ***
Total	67.1	53.4	13.6 ***	n/a	n/a	n/a
San Diego						
Year 1	46.0	40.0	6.0 ***	69.1	72.1	−3.1 **
Year 2	45.8	40.8	5.1 ***	56.0	61.1	−5.1 ***
Year 3	42.5	37.3	5.2 ***	49.0	51.9	−3.0 *
Total	62.2	56.5	5.7 ***	n/a	n/a	n/a
Tulare						
Year 1	39.9	40.9	−1.0	76.7	75.0	1.7
Year 2	41.8	42.3	−0.5	65.4	62.2	3.1
Year 3	43.9	38.0	5.8 ***	54.5	56.2	−1.7
Total	59.5	55.3	4.2 **	n/a	n/a	n/a
All counties (a)						
Year 1	39.6	35.5	4.1 ***	73.4	76.4	−3.1 ***
Year 2	40.5	35.0	5.5 ***	61.3	62.7	−1.4
Year 3	39.6	33.7	5.9 ***	52.5	55.5	−3.0 ***
Total	56.7	50.8	6.0 ***	n/a	n/a	n/a

NOTES: The totals indicate the proportion of sample members who were ever employed at any time during the three years of follow-up. Totals are not applicable (n/a) in the AFDC panel of the table.

Statistical significance levels are indicated as *** = 1 percent (the highest level); ** = 5 percent; * = 10 percent.

(b) In the all-county averages, the results for each county are weighted equally.

intended to enhance the financial payoff from working. Of those who had worked, 54 percent said that they had heard of it.

- **Riverside and San Diego produced earnings gains mostly by increasing the rate and duration of employment, while Alameda and Butte produced about half their earnings gains by increasing the amount of money earned per quarter of employment.**

In Riverside and, to a lesser extent in San Diego, GAIN appears to have produced earnings impacts because experimentals had higher employment rates and more quarters of employment, but the jobs they held paid about as much, on average, as the jobs held by controls. In Alameda and Butte, in contrast, approximately half the earnings gains were associated with increased earnings per quarter of employment for experimentals, implying that, on average, experimentals who worked held better jobs than controls who worked.

These differences across the counties are also reflected in the characteristics of the most recent jobs reported on the registrant survey by experimentals and controls who had worked at some time during the two- to three-year follow-up period. In Riverside, similar proportions of *employed experimentals* and *employed controls* (64 percent) had worked full-time (i.e., 30 hours a week or more) in their most recent job, and average weekly wages were somewhat lower for all workers in the experimental group ($191 per week) than for all workers in the control group ($206). In contrast, employed experimentals in Alameda got jobs providing more hours of work per week than the jobs obtained by employed controls (e.g., 59 percent versus 55 percent, respectively, were full-time), and higher weekly wages for those working ($209 versus $167).

It is also of interest that approximately 28 percent of employed experimentals in the four counties had jobs providing health care coverage. Among controls, the rate was 25 percent.

- **GAIN increased the proportion of experimentals who had more substantial earnings.**

Table 3 shows that, for all six counties combined, about 20 percent of experimentals earned *at least* $5,000 in year 3 compared to 16 percent of controls, for an impact of almost 4 percentage points; 12 percent of experimentals, compared to 9 percent of controls, earned at least $10,000 – an amount of money that exceeds the poverty line for a single parent with one child.

Another way to view earnings levels is to consider what proportion of *workers*, rather than all experimentals or all controls, earned above certain thresholds. Although experimental-control differences on such a measure are not true estimates of GAIN's impacts (since the background

TABLE 3

GAIN's IMPACTS ON YEAR 3 EARNINGS LEVELS AND THE PERCENTAGE OF AFDC–FGs (SINGLE PARENTS) BOTH EMPLOYED AND OFF AFDC AT THE END OF YEAR 3

Outcome Measure and County	Experimentals (%)	Controls (%)	Difference
Earned $5,000 or more in year 3			
Alameda	16.4	12.7	3.7 *
Butte	21.9	18.8	3.1
Los Angeles	12.6	12.0	0.6
Riverside	23.7	17.1	6.6 ***
San Diego	23.3	19.7	3.6 ***
Tulare	20.6	17.6	3.0 *
All counties (a)	19.7	16.3	3.5 ***
Earned $10,000 or more in year 3			
Alameda	10.6	8.4	2.2
Butte	14.6	10.2	4.3 *
Los Angeles	7.7	6.7	1.0
Riverside	13.7	9.5	4.2 ***
San Diego	15.0	12.0	3.1 ***
Tulare	11.2	8.2	3.0 **
All counties (a)	12.1	9.2	3.0 ***
Employed and received no AFDC in the last quarter of year 3			
Alameda	14.2	10.0	4.2 **
Butte	22.8	22.0	0.8
Los Angeles	11.2	9.1	2.1 **
Riverside	23.0	18.4	4.6 ***
San Diego	21.4	18.8	2.6 **
Tulare	19.9	17.6	2.3
All counties (a)	18.8	16.0	2.8 ***

NOTES: Statistical significance levels are indicated as *** = 1 percent (the highest level); ** = 5 percent; * = 10 percent.
(a) In the all–county averages, the results for each county are weighted equally.

characteristics of those who found jobs in each group may not have been equivalent), they illustrate that many of those who did find work had more substantial earnings. For example, for all six counties combined, about 31 percent of all *employed experimentals* earned above $10,000 in year 3. Among *employed controls*, the rate was 27 percent.

- **GAIN produced a small increase in the proportion of experimentals whose combined income from earnings, AFDC, and Food Stamps exceeded the poverty line in year 3.**

To approximate GAIN's effects on poverty, the analysis compared sample members' total year 3 earnings, AFDC payments, and Food Stamps with the official poverty line, taking into account the size of each sample member's family at the time of GAIN orientation. (In 1992, the poverty line for a single parent with one child was $9,190.) The income measure used here is different from the Census Bureau's official poverty measure in that Food Stamps are not counted in the official measure, while other family income not measured in the GAIN evaluation is counted. The analysis suggests that GAIN helped move some families out of poverty: 20 percent of the experimentals across the six counties, compared to 17 percent of the controls, had a combined income above the poverty line. In other words, experimentals' poverty rate was reduced by 3 percentage points. This impact reached almost 5 percentage points in Butte and Tulare.

Impacts on Case Closures

- **GAIN reduced by a small amount (3 percentage points) the proportion of experimentals who were on AFDC during the last quarter of year 3. About half of all experimentals and controls received some AFDC payments during that period. Only about one-fifth were both off AFDC *and* working.**

Table 2 shows the proportion of sample members who had received any AFDC payments in the last quarter of each follow-up year. The proportion of experimentals on AFDC had dropped to 53 percent (for all six counties combined) by the end of the three-year period. However, only a portion of this change can be attributed to GAIN, since the control group experienced a similar decline. Nonetheless, the counties collectively produced a reduction of 3 percentage points in the proportion of experimentals receiving welfare by the end of year 3, ranging from under 2 percentage points in Butte and Tulare to over 5 percentage points in Riverside.

Table 3 (bottom panel) shows the proportion of people who had both worked *and* received no AFDC payments during the last quarter of the follow-up period. This combined status comes closer than any other measure in this study to representing the achievement of "self-sufficiency through

employment." By this criterion, about 19 percent of experimentals (for all six counties combined) achieved self-sufficiency by working compared to 16 percent of controls, for a small (statistically significant) impact of almost 3 percentage points. The impact on this measure was highest in Riverside and Alameda, where it exceeded 4 percentage points. (During this same quarter, another 10 percent of experimentals both worked and received welfare.)

- **Several counties increased the proportion of registrants who made a permanent exit from AFDC during the available follow-up period, although this effect was not large.**

Welfare recipients who leave AFDC often return to the rolls. Across the six study counties, 27 percent of experimentals who left AFDC for at least one full quarter during the first half of the follow-up period (i.e., from quarters 2 through 7) returned to AFDC before the three years were out. (This rate ranged from 22 percent in Los Angeles to 30 percent in Tulare.) Nonetheless, three counties increased the likelihood that experimentals would get off welfare and remain off the rolls. For example, 39 percent of all experimentals in Riverside, compared to 35 percent of all controls, had left AFDC during the first half of the three-year follow-up period and did not return during the rest of that period. This 4 percentage point difference was statistically significant and accounts for more than half of Riverside's impact of nearly 8 percentage points on the *total* percentage of experimentals who left AFDC within the first half of the follow-up period. For the full follow-up period, Los Angeles and San Diego each had an impact of 3 percentage points (statistically significant) on the likelihood of exiting AFDC, but little effect was detected in the other three counties (Alameda, Butte, and Tulare).

Impact Findings for Selected AFDC-FG Subgroups

- **For the two basic education subgroups, GAIN produced earnings gains and welfare savings, but not always for both groups in each county.**

A central question for GAIN is whether particular subgroups of welfare recipients are or are not affected by the services the program offers and by its participation mandate. All GAIN registrants were classified into two groups, for whom the GAIN program model established different service sequences: those determined "not in need of basic education" and those deemed "in need of basic education." Overall, GAIN produced earnings gains and welfare savings for both of these subgroups among AFDC-FGs.

Three counties (Alameda, Riverside, and San Diego) produced large earnings gains – ranging from about $3,000 to $4,000 – for registrants determined *not* to need basic education, as shown in the top panel of Table 4. Two of these counties (Riverside and San Diego) also produced large

TABLE 4

GAIN's THREE-YEAR IMPACTS ON EARNINGS AND AFDC PAYMENTS FOR KEY AFDC-FG (SINGLE-PARENT) SUBGROUPS

	Impact on Average Total Earnings ($)				Impact on Average AFDC Payments ($)			
Subgroup and County	Year 1	Year 2	Year 3	Total	Year 1	Year 2	Year 3	Total
AFDC-FGs determined not to need basic education								
Alameda	672 *	1008	1267	2947 *	-1	-38	-94	-133
Butte	154	374	418	946	400	357	229	986
Los Angeles	201	534	412	1147	-692 ***	-794 ***	-709 ***	-2194 ***
Riverside	1199 ***	1464 ***	1287 ***	3950 ***	-682 ***	-691 ***	-693 ***	-2067 ***
San Diego	632 **	1185 ***	1223 ***	3040 ***	-317 **	-556 ***	-405 ***	-1278 ***
Tulare	-614 *	-233	212	-635	331	208	4	543
AFDC-FGs determined to need basic education								
Alameda	-21	229	402	610	-202	-350 *	-483 **	-1036 **
Butte	507 *	972 **	1113 **	2592 ***	-1204 ***	-1128 ***	-906 **	-3239 ***
Los Angeles	-35	28	113	107	-252 ***	-314 ***	-173	-739 ***
Riverside	738 ***	1023 ***	834 ***	2595 ***	-677 ***	-700 ***	-509 ***	-1886 ***
San Diego	74	269	230	572	-281 **	-426 ***	-313 **	-1020 ***
Tulare	123	174	690 ***	987 **	39	57	-152	-56
AFDC-FGs who are long-term welfare recipients								
Alameda	209	508 *	774 **	1492 **	-150	-261	-371 **	-782 *
Butte	518 *	945 *	855	2318 *	-388	-424	-313	-1125
Los Angeles	-4	110	153	260	-328 ***	-401 ***	-277 **	-1005 ***
Riverside	1072 ***	1409 ***	1056 ***	3538 ***	-730 ***	-819 ***	-635 ***	-2184 ***
San Diego	207	332	158	697	-358 ***	-692 ***	-495 ***	-1545 ***
Tulare	-117	203	844 ***	929	85	-43	-264	-222

NOTES: Statistical significance levels are indicated as *** = 1 percent (the highest level); ** = 5 percent; * = 10 percent.

welfare savings, while the third (Alameda) did not. (The pattern in Alameda could have occurred if its earnings impact was concentrated among individuals who, during the follow-up period, would have left welfare and worked even in the absence of GAIN, but in lower-paying jobs.) In contrast, Los Angeles achieved large welfare savings for this subgroup, but more modest (and not statistically significant) earnings gains.

Alameda's success (noted above) in raising the quality of jobs suggests that the use of job search to explore career options, combined with subsequent participation in vocational training and post-secondary education, may have played a role in producing Alameda's earnings impact. As the top panel of Table 5 shows, Alameda raised experimentals' participation in training and post-secondary education 16 percentage points, on average, above the control group rate – a participation impact that was higher than in the other counties; it also had the largest impact on the duration of participation in these activities. Moreover, Alameda increased the proportion of experimentals in the not-in-need-of-basic-education subgroup who received a trade certificate by almost 6 percentage points (not statistically significant) and receipt of a Bachelor's degree by 3 percentage points. In contrast, Riverside did not increase participation in training and post-secondary education, nor did it increase the receipt of education credentials, implying that its earnings impacts for this subgroup came about from other sources – possibly through a combination of factors, including the large impact on participation in job search activities (48 percentage points, as shown in the top panel of Table 5) and other program features that made Riverside distinctive. (See the section above on implementation findings.) San Diego's experience appears to have been closer to Riverside's in that it did not have a large impact on the use of vocational education and training.

For registrants who *were* determined to need basic education, increasing experimentals' use of ABE, GED, and ESL classes (relative to the use of those classes by controls) may have contributed to positive earnings impacts, for Butte, Riverside, and Tulare all had a positive impact on the rate of participation in those activities (see the bottom panel of Table 5 for the Riverside and Tulare impacts). All three counties (Tulare to a lesser extent) also produced statistically significant earnings increases, as shown in the middle panel of Table 4. In addition, two of them (Butte and Riverside) produced welfare savings. At the same time, the experience of the other three counties indicates that even a large impact on the use of basic education may not result in earnings gains. For example, Alameda had a 56 percentage point impact on the in-need-of-basic-education subgroup's rate of participation in basic education, yet its three-year impact on this group's earnings was relatively small.

If an impact on the use of basic education contributes to an impact on earnings, the mechanism

TABLE 5

GAIN's IMPACTS ON THE RATE OF PARTICIPATION IN KEY ACTIVITIES
WITHIN TWO TO THREE YEARS AFTER ORIENTATION FOR AFDC–FGs (SINGLE PARENTS)

A. Registrants Determined Not to Need Basic Education

	Ever Participated in Job Search Activities			Ever Participated in Vocational Training or Post–Secondary Education		
County	Experimentals (%)	Controls (%)	Difference	Experimentals (%)	Controls (%)	Difference
Alameda	55.9	3.6	52.3	48.3	31.9	16.4
Los Angeles	25.8	2.9	22.9	27.6	23.0	4.6
Riverside	50.1	2.3	47.8	40.9	43.3	–2.4
San Diego	41.9	7.9	34.0	48.3	43.5	4.8
Tulare	46.4	3.0	43.4	48.8	36.7	12.1
All counties (a)	44.0	3.9	40.1	42.8	35.7	7.1

B. Registrants Determined to Need Basic Education

	Ever Participated in Job Search Activities			Ever Participated in Basic Education (ABE, GED, or ESL)		
County	Experimentals (%)	Controls (%)	Difference	Experimentals (%)	Controls (%)	Difference
Alameda	19.6	3.8	15.8	65.1	9.2	55.9
Los Angeles	11.2	3.8	7.4	49.2	10.8	38.4
Riverside	32.0	0.7	31.3	40.6	14.5	26.1
San Diego	27.4	7.5	19.9	42.1	11.8	30.3
Tulare	12.4	0.9	11.5	65.6	13.3	52.3
All counties (a)	20.5	3.3	17.2	52.5	11.9	40.6

NOTES: Estimates of participation rates for the two– to three–year follow–up period, which rely partly on data from the registrant survey, are not available for Butte.

Tests of statistical significance were not performed.

(a) In the all–county averages, the results for each county are weighted equally.

by which this occurs may sometimes involve factors other than simply an increase in basic skills or credentials. For example, it is noteworthy that Riverside achieved its earnings gain for this subgroup without having had an impact on the proportion of experimentals who obtained a GED and without having an impact on literacy skills.[2] Furthermore, impacts on GED attainment were found in Alameda (an 8 percentage point impact), while impacts on the literacy test were concentrated in San Diego – two counties that did *not* produce a statistically significant increase in earnings for this subgroup.

It is possible that in Riverside (and perhaps elsewhere) basic education may have increased skills not measured by the literacy test used in this evaluation, or increased participants' interest in – or self-confidence about – working. Perhaps these kinds of influences, when combined with other aspects of Riverside's implementation of GAIN (including its strong employment message and its substantial impact of 31 percentage points on the rate of participation in job search for the in-need-of-basic-education subgroup, as shown in the bottom panel of Table 5), help to explain why Riverside achieved an impressive earnings impact for this subgroup without improving measured educational gains.

- **GAIN produced earnings and welfare savings for a variety of other subgroups, including (in some counties) registrants who had received AFDC for more than two years prior to entering the program, showing GAIN's potential to reach a difficult-to-serve population.**

Among long-term recipients, the total three-year earnings impact was moderate to large (and statistically significant) in three counties (Alameda, Butte, and Riverside), ranging from $1,492 to $3,538, as shown in the bottom panel of Table 4. Three-year welfare savings of $782 to $2,184 were found across five counties (and were statistically significant in four of them). It is noteworthy that Riverside produced the largest earnings gains *and* the largest welfare savings for long-term AFDC-FG recipients. It also produced statistically significant impacts on these outcomes when "long-term" is defined more strictly to mean recipients who received AFDC continuously for at least the six years prior to orientation.

The evaluation examined GAIN's impacts on a variety of other subgroups and found evidence of earnings gains and welfare savings, although not consistently in all counties. Across racial and ethnic groups, the largest impacts were found among whites and blacks. For blacks in Alameda (who constituted almost 70 percent of that county's sample), there was a relatively large year 3 earnings

[2]See Karin Martinson and Daniel Friedlander, *GAIN: Basic Education in a Welfare-to-Work Program* (New York: MDRC, 1994).

impact of $1,020. These results in Alameda are especially interesting because that county's sample was drawn entirely from relatively long-term recipients and an inner-city area (Oakland). For Hispanics in the three counties that had large samples of Hispanics (Los Angeles, Riverside, and San Diego), only Riverside produced a statistically significant earnings impact in year 3 ($920), but none of the three produced statistically significant welfare savings for this group.

In some counties, GAIN also achieved impacts for individuals facing conditions commonly thought to reflect important barriers to employment. As previously discussed, the program produced earnings gains and welfare savings for subgroups with long welfare histories (as it did for those who were welfare applicants or shorter-term recipients when registering for GAIN). It also achieved impacts for those with little employment experience prior to entering GAIN and for those with two or more children. At the same time, however, it had weak earnings effects for a "most disadvantaged" subgroup, defined as sample members with multiple barriers: more than two years' previous receipt of AFDC *and* no employment in the year preceding GAIN orientation *and* no high school diploma. Larger earnings impacts for this group may be particularly difficult to achieve because of those multiple barriers, although Riverside's success in doing so shows GAIN's potential to reach even them.

Impact Findings for Single Parents with Children Younger than Age 6 in Three Counties

- **GAIN's impacts on single parents with children under the age of 6 largely paralleled its impacts on single parents whose children were age 6 or older in three counties.**

Under the JOBS legislation, starting in July 1989, GAIN's participation mandate was extended to single parents with children 3 to 5 years old at the time of orientation. Although this group was not part of the main research sample for the evaluation (except in Alameda), employment, earnings, and welfare data were collected for a supplementary sample of such individuals in Riverside and Tulare. This sample was somewhat younger, on average, than the main sample, but fewer than a quarter of them were under age 25.

Over the entire three-year follow-up period, Riverside produced large average increases in earnings ($3,511) and reductions in AFDC payments ($2,558) for this group, just as it had for its main sample. Similarly, Alameda showed a sizable earnings impact for this sample ($2,220), as it had for its main sample, although the effect was not statistically significant (perhaps because of a small sample size). However, Alameda did not substantially reduce AFDC payments for this sample (it had a somewhat larger effect for the main sample). Tulare produced no earnings gains or welfare savings

for this group (although it achieved earnings gains in year 3 for the main sample).

The Riverside Case Management Experiment

- **In Riverside, GAIN's already large impacts on earnings and AFDC payments were not improved for registrants who were assigned to case managers with smaller-than-normal caseloads.**

A special study was conducted in Riverside to test whether assigning registrants to staff with smaller caseloads, and allowing staff to monitor them more closely and work with them more intensively, would produce larger impacts on earnings and AFDC. Using random assignment procedures, experimentals and case managers were divided into two groups: an "enhanced" group and a "regular" group. The average registrant-to-staff ratio in the enhanced group (53 to 1) was about half as large as the ratio for the regular group (97 to 1).

Both the enhanced and regular experimental groups obtained large gains in earnings and large reductions in AFDC, but, contrary to what had been expected, these impacts were not greater for the enhanced group. These findings suggest that there may be little advantage to operating a GAIN program -- at least one like Riverside's -- with caseloads substantially below 100 registrants per case manager, and that keeping them in the moderate range of about 100 to 1 may be one way of containing program costs without jeopardizing program effectiveness.

Findings on Program Costs for AFDC-FGs

This study calculated several different types of cost estimates, including: the *county welfare department's average expenditure* per experimental; the *total GAIN cost* per experimental, which adds to the welfare department cost the average expenditures by schools and training providers for services provided to GAIN participants as part of the GAIN program; and the *net cost* (or net investment) per experimental. Net cost per experimental is the total public expenditure on employment-related activities per experimental -- for post-GAIN activities as well as the total GAIN cost -- minus the public cost of (non-GAIN) services to controls. Net cost is the cost measure used in the benefit-cost analysis, discussed later in this summary. All cost estimates cover a time horizon of five years after orientation (in order to capture long-term participation in GAIN activities and to be consistent with the benefit-cost analysis), and are expressed in 1993 dollars.

- **For all six counties combined, county welfare departments spent an average**

of $2,899 per experimental within the five years after orientation.

Table 6A summarizes the average county welfare department expenditure for each of the six counties. Four of the six (Butte, Riverside, San Diego, and Tulare) spent between $2,000 and $2,700, while the remaining two counties (Alameda and Los Angeles) spent about $4,000 or more. Across the six counties, about 60 percent of these expenditures were on activities that could be classified as case management (including conducting orientations, appraisals, and assessments; assigning registrants to activities; arranging for support service payments; responding to noncompliance; etc.). Among the other welfare department expenditures were the costs of conducting (or subcontracting the operation of) job club sessions and supervising individual job search activities, paying schools to provide extra monitoring and attendance data (to help the welfare department measure compliance with GAIN's participation mandate), and paying for child care and other support services (e.g., for transportation and such ancillary items as books, tools, and uniforms).

- **The total five-year cost of GAIN (counting welfare department and other agencies' costs for serving GAIN participants) was $4,415 per experimental.**

The total cost of GAIN per experimental is the sum of the GAIN-related expenditures of the county welfare department and other agencies. Non-welfare agencies – adult schools, community colleges, and other organizations – provided the education and training for GAIN registrants who were assigned to basic education classes, vocational training, and post-secondary education to meet their participation obligation, or who were participating in approved self-initiated activities begun prior to entering GAIN. Thus, the expenditures made by the non-welfare agencies to serve GAIN registrants are considered to be GAIN-related costs, even though they were not controlled directly by the county welfare departments. For all six counties combined, these expenditures averaged $1,515 (Table 6A). Adding these GAIN expenditures to those incurred by county welfare departments ($2,899) yields the total GAIN cost of $4,415 per experimental.

- **GAIN expenditures were heaviest for job search, basic education, and vocational training and post-secondary education.**

The pie charts in Table 6 show how this six-county total cost per experimental was distributed across the key components of GAIN. The first chart (Table 6C) illustrates that the cost to the welfare department of processing registrants through the orientation and appraisal stages of the program (including following up on those who failed to attend their scheduled orientation sessions), plus the cost of assessments, accounted for about 17 percent of the $2,899 average welfare department GAIN cost,

TABLE 6

ESTIMATED GAIN AND NET COST PER AFDC-FG (SINGLE-PARENT) EXPERIMENTAL WITHIN FIVE YEARS AFTER ORIENTATION (IN 1993 DOLLARS)

A. Total GAIN Cost: Expenditures by Welfare Department and Other Agencies

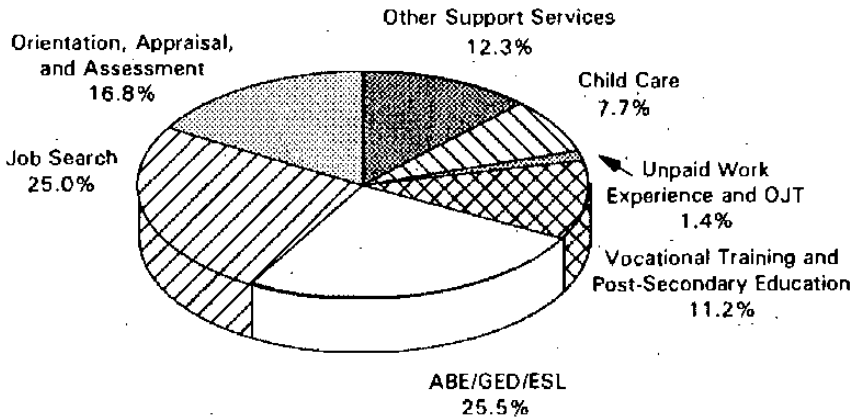
	Five-Year Average Cost per Experimental ($)		
County	Welfare Department GAIN Cost	Other Agencies' Costs for Serving GAIN Participants	Total GAIN Cost
Alameda	4429	2193	6622
Butte	2650	1309	3959
Los Angeles	4023	1961	5984
Riverside	2073	890	2963
San Diego	2134	1096	3230
Tulare	2086	1644	3731
All counties	2899	1515	4415

B. Net Cost per Experimental

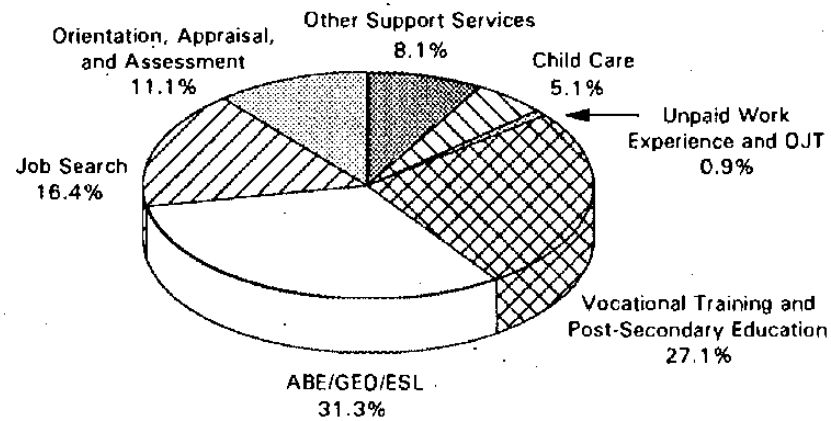
	Five-Year Average Cost ($)		
County	Total per Experimental (a)	Total per Control	Difference (Net Cost per Experimental)
Alameda	6977	1379	5597
Butte	4413	1509	2904
Los Angeles	6402	613	5789
Riverside	3469	1871	1597
San Diego	3918	2007	1912
Tulare	4189	1455	2734
All counties	4895	1472	3422

(a) Total GAIN cost plus cost of post-GAIN activities.

C. Welfare Department GAIN Cost: Percentage Distribution by Component for All Counties Combined



D. Total GAIN Cost (Welfare Department and Other Agencies): Percentage Distribution by Component for All Counties Combined



NOTES: In the all-county averages and percentage distributions, the results for each county are weighted equally. Case management, which accounts for about 60 percent of the welfare department GAIN cost, is included in the costs for the individual components identified in panels C and D.

while expenditures on registrants assigned to job search activities and basic education (ABE, GED, or ESL activities) each accounted for about one-quarter of those expenditures. (Again, this includes the cost of the case managers' effort to monitor attendance and progress, arrange support services, follow up on nonattenders, etc., for these two activities.) Another 8 percent was spent on child care, and 12 percent was spent on other support services (transportation and ancillary services). It is important to note that, across all six counties, the average cost of GAIN child care per experimental would have been higher if the research sample had been composed mostly of parents with younger children, a group that has a greater need for child care. For those with schoolage children, GAIN activities were often scheduled to take place while the children themselves were in school. Also, those whose youngest child was a teenager (up to about one-quarter of the research sample in some counties) would not have been eligible for GAIN-funded child care.

The second pie chart (Table 6D) shows the distribution of *total* GAIN costs, i.e., after adding in the expenditures by other agencies providing the education and training received by GAIN participants while they were enrolled in GAIN. It shows that of the total average GAIN cost ($4,415), three-quarters is accounted for by expenditures on registrants assigned to job search activities (16 percent), basic education activities (31 percent), and vocational training and post-secondary education (27 percent).

- **The total cost of GAIN varied widely by county, ranging from under $4,000 per experimental in four counties (Butte, Riverside, San Diego, and Tulare) to almost $6,000 or more in two counties (Alameda and Los Angeles).**

Four counties – Butte, Riverside, San Diego, and Tulare – had an average total GAIN cost (including welfare department and non-welfare agency expenditures) in the range of about $3,000 to $4,000, while Los Angeles spent almost $6,000 per experimental and Alameda, more than $6,600. GAIN costs were lowest in Riverside ($2,963) owing, to an important extent, to Riverside experimentals' quicker departures from the GAIN program and their shorter length of participation, on average, in education and training activities in that county compared to experimentals in other counties. The unusually high costs in Alameda and Los Angeles (both of which served only long-term welfare recipients) are attributable to a combination of factors, including their experimentals' relatively long lengths of stay in GAIN and heavy use of education and training activities. In Los Angeles, this high usage was mostly in basic education activities, while in Alameda it extended to vocational training and post-secondary education as well. Longer participation in activities also produces greater expenditures for support services.

- **The average *net* cost of all GAIN and non-GAIN services per experimental was $3,422 for all six counties combined, but varied widely across the counties.**

Net costs are key to determining whether GAIN has been a cost-effective investment from the perspective of government budgets. They represent the difference between the five-year average total cost per experimental (including public expenditures on experimentals who participated in non-GAIN employment and training activities after leaving GAIN) and the average cost per control for non-GAIN services. The government's net cost per experimental for the six counties combined is thus obtained by subtracting the total cost per control ($1,472) from the total cost per experimental for GAIN *and* non-GAIN activities ($4,895), which yields $3,422 (after rounding). This number is presented in the last column of Table 6B. These costs were largest where the cost of GAIN itself was highest – in Los Angeles ($5,789) and Alameda ($5,597) – and lowest in Riverside ($1,597) and San Diego ($1,912).

Benefit-Cost Findings for AFDC-FGs

The benefit-cost analysis addresses three questions: Are welfare recipients financially better or worse off as a result of the GAIN program? Is the government's net investment in services for the experimental group offset by subsequent budget savings? Does society as a whole come out ahead or behind as a result of the program? The analysis takes into consideration GAIN's effects on earnings, AFDC payments, Food Stamps, and Unemployment Insurance payments, fringe benefits, taxes, Medi-Cal (i.e., Medicaid) payments, administrative costs for AFDC and other transfer programs, and the net cost of employment-related services. It does not formally incorporate intangible positive or negative effects of the program, such as the increased sense of pride or feelings of stress or loss of time with their families that registrants might have felt in substituting work for welfare, or any enhancement of their self-esteem from obtaining a GED or other education credential through the GAIN program. The analysis also assumes that no displacement of other workers occurred as a result of employment gains for experimentals, because the displacement effects could not be measured.

The benefit-cost estimates presented in this summary cover the five years after GAIN orientation, a time frame similar to the one used in most previous MDRC evaluations of welfare-to-work programs. (Because a full five years of follow-up data were not available for earnings, welfare payments, and other outcomes, the overall benefit estimates include some projected values, up to two years for some sample members but less than that for most.) It should be noted, however, that this

probably is a conservative estimate, since five years is not likely to be long enough to capture the total effects of GAIN.

- **In five of the six counties, experimentals, on average, were better off financially as a result of the GAIN program.**

As shown by the impact analysis, GAIN increased the earnings of experimentals in most counties. The measured and projected earnings gains and their associated fringe benefits constitute the primary financial gain from the standpoint of experimentals (referred to in benefit-cost analyses as the "welfare sample perspective"). However, these gains were offset to some extent by reduced AFDC payments and other transfer payments.

Nonetheless, GAIN experimentals – with the exception of those in Los Angeles – experienced a net financial gain as a result of the program, averaging $923 per experimental for the six counties combined over the five-year period, as shown in Figure 2A and Table 7. (The average net gain equals $1,420 when Los Angeles is excluded.) In Los Angeles, experimentals' losses in transfer payments (especially AFDC payments) exceeded their *measured* earnings increases, leaving them with a net loss overall of $1,561. (Any effect GAIN may have had on "off the books" earnings is not considered in this analysis.) In all other counties, experimentals realized an average net gain of between $948 in San Diego and $1,900 in Riverside. It is noteworthy, however, that in Tulare this positive result was achieved with a smaller earnings increase and a smaller reduction in AFDC payments compared to the other counties. In contrast, Riverside's results, compared to all of the other counties, reflect both a large increase in earnings and a large reduction in welfare payments – in other words, a greater substitution of work for welfare.

- **From the standpoint of the government budget, GAIN also produced economic gains that exceeded costs in two of the six counties (Riverside and San Diego). A third county (Butte) led to the government budget "breaking even."**

From the "government budget perspective," the potential gains of the program include reduced AFDC payments, reductions in other transfer payments, reductions in transfer program administrative costs, and the increased taxes paid by experimentals. The net expenditures for GAIN and non-GAIN services constitute the major potential costs of the program. Overall, the results for this perspective – which sets a tough standard for programs to meet – are mixed, as Figure 2B and Table 7 show. Average costs incurred by the government exceeded savings per experimental by $3,054 in Alameda, $3,442 in Los Angeles, and $2,261 in Tulare. There was a moderate net *gain* (i.e., savings and

FIGURE 2

GAIN's BENEFIT-COST RESULTS FROM THE WELFARE SAMPLE AND GOVERNMENT BUDGET PERSPECTIVES FOR AFDC-FGs (SINGLE PARENTS) WITHIN FIVE YEARS AFTER ORIENTATION (IN 1993 DOLLARS)

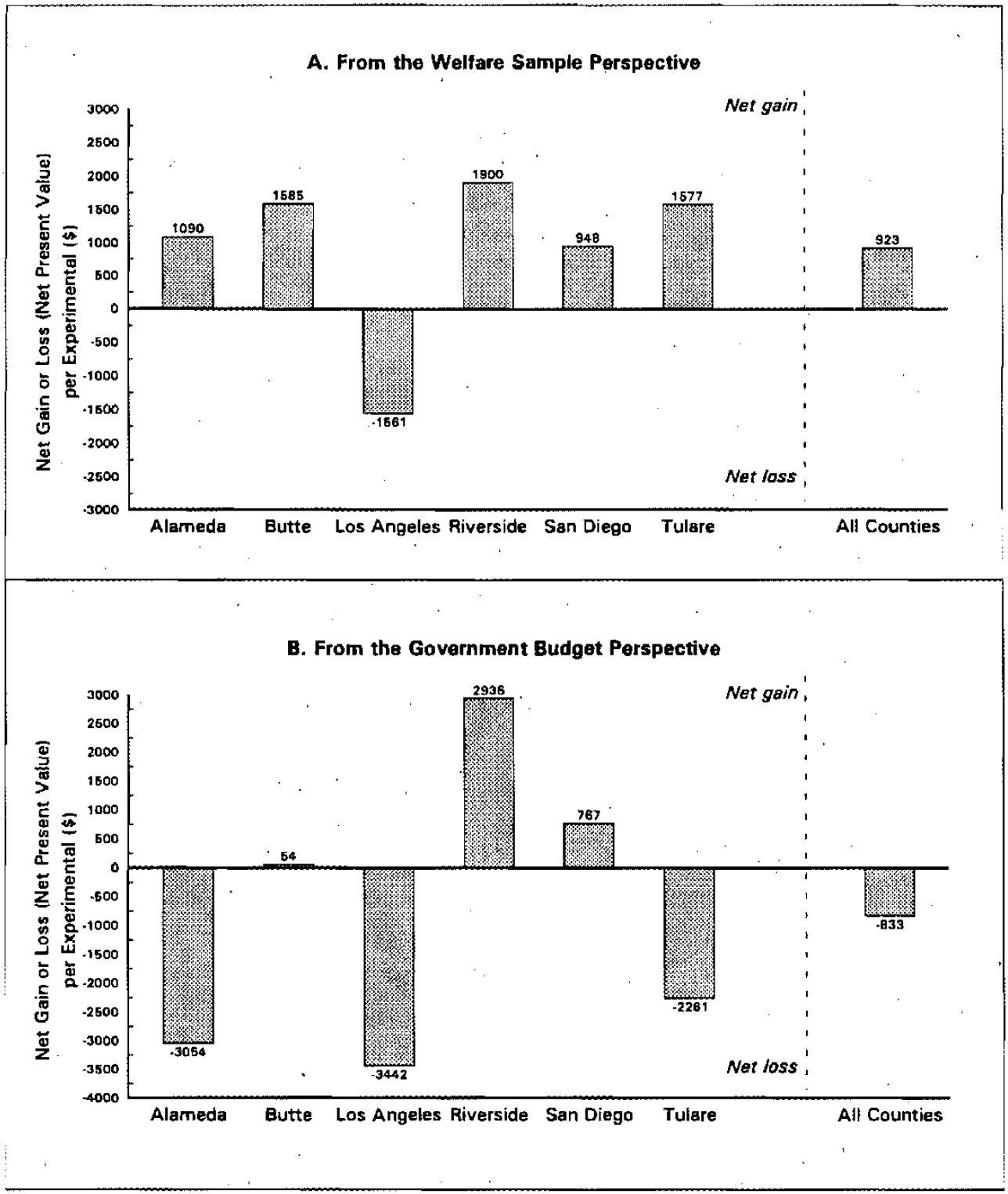


TABLE 7

GAIN's BENEFIT–COST RESULTS FOR AFDC–FGs (SINGLE PARENTS) (IN 1993 DOLLARS)

Sample and County	Estimated Net Gain or Loss (Net Present Value) per Experimental Within Five Years After Orientation, by Accounting Perspective ($)			Return to Government Budget per Net Dollar Invested
	Welfare Sample	Government Budget	Society	
Full sample				
Alameda	1090	−3054	−2103	0.45 per $1
Butte	1585	54	1452	1.02 per $1
Los Angeles	−1561	−3442	−5046	0.41 per $1
Riverside	1900	2936	4458	2.84 per $1
San Diego	948	767	1649	1.40 per $1
Tulare	1577	−2261	−819	0.17 per $1
All counties (a)	923	−833	−67	0.76 per $1
Registrants determined not to need basic education				
Alameda	5328	−6041	−904	0.16 per $1
Butte	4702	−3955	621	−0.30 per $1
Los Angeles	−2826	2892	−11	2.15 per $1
Riverside	3235	3576	6328	4.36 per $1
San Diego	2925	2610	5235	3.95 per $1
Tulare	673	−2812	−2163	−0.24 per $1
Registrants determined to need basic education				
Alameda	−1199	−2011	−3299	0.60 per $1
Butte	−820	4816	3656	2.71 per $1
Los Angeles	−1162	−4755	−5941	0.26 per $1
Riverside	1111	2444	3246	2.24 per $1
San Diego	−968	−759	−1590	0.72 per $1
Tulare	2333	−2082	45	0.30 per $1

NOTES: The net present value from the societal perspective is estimated by summing the net present value from the perspective of the government budget (minus employers' share of payroll taxes) plus the net value of output produced by registrants in unpaid work experience positions.

(a) In the all–county averages (included for the full sample only), the results for each county are weighted equally.

increased tax revenues exceeded net costs) in San Diego ($767), and a quite large net gain in Riverside ($2,936). In Butte, GAIN resulted in the government budget breaking even (with a slight net gain of $54). The losses in Alameda and Los Angeles to an important extent reflect the comparatively high net expenditures on employment-related services per experimental, especially for education and training activities. On average, across the six counties, the GAIN program incurred a net loss to the government budget of $833 within a five-year time horizon.

One can also consider the cost-effectiveness of the GAIN program from the standpoint of the government budget by estimating the value of budgetary savings and tax increases per dollar of investment (i.e., per dollar of net costs). This measure is called *net return to budget per net dollar invested.* An average gain of more than $1 means that the program brings in more than a dollar's worth of additional revenues and savings for each additional dollar spent on employment-related services to experimentals; an average return that is less than $1 implies a net loss for the government.

Riverside's program produced $2.84 in increased revenues and savings for every net dollar spent on experimentals, a substantial return to the budget. (If Riverside had operated GAIN solely with the higher caseload sizes assigned to staff in the "regular" case management group, its return to the government budget would have been higher than $2.84.) The program in San Diego and (to a slight extent) Butte also returned more than $1 in revenues and savings ($1.40 and $1.02, respectively). Alameda, Los Angeles, and Tulare returned less than $.50 per dollar of net costs; and the six counties combined returned $.76, on average.

- **Overall, three counties (Butte, Riverside, and San Diego) achieved a net gain from the societal perspective.**

The net financial gain or loss to "society as a whole" is approximated by summing the results from the welfare sample and government budget perspectives.[3] As Table 7 shows, Butte, San Diego, and especially Riverside achieved a net financial gain from the societal perspective, and were the only counties to do so. In Alameda and Tulare, the government incurred a net loss but welfare recipients gained -- a kind of trade-off that policymakers may or may not find acceptable.

- **The findings across the six counties point to GAIN's potential to produce net financial gains for *both* education subgroups. However, different strategies**

[3]The results from another perspective -- that of the taxpayer -- were also calculated but were excluded from this summary because they were close to those of the government budget. They included a small additional gain from increased output from experimentals employed in unpaid work experience (PREP) jobs and excluded the employer's share of payroll taxes.

may involve important trade-offs between the welfare sample and government budget.

For experimentals determined *not* to need basic education, Alameda (which served longer-term welfare recipients) stands out as having produced the largest net gain for the welfare sample ($5,328 per experimental). At the same time, Alameda's average net cost per experimental in this subgroup was unusually high ($7,161, compared to less than $1,100 in Riverside and San Diego), in part because of its high net increase in experimentals' use of vocational training and post-secondary education. These expenditures, in combination with the absence of substantial reductions in AFDC payments, resulted in a substantial net loss for the government budget ($6,041 per experimental), as shown in Table 7. Riverside and San Diego illustrate an alternative pattern: Although they placed much less emphasis on vocational training and post-secondary education, they too achieved a net gain for the welfare sample (in the range of $3,000 per experimental), although it was considerably smaller than in Alameda. Because their expenditures were lower, these two counties also produced a net gain for the government budget: by $3,576 in Riverside and $2,610 in San Diego (a return of $4.36 and $3.95, respectively, per net dollar invested).

For experimentals who *were* determined to need basic education, GAIN resulted in a net gain from the welfare sample perspective in only two counties (Riverside and Tulare) and for the government budget in two counties (Butte and Riverside). Riverside was the only county of the six to produce a net gain for both of the basic education subgroups from both the welfare sample and government budget perspectives.

Summary of Impact and Benefit-Cost Findings for AFDC-Us (Heads of Two-Parent Families)

- **GAIN produced earnings gains for the heads of two-parent families (AFDC-Us) that were about the same in year 3 as in year 2, and welfare savings that were somewhat lower. Butte had the most impressive earnings impacts, which were large and sustained over time.**

Averaging across five counties (omitting Alameda because of a small sample size) yields three-year earnings gains of $1,111 per AFDC-U experimental group member (a 12 percent increase over the control group average) and three-year AFDC impacts of $1,168 (a saving of 6 percent relative to the average AFDC payments to controls). (See Table 8.)

The results varied considerably by county. GAIN increased earnings in the three-year follow-up period in three of the five counties – Butte, Los Angeles, and Riverside. However, only in Butte did

TABLE 8

GAIN's THREE–YEAR IMPACTS ON EARNINGS AND AFDC PAYMENTS FOR AFDC–Us (HEADS OF TWO–PARENT FAMILIES)

	Average Total Earnings				Average Total AFDC Payments			
County	Experimentals ($)	Controls ($)	Difference ($)	Percentage Change	Experimentals ($)	Controls ($)	Difference ($)	Percentage Change
Alameda (a)								
Year 1	– –	– –	– –	– –	– –	– –	– –	– –
Year 2	– –	– –	– –	– –	– –	– –	– –	– –
Year 3	– –	– –	– –	– –	– –	– –	– –	– –
Total	– –	– –	– –	– –	– –	– –	– –	– –
Butte								
Year 1	3026	2393	633 *	26%	6523	6749	–226	–3%
Year 2	4033	2776	1257 ***	45%	5246	5775	–529	–9%
Year 3	4752	3346	1406 **	42%	4555	5071	–516	–10%
Total	11811	8515	3295 ***	39%	16324	17595	–1271	–7%
Los Angeles								
Year 1	1480	1221	259 **	21%	9440	9871	–431 ***	–4%
Year 2	1787	1468	319 *	22%	8333	8826	–493 ***	–6%
Year 3	1726	1417	309	22%	7417	7739	–323 *	–4%
Total	4993	4106	887 **	22%	25190	26436	–1246 ***	–5%
Riverside								
Year 1	3691	2930	761 ***	26%	4840	5807	–967 ***	–17%
Year 2	4038	3628	411	11%	3892	4640	–748 ***	–16%
Year 3	3812	3478	334	10%	3614	3964	–350 *	–9%
Total	11542	10036	1506 **	15%	12346	14411	–2064 ***	–14%
San Diego								
Year 1	3331	3089	242	8%	6790	7301	–510 ***	–7%
Year 2	4128	3978	150	4%	5565	6197	–632 ***	–10%
Year 3	4144	4402	–258	–6%	5155	5339	–184	–3%
Total	11603	11469	134	1%	17510	18837	–1327 ***	–7%
Tulare								
Year 1	2987	2961	26	1%	7545	7523	23	0%
Year 2	3721	3998	–277	–7%	6316	6261	54	1%
Year 3	4121	4138	–17	–0%	5588	5600	–12	–0%
Total	10829	11097	–268	–2%	19449	19384	66	0%
All counties (b)								
Year 1	2903	2519	384 ***	15%	7028	7450	–422 ***	–6%
Year 2	3542	3170	372 **	12%	5871	6340	–469 ***	–7%
Year 3	3711	3356	355 **	11%	5266	5543	–277 ***	–5%
Total	10156	9045	1111 ***	12%	18164	19332	–1168 ***	–6%

NOTES: Dollar averages for each year include zero values for sample members who were not employed or did not receive welfare during that year. Statistical significance levels are indicated as *** = 1 percent (the highest level); ** = 5 percent; * = 10 percent.

(a) Because of Alameda's small sample size for AFDC–Us, the estimates of its earnings impacts ($782 for the three–year period, or a 24 percent increase over the control group average) and AFDC payments impacts (–$103, or less than a 1 percent decrease) are considered much less reliable than those for the other counties; therefore, the Alameda impacts are not included in this table.

(b) In the all–county averages, the results for each county are weighted equally.

earnings impacts increase from year 1 to year 2; they then held steady from year 2 to year 3, reaching a total of $3,295 per experimental over the entire three-year period.

Reductions in AFDC payments were found in four counties -- Butte, Los Angeles, Riverside, and San Diego -- although they were not statistically significant in Butte (possibly because of a small sample size). Riverside's welfare impacts were the largest: a saving of $2,064 per experimental over the three years, or 14 percent of the average payments to controls. Butte, Los Angeles, and San Diego were in a middle range, while Tulare produced no AFDC impacts. It appeared unlikely there would be much addition to total AFDC impacts after year 3 except in Butte.

- **GAIN had a positive impact on AFDC-U experimentals' rate of employment in year 3 in three counties (Butte, Los Angeles, and Riverside). However, it did not reduce the proportion on welfare.**

Table 9 indicates that across the five counties included in the AFDC-U analysis, nearly 45 percent of experimentals had ever been employed in year 3, compared to 40 percent of controls, a difference of almost 5 percentage points. This impact was concentrated in Butte, Los Angeles, and Riverside. Although Los Angeles had the largest impact (10 percentage points on this measure), this effect did not translate into a correspondingly large earnings gain, perhaps because the jobs were short-term, low-paying, or both.

Table 9 also shows that GAIN had little overall effect on the proportion of AFDC-Us receiving AFDC in the last quarter of follow-up, although Butte did show a reduction (not statistically significant) of almost 5 percentage points. In fact, the proportion of both groups receiving welfare at the end of year 3 was high in most counties, exceeding 50 percent (and reaching 78 percent in Los Angeles). These levels are comparable to those found for the AFDC-FGs, which was not expected because AFDC-Us are typically considered to be more "job-ready" and shorter-term users of welfare. These patterns may partly reflect the fact that the AFDC-U samples in several counties included a relatively high proportion of registrants who were not proficient in English. This was especially so in Los Angeles, where they accounted for 83 percent of the research sample, many of whom were Southeast Asian refugees.

- **GAIN's benefit-cost results for AFDC-Us show a large positive effect from the welfare sample perspective in Butte only, and a modest positive return on the government's investment in Butte and Riverside only.**

As suggested by the impact analysis, GAIN did not produce for AFDC-Us the same overall economic benefits from the welfare sample perspective that AFDC-FGs received, primarily because

TABLE 9

GAIN's IMPACTS ON RATES OF EMPLOYMENT AND WELFARE CASE CLOSURES AT THE END OF YEAR 3 FOR AFDC–Us (HEADS OF TWO–PARENT FAMILIES)

	Ever Employed in Year 3			On AFDC in the Last Quarter of Year 3		
County	Experimentals (%)	Controls (%)	Difference	Experimentals (%)	Controls (%)	Difference
Butte	48.1	41.9	6.2 *	47.9	52.7	−4.8
Los Angeles	35.8	26.0	9.8 ***	78.4	77.9	0.5
Riverside	44.8	40.2	4.6 **	42.6	40.9	1.7
San Diego	45.6	43.9	1.7	56.9	57.2	−0.2
Tulare	48.9	48.4	0.5	60.4	59.9	0.5
All counties (a)	44.6	40.1	4.5 ***	57.3	57.7	−0.5

NOTES: Statistical significance levels are indicated as *** = 1 percent (the highest level); ** = 5 percent; * = 10 percent.

Because of Alameda's small sample size for AFDC–Us, the estimates of its impacts are considered much less reliable than those for the other counties; therefore, the Alameda impacts are not included in this table.

(a) In the all–county averages, the results for each of the five counties displayed in the table are weighted equally.

TABLE 10

GAIN's BENEFIT–COST RESULTS FOR AFDC–Us (HEADS OF TWO–PARENT FAMILIES) (IN 1993 DOLLARS)

	Estimated Net Gain or Loss (Net Present Value) per Experimental Within Five Years After Orientation, by Accounting Perspective ($)			
County	Welfare Sample	Government Budget	Society	Return to Government Budget per Net Dollar Invested
Butte	2096	697	2568	1.22 per $1
Los Angeles	−621	−2021	−2748	0.55 per $1
Riverside	−714	1314	466	1.61 per $1
San Diego	−1949	−86	−1796	0.96 per $1
Tulare	260	−2939	−2685	− 0.08 per $1
All counties (a)	−186	−607	−838	0.79 per $1

NOTES: The net present value from the societal perspective is estimated by summing the net present value from the perspective of the government budget (minus employers' share of payroll taxes) and the net value of output produced by registrants in unpaid work experience positions.

Because of Alameda's small sample size for AFDC–Us, the estimates of its impacts are considered much less reliable than those for the other counties; therefore, the Alameda impacts are not included in this table.

(a) In the all–county averages, the results for each of the five counties displayed in the table are weighted equally.

A SUMMARY OF GAIN's BENEFITS, COSTS AND THREE-YEAR IMPACTS

- ***GAIN***
  - The nation's largest JOBS program
  - Similar to other JOBS approaches in its emphasis on basic education and the priority of serving (potential) long-term recipients
  - Different in its greater specificity of service sequences and California's relatively high grants
- ***Study***
  - 33,000 people randomly assigned, about half enrolled prior to July 1989
  - Single-parents (mostly women with school-age children) and two-parent heads of households (mostly men)
  - Six counties (52% of the state's welfare caseload) with diverse conditions and GAIN approaches: Alameda, Butte, Los Angeles, Riverside, San Diego, Tulare
- ***Three-Year Impact Findings for AFDC Single Parents***
  - Increases in employment and earnings: for the six counties (weighted equally), average earnings gains of $1,414 (22%) over the three years; effects grew larger over time
  - Reductions in welfare payments: for the six counties (weighted equally), average grant reductions of $961 (6%) over the three years
  - Five of the six counties produced moderate-to-large earnings gains or welfare savings (or both) over the three years
  - Varied effects by county: largest impacts in Riverside, with average three-year earnings gains of $3,113 (49%) and average welfare reductions of $1,983 (15%)
  - Some earnings and welfare impacts on long-term recipients
  - 53% of GAIN enrollees were on welfare at the end of the three-year period, a 3 percentage-point reduction compared to controls (56%)
- ***Five-Year Benefit Cost Findings for Single Parents***
  - Net costs varied widely across counties, from $1,597 per enrollee in Riverside to $5,597 in Alameda
  - Five of the six counties made welfare recipients better off financially
  - Government budgets came out ahead in two counties (Riverside and San Diego) and broke even in a third (Butte); return to government budget per net dollar invested was largest in Riverside ($2.84)
- ***Results for Heads of Two-Parent Families***
  - Increases in employment and earnings: for five counties (weighted equally), average earnings gains of $1,111 (12%) over the three years
  - Reductions in welfare payments: for five counties (weighted equally), average welfare payments reduced $1,168 (6%) over the three years
  - Longer-term impact trends not as impressive as for single parents
  - Five-year benefit-cost results: one county (Butte) produced a substantial net gain for welfare recipients; in two counties (Butte and Riverside) government budgets came out ahead

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savings in AFDC and other transfers offset earnings gains to a greater extent. As seen in Table 10, the AFDC-U welfare sample incurred net losses in three counties (Los Angeles, Riverside, and San Diego) and net gains in two others (Butte and Tulare). However, only in Butte did AFDC-Us receive a large net gain from the program, $2,096. From the government budget perspective, only Butte and Riverside produced a net gain ($697 and $1,314, respectively).

Policy Lessons

In passing the GAIN legislation in 1985, California legislators launched an ambitious effort to change the terms and conditions of receiving AFDC, with the twin goals of helping welfare recipients become self-sufficient and reducing the financial burden of welfare on the government. The model itself was the product of a compromise between two groups in California that embraced both of these goals but differed in their beliefs about the type of program best suited to achieving them. One group of reformers initially favored a relatively short-term program of mandatory job search followed, for participants who did not find jobs, by unpaid work experience (or "workfare"). The other group favored a broader range of services, with a strong emphasis on education and skills training, as well as less onerous penalties for noncompliance than the financial sanctions advocated by the first group. The resulting GAIN model incorporates elements of both of these approaches, representing a significant departure from the simpler (mainly job search) lower-cost initiatives of the early 1980s – and a prelude to the federal JOBS program, which, like GAIN, includes a reciprocal obligation and greater focus than earlier programs on education and training.

Representing a bold leap in welfare reform – in ambition, complexity, and expense – GAIN started with its feasibility uncertain and its effectiveness unknown. Would it be operated as envisioned on a large scale? Would its performance beat the clear but modest successes of earlier welfare-to-work programs? What approaches for implementing it would work best? The GAIN evaluation findings that are now available offer some answers.

Operating GAIN as envisioned *on a large scale*

GAIN's ambitiousness derived as much from the scale of the project – in most counties, having been targeted (originally) toward ***all*** single parents on AFDC with schoolage children and heads of two-parent families – as from the complexity of the model itself. Nonetheless, all of the study counties – large and small – were able meet the challenge of implementing GAIN's mixed service approach involving job search, basic education, training, and other services, along with its ongoing

participation mandate and multi-step enforcement process. Funding levels did not permit Alameda and Los Angeles to enroll the full mandatory caseload, or the other counties to continue doing so (especially after the transition to JOBS, which expanded the share of the welfare caseload targeted for GAIN), but the program model envisioned by the California legislature was given a "fair test" during the main period of program operations covered by the evaluation, and it proved administratively feasible.

Is GAIN more successful than past welfare-to-work programs, and for more disadvantaged welfare recipients?

In establishing GAIN, the California legislature hoped to create a program that would surpass in effectiveness the primarily job search programs of the early 1980s, particularly with the more disadvantaged portion of the welfare caseload that had benefited less from such services. Overall, the results suggest that GAIN could meet this standard -- average GAIN impacts were larger than those produced by these earlier programs -- but that it did not do so uniformly. The results also show that, in one county, GAIN produced the most impressive results ever found for a large-scale welfare-to-work program.

Moreover, GAIN's pattern of impacts shows that the program could substantially increase the earnings of long-term recipients, but that here, too, the effects were not consistent across counties. Some counties had better results for advantaged groups, some for less advantaged. The absence of a more consistent, predictable pattern suggests that giving priority for enrollment into GAIN to particular segments of the welfare caseload may not yield effective results across all counties. Therefore, for the state as a whole, a more broadly focused strategy might be more effective. (Past welfare-to-work studies point to the same conclusion.) At the same time, the challenge remains to improve the consistency of GAIN's effectiveness across a wide variety of subgroups.

Do some approaches work better than others?

Although GAIN is based on a uniform program model that all of California's counties must operate, county administrators have considerable authority -- under California's state-supervised, county-operated welfare system -- to shape the program's actual content. The GAIN administrators in the six study counties chose to implement the program in different ways. The most important dimensions of program variation included the use of basic education, vocational training and post-secondary education, and other strategies; the message conveyed to welfare recipients about employment; and the use of direct job development. This variation provided the evaluation with an

opportunity to explore whether some of these alternative approaches generated better results than others.

The Role of Basic Education. The study's findings suggest (but do not prove) that basic education – one of GAIN's most innovative and expensive features – may make an important contribution to the program's success, as its designers had hoped. (As previously discussed, such an effect in Riverside would have been indirect, since it did not come from an increase in measured skills gains or GED receipt.) At the same time, the findings caution that basic education offers *no guarantee* of success – even when it is extensively used (as in Alameda) or its quality is considered exceptional (as in San Diego). Although the study cannot point to particular changes in the character of the education treatment itself that would enhance its effectiveness, the absence of large earnings impacts in four of the six counties for welfare recipients lacking basic skills suggests that attempting to get as many of these recipients as possible to attend basic education as their initial GAIN activity appears not to be the most productive strategy. It may also be that permitting very long stays in this activity without closely monitoring participation and progress, and without requiring participants to test opportunities in the labor market along the way, would weaken the contribution that basic education could make to GAIN's overall success. In the absence of more convincing evidence of a payoff from *maximizing* the use of basic education, a *more equal emphasis* on upfront job search as well as basic education activities, in combination with other factors, could be a better way of serving those lacking basic skills.

The Role of Vocational Training and Post-Secondary Education. For recipients who already possess a high school diploma or a GED and pass a literacy test, the GAIN model requires "testing the job market first" by participating in job search activities before moving on to more expensive vocational training or post-secondary education. Given this sequence, and the fact that many controls enrolled themselves in non-GAIN vocational training or post-secondary education (as did some experimentals after leaving welfare), GAIN's impact on the use of these activities was small in most counties. Thus, the evaluation can provide only limited evidence on the effects of increasing their use.

Some evidence suggests (but does not prove) that greater use of vocational training and post-secondary education *may* be an effective approach: Alameda produced the largest increase in the use of such activities by registrants not needing basic education and achieved a large earnings gain for them; it also got them better jobs (compared to employed controls). In addition, Alameda produced the largest overall financial gain for experimentals *in that subgroup* across the six counties, as measured by the benefit-cost analysis. At the same time, this strategy can also be costly from the

standpoint of the government budget, with the financial return falling far short of the government's net investment per experimental in the not-in-need-of-basic-education subgroup, as was the case in Alameda.

It is therefore an equally important finding that, for this subgroup, two other study counties (Riverside and San Diego) produced large earnings gains and welfare savings, and an overall net gain for both the welfare sample and the government budget, all *without* increasing experimentals' use of vocational training and post-secondary education (compared to their use by controls). Thus, other approaches can provide an alternative route to achieving desirable earnings and welfare impacts and may be more cost-effective (although they may not lead to higher-paying jobs).

The "Message" and Emphasis on Quick Employment and Job Development. While GAIN's job search, basic education, and vocational education and training might help a county achieve positive earnings impacts, these services are unlikely to be all that matter. Among the program's other features, the "message" about employment that staff attempt to convey to registrants while they are in *all* components, and the active use of job development to establish a close link to private-sector employers, may also be critically important.

A program's employment message is an aspect of operating GAIN that transcends specific program components. As described earlier in this summary (in the section on implementation findings), the content of that message can vary widely, from more strongly emphasizing the value of any job, even a low-paying job, to encouraging participants to wait for (and prepare for) a better job. Yet, the very content of that message may be part of what determines whether participation in *any* given component will actually have a payoff in the labor market. Indeed, the finding that the best-performing county (Riverside) far more strongly and pervasively than all other counties advocated the value of any job points to the potential importance of the employment message, even to registrants assigned to education and training activities. Perhaps it contributed to Riverside's success by affecting how much effort registrants – across a variety of subgroups – made to look for a job, and how selective they were with regard to the kinds of jobs they would accept.

Job development, whereby staff directly assist registrants in locating employment opportunities, also transcends program components and may be another aspect of operating GAIN that enhances the payoff derived from participating in a GAIN component. By offering those taking part in GAIN job search or education or training a direct link to employers (as Riverside did to a far greater extent than any other county), job development may increase participants' *opportunity and incentive* to apply in the labor market what they learn in GAIN activities.

The Case of Riverside: A Combination of Factors. No single implementation factor is likely to explain why one county performs better than another, and this appears to be the case in accounting for Riverside's unusually strong performance. For example, the available evidence suggests that Riverside's results appear not to be explained by differences in the background characteristics of its GAIN registrants or local economic conditions. Moreover, while it had some distinctive program features, along many dimensions the program was not unique. What most distinguished Riverside from the other counties – and, therefore, what might have contributed to Riverside's more favorable results – was its particular *combination* of practices and conditions: a pervasive employment message and job development efforts, more equal use of job search and education activities for registrants needing basic education, a strong commitment to (and adequate resources for) securing the participation of all mandatory registrants, and reliance on GAIN's formal enforcement mechanisms to reinforce the seriousness with which it viewed the participation obligation. This constellation of practices was not found in any other county.

If Riverside's success sets a new standard of achievement for welfare-to-work programs, and if a combination of program strategies explains its success, it is important to ask whether Riverside's overall approach or some of its distinctive strategies can be replicated elsewhere with the same success. On the one hand, the finding that Riverside produced similarly impressive impacts across each of its GAIN offices suggests that its approach and success can be replicated even when operated by different staff and in localities characterized by diverse labor market and local conditions. On the other hand, the variation in local conditions within Riverside County does not capture the greater variation that exists across counties. Thus, it is not a foregone conclusion that Riverside's approach – including its focus on more rapid employment and job development – would work in other types of localities, particularly in inner-city areas such as those found in Los Angeles and Alameda, or whether they would succeed in more rural, agricultural areas with persistently high unemployment, such as those found in Tulare. Also, at least in the inner-city areas, where the welfare population as a whole undoubtedly faces greater barriers to employment, a stronger employment focus may or may not help to improve their employment prospects. Also important is whether other combinations of practices can produce results as good as or (by helping more recipients get higher-quality jobs) better than those found in Riverside – e.g., by instituting a strong job development component in a program emphasizing vocational education and training, or delivering a strong employment message in a program that (unlike Riverside) actually produces a greater net increase in (i.e., impact on) the use of vocationally oriented activities. These are important questions for future evaluation efforts.

Would Changing the Incentives to Work Produce Better Results?

It is also important to consider some of the limitations of GAIN. As previously mentioned, GAIN, even operating at its best, was only moderately successful in moving people off welfare and out of poverty by the end of three years. This is probably because of conditions that transcend the GAIN program, such as the economic incentive for welfare recipients to take and keep jobs. It is therefore important to ask whether GAIN's effectiveness can be enhanced by other reforms now under debate or already instituted that aim to improve the financial payoff from working. Such strategies include increasing the EITC (as the federal government has recently done), and, at the same time, increasing welfare recipients' awareness of this benefit (which this study found to be low among recipients in GAIN). Other strategies would include allowing welfare recipients to keep more of their earnings and still collect AFDC (as recent legislation in California and in other states does), and improving access to medical care (which is under debate in Congress) and child care for the working poor. Whether these and other reforms can strengthen the payoff from GAIN (or JOBS programs in other states) remains an important open question.

TABLE 11

THE SIX COUNTIES IN THE GAIN IMPACT STUDY AND THEIR SAMPLES (AT THE TIME THE SAMPLES WERE ENROLLED IN GAIN: MARCH 1988 THROUGH JUNE 1990)

Alameda, which includes the city of Oakland, has the largest welfare caseload of single parents (AFDC-FGs), and the second-largest caseload of heads of two-parent families (AFDC-Us), among counties in the San Francisco Bay area. It was one of two evaluation counties that had a large inner-city welfare population and that enrolled only long-term recipients, a practice that was consistent with the statutory requirement for counties that did not have enough resources to serve all GAIN-eligibles. More than 80 percent of both its AFDC-FG and AFDC-U GAIN registrants were minorities; a large majority (69 percent) of its single-parent registrants were black, and a substantial proportion (40 percent) of its heads of two-parent families were Indochinese. Alameda had the second-highest proportion of registrants who were determined "in need of basic education" (65 percent for AFDC-FGs and 81 percent for AFDC-Us). The caseload size per case manager in Alameda was relatively low, about 75:1.

Butte, a mid-sized rural county in northern California, had by far the smallest welfare caseload of the counties studied and the largest proportion of non-minorities (more than 85 percent of AFDC-FGs and about three-quarters of AFDC-Us). Although it enrolled a broad cross section of its mandatory GAIN caseload, Butte appeared to have the least disadvantaged AFDC-FG sample in the study, with the lowest rate of those determined "in need of basic education" (49 percent), the lowest proportion of long-term recipients (28 percent), and the second-highest proportion of registrants with a recent work history (57 percent). Butte used an unusual GAIN intake procedure in order to keep caseload size per case manager relatively low (63:1); registrants were brought into GAIN but were placed on waiting lists for up to several months until a case manager had an opening.

Los Angeles, with about one-third of the state's caseload and a welfare population larger than all but a few states', was the other county that had a large inner-city welfare population and that enrolled only long-term recipients. As a result, Los Angeles had the highest relative proportion of recipients in the research sample who were determined "in need of basic education" (81 percent for AFDC-FGs and 92 percent for AFDC-Us). An unusually large proportion (32 percent of AFDC-FGs and 83 percent of AFDC-Us) were not proficient in English. Los Angeles also had the smallest proportion of AFDC-FGs with a recent work history (just 17 percent) and the second-smallest proportion of AFDC-Us who had recently worked (32 percent), the highest average age (almost 39 years for AFDC-FGs and 42 for AFDC-Us), and the highest proportion of minorities (nearly 90 percent for both AFDC-FGs and AFDC-Us). Nearly 60 percent of its AFDC-U population was Indochinese. Los Angeles' program started later and was somewhat less fully developed than other counties' programs during the study period. Alone among the counties in California, Los Angeles had also contracted with a private-sector firm to conduct case management. (This contract was terminated in 1993.) Its GAIN caseload per case manager (128:1) was the highest among the six counties.

(continued)

TABLE 11 (continued)

Riverside, a large county in southern California, which has both urban and rural areas, enrolled a broad cross section of its mandatory welfare population. A substantial proportion of its registrants (60 percent for AFDC-FGs, two-thirds for AFDC-Us) were determined "in need of basic education." Approximately half of its AFDC-FG registrants were minorities, as were 57 percent of its AFDC-U registrants. While half of its AFDC-FGs had recent work experience, the rate was 72 percent for AFDC-Us. Owing to a special study of the impact of different caseload sizes, the average caseloads were about 53:1 (for one group of case managers) and 97:1 (for the other group).

San Diego, with the state's second-largest AFDC-FG caseload and the fourth-largest AFDC-U caseload, enrolled a broad cross section of its caseload in GAIN. About 60 percent of its registrants were minorities, and well over half were determined "in need of basic education." The county's GAIN sample had the highest proportion of registrants who had recently worked – 59 percent among AFDC-FGs – and the second-highest among AFDC-Us (nearly 80 percent). It had the second-highest average caseload per case manager (103:1).

Tulare was the only county of the six that had to operate GAIN in the context of a rural and highly agricultural, seasonal labor market. A high proportion of Tulare's GAIN registrants were determined "in need of basic education" (65 percent of AFDC-FGs and nearly three-fourths of AFDC-Us). About 40 percent of its registrants were Hispanic, the highest proportion of any county. It had an average caseload per case manager, about 100:1.

Briefing Tables
California's GAIN/JOBS Program
Benefits, Costs, and Three-Year Impacts

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TABLE 1

THE GAIN PROGRAM

PROGRAM CAPACITY

- The nation's largest JOBS program in terms of total program caseload, with over 191,000 people registered (and about 61,000 active) at any one time

COMPARISON WITH OTHER STATE JOBS PROGRAMS

Similarities:
- A mix of job search, education, training, and other services
- Priority on serving long-term recipients

Differences:
- During the study period, California covered a broad share of the mandatory caseload (not only volunteers)
- Greater specificity of service sequences, with a greater emphasis on upfront basic education
- Relatively high welfare grants

PROGRAM MODEL

- Three service tracks:

  Track #1: *For individuals determined to need basic education:* Can choose job search or basic education as initial activity. If choose job search but do not find a job, must then go to basic education

  Track #2: *For individuals determined not to need basic education:* Must go to job search first

  Track #3: *For individuals in an approved education or training activity when starting GAIN:* Can continue in that activity

  If upfront activities do not lead to a job: Full employability assessment to select an education, training, or work experience activity

- Mandatory continuous participation

- Financial sanctions (reduction in welfare grant) for those refusing to comply

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TABLE 2

EVALUATION DESIGN

COUNTIES:

Alameda (Oakland)	Los Angeles	San Diego
Butte	Riverside	Tulare

SAMPLE FOR THIS REPORT:

- Mandatory single parents (mostly women) with school-age children
- Heads of two-parent families (mostly men)
- In four counties: The full GAIN mandatory caseload
- In Los Angeles and Alameda: Only longer-term welfare recipients
- Special sample of single parents with children under age 6 in Alameda, Riverside, and Tulare

RANDOM ASSIGNMENT:

• Experimental Group:	Eligible for GAIN services and subject to the participation mandate
• Control Group:	Not in GAIN but could seek alternative services.
• Period of Random Assignment:	March 1988 through June 1990 (GAIN became JOBS in July 1989)
• Total Sample Size:	33,000 (25 percent in control group)

LENGTH OF FOLLOW-UP FOR THIS REPORT:

- Minimum of three years from each sample member's date of random assignment to the experimental group or to the control group
- Approximately four years for an early sample

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TABLE 3

KEY FINDINGS

FOR SINGLE PARENTS (AFDC-FGs) WITH CHILDREN AGE 6 OR OLDER:

- GAIN increased experimentals' earnings (for all six counties combined). These effects grew progressively larger over time.
- GAIN reduced experimentals' welfare payments. These effects began to level off in the third year.
- One county (Riverside) continued to produce the most impressive effects found for single parents in a large-scale welfare-to-work program. Riverside's program returned to government budgets (over a five-year period) $2.84 for every net public dollar invested per experimental ***and*** made welfare recipients financially better off.
- Among the other five counties, several began to close the gap in impacts with Riverside. Most made welfare recipients better off financially, and in two (Butte and San Diego), the program also paid for itself.
- GAIN produced a small reduction in experimentals' likelihood of being on welfare after two years.

FOR THE HEADS OF TWO-PARENT FAMILIES (AFDC-Us):

- GAIN produced earnings gains and welfare savings, but the longer-term trends were not as impressive as for single parents.
- One county (Butte) produced exceptionally large earnings gains and made welfare recipients better off financially.
- The program more than paid for itself in two counties (Butte and Riverside).

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TABLE 4

GAIN's EFFECTS ON EMPLOYMENT AND EARNINGS FOR AFDC-FGs (SINGLE PARENTS)

(ALL COUNTIES COMBINED) (a)

	Average Earnings per Experimental ($)	Average Earnings per Control ($)	Difference (Impact) ($)	Percentage Change
Year 1	1,908	1,642	266***	16%
Year 2	2,714	2,202	512***	23%
Year 3	3,159	2,523	636***	25%
Total	7,781	6,367	1,414***	22%

	Experimentals	Controls	Difference (Impact)
Percent ever employed, years 1-3	56.7	50.8	6.0***
Percent ever employed, year 3	39.6	33.7	5.9***
Percent earning $5,000 or more in year 3	19.7	16.3	3.5***
Percent earning $10,000 or more in year 3	12.1	9.2	3.0***

	Employed Experimentals	Employed Controls
Of those employed in year 3, average year 3 earnings	7,977	7,487
Of those employed in year 3, percent earning $10,000 or more	30.6	27.3

NOTES: ***Denotes statistical significance at the 1 percent level.

(a) Each impact estimate is the average of the impacts for each of the six counties, which are weighted equally.

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TABLE 5

GAIN's EFFECTS ON THE RECEIPT OF WELFARE FOR AFDC-FGs (SINGLE PARENTS)

(ALL COUNTIES COMBINED) (a)

	Average AFDC Payments per Experimental ($)	Average AFDC Payments per Control ($)	Difference (Impact) ($)	Percentage Change
Year 1	5,963	6,246	-283***	-5%
Year 2	4,669	5,017	-347***	-7%
Year 3	3,832	4,163	-331***	-8%
Total	14,464	15,426	-961***	-6%

	Experimentals	Controls	Difference (Impact)
Percent received AFDC in the last quarter of:			
Year 1	73.4	76.4	-3.1***
Year 2	61.3	62.7	-1.4
Year 3	52.5	55.5	-3.0***

NOTES: ***Denotes statistical significance at the 1 percent level.
(a) Each impact estimate is the average of the impacts for each of the six counties, which are weighted equally.

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TABLE 6

COUNTY IMPLEMENTATION: ALAMEDA VS. RIVERSIDE

IMPLEMENTATION IN ALAMEDA

- Served a longer-term welfare population (18 % white, 8% Hispanic, 69% black)
- Experimentals participated in job search, basic education, and vocational training substantially more than controls did on their own
- The increased use of vocational training was concentrated in the subgroup *not* needing basic education
- Priority was placed on getting a "good job"; education and training was encouraged as the way to get there
- Little job development assistance
- High emphasis on personalized attention
- Low use of formal conciliation and sanctioning procedures to enforce the participation mandate
- Moderate unemployment (somewhat higher in Oakland), but little job growth

IMPLEMENTATION IN RIVERSIDE

- Strong commitment and adequate resources to serve full mandatory population (51% white, 28% Hispanic, 16% black)
- Experimentals participated in job search and basic education substantially more than controls did on their own
- While many experimentals participated in vocational training (usually self-initiated), their use of such services was no higher than among controls
- Pervasive emphasis on getting a job quickly, even if relatively low-paying and even for people in education and training activities
- Job placement standards for case managers
- Strong efforts to help recipients locate job opportunities through job development
- Higher use of official conciliation and sanctioning procedures in enforcing participation mandate
- Lower (but still substantial) emphasis on personalized attention relative to most other counties
- Rapidly growing economy during the early part of the study period, but growing unemployment rate

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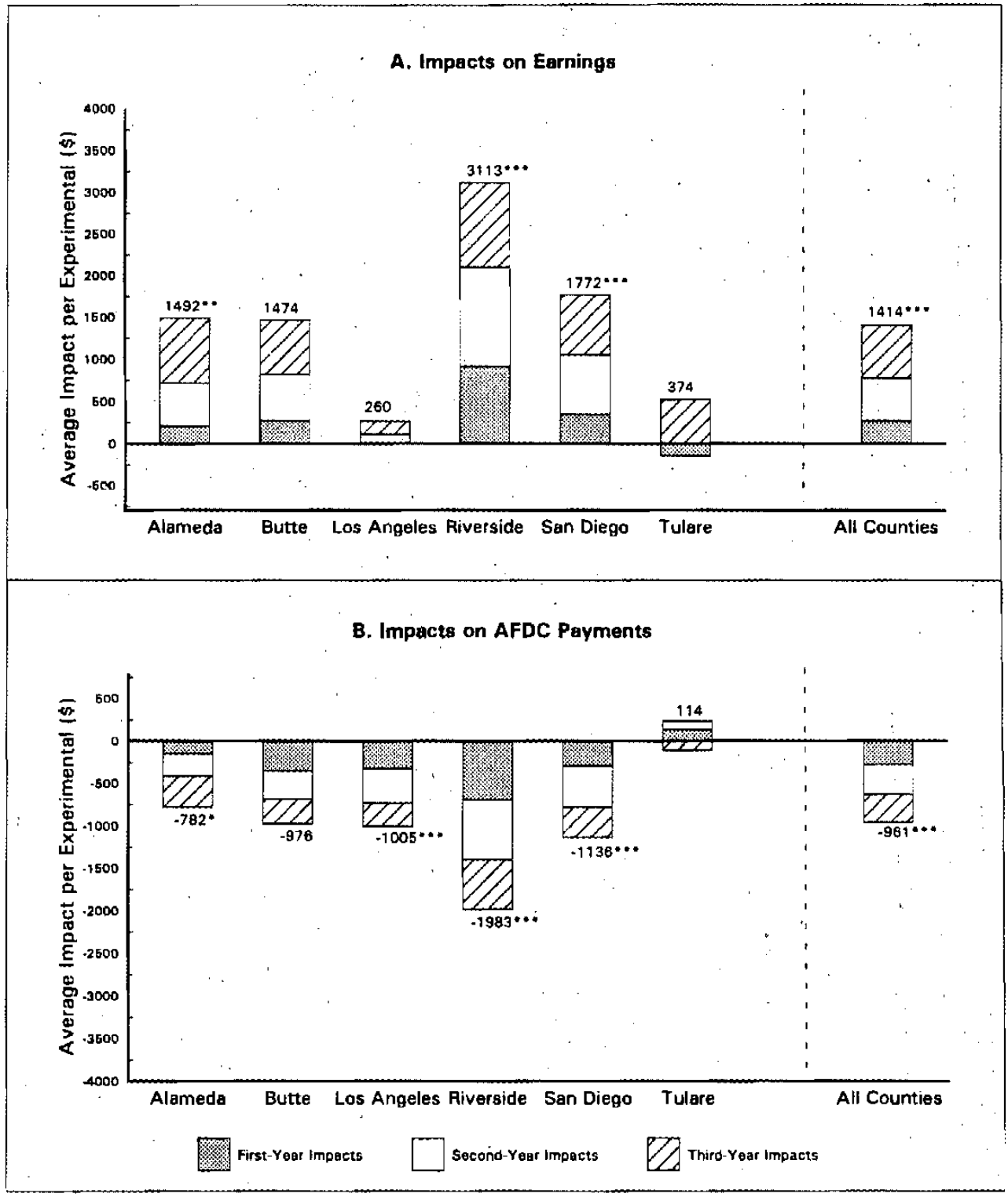
FIGURE 1

GAIN's THREE-YEAR IMPACTS ON EARNINGS AND AFDC PAYMENTS FOR AFDC-FGs (SINGLE PARENTS)



NOTE: Statistical significance levels are indicated as *** = 1 percent (the highest level); ** = 5 percent; * = 10 percent.

TABLE 7

GAIN's THREE-YEAR IMPACTS ON EARNINGS AND AFDC PAYMENTS FOR AFDC-FGs (SINGLE PARENTS)

	Average Total Earnings				Average Total AFDC Payments			
County	Experimentals ($)	Controls ($)	Difference ($)	Percentage Change	Experimentals ($)	Controls ($)	Difference ($)	Percentage Change
Alameda								
Year 1	1421	1212	209	17%	6916	7066	-150	-2%
Year 2	2132	1624	508 *	31%	5816	6077	-261	-4%
Year 3	2880	2105	774 **	37%	4861	5232	-371 **	-7%
Total	6432	4941	1492 **	30%	17593	18375	-782 *	-4%
Butte								
Year 1	2001	1729	272	16%	5132	5486	-353 *	-6%
Year 2	2998	2442	556	23%	3715	4048	-333	-8%
Year 3	3638	2992	647	22%	2812	3101	-290	-9%
Total	8637	7163	1474	21%	11659	12635	-976	-8%
Los Angeles								
Year 1	1304	1308	-4	-0%	6874	7202	-328 ***	-5%
Year 2	1699	1589	110	7%	5711	6111	-401 ***	-7%
Year 3	1939	1786	153	9%	4729	5006	-277 **	-6%
Total	4943	4683	260	6%	17314	18319	-1005 ***	-5%
Riverside								
Year 1	2470	1550	920 ***	59%	4962	5658	-695 ***	-12%
Year 2	3416	2233	1183 ***	53%	3458	4161	-703 ***	-17%
Year 3	3562	2552	1010 ***	40%	2864	3448	-584 ***	-17%
Total	9448	6335	3113 ***	49%	11284	13267	-1983 ***	-15%
San Diego								
Year 1	2462	2113	349 **	17%	5529	5832	-302 ***	-5%
Year 2	3503	2794	709 ***	25%	4199	4679	-480 ***	-10%
Year 3	3821	3108	713 ***	23%	3555	3908	-353 ***	-9%
Total	9786	8014	1772 ***	22%	13283	14419	-1136 ***	-8%
Tulare								
Year 1	1792	1941	-149	-8%	6363	6231	132	2%
Year 2	2536	2531	5	0%	5118	5023	95	2%
Year 3	3111	2594	518 **	20%	4171	4284	-113	-3%
Total	7439	7066	374	5%	15653	15538	114	1%

NOTES: Dollar averages for each year include zero values for sample members who were not employed or did not receive welfare during that year.
Statistical significance levels are indicated as *** = 1 percent (the highest level);** = 5 percent; * = 10 percent.
(a) In the all-county averages, the results for each county are weighted equally.

TABLE 8

GAIN's THREE-YEAR IMPACTS ON RATES OF EMPLOYMENT AND WELFARE CASE CLOSURES FOR AFDC-FGs (SINGLE PARENTS)

County and Year	Ever Employed in the Specified Year			On AFDC in the Last Quarter of the Specified Year		
	Experimentals (%)	Controls (%)	Difference	Experimentals (%)	Controls (%)	Difference
Alameda						
Year 1	30.1	27.3	2.8	86.0	89.2	-3.2 *
Year 2	32.8	26.3	6.5 ***	76.6	77.1	-0.5
Year 3	33.9	26.7	7.2 ***	67.5	70.6	-3.1
Total	48.8	40.8	8.0 ***	n/a	n/a	n/a
Butte						
Year 1	42.3	45.6	-3.3	65.0	68.4	-3.4
Year 2	46.3	42.2	4.0	49.4	47.7	1.7
Year 3	46.7	42.5	4.3	39.7	41.0	-1.3
Total	63.4	63.7	-0.2	n/a	n/a	n/a
Los Angeles						
Year 1	27.0	24.9	2.1	84.8	87.9	-3.1 ***
Year 2	26.9	22.9	4.0 ***	74.0	76.3	-2.3
Year 3	26.0	22.4	3.6 ***	63.8	67.5	-3.7 **
Total	39.4	34.9	4.5 ***	n/a	n/a	n/a
Riverside						
Year 1	52.1	34.0	18.0 ***	58.7	65.9	-7.2 ***
Year 2	49.4	35.4	14.0 ***	46.6	52.0	-5.4 ***
Year 3	44.5	35.2	9.3 ***	40.6	45.8	-5.2 ***
Total	67.1	53.4	13.6 ***	n/a	n/a	n/a
San Diego						
Year 1	46.0	40.0	6.0 ***	69.1	72.1	-3.1 **
Year 2	45.8	40.8	5.1 ***	56.0	61.1	-5.1 ***
Year 3	42.5	37.3	5.2 ***	49.0	51.9	-3.0 *
Total	62.2	56.5	5.7 ***	n/a	n/a	n/a
Tulare						
Year 1	39.9	40.9	-1.0	76.7	75.0	1.7
Year 2	41.8	42.3	-0.5	65.4	62.2	3.1
Year 3	43.9	38.0	5.8 ***	54.5	56.2	-1.7
Total	59.5	55.3	4.2 **	n/a	n/a	n/a

NOTES: The totals indicate the proportion of sample members who were ever employed at any time during the three years of follow-up. Totals are not applicable (n/a) in the AFDC panel of the table.

Statistical significance levels are indicated as *** = 1 percent (the highest level); ** = 5 percent; * = 10 percent.

TABLE 9

PATTERNS BEHIND THE IMPACTS

ALAMEDA

- Offers a rare example of a welfare-to-work program boosting earnings of long-term welfare recipients living in a large urban area with concentrated poverty.
- Earnings gains were concentrated in group *not* needing basic education.
- For that group, GAIN may have helped people who would have worked and left welfare anyway get "better jobs" than they would have in the absence of the program.
- For recipients determined to need basic education, the program produced little gain in earnings, despite the large increase in the use of basic education (compared to controls).

RIVERSIDE

- Produced large earnings gains *and* welfare savings across *both* education subgroups.
- Effects on subgroup determined to need basic education may reflect the increased use of both job search *and* basic education (compared to controls), in combination with other implementation factors.
- Effects on subgroup determined *not* to need basic education were achieved without increasing the use of vocational training and post-secondary education (compared to controls).
- Overall, effects were driven by increasing experimentals' rate and duration of employment, not by getting employed experimentals better jobs than employed controls.

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TABLE 10

AVERAGE COSTS OVER FIVE YEARS FOR AFDC-FGs (SINGLE PARENTS)
(IN 1993 DOLLARS)

County	5-Year Average Total **GAIN** Cost Per Experimental ($)	5-Year Average **Net** Cost Per Experimental ($)
Alameda	6,622	5,597
Butte	3,959	2,904
Los Angeles	5,984	5,789
Riverside	2,963	1,597
San Diego	3,230	1,912
Tulare	3,731	2,734
All Counties	4,415	3,422

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TABLE 11

ESTIMATED GAIN AND NET COST PER AFDC-FG (SINGLE-PARENT) EXPERIMENTAL WITHIN FIVE YEARS AFTER ORIENTATION (IN 1993 DOLLARS)

A. Total GAIN Cost: Expenditures by Welfare Department and Other Agencies

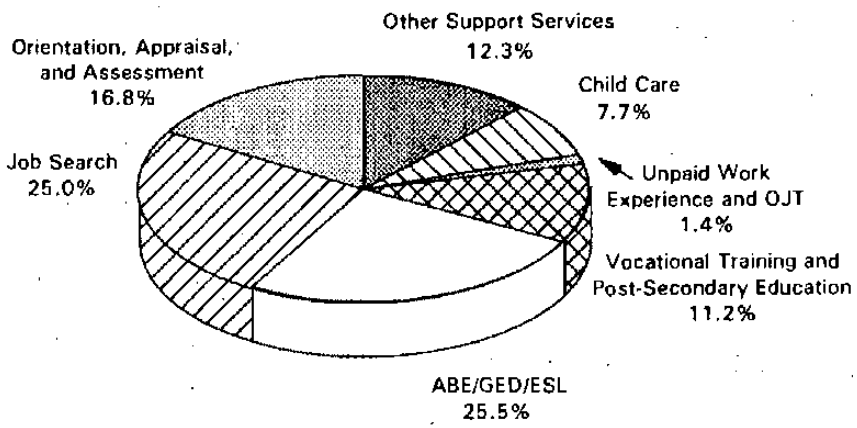
	Five-Year Average Cost per Experimental ($)		
County	Welfare Department GAIN Cost	Other Agencies' Costs for Serving GAIN Participants	Total GAIN Cost
Alameda	4429	2193	6622
Butte	2650	1309	3959
Los Angeles	4023	1961	5984
Riverside	2073	890	2963
San Diego	2134	1096	3230
Tulare	2086	1644	3731
All counties	2899	1515	4415

B. Net Cost per Experimental

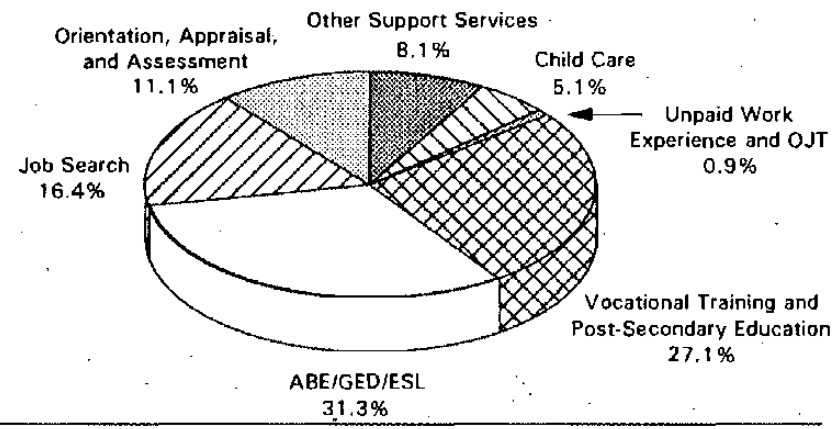
	Five-Year Average Cost ($)		
County	Total per Experimental (a)	Total per Control	Difference (Net Cost per Experimental)
Alameda	6977	1379	5597
Butte	4413	1509	2904
Los Angeles	6402	613	5789
Riverside	3469	1871	1597
San Diego	3918	2007	1912
Tulare	4189	1455	2734
All counties	4895	1472	3422

(a) Total GAIN cost plus cost of post-GAIN activities.

C. Welfare Department GAIN Cost: Percentage Distribution by Component for All Counties Combined



D. Total GAIN Cost (Welfare Department and Other Agencies): Percentage Distribution by Component for All Counties Combined



NOTES: In the all-county averages and percentage distributions, the results for each county are weighted equally. Case management, which accounts for about 60 percent of the welfare department GAIN cost, is included in the costs for the individual components identified in panels C and D.

TABLE 12

SUMMARY OF GAIN's BENEFIT–COST RESULTS
FOR AFDC–FGs (SINGLE PARENTS) OVER FIVE YEARS

Outcome and Sample	Alameda	Butte	Los Angeles	Riverside	San Diego	Tulare
Was the welfare sample made better off?						
Full sample	Yes	Yes	No	Yes	Yes	Yes
Registrants determined not to need basic education	Yes	Yes	No	Yes	Yes	Yes
Registrants determined to need basic education	No	No	No	Yes	No	Yes
Did benefits exceed losses for the government budget?						
Full sample	No	Break Even	No	Yes	Yes	No
Registrants determined not to need basic education	No	No	Yes	Yes	Yes	No
Registrants determined to need basic education	No	Yes	No	Yes	No	No

TABLE 13

RETURN TO THE GOVERNMENT BUDGET PER NET PUBLIC DOLLAR INVESTED
FOR AFDC–FGs (SINGLE PARENTS) OVER FIVE YEARS

Sample	Alameda	Butte	Los Angeles	Riverside	San Diego	Tulare
Full sample	$0.45	$1.02	$0.41	$2.84	$1.40	$0.17
Registrants determined not to need basic education	0.16	–0.30	2.15	4.36	3.95	–0.24
Registrants determined to need basic education	0.60	2.71	0.26	2.24	0.72	0.30

NOTES: Return to budget per net dollar invested is computed by dividing the gain to the government budget by the net cost of GAIN and non–GAIN activities and services.

TABLE 14

POLICY LESSONS

POLICY IMPLICATIONS

- GAIN's mix of job search, education, and training services can work better than primarily job search programs, and can increase the earnings of long-term recipients. But success is not automatic.

- Basic education (for those who need it) may contribute to program success, but *maximizing* its use is costly and does not guarantee success.

- Maximizing the use of vocational training and post-secondary education may improve the quality of jobs obtained but requires a substantial investment. This approach may help make recipients better off financially, but may not save taxpayers money.

- Participation in activities is not all that matters for impacts. A strong employment message and direct job development may also be key.

CHALLENGES AND OPEN QUESTIONS

- Can Riverside's success be replicated in other localities? The consistency of impacts across offices and regions within Riverside suggests "yes." But would its approach work in large inner-city areas?

- Can programs (like Alameda's) that seek to increase human capital development and improve job quality be made more cost-effective (e.g., by controlling access to and the length of participation in education and training, and by adding a stronger employment message and job development)?

- Would operating GAIN in the context of much stronger work incentives increase the program's success?

- Would post-placement services for those who find employment enhance the program's success?

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SUPPLEMENTARY TABLES

SUPPLEMENTARY TABLE 1

GAIN's ESTIMATED IMPACTS ON THE PERCENTAGE OF REGISTRANTS WHO EVER PARTICIPATED IN EMPLOYMENT–RELATED ACTIVITIES WITHIN TWO TO THREE YEARS AFTER ORIENTATION

Outcome and Research Group	AFDC–FGs						AFDC–Us (a)
	Alameda	Los Angeles	Riverside	San Diego	Tulare	All Counties	All Counties
Ever participated in job search							
Experimentals (%)	32.2	14.0	38.0	34.0	24.2	28.5	24.9
Controls (%)	4.2	4.2	1.4	7.8	1.7	3.9	2.7
Difference	28.0	9.8	36.6	26.2	22.5	24.6	22.2
Ever participated in ABE/GED							
Experimentals (%)	42.3	27.2	20.7	18.1	36.9	29.0	18.8
Controls (%)	6.9	5.8	4.8	4.4	5.3	5.4	3.6
Difference	35.4	21.4	15.9	13.7	31.6	23.6	15.2
Ever participated in ESL							
Experimentals (%)	3.2	13.3	6.7	5.2	6.7	7.0	16.7
Controls (%)	0.4	2.8	4.4	2.8	4.2	2.9	7.8
Difference	2.8	10.5	2.3	2.4	2.5	4.1	8.9
Ever participated in vocational training or post–secondary education							
Experimentals (%)	28.4	13.5	26.8	34.8	28.6	26.4	14.2
Controls (%)	23.1	10.8	28.6	31.8	21.2	23.1	12.4
Difference	5.3	2.7	−1.8	3.0	7.4	3.3	1.8
Ever participated in unpaid work experience							
Experimentals (%)	2.4	0.0	0.0	2.0	0.7	1.0	0.8
Controls (%)	0.6	0.6	0.6	1.2	0.8	0.8	0.8
Difference	1.8	−0.6	−0.6	0.8	−0.1	0.3	0.0
Ever participated in OJT							
Experimentals (%)	0.0	0.0	0.8	3.7	0.3	1.0	0.2
Controls (%)	0.3	0.7	0.8	0.8	1.1	0.7	0.8
Difference	−0.3	−0.7	0.0	2.9	−0.8	0.2	−0.6
Sample sizes							
Program tracking data							
Experimentals	602	3013	248	247	225	4335	1255
Controls	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Registrant survey data							
Experimentals	335	223	674	337	356	1925	n/a
Controls	348	n/a	342	336	363	1389	n/a

NOTES: Tests of statistical significance of the differences between research groups and across counties were not performed.
(a) The AFDC–U sample does not include any registrants from Alameda.

SUPPLEMENTARY TABLE 2

GAIN's IMPACTS ON PARTICIPATION IN KEY ACTIVITIES, EARNINGS AND AFDC PAYMENTS FOR AFDC–FGs (SINGLE PARENTS) DETERMINED NOT TO NEED BASIC EDUCATION

	Ever Participated in Job Search Activities		
County	Experimentals (%)	Controls (%)	Difference (a)
Alameda	55.9	3.6	52.3
Los Angeles	25.8	2.9	22.9
Riverside	50.1	2.3	47.8
San Diego	41.9	7.9	34.0
Tulare	46.4	3.0	43.4
All counties (b)	44.0	3.9	40.1

	Ever Participated In Vocational Training or Post–Secondary Education		
County	Experimentals (%)	Controls (%)	Difference (a)
Alameda	48.3	31.9	16.4
Los Angeles	27.6	23.0	4.6
Riverside	40.9	43.3	–2.4
San Diego	48.3	43.5	4.8
Tulare	48.8	36.7	12.1
All counties (b)	42.8	35.7	7.1

	Total Impacts (Years 1–3) on Earnings and AFDC Payments	
County	Earnings ($)	AFDC Payments ($)
Alameda	2947 *	–133
Butte	946	986
Los Angeles	1147	–2194 ***
Riverside	3950 ***	–2067 ***
San Diego	3040 ***	–1278 ***
Tulare	–635	543

NOTES: Estimates of participation rates for the two– to three–year follow–up period, which rely partly on data from the registrant survey, are not available for Butte.

Statistical significance levels are indicated as *** = 1 percent (the highest level); ** = 5 percent; * = 10 percent.

(a) Tests of statistical significance were not performed on the estimates of participation impacts, which used multiple data sources.

(b) In the all–county averages, the results for each county are weighted equally.

SUPPLEMENTARY TABLE 3

GAIN's IMPACTS ON PARTICIPATION IN KEY ACTIVITIES, EARNINGS AND AFDC PAYMENTS FOR AFDC–FGs (SINGLE PARENTS) DETERMINED TO NEED BASIC EDUCATION

	Ever Participated in Job Search Activities		
County	Experimentals (%)	Controls (%)	Difference (a)
Alameda	19.6	3.8	15.8
Los Angeles	11.2	3.8	7.4
Riverside	32.0	0.7	31.3
San Diego	27.4	7.5	19.9
Tulare	12.4	0.9	11.5
All counties (b)	20.5	3.3	17.2

	Ever Participated In Basic Education (ABE, GED, or ESL) (%)		
County	Experimentals (%)	Controls (%)	Difference (a)
Alameda	65.1	9.2	55.9
Los Angeles	49.2	10.8	38.4
Riverside	40.6	14.5	26.1
San Diego	42.1	11.8	30.3
Tulare	65.6	13.3	52.3
All counties (b)	52.5	11.9	40.6

	Total Impacts (Years 1–3) on Earnings and AFDC Payments	
County	Earnings ($)	AFDC Payments ($)
Alameda	610	−1036 **
Butte	2592 ***	−3239 ***
Los Angeles	107	−739 ***
Riverside	2595 ***	−1886 ***
San Diego	572	−1020 ***
Tulare	987 **	−56

NOTES: Estimates of participation rates for the two– to three–year follow–up period, which rely partly on data from the registrant survey, are not available for Butte.

Statistical significance levels are indicated as *** = 1 percent (the highest level); ** = 5 percent; * = 10 percent.

(a) Tests of statistical significance were not performed on the estimates of participation impacts, which use multiple data sources.

(b) In the all–county averages, the results for each county are weighted equally.

SUPPLEMENTARY TABLE 4

GAIN's YEAR 3 IMPACTS ON EARNINGS AND AFDC PAYMENTS FOR SELECTED SUBGROUPS OF AFDC–FG REGISTRANTS

Subgroup and County	Total Sample Size	Year 3 Impacts ($) Earnings	Year 3 Impacts ($) AFDC Payments
Welfare history (a)			
Applicant			
Butte	739	451	−202
Riverside	1687	1241 ***	−379 *
San Diego	2301	1162 **	−132
Tulare	309	−77	−14
Short–term recipient			
Butte	142	1442 u	−629 u
Riverside	1638	917 **	−754 ***
San Diego	2532	1082 ***	−398 **
Tulare	630	141	104
Long–term recipient			
Alameda	1205	774 **	−371 **
Butte	348	855	−313
Los Angeles	4396	153	−277 **
Riverside	2183	1056 ***	−635 ***
San Diego	3386	158	−495 ***
Tulare	1295	844 ***	−264
Received AFDC continuously for at least 6 years prior to GAIN orientation (b)			
No			
Alameda	399	1132 *	−506
Butte	1066	600	−273
Riverside	4241	1011 ***	−553 ***
San Diego	6500	668 ***	−355 ***
Tulare	1496	561 *	−63
Yes			
Alameda	806	599	−304
Butte	163	932 u	−401 u
Riverside	1267	973 **	−634 ***
San Diego	1719	892 *	−339
Tulare	738	415	−205

Subgroup and County	Total Sample Size	Year 3 Impacts ($) Earnings	Year 3 Impacts ($) AFDC Payments
Number of children at time of GAIN orientation (c)			
One			
Alameda	506	359	−66
Butte	572	1397 **	20
Los Angeles	1437	184	−146
Riverside	2134	317	−449 **
San Diego	3550	123	−150
Tulare	838	678	−7
Two			
Alameda	384	1269 **	−349
Butte	412	−940	−442
Los Angeles	1396	663 **	−597 ***
Riverside	1826	1711 ***	−616 ***
San Diego	2619	1509 ***	−578 ***
Tulare	739	689	−442
Three or more			
Alameda	303	963	−993 ***
Butte	215	1150 u	−1003 u*
Los Angeles	1542	−229	−175
Riverside	1391	1210 ***	−657 ***
San Diego	1720	914 *	−469 **
Tulare	638	139	27
Employed in year prior to GAIN orientation			
Yes			
Alameda	290	51	−467
Butte	577	1911 ***	−341
Los Angeles	961	−377	−206
Riverside	2177	1024 ***	−554 ***
San Diego	3604	787 **	−283 *
Tulare	940	654 *	−6
No			
Alameda	915	999 **	−341
Butte	652	−456	−245
Los Angeles	3435	303 *	−297 **
Riverside	3331	1001 ***	−604 ***
San Diego	4615	653 **	−411 ***
Tulare	1294	418	−190

(continued)

SUPPLEMENTARY TABLE 4 (continued)

Subgroup and County	Total Sample Size	Year 3 Impacts ($) Earnings	Year 3 Impacts ($) AFDC Payments
Level of disadvantage			
First-time applicant			
Butte	296	664 u	−692 u
Riverside	410	1835 **	−1070 **
San Diego	418	1269 u	−218 u
Tulare	96	858 u	−627 u
Returning applicant			
Butte	443	212	137
Riverside	1277	970 **	−167
San Diego	1883	1163 **	−126
Tulare	213	−90 u	249 u
Less disadvantaged recipient			
Alameda	796	1072 **	−385 *
Butte	355	1295	−459
Los Angeles	2074	147	−473 ***
Riverside	2978	929 ***	−705 ***
San Diego	4687	656 **	−406 ***
Tulare	1395	625 *	−101
More disadvantaged recipient			
Alameda	409	201	−333
Butte	135	94 u	−335 u
Los Angeles	2322	148	−92
Riverside	843	939 *	−556 *
San Diego	1231	−3	−532 *
Tulare	530	414	−249

Subgroup and County	Total Sample Size	Year 3 Impacts ($) Earnings	Year 3 Impacts ($) AFDC Payments
Ethnicity			
White, non-Hispanic			
Alameda	216	−268	−281
Butte	1061	709	−97
Los Angeles	512	347	−441
Riverside	2847	1349 ***	−809 ***
San Diego	3478	1203 ***	−344 **
Tulare	1165	467	−130
Black, non-Hispanic			
Alameda	844	1020 **	−311
Butte	43	−1415 u	−2724 u**
Los Angeles	1987	−121	−408 ***
Riverside	862	570	−624 **
San Diego	1865	573	−536 **
Tulare	81	2229 u*	−725 u
Hispanic			
Alameda	90	1531 u	−1428 u**
Butte	69	1605 u	−603 u
Los Angeles	1408	337	−162
Riverside	1510	920 **	−322
San Diego	2094	68	−120
Tulare	871	427	−70
Asian and other			
Alameda	55	−157 u	24 u
Butte	56	−525 u	−2335 u*
Los Angeles	489	524	91
Riverside	289	−612 u	385 u
San Diego	782	400	−533
Tulare	117	493 145	145 u

(continued)

SUPPLEMENTARY TABLE 4 (continued)

Subgroup and County	Total Sample Size	Year 3 Impacts ($) Earnings	Year 3 Impacts ($) AFDC Payments
Limited English proficiency			
No			
Alameda	1188	799 **	−368 **
Butte	1194	659	−226
Los Angeles	3248	132	−278 **
Riverside	5201	1054 ***	−677 ***
San Diego	7590	738 ***	−380 ***
Tulare	2066	520 *	−68
Yes			
Alameda	17	−218 u	−646 u
Butte	35	346 u	−2791 u*
Los Angeles	1148	210	−270
Riverside	307	273 u	1016 u**
San Diego	629	407	−19
Tulare	168	494	−656 u
Refugee			
No			
Alameda	1166	760 **	−355 *
Butte	1061	528	−219
Los Angeles	3897	108	−309 ***
Riverside	5364	1064 ***	−620 ***
San Diego	7817	730 ***	−313 ***
Tulare	2144	531 **	−73
Yes			
Alameda	39	1129 u	−714 u
Butte	168	1508 u	−915 u
Los Angeles	499	527	−42
Riverside	144	−1270 u	850 u
San Diego	402	289 u	−1428 u***
Tulare	90	494 u	−987 u

Subgroup and County	Total Sample Size	Year 3 Impacts ($) Earnings	Year 3 Impacts ($) AFDC Payments
Participating in education or training program at time of GAIN orientation			
Yes			
Alameda	168	795 u	472 u
Butte	254	631 u	−45 u
Los Angeles	325	292	−525
Riverside	864	1276 **	−367
San Diego	1685	667	−250
Tulare	298	249	−490
No			
Alameda	1037	764 **	−506 **
Butte	975	692	−351
Los Angeles	4071	145	−258 **
Riverside	4644	1020 ***	−647 ***
San Diego	6534	740 ***	−384 ***
Tulare	1936	538 *	−54

NOTES: The symbol "u" indicates that, because of very small sample sizes, the impact estimate shown is unreliable; asterisks following the symbol indicate that there was a statistically significant effect, though its magnitude could not be reliably measured.

(a) Alameda and Los Angeles did not serve applicants or short-term recipients during the period of sample intake.

(b) Information necessary for classifying GAIN recipients into these two categories was not available from the baseline form used in Los Angeles.

(c) This section excludes sample members who reported having no children.

SUPPLEMENTARY TABLE 5

SELECTED CHARACTERISTICS OF MOST RECENT JOB AMONG AFDC–FG REGISTRANTS WHO REPORTED BEING EMPLOYED WITHIN TWO TO THREE YEARS AFTER ORIENTATION

Outcome and Research Group	Alameda	Los Angeles (a)	Riverside	San Diego	Tulare	All Counties (b)
Average number of hours usually worked per week						
Employed experimentals	30.0	27.8	32.1	33.0	35.1	32.5
Employed controls	26.7	n/a	32.4	31.0	33.7	30.9
Percentage distribution of number of hours worked per week among employed experimentals (%)						
Less than 10 hours	2.7	4.2	5.5	3.8	5.6	4.4
10–19 hours	18.8	23.9	12.8	9.0	7.1	11.9
20–29 hours	19.6	22.5	17.4	21.7	15.2	18.5
30–39 hours	17.9	14.1	16.4	17.9	15.2	16.8
40 hours or more	41.1	35.2	47.9	47.6	56.9	48.4
Percentage distribution of number of hours worked per week among employed controls (%)						
Less than 10 hours	14.5	n/a	6.1	9.0	6.7	9.1
10–19 hours	16.4	n/a	12.7	13.0	9.3	12.9
20–29 hours	14.5	n/a	17.6	18.1	12.9	15.8
30–39 hours	22.7	n/a	19.4	13.0	15.5	17.7
40 hours or more	31.8	n/a	44.2	46.9	55.7	44.7
Average earnings per week (c) ($)						
Employed experimentals	209	172	191	223	194	204
Employed controls	167	n/a	206	188	200	190
Percentage distribution of average earnings per week among employed experimentals (c) (%)						
Less than $100	28.6	36.6	26.8	23.9	22.2	25.4
$101–$200	27.7	32.4	37.3	31.9	35.4	33.1
$201–$300	23.2	14.1	19.5	18.3	23.7	21.2
$301–$400	8.0	9.9	10.7	13.1	11.1	10.7
$401–$500	6.3	1.4	2.1	5.2	2.0	3.9
More than $500	6.3	5.6	3.6	7.5	5.6	5.8
Percentage distribution of average earnings per week among employed controls (c) (%)						
Less than $100	37.3	n/a	22.4	28.8	21.0	27.4
$101–$200	27.3	n/a	40.0	29.4	37.4	33.5
$201–$300	25.5	n/a	17.6	22.6	27.7	23.4
$301–$400	6.4	n/a	9.1	10.2	7.7	8.4
$401–$500	3.6	n/a	4.8	4.0	1.5	3.5
More than $500	0.0	n/a	6.1	5.1	4.6	3.9

(continued)

SUPPLEMENTARY TABLE 5 (continued)

Outcome and Research Group	Alameda	Los Angeles (a)	Riverside	San Diego	Tulare	All Counties (b)
Average earnings per hour (c) ($)						
Employed experimentals	6.56	6.06	5.78	6.23	5.47	6.01
Employed controls	6.09	n/a	6.14	5.98	5.81	6.01
Percentage distribution of average earnings per hour among employed experimentals (c) (%)						
$4.25 or less	22.0	27.1	25.2	22.7	29.3	24.8
$4.26–$5.00	19.3	15.7	26.0	17.9	24.6	22.0
$5.01–$6.00	11.9	15.7	14.7	12.6	17.3	14.1
$6.01–$7.00	10.1	20.0	10.4	14.5	11.5	11.6
$7.01–$10.00	19.3	12.9	16.8	21.3	13.6	17.8
More than $10.00	17.4	8.6	6.8	11.1	3.7	9.8
Percentage distribution of average earnings per hour among employed controls (c) (%)						
$4.25 or less	19.1	n/a	23.5	25.6	22.9	22.8
$4.26–$5.00	17.3	n/a	27.2	19.8	27.6	23.0
$5.01–$6.00	19.1	n/a	13.0	14.5	20.3	16.7
$6.01–$7.00	16.4	n/a	6.8	11.6	8.3	10.8
$7.01–$10.00	20.0	n/a	18.5	21.5	15.1	18.8
More than $10.00	8.2	n/a	11.1	7.0	5.7	8.0
Employed experimentals (%)						
Job provided:						
Paid sick days	33.0	23.9	26.8	32.4	23.1	28.8
Paid vacation days	34.5	23.9	37.4	39.2	25.3	34.1
Health benefits	26.8	25.4	27.7	32.7	22.7	27.5
Dental benefits	29.5	19.7	23.7	25.4	17.7	24.1
Tuition assistance or paid training classes	20.9	10	16.7	17.6	13.5	17.2
Employed controls (%)						
Job provided:						
Paid sick days	22.9	n/a	22.7	30.5	20.2	24.1
Paid vacation days	24.8	n/a	29.7	35.3	29.2	29.8
Health benefits	24.8	n/a	26.9	25.6	21.4	24.7
Dental benefits	22.7	n/a	22.7	20.1	16.6	20.5
Tuition assistance or paid training classes	7.4	n/a	14.5	18.4	10.4	12.7
Sample size						
Employed experimentals	114	71	478	214	199	1076
Employed controls	110	n/a	165	178	195	648

NOTES: Rounding may cause slight discrepancies in calculating sums, averages, and differences.

Tests of statistical significance of the differences between employed experimentals and employed controls were not performed, because such comparisions are non–experimental.

"n/a" refers to the fact that these data were not available.

The follow–up period for the survey ranged from 26 to 37 months, on average, across the five counties where the registrant survey was conducted. Butte County was not included in the survey.

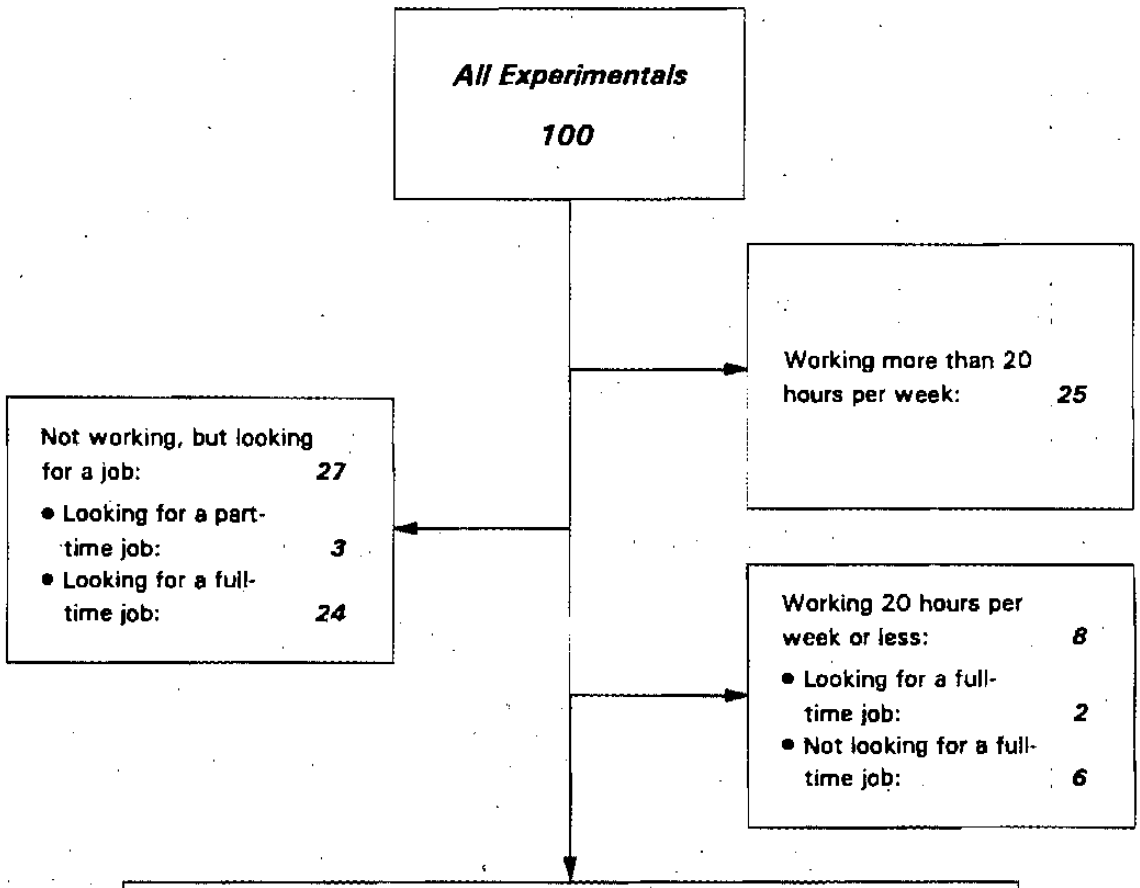
(a) An analysis of response patterns to the survey in Los Angeles revealed that the earnings and AFDC payments during the follow–up period of controls who responded to the survey differed markedly from those of controls who did not respond to the survey. For this reason, no estimates for controls and no impacts are presented in this table for Los Angeles.

(b) In the all–county averages, the results of each county (excluding Los Angeles) are weighted equally.

(c) Most respondents reported gross (i.e., pre–tax) earnings. However, a sizable minority (roughly 20 percent) reported net (i.e., post–tax) tax earnings. No adjustment was made for those reporting post–tax earnings. Therefore, the presented in this table somewhat underestimate the percentage of respondents with gross weekly earnings in excess of a given level.

SUPPLEMENTARY FIGURE 1

SELF-REPORTED EMPLOYMENT STATUS AND REASONS FOR NOT LOOKING FOR WORK AMONG AFDC-FG EXPERIMENTAL SURVEY RESPONDENTS IN FOUR COUNTIES AT THE TIME OF THE TWO- TO THREE-YEAR INTERVIEW



Not working and not looking for a part-time or full-time job: *40*

Most important reason for not looking for a job:	Percentage of those not looking
• Wants to stay home with child	*10*
• Can't afford child care	*2*
• Can't arrange child care	*2*
• Child's ill health, disability	*4*
• Family responsibilities, other than personal child care	*6*
• Own ill health, disability	*28*
• Pregnancy	*2*
• In school or training	*22*
• Does not want to work now	*1*
• Couldn't find work or believes no suitable work is available	*1*
• Lacks necessary experience	*5*
• Transportation problems	*4*
• Other	*14*
Total	*100*

Briefing Tables
California's GAIN/JOBS Program
Benefits, Costs, and Three-Year Impacts

Manpower Demonstration
Research Corporation

June 1994

TABLE 1

THE GAIN PROGRAM

PROGRAM CAPACITY

- The nation's largest JOBS program in terms of total program caseload, with over 191,000 people registered (and about 61,000 active) at any one time

COMPARISON WITH OTHER STATE JOBS PROGRAMS

Similarities:
- A mix of job search, education, training, and other services
- Priority on serving long-term recipients

Differences:
- During the study period, California covered a broad share of the mandatory caseload (not only volunteers)
- Greater specificity of service sequences, with a greater emphasis on upfront basic education
- Relatively high welfare grants

PROGRAM MODEL

- Three service tracks:

  Track #1: *For individuals determined to need basic education:* Can choose job search or basic education as initial activity. If choose job search but do not find a job, must then go to basic education

  Track #2: *For individuals determined <u>not</u> to need basic education:* Must go to job search first

  Track #3: *For individuals in an approved education or training activity when starting GAIN:* Can continue in that activity

  If upfront activities do not lead to a job: Full employability assessment to select an education, training, or work experience activity

- Mandatory continuous participation

- Financial sanctions (reduction in welfare grant) for those refusing to comply

Manpower Demonstration Research Corporation
June 1994

TABLE 2

EVALUATION DESIGN

COUNTIES:

Alameda (Oakland)	Los Angeles	San Diego
Butte	Riverside	Tulare

SAMPLE FOR THIS REPORT:

- Mandatory single parents (mostly women) with school-age children
- Heads of two-parent families (mostly men)
- In four counties: The full GAIN mandatory caseload
- In Los Angeles and Alameda: Only longer-term welfare recipients
- Special sample of single parents with children under age 6 in Alameda, Riverside, and Tulare

RANDOM ASSIGNMENT:

• Experimental Group:	Eligible for GAIN services and subject to the participation mandate
• Control Group:	Not in GAIN but could seek alternative services.
• Period of Random Assignment:	March 1988 through June 1990 (GAIN became JOBS in July 1989)
• Total Sample Size:	33,000 (25 percent in control group)

LENGTH OF FOLLOW-UP FOR THIS REPORT:

- Minimum of three years from each sample member's date of random assignment to the experimental group or to the control group
- Approximately four years for an early sample

Manpower Demonstration Research Corporation
June 1994

TABLE 3

KEY FINDINGS

FOR SINGLE PARENTS (AFDC-FGs) WITH CHILDREN AGE 6 OR OLDER:

- GAIN increased experimentals' earnings (for all six counties combined). These effects grew progressively larger over time.
- GAIN reduced experimentals' welfare payments. These effects began to level off in the third year.
- One county (Riverside) continued to produce the most impressive effects found for single parents in a large-scale welfare-to-work program. Riverside's program returned to government budgets (over a five-year period) $2.84 for every net public dollar invested per experimental ***and*** made welfare recipients financially better off.
- Among the other five counties, several began to close the gap in impacts with Riverside. Most made welfare recipients better off financially, and in two (Butte and San Diego), the program also paid for itself.
- GAIN produced a small reduction in experimentals' likelihood of being on welfare after two years.

FOR THE HEADS OF TWO-PARENT FAMILIES (AFDC-Us):

- GAIN produced earnings gains and welfare savings, but the longer-term trends were not as impressive as for single parents.
- One county (Butte) produced exceptionally large earnings gains and made welfare recipients better off financially.
- The program more than paid for itself in two counties (Butte and Riverside).

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June 1994

TABLE 4

GAIN's EFFECTS ON EMPLOYMENT AND EARNINGS FOR AFDC-FGs (SINGLE PARENTS)

(ALL COUNTIES COMBINED) (a)

	Average Earnings per Experimental ($)	Average Earnings per Control ($)	Difference (Impact) ($)	Percentage Change
Year 1	1,908	1,642	266***	16%
Year 2	2,714	2,202	512***	23%
Year 3	3,159	2,523	636***	25%
Total	7,781	6,367	1,414***	22%

	Experimentals	Controls	Difference (Impact)
Percent ever employed, years 1-3	56.7	50.8	6.0***
Percent ever employed, year 3	39.6	33.7	5.9***
Percent earning $5,000 or more in year 3	19.7	16.3	3.5***
Percent earning $10,000 or more in year 3	12.1	9.2	3.0***

	Employed Experimentals	Employed Controls
Of those employed in year 3, average year 3 earnings	7,977	7,487
Of those employed in year 3, percent earning $10,000 or more	30.6	27.3

NOTES: ***Denotes statistical significance at the 1 percent level.

(a) Each impact estimate is the average of the impacts for each of the six counties, which are weighted equally.

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June 1994

TABLE 5

GAIN's EFFECTS ON THE RECEIPT OF WELFARE FOR AFDC-FGs (SINGLE PARENTS)

(ALL COUNTIES COMBINED) (a)

	Average AFDC Payments per Experimental ($)	Average AFDC Payments per Control ($)	Difference (Impact) ($)	Percentage Change
Year 1	5,963	6,246	-283***	-5%
Year 2	4,669	5,017	-347***	-7%
Year 3	3,832	4,163	-331***	-8%
Total	14,464	15,426	-961***	-6%

	Experimentals	Controls	Difference (Impact)
Percent received AFDC in the last quarter of:			
Year 1	73.4	76.4	-3.1***
Year 2	61.3	62.7	-1.4
Year 3	52.5	55.5	-3.0***

NOTES: ***Denotes statistical significance at the 1 percent level.
(a) Each impact estimate is the average of the impacts for each of the six counties, which are weighted equally.

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June 1994

TABLE 6

COUNTY IMPLEMENTATION: ALAMEDA VS. RIVERSIDE

IMPLEMENTATION IN ALAMEDA

- Served a longer-term welfare population (18 % white, 8% Hispanic, 69% black)
- Experimentals participated in job search, basic education, and vocational training substantially more than controls did on their own
- The increased use of vocational training was concentrated in the subgroup *not* needing basic education
- Priority was placed on getting a "good job"; education and training was encouraged as the way to get there
- Little job development assistance
- High emphasis on personalized attention
- Low use of formal conciliation and sanctioning procedures to enforce the participation mandate
- Moderate unemployment (somewhat higher in Oakland), but little job growth

IMPLEMENTATION IN RIVERSIDE

- Strong commitment and adequate resources to serve full mandatory population (51% white, 28% Hispanic, 16% black)
- Experimentals participated in job search and basic education substantially more than controls did on their own
- While many experimentals participated in vocational training (usually self-initiated), their use of such services was no higher than among controls
- Pervasive emphasis on getting a job quickly, even if relatively low-paying and even for people in education and training activities
- Job placement standards for case managers
- Strong efforts to help recipients locate job opportunities through job development
- Higher use of official conciliation and sanctioning procedures in enforcing participation mandate
- Lower (but still substantial) emphasis on personalized attention relative to most other counties
- Rapidly growing economy during the early part of the study period, but growing unemployment rate

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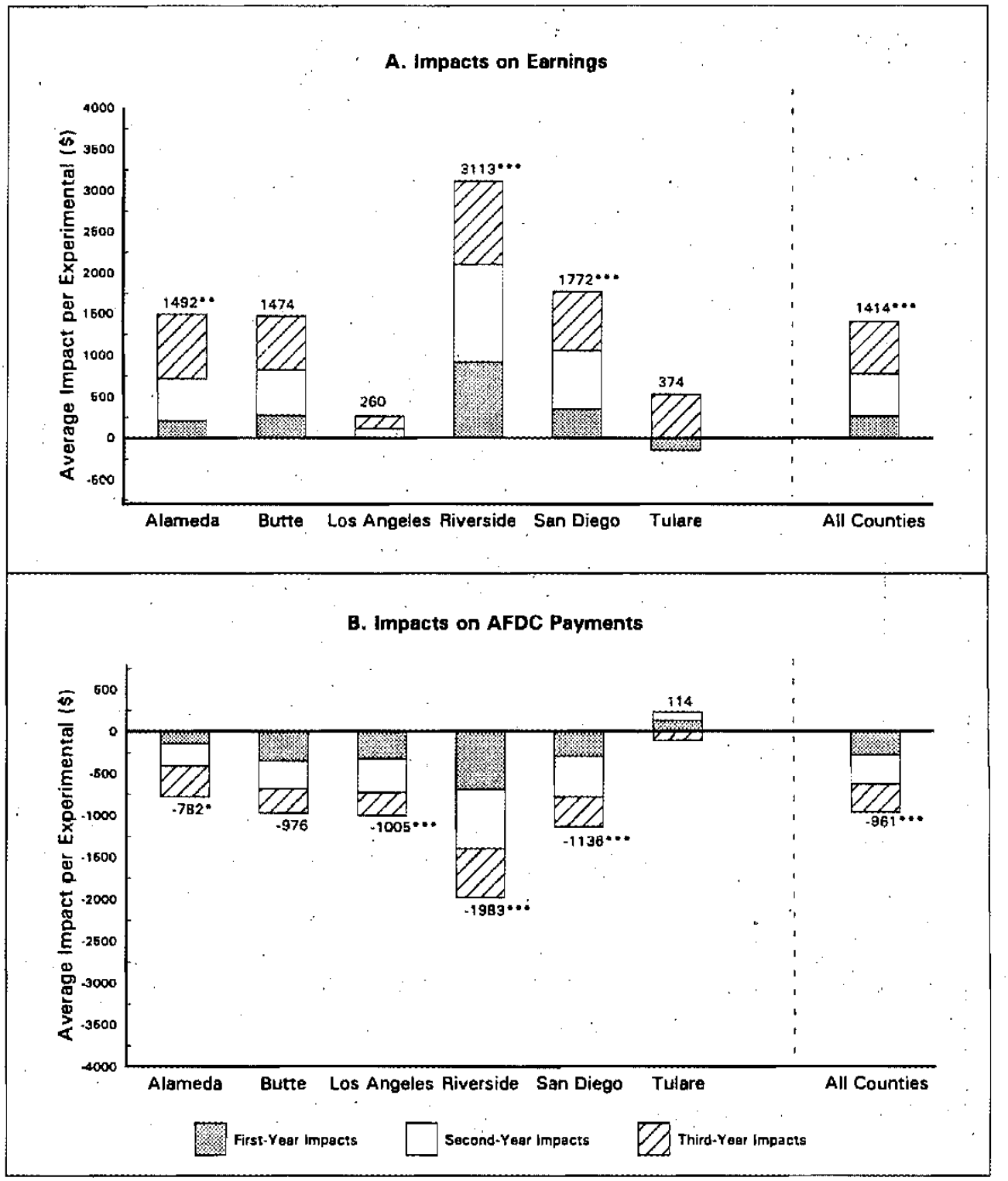
June 1994

FIGURE 1

GAIN's THREE-YEAR IMPACTS ON EARNINGS AND AFDC PAYMENTS FOR AFDC-FGs (SINGLE PARENTS)



NOTE: Statistical significance levels are indicated as *** = 1 percent (the highest level); ** = 5 percent; * = 10 percent.

TABLE 7

GAIN's THREE-YEAR IMPACTS ON EARNINGS AND AFDC PAYMENTS FOR AFDC-FGs (SINGLE PARENTS)

	Average Total Earnings				Average Total AFDC Payments			
County	Experimentals ($)	Controls ($)	Difference ($)	Percentage Change	Experimentals ($)	Controls ($)	Difference ($)	Percentage Change
Alameda								
Year 1	1421	1212	209	17%	6916	7066	−150	−2%
Year 2	2132	1624	508 *	31%	5816	6077	−261	−4%
Year 3	2880	2105	774 **	37%	4861	5232	−371 **	−7%
Total	6432	4941	1492 **	30%	17593	18375	−782 *	−4%
Butte								
Year 1	2001	1729	272	16%	5132	5486	−353 *	−6%
Year 2	2998	2442	556	23%	3715	4048	−333	−8%
Year 3	3638	2992	647	22%	2812	3101	−290	−9%
Total	8637	7163	1474	21%	11659	12635	−976	−8%
Los Angeles								
Year 1	1304	1308	−4	−0%	6874	7202	−328 ***	−5%
Year 2	1699	1589	110	7%	5711	6111	−401 ***	−7%
Year 3	1939	1786	153	9%	4729	5006	−277 **	−6%
Total	4943	4683	260	6%	17314	18319	−1005 ***	−5%
Riverside								
Year 1	2470	1550	920 ***	59%	4962	5658	−695 ***	−12%
Year 2	3418	2233	1183 ***	53%	3458	4161	−703 ***	−17%
Year 3	3562	2552	1010 ***	40%	2864	3448	−584 ***	−17%
Total	9448	6335	3113 ***	49%	11284	13267	−1983 ***	−15%
San Diego								
Year 1	2462	2113	349 **	17%	5529	5832	−302 ***	−5%
Year 2	3503	2794	709 ***	25%	4199	4679	−480 ***	−10%
Year 3	3821	3108	713 ***	23%	3555	3908	−353 ***	−9%
Total	9786	8014	1772 ***	22%	13283	14419	−1136 ***	−8%
Tulare								
Year 1	1792	1941	−149	−8%	6363	6231	132	2%
Year 2	2536	2531	5	0%	5118	5023	95	2%
Year 3	3111	2594	518 **	20%	4171	4284	−113	−3%
Total	7439	7066	374	5%	15653	15538	114	1%

NOTES: Dollar averages for each year include zero values for sample members who were not employed or did not receive welfare during that year.
Statistical significance levels are indicated as *** = 1 percent (the highest level); ** = 5 percent; * = 10 percent.
(a) In the all-county averages, the results for each county are weighted equally.

TABLE 8

GAIN's THREE-YEAR IMPACTS ON RATES OF EMPLOYMENT AND WELFARE CASE CLOSURES FOR AFDC-FGs (SINGLE PARENTS)

County and Year	Ever Employed in the Specified Year			On AFDC in the Last Quarter of the Specified Year		
	Experimentals (%)	Controls (%)	Difference	Experimentals (%)	Controls (%)	Difference
Alameda						
Year 1	30.1	27.3	2.8	86.0	89.2	−3.2 *
Year 2	32.8	26.3	6.5 ***	76.6	77.1	−0.5
Year 3	33.9	26.7	7.2 ***	67.5	70.6	−3.1
Total	48.8	40.8	8.0 ***	n/a	n/a	n/a
Butte						
Year 1	42.3	45.6	−3.3	65.0	68.4	−3.4
Year 2	46.3	42.2	4.0	49.4	47.7	1.7
Year 3	46.7	42.5	4.3	39.7	41.0	−1.3
Total	63.4	63.7	−0.2	n/a	n/a	n/a
Los Angeles						
Year 1	27.0	24.9	2.1	84.8	87.9	−3.1 ***
Year 2	26.9	22.9	4.0 ***	74.0	76.3	−2.3
Year 3	26.0	22.4	3.6 ***	63.8	67.5	−3.7 **
Total	39.4	34.9	4.5 ***	n/a	n/a	n/a
Riverside						
Year 1	52.1	34.0	18.0 ***	58.7	65.9	−7.2 ***
Year 2	49.4	35.4	14.0 ***	46.6	52.0	−5.4 ***
Year 3	44.5	35.2	9.3 ***	40.6	45.8	−5.2 ***
Total	67.1	53.4	13.6 ***	n/a	n/a	n/a
San Diego						
Year 1	46.0	40.0	6.0 ***	69.1	72.1	−3.1 **
Year 2	45.8	40.8	5.1 ***	56.0	61.1	−5.1 ***
Year 3	42.5	37.3	5.2 ***	49.0	51.9	−3.0 *
Total	62.2	56.5	5.7 ***	n/a	n/a	n/a
Tulare						
Year 1	39.9	40.9	−1.0	76.7	75.0	1.7
Year 2	41.8	42.3	−0.5	65.4	62.2	3.1
Year 3	43.9	38.0	5.8 ***	54.5	56.2	−1.7
Total	59.5	55.3	4.2 **	n/a	n/a	n/a

NOTES: The totals indicate the proportion of sample members who were ever employed at any time during the three years of follow-up. Totals are not applicable (n/a) in the AFDC panel of the table.

Statistical significance levels are indicated as *** = 1 percent (the highest level); ** = 5 percent; * = 10 percent.

TABLE 9

PATTERNS BEHIND THE IMPACTS

ALAMEDA

- Offers a rare example of a welfare-to-work program boosting earnings of long-term welfare recipients living in a large urban area with concentrated poverty.
- Earnings gains were concentrated in group *not* needing basic education.
- For that group, GAIN may have helped people who would have worked and left welfare anyway get "better jobs" than they would have in the absence of the program.
- For recipients determined to need basic education, the program produced little gain in earnings, despite the large increase in the use of basic education (compared to controls).

RIVERSIDE

- Produced large earnings gains *and* welfare savings across *both* education subgroups.
- Effects on subgroup determined to need basic education may reflect the increased use of both job search *and* basic education (compared to controls), in combination with other implementation factors.
- Effects on subgroup determined *not* to need basic education were achieved without increasing the use of vocational training and post-secondary education (compared to controls).
- Overall, effects were driven by increasing experimentals' rate and duration of employment, not by getting employed experimentals better jobs than employed controls.

Manpower Demonstration Research Corporation
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TABLE 10

AVERAGE COSTS OVER FIVE YEARS FOR AFDC-FGs (SINGLE PARENTS)
(IN 1993 DOLLARS)

County	5-Year Average Total **GAIN** Cost Per Experimental ($)	5-Year Average **Net** Cost Per Experimental ($)
Alameda	6,622	5,597
Butte	3,959	2,904
Los Angeles	5,984	5,789
Riverside	2,963	1,597
San Diego	3,230	1,912
Tulare	3,731	2,734
All Counties	4,415	3,422

Manpower Demonstration Research Corporation
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TABLE 11

ESTIMATED GAIN AND NET COST PER AFDC-FG (SINGLE-PARENT) EXPERIMENTAL WITHIN FIVE YEARS AFTER ORIENTATION (IN 1993 DOLLARS)

A. Total GAIN Cost: Expenditures by Welfare Department and Other Agencies

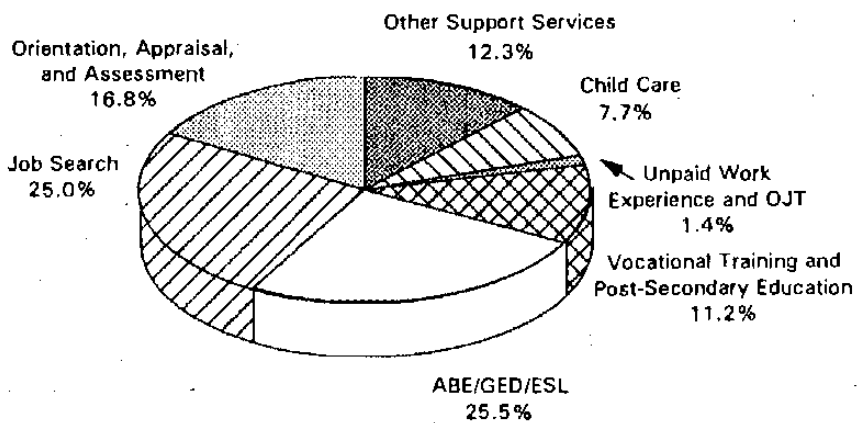
	Five-Year Average Cost per Experimental ($)		
County	Welfare Department GAIN Cost	Other Agencies' Costs for Serving GAIN Participants	Total GAIN Cost
Alameda	4429	2193	6622
Butte	2650	1309	3959
Los Angeles	4023	1961	5984
Riverside	2073	890	2963
San Diego	2134	1096	3230
Tulare	2086	1644	3731
All counties	2899	1515	4415

B. Net Cost per Experimental

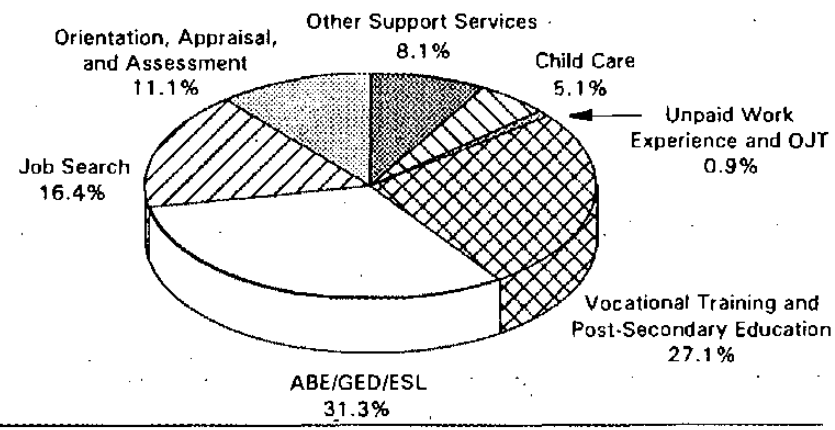
	Five-Year Average Cost ($)		
County	Total per Experimental (a)	Total per Control	Difference (Net Cost per Experimental)
Alameda	6977	1379	5597
Butte	4413	1509	2904
Los Angeles	6402	613	5789
Riverside	3469	1871	1597
San Diego	3918	2007	1912
Tulare	4189	1455	2734
All counties	4895	1472	3422

(a) Total GAIN cost plus cost of post-GAIN activities.

C. Welfare Department GAIN Cost: Percentage Distribution by Component for All Counties Combined



D. Total GAIN Cost (Welfare Department and Other Agencies): Percentage Distribution by Component for All Counties Combined



NOTES: In the all-county averages and percentage distributions, the results for each county are weighted equally. Case management, which accounts for about 60 percent of the welfare department GAIN cost, is included in the costs for the individual components identified in panels C and D.

TABLE 12

SUMMARY OF GAIN's BENEFIT–COST RESULTS
FOR AFDC–FGs (SINGLE PARENTS) OVER FIVE YEARS

Outcome and Sample	Alameda	Butte	Los Angeles	Riverside	San Diego	Tulare
Was the welfare sample made better off?						
Full sample	Yes	Yes	No	Yes	Yes	Yes
Registrants determined not to need basic education	Yes	Yes	No	Yes	Yes	Yes
Registrants determined to need basic education	No	No	No	Yes	No	Yes
Did benefits exceed losses for the government budget?						
Full sample	No	Break Even	No	Yes	Yes	No
Registrants determined not to need basic education	No	No	Yes	Yes	Yes	No
Registrants determined to need basic education	No	Yes	No	Yes	No	No

TABLE 13

RETURN TO THE GOVERNMENT BUDGET PER NET PUBLIC DOLLAR INVESTED
FOR AFDC–FGs (SINGLE PARENTS) OVER FIVE YEARS

Sample	Alameda	Butte	Los Angeles	Riverside	San Diego	Tulare
Full sample	$0.45	$1.02	$0.41	$2.84	$1.40	$0.17
Registrants determined not to need basic education	0.16	−0.30	2.15	4.36	3.95	−0.24
Registrants determined to need basic education	0.60	2.71	0.26	2.24	0.72	0.30

NOTES: Return to budget per net dollar invested is computed by dividing the gain to the government budget by the net cost of GAIN and non–GAIN activities and services.

TABLE 14

POLICY LESSONS

POLICY IMPLICATIONS

- GAIN's mix of job search, education, and training services can work better than primarily job search programs, and can increase the earnings of long-term recipients. But success is not automatic.

- Basic education (for those who need it) may contribute to program success, but *maximizing* its use is costly and does not guarantee success.

- Maximizing the use of vocational training and post-secondary education may improve the quality of jobs obtained but requires a substantial investment. This approach may help make recipients better off financially, but may not save taxpayers money.

- Participation in activities is not all that matters for impacts. A strong employment message and direct job development may also be key.

CHALLENGES AND OPEN QUESTIONS

- Can Riverside's success be replicated in other localities? The consistency of impacts across offices and regions within Riverside suggests "yes." But would its approach work in large inner-city areas?

- Can programs (like Alameda's) that seek to increase human capital development and improve job quality be made more cost-effective (e.g., by controlling access to and the length of participation in education and training, and by adding a stronger employment message and job development)?

- Would operating GAIN in the context of much stronger work incentives increase the program's success?

- Would post-placement services for those who find employment enhance the program's success?

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SUPPLEMENTARY TABLES

SUPPLEMENTARY TABLE 1

GAIN's ESTIMATED IMPACTS ON THE PERCENTAGE OF REGISTRANTS WHO EVER PARTICIPATED IN EMPLOYMENT–RELATED ACTIVITIES WITHIN TWO TO THREE YEARS AFTER ORIENTATION

Outcome and Research Group	AFDC–FGs						AFDC–Us (a)
	Alameda	Los Angeles	Riverside	San Diego	Tulare	All Counties	All Counties
Ever participated in job search							
Experimentals (%)	32.2	14.0	38.0	34.0	24.2	28.5	24.9
Controls (%)	4.2	4.2	1.4	7.8	1.7	3.9	2.7
Difference	28.0	9.8	36.6	26.2	22.5	24.6	22.2
Ever participated in ABE/GED							
Experimentals (%)	42.3	27.2	20.7	18.1	36.9	29.0	18.8
Controls (%)	6.9	5.8	4.8	4.4	5.3	5.4	3.6
Difference	35.4	21.4	15.9	13.7	31.6	23.6	15.2
Ever participated in ESL							
Experimentals (%)	3.2	13.3	6.7	5.2	6.7	7.0	16.7
Controls (%)	0.4	2.8	4.4	2.8	4.2	2.9	7.8
Difference	2.8	10.5	2.3	2.4	2.5	4.1	8.9
Ever participated in vocational training or post–secondary education							
Experimentals (%)	28.4	13.5	26.8	34.8	28.6	26.4	14.2
Controls (%)	23.1	10.8	28.6	31.8	21.2	23.1	12.4
Difference	5.3	2.7	−1.8	3.0	7.4	3.3	1.8
Ever participated in unpaid work experience							
Experimentals (%)	2.4	0.0	0.0	2.0	0.7	1.0	0.8
Controls (%)	0.6	0.6	0.6	1.2	0.8	0.8	0.8
Difference	1.8	−0.6	−0.6	0.8	−0.1	0.3	0.0
Ever participated in OJT							
Experimentals (%)	0.0	0.0	0.8	3.7	0.3	1.0	0.2
Controls (%)	0.3	0.7	0.8	0.8	1.1	0.7	0.8
Difference	−0.3	−0.7	0.0	2.9	−0.8	0.2	−0.6
Sample sizes							
Program tracking data							
Experimentals	602	3013	248	247	225	4335	1255
Controls	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Registrant survey data							
Experimentals	335	223	674	337	356	1925	n/a
Controls	348	n/a	342	336	363	1389	n/a

NOTES: Tests of statistical significance of the differences between research groups and across counties were not performed.
(a) The AFDC–U sample does not include any registrants from Alameda.

SUPPLEMENTARY TABLE 2

GAIN's IMPACTS ON PARTICIPATION IN KEY ACTIVITIES, EARNINGS AND AFDC PAYMENTS FOR AFDC–FGs (SINGLE PARENTS) DETERMINED NOT TO NEED BASIC EDUCATION

	Ever Participated in Job Search Activities		
County	Experimentals (%)	Controls (%)	Difference (a)
Alameda	55.9	3.6	52.3
Los Angeles	25.8	2.9	22.9
Riverside	50.1	2.3	47.8
San Diego	41.9	7.9	34.0
Tulare	46.4	3.0	43.4
All counties (b)	44.0	3.9	40.1

	Ever Participated In Vocational Training or Post–Secondary Education		
County	Experimentals (%)	Controls (%)	Difference (a)
Alameda	48.3	31.9	16.4
Los Angeles	27.6	23.0	4.6
Riverside	40.9	43.3	–2.4
San Diego	48.3	43.5	4.8
Tulare	48.8	36.7	12.1
All counties (b)	42.8	35.7	7.1

	Total Impacts (Years 1–3) on Earnings and AFDC Payments	
County	Earnings ($)	AFDC Payments ($)
Alameda	2947 *	–133
Butte	946	986
Los Angeles	1147	–2194 ***
Riverside	3950 ***	–2067 ***
San Diego	3040 ***	–1278 ***
Tulare	–635	543

NOTES: Estimates of participation rates for the two– to three–year follow–up period, which rely partly on data from the registrant survey, are not available for Butte.

Statistical significance levels are indicated as *** = 1 percent (the highest level); ** = 5 percent; * = 10 percent.

(a) Tests of statistical significance were not performed on the estimates of participation impacts, which used multiple data sources.

(b) In the all–county averages, the results for each county are weighted equally.

SUPPLEMENTARY TABLE 3

GAIN's IMPACTS ON PARTICIPATION IN KEY ACTIVITIES, EARNINGS AND AFDC PAYMENTS FOR AFDC–FGs (SINGLE PARENTS) DETERMINED TO NEED BASIC EDUCATION

	Ever Participated in Job Search Activities		
County	Experimentals (%)	Controls (%)	Difference (a)
Alameda	19.6	3.8	15.8
Los Angeles	11.2	3.8	7.4
Riverside	32.0	0.7	31.3
San Diego	27.4	7.5	19.9
Tulare	12.4	0.9	11.5
All counties (b)	20.5	3.3	17.2

	Ever Participated In Basic Education (ABE, GED, or ESL) (%)		
County	Experimentals (%)	Controls (%)	Difference (a)
Alameda	65.1	9.2	55.9
Los Angeles	49.2	10.8	38.4
Riverside	40.6	14.5	26.1
San Diego	42.1	11.8	30.3
Tulare	65.6	13.3	52.3
All counties (b)	52.5	11.9	40.6

	Total Impacts (Years 1–3) on Earnings and AFDC Payments	
County	Earnings ($)	AFDC Payments ($)
Alameda	610	−1036 **
Butte	2592 ***	−3239 ***
Los Angeles	107	−739 ***
Riverside	2595 ***	−1886 ***
San Diego	572	−1020 ***
Tulare	987 **	−56

NOTES: Estimates of participation rates for the two– to three–year follow–up period, which rely partly on data from the registrant survey, are not available for Butte.

Statistical significance levels are indicated as *** = 1 percent (the highest level); ** = 5 percent; * = 10 percent.

(a) Tests of statistical significance were not performed on the estimates of participation impacts, which use multiple data sources.

(b) In the all–county averages, the results for each county are weighted equally.

SUPPLEMENTARY TABLE 4

GAIN's YEAR 3 IMPACTS ON EARNINGS AND AFDC PAYMENTS FOR SELECTED SUBGROUPS OF AFDC–FG REGISTRANTS

Subgroup and County	Total Sample Size	Year 3 Impacts ($) Earnings	Year 3 Impacts ($) AFDC Payments
Welfare history (a)			
Applicant			
Butte	739	451	−202
Riverside	1687	1241 ***	−379 *
San Diego	2301	1162 **	−132
Tulare	309	−77	−14
Short–term recipient			
Butte	142	1442 u	−629 u
Riverside	1638	917 **	−754 ***
San Diego	2532	1082 ***	−398 **
Tulare	630	141	104
Long–term recipient			
Alameda	1205	774 **	−371 **
Butte	348	855	−313
Los Angeles	4396	153	−277 **
Riverside	2183	1056 ***	−635 ***
San Diego	3386	158	−495 ***
Tulare	1295	844 ***	−264
Received AFDC continuously for at least 6 years prior to GAIN orientation (b)			
No			
Alameda	399	1132 *	−506
Butte	1066	600	−273
Riverside	4241	1011 ***	−553 ***
San Diego	6500	668 ***	−355 ***
Tulare	1496	561 *	−63
Yes			
Alameda	806	599	−304
Butte	163	932 u	−401 u
Riverside	1267	973 **	−634 ***
San Diego	1719	892 *	−339
Tulare	738	415	−205
Number of children at time of GAIN orientation (c)			
One			
Alameda	506	359	−66
Butte	572	1397 **	20
Los Angeles	1437	184	−146
Riverside	2134	317	−449 **
San Diego	3550	123	−150
Tulare	838	678	−7
Two			
Alameda	384	1269 **	−349
Butte	412	−940	−442
Los Angeles	1396	663 **	−597 ***
Riverside	1826	1711 ***	−616 ***
San Diego	2619	1509 ***	−578 ***
Tulare	739	689	−442
Three or more			
Alameda	303	963	−993 ***
Butte	215	1150 u	−1003 u*
Los Angeles	1542	−229	−175
Riverside	1391	1210 ***	−657 ***
San Diego	1720	914 *	−469 **
Tulare	638	139	27
Employed in year prior to GAIN orientation			
Yes			
Alameda	290	51	−467
Butte	577	1911 ***	−341
Los Angeles	961	−377	−206
Riverside	2177	1024 ***	−554 ***
San Diego	3604	787 **	−283 *
Tulare	940	654 *	−6
No			
Alameda	915	999 **	−341
Butte	652	−456	−245
Los Angeles	3435	303 *	−297 **
Riverside	3331	1001 ***	−604 ***
San Diego	4615	653 **	−411 ***
Tulare	1294	418	−190

(continued)

SUPPLEMENTARY TABLE 4 (continued)

Subgroup and County	Total Sample Size	Year 3 Impacts ($) Earnings	Year 3 Impacts ($) AFDC Payments
Level of disadvantage			
First-time applicant			
Butte	296	664 u	−692 u
Riverside	410	1835 **	−1070 **
San Diego	418	1269 u	−218 u
Tulare	96	858 u	−627 u
Returning applicant			
Butte	443	212	137
Riverside	1277	970 **	−167
San Diego	1883	1163 **	−126
Tulare	213	−90 u	249 u
Less disadvantaged recipient			
Alameda	796	1072 **	−385 *
Butte	355	1295	−459
Los Angeles	2074	147	−473 ***
Riverside	2978	929 ***	−705 ***
San Diego	4687	656 **	−406 ***
Tulare	1395	625 *	−101
More disadvantaged recipient			
Alameda	409	201	−333
Butte	135	94 u	−335 u
Los Angeles	2322	148	−92
Riverside	843	939 *	−556 *
San Diego	1231	−3	−532 *
Tulare	530	414	−249

Subgroup and County	Total Sample Size	Year 3 Impacts ($) Earnings	Year 3 Impacts ($) AFDC Payments
Ethnicity			
White, non-Hispanic			
Alameda	216	−268	−281
Butte	1061	709	−97
Los Angeles	512	347	−441
Riverside	2847	1349 ***	−809 ***
San Diego	3478	1203 ***	−344 **
Tulare	1165	467	−130
Black, non-Hispanic			
Alameda	844	1020 **	−311
Butte	43	−1415 u	−2724 u**
Los Angeles	1987	−121	−408 ***
Riverside	862	570	−624 **
San Diego	1865	573	−536 **
Tulare	81	2229 u*	−725 u
Hispanic			
Alameda	90	1531 u	−1428 u**
Butte	69	1605 u	−603 u
Los Angeles	1408	337	−162
Riverside	1510	920 **	−322
San Diego	2094	68	−120
Tulare	871	427	−70
Asian and other			
Alameda	55	−157 u	24 u
Butte	56	−525 u	−2335 u*
Los Angeles	489	524	91
Riverside	289	−612 u	385 u
San Diego	782	400	−533
Tulare	117	493 145	145 u

(continued)

SUPPLEMENTARY TABLE 4 (continued)

Subgroup and County	Total Sample Size	Year 3 Impacts ($) Earnings	Year 3 Impacts ($) AFDC Payments
Limited English proficiency			
No			
Alameda	1188	799 **	−368 **
Butte	1194	659	−226
Los Angeles	3248	132	−278 **
Riverside	5201	1054 ***	−677 ***
San Diego	7590	738 ***	−380 ***
Tulare	2066	520 *	−68
Yes			
Alameda	17	−218 u	−646 u
Butte	35	346 u	−2791 u*
Los Angeles	1148	210	−270
Riverside	307	273 u	1016 u**
San Diego	629	407	−19
Tulare	168	494	−656 u
Refugee			
No			
Alameda	1166	760 **	−355 *
Butte	1061	528	−219
Los Angeles	3897	108	−309 ***
Riverside	5364	1064 ***	−620 ***
San Diego	7817	730 ***	−313 ***
Tulare	2144	531 **	−73
Yes			
Alameda	39	1129 u	−714 u
Butte	168	1508 u	−915 u
Los Angeles	499	527	−42
Riverside	144	−1270 u	850 u
San Diego	402	289 u	−1428 u***
Tulare	90	494 u	−987 u

Subgroup and County	Total Sample Size	Year 3 Impacts ($) Earnings	Year 3 Impacts ($) AFDC Payments
Participating in education or training program at time of GAIN orientation			
Yes			
Alameda	168	795 u	472 u
Butte	254	631 u	−45 u
Los Angeles	325	292	−525
Riverside	864	1276 **	−367
San Diego	1685	667	−250
Tulare	298	249	−490
No			
Alameda	1037	764 **	−506 **
Butte	975	692	−351
Los Angeles	4071	145	−258 **
Riverside	4644	1020 ***	−647 ***
San Diego	6534	740 ***	−384 ***
Tulare	1936	538 *	−54

NOTES: The symbol "u" indicates that, because of very small sample sizes, the impact estimate shown is unreliable; asterisks following the symbol indicate that there was a statistically significant effect, though its magnitude could not be reliably measured.

(a) Alameda and Los Angeles did not serve applicants or short-term recipients during the period of sample intake.

(b) Information necessary for classifying GAIN recipients into these two categories was not available from the baseline form used in Los Angeles.

(c) This section excludes sample members who reported having no children.

SUPPLEMENTARY TABLE 5

SELECTED CHARACTERISTICS OF MOST RECENT JOB AMONG AFDC–FG REGISTRANTS WHO REPORTED BEING EMPLOYED WITHIN TWO TO THREE YEARS AFTER ORIENTATION

Outcome and Research Group	Alameda	Los Angeles (a)	Riverside	San Diego	Tulare	All Counties (b)
Average number of hours usually worked per week						
Employed experimentals	30.0	27.8	32.1	33.0	35.1	32.5
Employed controls	26.7	n/a	32.4	31.0	33.7	30.9
Percentage distribution of number of hours worked per week among employed experimentals (%)						
Less than 10 hours	2.7	4.2	5.5	3.8	5.6	4.4
10–19 hours	18.8	23.9	12.8	9.0	7.1	11.9
20–29 hours	19.6	22.5	17.4	21.7	15.2	18.5
30–39 hours	17.9	14.1	16.4	17.9	15.2	16.8
40 hours or more	41.1	35.2	47.9	47.6	56.9	48.4
Percentage distribution of number of hours worked per week among employed controls (%)						
Less than 10 hours	14.5	n/a	6.1	9.0	6.7	9.1
10–19 hours	16.4	n/a	12.7	13.0	9.3	12.9
20–29 hours	14.5	n/a	17.6	18.1	12.9	15.8
30–39 hours	22.7	n/a	19.4	13.0	15.5	17.7
40 hours or more	31.8	n/a	44.2	46.9	55.7	44.7
Average earnings per week (c) ($)						
Employed experimentals	209	172	191	223	194	204
Employed controls	167	n/a	206	188	200	190
Percentage distribution of average earnings per week among employed experimentals (c) (%)						
Less than $100	28.6	36.6	26.8	23.9	22.2	25.4
$101–$200	27.7	32.4	37.3	31.9	35.4	33.1
$201–$300	23.2	14.1	19.5	18.3	23.7	21.2
$301–$400	8.0	9.9	10.7	13.1	11.1	10.7
$401–$500	6.3	1.4	2.1	5.2	2.0	3.9
More than $500	6.3	5.6	3.6	7.5	5.6	5.8
Percentage distribution of average earnings per week among employed controls (c) (%)						
Less than $100	37.3	n/a	22.4	28.8	21.0	27.4
$101–$200	27.3	n/a	40.0	29.4	37.4	33.5
$201–$300	25.5	n/a	17.6	22.6	27.7	23.4
$301–$400	6.4	n/a	9.1	10.2	7.7	8.4
$401–$500	3.6	n/a	4.8	4.0	1.5	3.5
More than $500	0.0	n/a	6.1	5.1	4.6	3.9

(continued)

SUPPLEMENTARY TABLE 5 (continued)

Outcome and Research Group	Alameda	Los Angeles (a)	Riverside	San Diego	Tulare	All Counties (b)
Average earnings per hour (c) ($)						
Employed experimentals	6.56	6.06	5.78	6.23	5.47	6.01
Employed controls	6.09	n/a	6.14	5.98	5.81	6.01
Percentage distribution of average earnings per hour among employed experimentals (c) (%)						
$4.25 or less	22.0	27.1	25.2	22.7	29.3	24.8
$4.26–$5.00	19.3	15.7	26.0	17.9	24.6	22.0
$5.01–$6.00	11.9	15.7	14.7	12.6	17.3	14.1
$6.01–$7.00	10.1	20.0	10.4	14.5	11.5	11.6
$7.01–$10.00	19.3	12.9	16.8	21.3	13.6	17.8
More than $10.00	17.4	8.6	6.8	11.1	3.7	9.8
Percentage distribution of average earnings per hour among employed controls (c) (%)						
$4.25 or less	19.1	n/a	23.5	25.6	22.9	22.8
$4.26–$5.00	17.3	n/a	27.2	19.8	27.6	23.0
$5.01–$6.00	19.1	n/a	13.0	14.5	20.3	16.7
$6.01–$7.00	16.4	n/a	6.8	11.6	8.3	10.8
$7.01–$10.00	20.0	n/a	18.5	21.5	15.1	18.8
More than $10.00	8.2	n/a	11.1	7.0	5.7	8.0
Employed experimentals (%)						
Job provided:						
Paid sick days	33.0	23.9	26.8	32.4	23.1	28.8
Paid vacation days	34.5	23.9	37.4	39.2	25.3	34.1
Health benefits	26.8	25.4	27.7	32.7	22.7	27.5
Dental benefits	29.5	19.7	23.7	25.4	17.7	24.1
Tuition assistance or paid training classes	20.9	10	16.7	17.6	13.5	17.2
Employed controls (%)						
Job provided:						
Paid sick days	22.9	n/a	22.7	30.5	20.2	24.1
Paid vacation days	24.8	n/a	29.7	35.3	29.2	29.8
Health benefits	24.8	n/a	26.9	25.6	21.4	24.7
Dental benefits	22.7	n/a	22.7	20.1	16.6	20.5
Tuition assistance or paid training classes	7.4	n/a	14.5	18.4	10.4	12.7
Sample size						
Employed experimentals	114	71	478	214	199	1076
Employed controls	110	n/a	165	178	195	648

NOTES: Rounding may cause slight discrepancies in calculating sums, averages, and differences.

Tests of statistical significance of the differences between employed experimentals and employed controls were not performed, because such comparisions are non–experimental.

"n/a" refers to the fact that these data were not available.

The follow–up period for the survey ranged from 26 to 37 months, on average, across the five counties where the registrant survey was conducted. Butte County was not included in the survey.

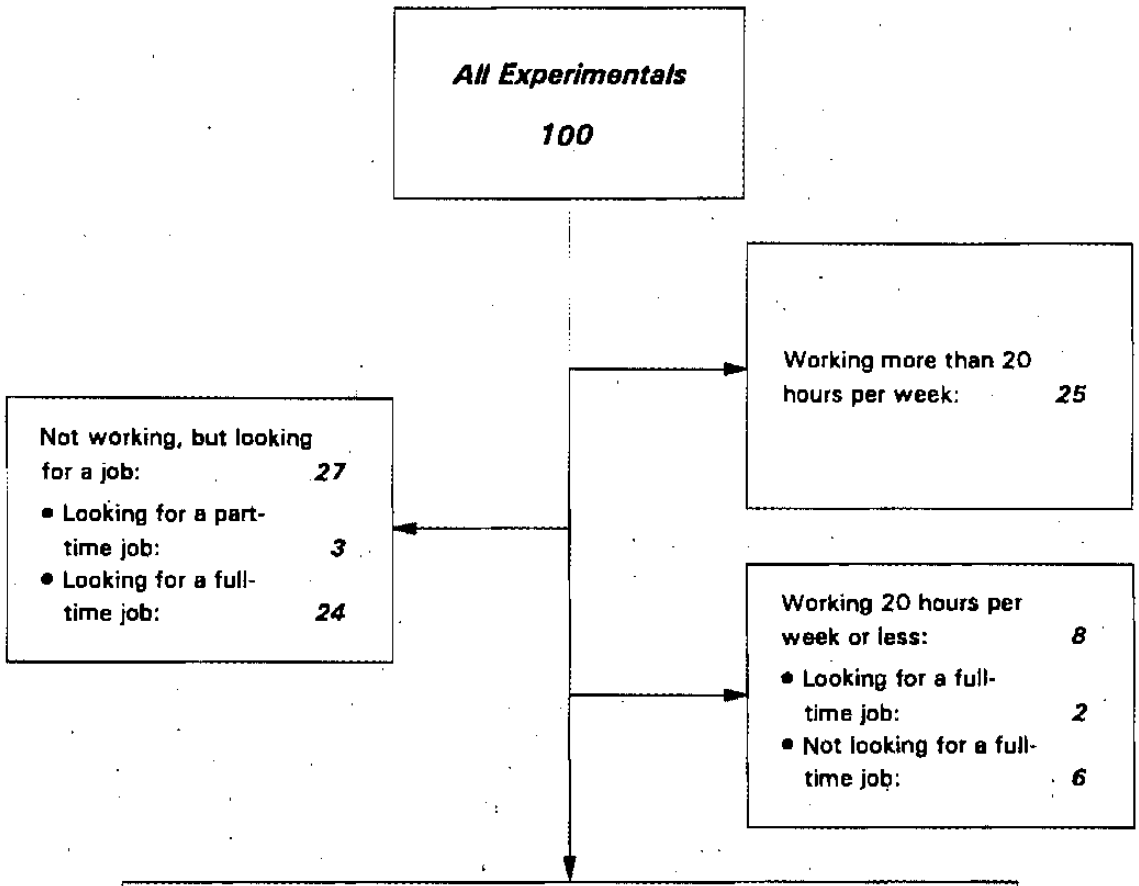
(a) An analysis of response patterns to the survey in Los Angeles revealed that the earnings and AFDC payments during the follow–up period of controls who responded to the survey differed markedly from those of controls who did not respond to the survey. For this reason, no estimates for controls and no impacts are presented in this table for Los Angeles.

(b) In the all–county averages, the results of each county (excluding Los Angeles) are weighted equally.

(c) Most respondents reported gross (i.e., pre–tax) earnings. However, a sizable minority (roughly 20 percent) reported net (i.e., post–tax) tax earnings. No adjustment was made for those reporting post–tax earnings. Therefore, the presented in this table somewhat underestimate the percentage of respondents with gross weekly earnings in excess of a given level.

SUPPLEMENTARY FIGURE 1

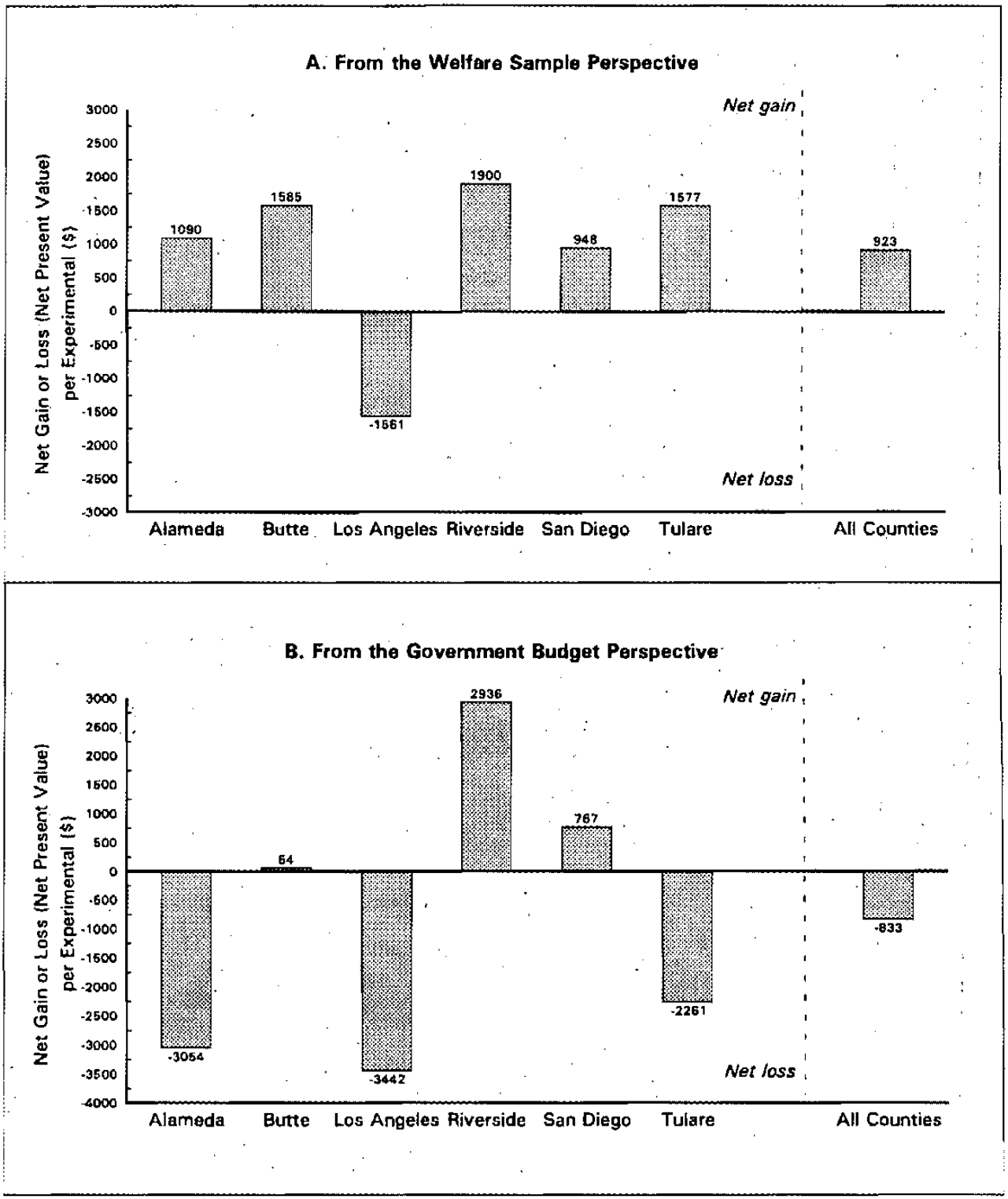
SELF-REPORTED EMPLOYMENT STATUS AND REASONS FOR NOT LOOKING FOR WORK AMONG AFDC-FG EXPERIMENTAL SURVEY RESPONDENTS IN FOUR COUNTIES AT THE TIME OF THE TWO- TO THREE-YEAR INTERVIEW



Most important reason for not looking for a job:	Percentage of those not looking
• Wants to stay home with child	10
• Can't afford child care	2
• Can't arrange child care	2
• Child's ill health, disability	4
• Family responsibilities, other than personal child care	6
• Own ill health, disability	28
• Pregnancy	2
• In school or training	22
• Does not want to work now	1
• Couldn't find work or believes no suitable work is available	1
• Lacks necessary experience	5
• Transportation problems	4
• Other	14
Total	100

SUPPLEMENTARY FIGURE 2

GAIN's BENEFIT-COST RESULTS FROM THE WELFARE SAMPLE AND GOVERNMENT BUDGET PERSPECTIVES FOR AFDC-FGs (SINGLE PARENTS) WITHIN FIVE YEARS AFTER ORIENTATION (IN 1993 DOLLARS)



SUPPLEMENTARY TABLE 6

GAIN's BENEFIT–COST RESULTS FOR AFDC–FGs (SINGLE PARENTS) (IN 1993 DOLLARS)

Sample and County	Estimated Net Gain or Loss (Net Present Value) per Experimental Within Five Years After Orientation, by Accounting Perspective ($)			
	Welfare Sample	Government Budget	Society	Return to Government Budget per Net Dollar Invested
Full sample				
Alameda	1090	−3054	−2103	0.45 per $1
Butte	1585	54	1452	1.02 per $1
Los Angeles	−1561	−3442	−5046	0.41 per $1
Riverside	1900	2936	4458	2.84 per $1
San Diego	948	767	1649	1.40 per $1
Tulare	1577	−2261	−819	0.17 per $1
All counties (a)	923	−833	−67	0.76 per $1
Registrants determined not to need basic education				
Alameda	5328	−6041	−904	0.16 per $1
Butte	4702	−3955	621	−0.30 per $1
Los Angeles	−2826	2892	−11	2.15 per $1
Riverside	3235	3576	6328	4.36 per $1
San Diego	2925	2610	5235	3.95 per $1
Tulare	673	−2812	−2163	−0.24 per $1
Registrants determined to need basic education				
Alameda	−1199	−2011	−3299	0.60 per $1
Butte	−820	4816	3656	2.71 per $1
Los Angeles	−1162	−4755	−5941	0.26 per $1
Riverside	1111	2444	3246	2.24 per $1
San Diego	−968	−759	−1590	0.72 per $1
Tulare	2333	−2082	45	0.30 per $1

NOTES:The net present value from the societal perspective is estimated by summing the net present value from the perspective of the government budget (minus employers' share of payroll taxes) plus the net value of output produced by registrants in unpaid work experience positions.

(a) In the all–county averages (included for the full sample only), the results for each county are weighted equally.

SUPPLEMENTARY TABLE 7

GAIN's THREE-YEAR IMPACTS ON EARNINGS AND AFDC PAYMENTS FOR AFDC-Us (HEADS OF TWO-PARENT FAMILIES)

	Average Total Earnings				Average Total AFDC Payments			
County	Experimentals ($)	Controls ($)	Difference ($)	Percentage Change	Experimentals ($)	Controls ($)	Difference ($)	Percentage Change
Alameda (a)								
Year 1	--	--	--	--	--	--	--	--
Year 2	--	--	--	--	--	--	--	--
Year 3	--	--	--	--	--	--	--	--
Total	--	--	--	--	--	--	--	--
Butte								
Year 1	3026	2393	633 *	26%	6523	6749	-226	-3%
Year 2	4033	2776	1257 ***	45%	5246	5775	-529	-9%
Year 3	4752	3346	1406 **	42%	4555	5071	-516	-10%
Total	11811	8515	3295 ***	39%	16324	17595	-1271	-7%
Los Angeles								
Year 1	1480	1221	259 **	21%	9440	9871	-431 ***	-4%
Year 2	1787	1468	319 *	22%	8333	8826	-493 ***	-6%
Year 3	1726	1417	309	22%	7417	7739	-323 *	-4%
Total	4993	4106	887 **	22%	25190	26436	-1246 ***	-5%
Riverside								
Year 1	3691	2930	761 ***	26%	4840	5807	-967 ***	-17%
Year 2	4038	3628	411	11%	3892	4640	-748 ***	-16%
Year 3	3812	3478	334	10%	3614	3964	-350 *	-9%
Total	11542	10036	1506 **	15%	12346	14411	-2064 ***	-14%
San Diego								
Year 1	3331	3089	242	8%	6790	7301	-510 ***	-7%
Year 2	4128	3978	150	4%	5565	6197	-632 ***	-10%
Year 3	4144	4402	-258	-6%	5155	5339	-184	-3%
Total	11603	11469	134	1%	17510	18837	-1327 ***	-7%
Tulare								
Year 1	2987	2961	26	1%	7545	7523	23	0%
Year 2	3721	3998	-277	-7%	6316	6261	54	1%
Year 3	4121	4138	-17	-0%	5588	5600	-12	-0%
Total	10829	11097	-268	-2%	19449	19384	66	0%
All counties (b)								
Year 1	2903	2519	384 ***	15%	7028	7450	-422 ***	-6%
Year 2	3542	3170	372 **	12%	5871	6340	-469 ***	-7%
Year 3	3711	3356	355 **	11%	5266	5543	-277 ***	-5%
Total	10156	9045	1111 ***	12%	18164	19332	-1168 ***	-6%

NOTES: Dollar averages for each year include zero values for sample members who were not employed or did not receive welfare during that year.
Statistical significance levels are indicated as *** = 1 percent (the highest level); ** = 5 percent; * = 10 percent.
(a) Because of Alameda's small sample size for AFDC-Us, the estimates of its earnings impacts ($782 for the three-year period, or a 24 percent increase over the control group average) and AFDC payments impacts (-$103, or less than a 1 percent decrease) are considered much less reliable than those for the other counties; therefore, the Alameda impacts are not included in this table.
(b) In the all-county averages, the results for each county are weighted equally.

SUPPLEMENTARY TABLE 8

GAIN's IMPACTS ON RATES OF EMPLOYMENT AND WELFARE CASE CLOSURES AT THE END OF YEAR 3 FOR AFDC–Us (HEADS OF TWO–PARENT FAMILIES)

	Ever Employed in Year 3			On AFDC in the Last Quarter of Year 3		
County	Experimentals (%)	Controls (%)	Difference	Experimentals (%)	Controls (%)	Difference
Butte	48.1	41.9	6.2 *	47.9	52.7	−4.8
Los Angeles	35.8	26.0	9.8 ***	78.4	77.9	0.5
Riverside	44.8	40.2	4.6 **	42.6	40.9	1.7
San Diego	45.6	43.9	1.7	56.9	57.2	−0.2
Tulare	48.9	48.4	0.5	60.4	59.9	0.5

NOTES: Statistical significance levels are indicated as *** = 1 percent (the highest level); ** = 5 percent; * = 10 percent.

Because of Alameda's small sample size for AFDC–Us, the estimates of its impacts are considered much less reliable than those for the other counties; therefore, the Alameda impacts are not included in this table.

SUPPLEMENTARY TABLE 9

GAIN's BENEFIT–COST RESULTS FOR AFDC–Us (HEADS OF TWO–PARENT FAMILIES) (IN 1993 DOLLARS)

	Estimated Net Gain or Loss (Net Present Value) per Experimental Within Five Years After Orientation, by Accounting Perspective ($)			
County	Welfare Sample	Government Budget	Society	Return to Government Budget per Net Dollar Invested
Butte	2096	697	2568	1.22 per $1
Los Angeles	−621	−2021	−2748	0.55 per $1
Riverside	−714	1314	466	1.61 per $1
San Diego	−1949	−86	−1796	0.96 per $1
Tulare	260	−2939	−2685	− 0.08 per $1

NOTES: The net present value from the societal perspective is estimated by summing the net present value from the perspective of the government budget (minus employers' share of payroll taxes) and the net value of output produced by registrants in unpaid work experience positions.

Because of Alameda's small sample size for AFDC–Us, the estimates of its impacts are considered much less reliable than those for the other counties; therefore, the Alameda impacts are not included in this table.

SUPPLEMENTARY TABLE 10

SELECTED CHARACTERISTICS OF THE PRIMARY GAIN RESEARCH SAMPLE AT ORIENTATION

Sample and Characteristic	Alameda	Butte	Los Angeles	Riverside	San Diego	Tulare
All AFDC–FG experimentals and controls						
Aid status (a) (%)						
Applicant	0.0	60.3	0.0	31.0	28.0	13.9 (b)
Short–term recipient	0.0	11.5	0.0	29.8	30.8	28.2 (b)
Long–term recipient	100.0	28.2	100.0	39.2	41.2	57.9 (b)
Received AFDC continuously for at least 6 years prior to orientation (c) (%)	66.9	13.2	n/a	22.9	20.9	33.1 (b)
Employed within past 2 years (%)	23.9	56.8	16.5	49.3	59.2	48.7 ***
Currently employed up to 29 hours per week (%)	6.1	8.0	5.7	5.4	10.9	8.2 (b)
Has a high school diploma or GED (%)	58.7	56.2	34.6	51.4	56.0	43.7 ***
In need of basic education, according to GAIN criteria (%)	65.4	49.0	80.6	60.3	56.1	65.2 ***
Currently in a school or training program (%)	12.9	19.9	7.4	15.4	20.1	12.2 (b)
Ethnicity (%)						
White, non–Hispanic	17.9	85.7	11.6	51.2	41.8	51.7 ***
Hispanic	7.5	5.6	31.9	27.6	25.3	39.2 ***
Black, non–Hispanic	68.6	3.5	45.3	15.5	22.5	3.6 ***
Indochinese	2.1	0.6	9.9	1.3	5.5	0.4 ***
Other Asian	0.8	2.2	0.7	1.7	0.9	2.3 ***
Other	1.6	2.0	0.4	2.2	3.1	2.5 (b)
Limited English proficiency (%)	4.5	6.9	31.7	10.3	17.3	13.7 ***
Refugee (%)	3.2	13.7	11.3	2.6	4.9	3.9 ***
Age (%)						
Less than 25	8.5	8.8	2.4	10.2	10.9	6.6 (b)
25–34	44.1	49.8	33.0	48.4	46.3	46.4 (b)
35–44	34.8	33.3	42.2	31.0	31.5	34.9 (b)
45 or older	12.5	8.2	22.4	10.3	11.3	12.0 (b)
Average age (years)	34.7	33.6	38.5	33.7	33.8	34.9 ***
Average number of children	1.9	1.7	2.1	1.8	1.7	2.0 ***
Has at least one child in the following age groups (%) (d)						
Less than 6	30.5	12.4	10.4	16.2	12.9	14.9 ***
6–11	60.2	62.2	61.8	66.2	64.6	68.9 ***
12–18	50.7	47.5	73.0	47.2	46.1	53.0 ***
19 or older	16.4	0.7	0.0	1.6	2.5	2.1 ***
Research sample status (%)						
Experimental	50.0	80.3	68.0	81.2	85.8	71.0 ***
Control	50.0	19.7	32.0	18.8	14.2	29.0 ***
Sample size	1,205	1,234	4,434	5,626	8,224	2,248

(continued)

SUPPLEMENTARY TABLE 10 (continued)

Sample and Characteristic	Alameda	Butte	Los Angeles	Riverside	San Diego	Tulare
All AFDC–U experimentals and controls						
Aid status (a) (%)						
Applicant	0.0	76.2	0.0	42.8	32.9	22.2 (b)
Short–term recipient	0.0	11.8	0.0	37.3	37.7	42.2 (b)
Long–term recipient	100.0	12.1	100.0	19.9	29.4	35.7 (b)
Received AFDC continuously for at least 6 years prior to orientation (c) (%)	70.9	3.1	n/a	7.6	12.3	13.1 (b)
Employed within past 2 years (%)	22.5	80.1	32.1	72.1	78.9	67.5 ***
Currently employed up to 29 hours per week (%)	11.5	5.9	26.3	6.4	18.4	6.9 (b)
Has a high school diploma or GED (%)	29.7	47.5	17.1	42.6	48.9	32.2 ***
In need of basic education, according to GAIN criteria (%)	81.3	58.0	92.2	66.6	62.9	74.0 ***
Currently in a school or training program (%)	7.6	14.5	5.4	9.1	12.3	17.2 (b)
Ethnicity (%)						
White, non–Hispanic	15.9	74.8	11.2	42.7	36.2	36.3 ***
Hispanic	9.3	7.8	22.5	31.8	26.6	41.6 ***
Black, non–Hispanic	15.4	2.5	4.2	8.1	9.6	2.3 ***
Indochinese	40.1	2.9	58.3	6.0	20.5	3.9 ***
Other Asian	15.4	9.4	3.5	7.9	2.1	12.9 ***
Other	2.2	2.3	0.2	3.2	3.5	2.7 (b)
Limited English proficiency (%)	55.5	16.7	82.7	23.9	30.1	31.3 ***
Refugee (%)	56.0	16.2	63.4	11.8	17.6	17.0 ***
Age (%)						
Less than 25	0.5	26.4	0.8	19.0	15.7	21.2 (b)
25–34	28.6	49.4	21.2	47.1	43.4	42.8 (b)
35–44	40.1	19.9	41.3	24.7	28.3	25.8 (b)
45 or older	30.8	4.3	36.6	9.2	12.6	10.2 (b)
Average age (years)	40.3	29.8	42.0	32.3	33.6	32.3 ***
Average number of children	3.0	2.1	2.5	2.4	2.4	2.6 ***
Has at least one child in the following age groups (%) (d)	53.3	81.5	47.2	72.4	72.6	73.0 ***
Less than 6	62.6	41.5	67.8	53.1	50.4	54.5 ***
6–11	60.4	19.0	62.4	30.0	31.1	30.9 ***
12–18	26.4	0.4	0.0	1.3	2.6	1.3 ***
19 or older						
Research sample status (%)						
Experimental	52.7	77.4	50.4	69.2	74.2	69.3 ***
Control	47.3	22.6	49.6	30.8	25.8	30.7 ***
Sample Size	182	1,019	1,459	2,407	3,277	1,907

(continued)

SUPPLEMENTARY TABLE 10 (continued)

NOTES: Sample characteristics were recorded on the intake form by GAIN staff at orientation and are based on answers from GAIN registrants.

Distributions may not add to 100.0 percent because of rounding or because of items missing from some sample members' intake forms.

A chi-square test was applied to differences among counties. Statistical significance levels are indicated as *** = 1 percent; ** = 5 percent; * = 10 percent.

(a) Applicants are registrants applying for AFDC at the time of referral to GAIN orientation; they include reapplicants who may have had prior AFDC receipt. Short-term recipients have received AFDC for two years or less. Short-term recipients have received AFDC Long-term recipients have received AFDC for over two years. (The AFDC receipt may not have been continuous.)

(b) A test of statistical significance was not performed.

(c) "n/a"refers to the fact that these data were not available.

(d) Distributions may add to more than 100.0 percent because sample members can have children in more than one category.

SUPPLEMENTARY TABLE 11

GAIN's THREE-YEAR IMPACTS ON EMPLOYMENT, EARNINGS, AFDC RECEIPT, AND AFDC PAYMENTS FOR AFDC-FG MANDATORY GAIN REGISTRANTS WITH CHILDREN UNDER AGE 6, IN ALAMEDA, RIVERSIDE, AND TULARE COUNTIES

County and Outcome	Experimentals	Controls	Difference	Percentage Change
Alameda (sample includes children of any age under 6)				
Ever employed, years 1-3 (%)	53.2	43.4	9.8 **	22.6%
Average total earnings, years 1-3 ($)	7340	5120	2220	43.4%
Average total AFDC payments received, years 1-3 ($)	18983	19530	-547	-2.8%
Ever received any AFDC payments (%)				
Last quarter of year 1	86.1	90.1	-4.1	-4.5%
Last quarter of year 2	77.2	77.6	-0.5	-0.6%
Last quarter of year 3	68.6	72.1	-3.5	-4.8%
Sample size (total = 367)	191	176		
Riverside (sample includes children 3 to 5 years old)				
Ever employed, years 1-3 (%)	66.2	46.2	20.0 ***	43.2%
Average total earnings, years 1-3 ($)	7961	4450	3511 ***	78.9%
Average total AFDC payments received, years 1-3 ($)	13829	16387	-2558 ***	-15.6%
Ever received any AFDC payments (%)				
Last quarter of year 1	67.2	75.7	-8.5 ***	-11.3%
Last quarter of year 2	56.5	64.4	-7.8 ***	-12.2%
Last quarter of year 3	49.5	57.9	-8.4 ***	-14.6%
Sample size (total = 1820)	1449	371		
Tulare (sample includes children 3 to 5 years old)				
Ever employed, years 1-3 (%)	52.0	44.1	7.9 *	17.9%
Average total earnings, years 1-3 ($)	5812	5675	136	2.4%
Average total AFDC payments received, years 1-3 ($)	19479	18331	1148	6.3%
Ever received any AFDC payments (%)				
Last quarter of year 1	85.7	76.2	9.4 ***	12.4%
Last quarter of year 2	72.9	71.7	1.1	1.6%
Last quarter of year 3	69.0	65.0	4.1	6.3%
Sample size (total = 493)	288	205		

NOTES: Statistical significance levels are indicated as *** = 1 percent (the highest level); ** = 5 percent; * = 10 percent.

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SUPERVISOR, FIFTH DISTRICT
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FAX NO. (805) 654-2226

BOARD OF SUPERVISORS
COUNTY OF VENTURA
GOVERNMENT CENTER, HALL OF ADMINISTRATION, L #1890
800 SOUTH VICTORIA AVENUE, VENTURA, CALIFORNIA 93009

August 7, 1995

Mr. Bruce Reed, Deputy Assistant to the President
For Domestic Policy
Executive Office of the President
1600 Pennsylvania Avenue, NW
Washington DC 20500

Dear Mr. Reed:

Ventura County Needs Your Help!

Ventura County wants welfare reform. Until 5 p.m. on Friday, August 4,1995, Ventura County's welfare reform proposal was included in Senator Dole's bill as well as Senate Minority Leader Daschle (please see attached). Unfortunately, the language was later deleted from the Dole bill. True welfare reform can be achieved if welfare block grants come directly to counties with a population of 500,000 or more and bypass the state. Welfare reform will not be achieved if the federal government merely passes its micromanagement role down to the states.

We urge you to consider Ventura County's proposal because it is business centered and is administered by the county. If welfare block grants can't come to the ninety counties that fall into this category nationwide, then allow Ventura County to be a demonstration site for our nation.

Ventura County is prepared to commit to objectives that will remove 20% of the people presently on welfare every six months, with the ultimate goal in seven years of not having but a small percentage of the county's population on welfare. **In other words, a welfare-free county within seven years.**

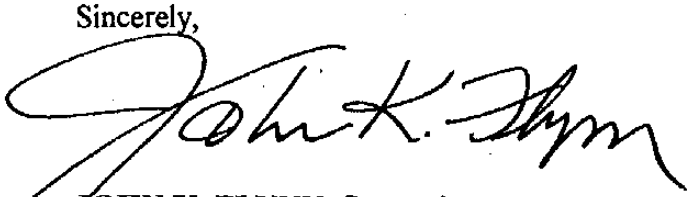
Ventura County's welfare reform proposal offers immediate results and eliminates red tape. The proposal is a partnership with business. Business becomes the focus, the actual client. The welfare recipient is no longer the center of attention.

Recycled Paper

Every welfare recipient is enrolled in a temporary employment service. **"No Work - No Pay -- No Work - No Welfare."** The welfare recipient unable to work will be enrolled in a community work project.

We urge you to take our message to the President. With President Clinton's leadership, we can create a welfare system that restores dignity and employment. Please contact me at (805)654-2706 for further information. I am sending via courier the proposal.

Sincerely,



JOHN K. FLYNN, Supervisor
VENTURA COUNTY BOARD OF SUPERVISORS

Dole bill

1 less for accrued cost neutrality liabilities in-
2 curred under the terms and conditions of such
3 waiver.
4 "(B) DATE DESCRIBED.—The date de-
5 scribed in this subparagraph is the later of—
6 "(i) January 1, 1996; or
7 "(ii) 90 days following the adjourn-
8 ment of the first regular session of the
9 State legislature that begins after the date
10 of the enactment of the Family Self-Suffi-
11 ciency Act of 1995.
12 "(c) SECRETARIAL ENCOURAGEMENT OF CURRENT
13 WAIVERS.—The Secretary shall encourage any State oper-
14 ating a waiver described in subsection (a) to continue such
15 waiver and to evaluate, using random sampling and other
16 characteristics of accepted scientific evaluations, the result
17 or effect of such waiver.

18 **"SEC. 413. STATE AND COUNTY DEMONSTRATION PRO-**
19 **GRAMS.**

20 "(a) NO LIMITATION OF STATE DEMONSTRATION
21 PROJECTS.—Nothing in this part shall be construed as
22 limiting a State's ability to conduct demonstration
23 projects for the purpose of identifying innovative or effec-
24 tive program designs in 1 or more political subdivisions
25 of the State.

1 "(b) COUNTY WELFARE DEMONSTRATION
2 PROJECT.—
3 "(1) IN GENERAL.—The Secretary of Health
4 and Human Services and the Secretary of Agri-
5 culture shall jointly enter into negotiations with all
6 counties having a population greater than 500,000
7 desiring to conduct a demonstration project de-
8 scribed in paragraph (2) for the purpose of estab-
9 lishing appropriate rules to govern the establishment
10 and operation of such project.
11 "(2) DEMONSTRATION PROJECT DESCRIBED.—
12 The demonstration project described in this para-
13 graph shall provide that—
14 "(A) a county participating in the dem-
15 onstration project shall have the authority and
16 duty to administer the operation of the program
17 described under this part as if the county were
18 considered a State for the purpose of this part;
19 "(B) the State in which the county partici-
20 pating in the demonstration project is located
21 shall pass through directly to the county the
22 portion of the grant received by the State under
23 section 403 which the State determines is at-
24 tributable to the residents of such county; and

1 "(C) the duration of the project shall be
2 for 5 years.
3 "(3) COMMENCEMENT OF PROJECT.—After the
4 conclusion of the negotiations described in para-
5 graph (2), the Secretary of Health and Human
6 Services and the Secretary of Agriculture may au-
7 thorize a county to conduct the demonstration
8 project described in paragraph (2) in accordance
9 with the rules established during the negotiations.
10 "(4) REPORT.—Not later then 6 months after
11 the termination of a demonstration project operated
12 under this subsection, the Secretary of Health and
13 Human Services and the Secretary of Agriculture
14 shall submit to the Congress a report that in-
15 cludes—
16 "(A) a description of the demonstration
17 project;
18 "(B) the rules negotiated with respect to
19 the project; and
20 "(C) the innovations (if any) that the
21 county was able to initiate under the project.
22 **"SEC. 414. ASSISTANT SECRETARY FOR FAMILY SUPPORT.**
23 "The programs under this part and part D of this
24 title shall be administered by an Assistant Secretary for
25 Family Support within the Department of Health and

OFFERED BY SENATOR FEINSTEIN OF CALIFORNIA

SEC. XXX COUNTY WELFARE DEMONSTRATION PROJECT.

(a) IN GENERAL - The Secretary of Health and Human Services and the Secretary of Agriculture may jointly enter into negotiations with any county having a population greater than 500,000 for the purpose of establishing appropriate rules to govern the establishment and operation of a 5-year welfare demonstration project. Under the demonstration project -

(1) the county shall have the authority and duty to administer the operation within the county of one or more of the programs established or modified under titles _____ of this Act as if the county were considered a State for purposes of such programs; and

(2) the State in which the county is located shall pass through directly to the county 100 per cent of a proportion of the Federal funds received by the State under each of the programs described in paragraph (1) that is administered by the county under such paragraph, which proportion shall be separately calculated for each such program based (to the extent feasible and appropriate) on the formula used by the Federal Government to allocate payments to the States under the program. Additionally, any State financial participation in these programs shall be no different for counties participating in the demonstration projects authorized by this section than for other counties within the State.

(b) COMMENCEMENT OF PROJECT - After the conclusion of the negotiations described in subsection (a), the Secretary of Health and Human Services and the Secretary of Agriculture may authorize the county to conduct the demonstration project described in such subsection in accordance with the rules established under such subsection.

(c) REPORT - The Secretary of Agriculture and the Secretary of Health and Human Services shall submit to the Congress a joint report on any demonstration project conducted under subsection (b) not later than six months after the termination of the project. Such report shall, at a minimum, describe the project, the rules negotiated with respect to the project under subsection (a), and the innovations (if any) that the county was able to initiate under the project.

DRAFT -- 1/3 ~~[CONFIDENTIAL]~~

WR-CALIF

Dear :

As the Legislature will undoubtedly consider additional changes this year in California's Aid to Families with Dependent Children (AFDC) program, I am writing to share my own welfare reform proposals. I hope you will give them serious consideration.

California's welfare system is in trouble. The number of children and their parents on AFDC has reached an all-time high and is still rising. The cost to California, both in social and financial terms, is staggering. As we begin this new year:

- Nearly two and one half million people -- one in twelve Californians -- are receiving AFDC. In the last five years, California's AFDC caseload has increased 41 percent.

- Our state will spend approximately $2.8 billion in general fund revenue and a total of $6 billion in federal, state and county funds on AFDC this fiscal year.

A strong economy that provides stable, decent jobs is the single best answer to reducing our AFDC caseload. But job creation alone is not enough. We must transform welfare by instilling the basic values of work and personal responsibility into our welfare system.

Above all else, our welfare system must lead to work, moving recipients into jobs as soon as possible. Recipients must be required and given the opportunity to go to work in order to support their families and participate in the economy. In addition, we must craft an AFDC system that demands personal responsibility from participants, both men and women.

To make work and personal responsibility the guiding principles within our welfare system we must:

- Make job placement and services the focus of GAIN, county welfare offices and every other aspect of the system.

- Require parents to support their children from day one.

- Prevent teen and unwed pregnancies that lead to the development and expansion of welfare families.

- Expand efforts to detect and punish fraud.

WELFARE TO WORK

The single most important objective of welfare reform is to move people from welfare to work. In 1985, California launched the Greater Avenues to Independence (GAIN) program to do just that. Unfortunately, we have failed to build on the GAIN program and make job placement the primary focus of our entire welfare system.

Above all else, our welfare system needs to emphasize finding jobs for recipients as soon as possible. The sooner families move off welfare, the less likely it is that they will become dependent on government assistance.

- **Proposal #1:** ***Make immediate job placement the primary focus of GAIN.***

Current state policy allows each county to determine the level of emphasis placed on job placement within their GAIN programs. As a result, some counties stress work, while others focus on education and training. I propose that the state require that job placement become the primary focus of GAIN in each of our 58 counties.

In Riverside County, where GAIN administrators stress job placement, a two year impact study determined this approach significantly improves earnings for participants and results in reduced AFDC costs. Specifically, the study found that Riverside County GAIN participants achieved a 55 percent increase in outside earnings and a 14 percent reduction in benefit costs. The study found that GAIN participants in other counties on average achieved only a 21 percent improvement in earnings and a 6 percent decrease in assistance payments.

An approach focusing on immediate job placement will:

- Attempt to place recipients with job experience and skills as soon as possible.
- Instruct AFDC recipients in how to find and apply for jobs, and how to prepare for an interview.
- Recommend education only for those without basic skills.

Making job placement the primary focus of GAIN and the welfare office is only a first step. We must make other changes that facilitate moving recipients from welfare to work.

- **Proposal #2:** ***Require welfare recipients to perform community service, non-profit volunteer work or participate in child care cooperatives after two-years.***

Welfare was conceived as an interim safety net to allow mothers to provide for their children while they look for work. It is not an acceptable lifestyle option. For these reasons, I support a two-year limit on welfare benefits, after which recipients would be required to work.

Under my proposal, an able-bodied parent who is unable to find employment after two years of looking for work and receiving job training would be required to perform specified community service, non-profit volunteer work or participate in welfare child care cooperatives in order to maintain eligibility for welfare benefits. I do not advocate placing welfare recipients in public sector jobs. And with an unemployment rate of nearly 9 percent, and hundreds of thousands of skilled workers out of work, it is not feasible to place welfare recipients in private sector jobs.

This workfare requirement will help recipients improve their jobs skills, while making it clear that work is expected in return for benefits.

Those unwilling to participate in one of the work options described above would have their assistance grant reduced or become ineligible for any further public assistance, although their children/family would remain eligible for AFDC, food stamps and medical care.

A two-year limit on benefits would change AFDC from an entitlement program into a work and community service opportunity that allows participants to improve their skills, gain valuable work experience and become self-sufficient. At the same time, we would improve and build our communities and our public and non-profit organizations. The vast majority of welfare recipients want to work and provide stable, decent lives for their families. This proposal will help them realize that goal.

- **Proposal #3:** ***Promote county contracting with private firms to place welfare recipients in jobs.***

Whenever possible, county welfare programs should utilize private job placement companies to find work for welfare recipients. By paying a fee only for those recipients who are placed in jobs and leave welfare, and by requiring private firms to focus on long-term placement, we can realize immediate and long-term reductions in welfare costs.

America Works, a New York-based company, contracts with the state of New York to provide job placement services for welfare recipients. The company has successfully placed 5,000 welfare recipients in jobs at an average salary of $15,000. The company collects its full fee only for recipients who keep their job for seven months, and gets no money at all unless the client stays employed for at least four months. The company also provides other services, like child care information and money management assistance, to ensure that clients can stay in jobs.

- **Proposal #4:** ***Turn welfare offices into employment referral and placement operations and places which provide information on family planning, health and child care.***

County welfare offices must do more than just pass out checks. I propose they provide recipients with information on available public and private job placement and training services and, when feasible, have job listings and job banks.

We must also greatly expand the relationship between GAIN offices, welfare offices and public job placement and training programs. State administered programs within the Employment Development Department, the Job Training Partnership Act and the Employment Training Panel exist to put Californians to work. Welfare recipients should be aware of their availability.

Providing job services is just a start. If we are to transform welfare, we must transform the welfare office into a place that also provides recipients with information on the wide array of prevention, treatment and support services available to them, including family planning, child and health care.

Unfortunately, each of the last two years, Governor Wilson has vetoed legislation designed to help facilitate the transformation of the welfare office. This past year he vetoed AB 88 which would have required counties to provide AFDC and Medi-Cal applicants with written material regarding family planning and contraceptives, sex education, health risks associated with drug use during pregnancy, AIDS and information on available health services. To save money, the legislation specified that only written materials available at no cost to the counties were to be distributed. In the Governor's veto message he argued that counties throughout the state are already providing such information. He is mistaken.

- **Proposal #5:** ***Help welfare recipients achieve financial independence through self-employment.***

Starting a small business should be considered a viable route for AFDC recipients to escape welfare. Current law allows our GAIN program to provide entrepreneurial training. In addition, a network of 15-20 microenterprise programs in California are available to help recipients start and succeed in small business. Unfortunately, current state law restricts this option because it prevents AFDC recipients from accumulating the equipment and assets necessary to start a small business.

In Illinois and other states with AFDC microenterprise programs, upwards of 80 percent of participants have been able to become independent of AFDC or significantly reduce their assistance levels. Republican members of Congress recognized that starting a small business can be a way off welfare by including a microenterprise plan within their welfare reform proposal. ?

Unfortunately, Governor Wilson vetoed "microenterprise" legislation last year. To his credit, he did support a measure allowing AFDC recipients to maintain up to $5,000 in savings to pay for college, purchase a home or start a small business. This change, however, forces participants to choose between college for their child, buying a home or starting a microenterprise. It also fails to count only net business income as income for purposes of determining AFDC eligibility, providing no incentive for AFDC recipients to start a small business. I propose easing AFDC eligibility restrictions to allow recipients to accumulate the assets and capital necessary to start "microenterprises." If successful, microenterprises will not only help the welfare recipient get off public assistance, but also create jobs for others Californians.

I propose encouraging self sufficiency by allowing:

- AFDC recipients to accumulate up to $10,000 in microenterprise assets without penalty in restricted accounts.

- AFDC entrepreneurs to count only net business income as income for purposes of AFDC eligibility.

- **Proposal #6:** ***Give parents who want to work the option of up-front child care payments.***

We must also continue to do everything possible to allow parents to move from welfare to the workplace. This includes providing immediate child care assistance for parents who do go to work. Right now, working AFDC parents are eligible to receive direct child care supplement payments and are allowed to keep $200 a month in income to pay for child care. Unfortunately, these benefits are provided two months after the parent starts work and the child care expenses are incurred. For families with few, if any, resources this represents a serious hardship and discourages parents from working.

I propose that we provide the first two months of the child care supplement and income benefit directly to child care providers so child care is financed from the moment parents start to work. This change would not result in any new costs, would prove easier to administer and, most importantly, would remove a barrier that prohibits parents from going to work.

CHILD SUPPORT COLLECTION

California's child support collection system is a proven failure. Noncustodial parents owe over $3 billion in unpaid child support in our state and the amount is growing by more than $300 million annually. It's time to get serious about child support collection.

The failure to enforce child support orders has resulted in tens of thousands of additional AFDC cases each year. At this moment, 750,000 California parents and children due child support, but unable to collect, are receiving AFDC. Deadbeat parents create two sets of victims: families due support, and taxpayers who must step in.

Three-quarters of families owed support from a noncustodial parent do not receive the legally ordered amount. In 1991, California recouped only 5.5 percent of the AFDC assistance owed by non-custodial parents. In Alabama and Idaho, by comparison, AFDC recoupment levels were over 30 percent. In its most recent assessment of child support enforcement, the House Ways and Means Committee ranked California 51st out of the 54 U.S. states and territories in AFDC recoupment.

As these statistics attest, the real welfare cheats are deadbeat parents who fail to pay child support.

To increase the effectiveness of our child support collections we need to more effectively utilize available government and private resources, establish paternity of illegitimate children as soon as possible and sanction those who refuse to meet the obligations of parenthood. The vast majority of deadbeat parents are men. Personal responsibility mandates that they be held responsible for supporting children they father.

- ***Proposal #7: Use the Franchise Tax Board to collect child support.***

Currently, county district attorneys are responsible for enforcing child support orders in our state. Regrettably, 51 of our 58 counties fail to meet the minimum federal child support collection standards. Our current system is not serving children who depend on it for support or taxpayers who finance it and expect a return on their investment.

We need a streamlined, cost-effective and uniform system for collecting support in each of our counties. I propose that we turn over responsibility for all support enforcement to the Franchise Tax Board (FTB). In the future, to increase collection rates, all child support orders should make clear that if the absent parent is over 30 days late with payments, the FTB will use its powers to automatically collect child support.

The FTB has just completed a successful trial program in Los Angeles County, collecting $479,000 for 436 families, and has just begun collecting delinquent child support on a trial basis in six counties. Other states, like Massachusetts, have already dramatically improved child support collection by turning over enforcement responsibilities to their state taxing agencies.

The Franchise Tax Board is a proven money collector. FTB has access to a vast array of financial records and the power to lien, levy, garnish and intercept virtually every financial resource without time-consuming court orders.

Child support payments and AFDC recoupment represent real state revenue, with the same impact on the state's bottom line as tax revenue, and should be collected with the same due diligence.

- **Proposal #8:** ***License private collection agencies to go after child support that cannot be collected through the FTB.***

To catch deadbeat parents who manage to elude the FTB, I propose licensing private collection agencies for the purpose of collecting delinquent child support. Private collection agencies would be eligible to attempt collections from parents who are more than 60 days in arrears on payments, live out of state or are otherwise out of the reach of the FTB, and for which there is evidence of collectible assets.

Under my proposal the deadbeat parent would be liable for the collection agency's fee on top of the owed child support.

- ***Proposal #9: Institute new procedures to establish paternity for the children of unwed mothers.***

California fails to identify the father of three out of every four children born to unwed mothers. Only 33% of the fathers of AFDC children in our state can be identified. We need to institute procedures to establish paternity for children before birth, at birth or soon thereafter.

To identify fathers for the purpose of collecting child support I propose rigorously:

- Questioning women who apply and receive government-sponsored AFDC-Pregnancy benefits about the identity of the father before birth.

- Questioning mothers as to the identity of fathers on welfare applications and at every opportunity in the process.

- Requiring that applicants and recipients be informed that their benefits will be restricted if they fail to cooperate in establishing paternity.

- Penalizing women who refuse to cooperate in identifying the fathers of their children by reducing their AFDC cash benefit grant. To offset lost cash benefits, I support an increase in the food stamp allotment to ensure that the child receives proper nourishment. Current federal law allows sanctions against mothers who refuse to cooperate in identifying the fathers of their children. Unfortunately, these sanctions are rarely enforced. Good cause exemptions would continue for mothers with legitimate fears for their own safety, and the safety of their child, if they were to identify the father.

Determining and requiring paternity identification for out-of-wedlock mothers is good public policy: failure to identify fathers is costing the state hundreds of millions of dollars every year. It is also good family policy: children are entitled to know the identity of both parents.

- ***Proposal #10: Make parents who fail to pay child support ineligible for all state licenses or colleges and universities.***

Current law allows the state to restrict the issuance of business and vocational, commercial driver's, commercial sporting and other licenses to parents who fail to pay child support. I propose that we extend this restriction to all state licenses, including standard driver's licenses and hunting and fishing licenses. We must also prohibit deadbeat parents from enrolling in publicly supported colleges and universities.

- ***Proposal #11: Toughen penalties for parents who willfully and repeatedly refuse to pay child support.***

We should make willful and repeated failure to provide child support a felony. Failure to pay support is a form of theft, from the child and often from the taxpayer in the form of AFDC assistance. It should be treated accordingly. Under existing law, failure to provide support is most often a misdemeanor subject to a cause of action to enforce the support through wage consignment or liens on bank accounts and property. There is no additional penalty for repeat violations.

I am not proposing to lock up fathers who fail to pay because they lack the resources. This measure is aimed at parents who have the ability, but choose not to pay. Making willful and repeat failure to provide support, when a parent has the resources to pay, will subject a parent to a potential felony conviction and jail time. I believe the severity of these penalties will serve as an effective deterrent to the violation of support orders and will encourage parents to pay their child support fully and on time.

- ***Proposal #12: Increase penalties for employers who fail to comply with wage garnishments or otherwise shield parents delinquent in their child support.***

Employers who fail to comply with wage garnishment orders or who try to shield the employment and/or wages of a deadbeat parent are denying children the support and, in many instances, costing the state revenue. They should be penalized harshly.

Last year, legislation to increase the contempt court penalties subjected employers who fail to ... I propose... [details to follow].

FAMILY PLANNING: PREVENT THE NEED FOR WELFARE

Forty percent of women on welfare had their first child before age 19, and having a child out of wedlock was the triggering event for 30% of the women now on AFDC. It is imperative that we reduce teen-age and unwed pregnancies in California, and prevent the need for welfare in the first place.

- **Proposal #13:** ***Pressure Washington to increase funding for contraceptive services in California.***

Family planning and contraceptive service programs are proven family builders. Deferring birth and waiting to raise children until after completing education and initial entry into the job market clearly helps in the development of stable families. Family planning and contraceptive service programs are also proven money savers. One study estimates that every dollar spent on family planning services in California saves the state about $12.20 in other welfare and health costs.

Given that AFDC is jointly funded by the federal and state governments, each has a financial interest in reducing unwed and teenage pregnancies and, in doing so, the number of families dependent on AFDC.

The need for additional family planning and education services in California is great. In the most recent year for which statistics are available, over 850,000 women -- 52% of those eligible to receive subsidized family planning services -- were not served.

Unfortunately, the federal government provided California with only $11 million in Title X funds to support direct contraceptive and reproductive services in 1991-92. By comparison the state provided $62 million this fiscal year, or nearly six times as much. The federal government must increase support for family planning and contraceptive services in California. I will work with President Clinton to see that it does.

- ***Proposal #14: Provide family planning information and referrals to recipients at welfare offices and at every opportunity.***

We have an obligation to make certain that every AFDC recipient is aware of the availability of free family planning and contraceptive services and is advised about where to receive them. Current law requires county welfare offices to provide information concerning available family planning services to AFDC recipients only if the information is requested. Unfortunately, many welfare recipients are unaware that the services are available, and so don't know to ask for information.

To help facilitate intelligent family planning decisions, I propose that counties provide family planning information to recipients at every opportunity, within welfare offices and with every check.

- ***Proposal #15: Launch a public service media campaign against teen and unwed pregnancy and highlighting California's tough approach to child support enforcement.***

After instituting new policies aimed at preventing teen and unwed pregnancies and toughening child support enforcement, I propose launching a public service campaign against teen and unwed pregnancies and emphasizing that both parents have a legal obligation to support their child.

This proposal will not require the expenditure of government resources. I believe the issue is of such critical importance that advertising agencies will provide their services pro bono and TV and radio stations and print publications will provide their air time and space free of charge.

- **Proposal #16:** ***Reduce the cash assistance grant for women who have additional children while on welfare.***

Having additional children while on welfare is irresponsible and should be sanctioned. I propose reducing the cash assistance grant of AFDC mothers who have additional children. The purpose of my proposal is to eliminate any cash incentive for having additional children, and to restrict discretionary income to recipients who by their own actions have proven themselves irresponsible. To offset lost cash, I propose an increase in food stamp benefits to ensure the child receives proper nutrition.

Under our current system, an AFDC mother of two who has an additional child will see her maximum cash grant increase from $607 to $723 a month. Her maximum food stamp benefit will increase from $214 to $259 a month. After the third child, her benefits will total $982.

Under my proposal, the same mother (after an additional child) would see an actual 5% reduction in cash assistance from $607 to $577 (instead of $723). Her food stamp benefit would increase from $214 to $381 (instead of $259) a month. After the third child, benefits would total $958. The new food stamp benefit level would be determined by the United States Department of Agriculture's Cost of Food at Home Estimates. For a mother with children aged one, three and nine, the Department estimates that a low-cost food plan for one month totals $381.

Current federal law permits states to impose restrictions on benefits when a parent's mismanagement of AFDC funds are "contrary to the interests of the child." I believe that having an additional child while on welfare fits within behavior "contrary to the interest of the child."

As soon as Electronic Benefit Transfer (EBT) and so-called smart cards become proven technologies for providing and tracking AFDC benefits, I propose they be used to restrict the discretionary benefits of women who have additional children while on welfare.

Women who have additional children while on welfare should also be required to participate in a family planning class that emphasizes pregnancy prevention.

DETECT AND PUNISH FRAUD

- ***Proposal #17: Prevent fraud by [to be written].***

When AFDC participants commit welfare fraud, they are not only stealing state resources, they are also damaging the integrity of the welfare system.

- fingerprinting
- monetary rewards for counties that improve
- monetary rewards for welfare employees who discover fraud.

I also propose establishing a toll free 800 number to allow reports of possible fraud, to identify and locate parents who fail to pay child support and to receive recommendations for improving our welfare system.

As an incentive to report possible fraud, I also propose that persons who report fraud leading to the collection of restitution be eligible to receive 10% of the money collected as a reward.

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Obviously, many of these proposals would require federal waivers from the Department of Health and Human Services. Given the President's commitment to end welfare as we know it, I am optimistic that waivers would be granted.

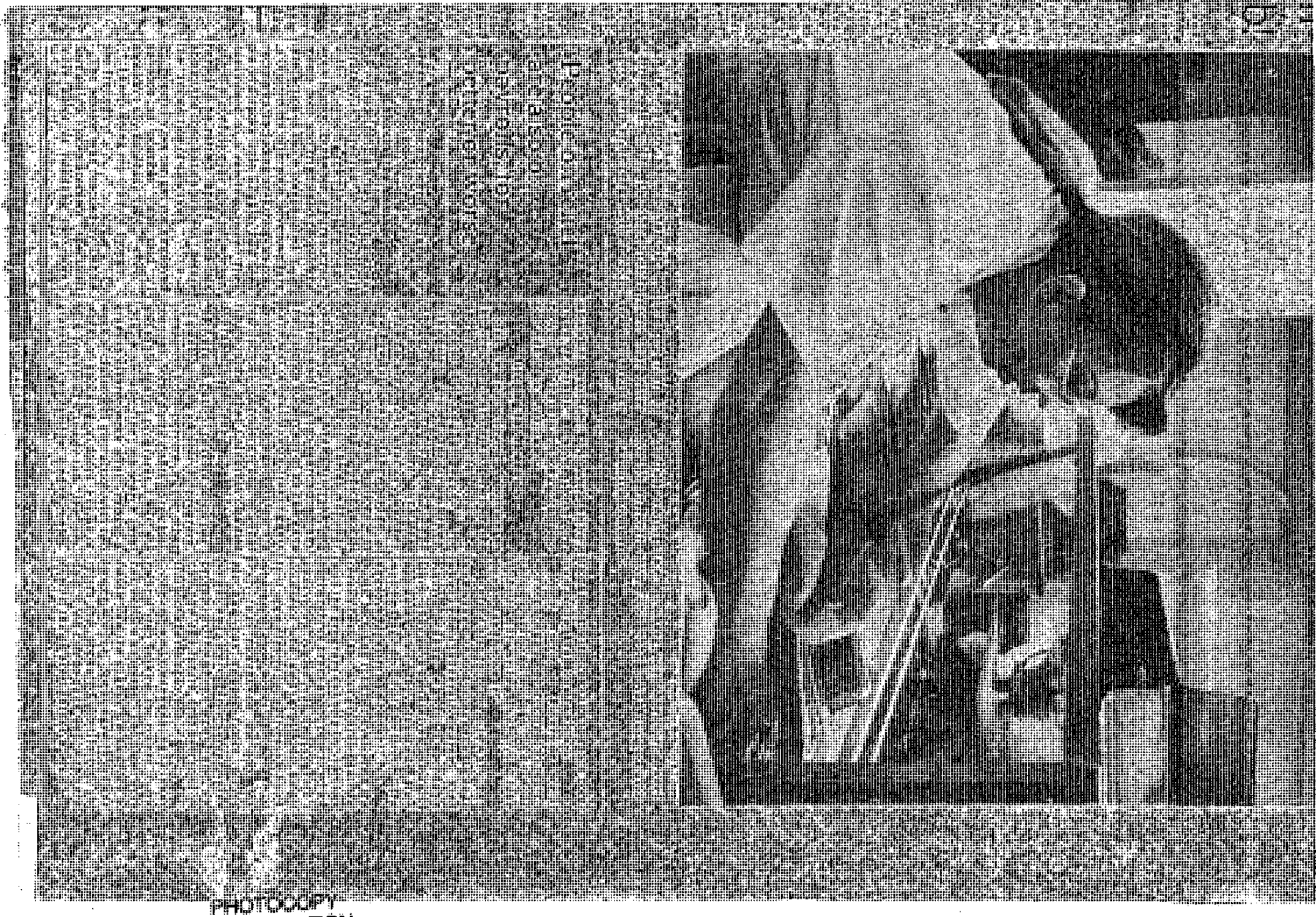
As the legislature considers welfare reform this session, I hope the proposals I have outlined here will be given serious consideration.

I look forward to working with you to transform welfare into a system that puts people to work, while at the same time demanding that men and women act responsibly and meet the obligations of parenthood.

Sincerely,

National

Counter to Trend, a Welfare Program In California Has One Idea: Get a Job!



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