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The ABC Evaluation

Turning the Corner: Delaware's A Better Chance

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EXECUTIVE SUMMARY

In September 1999, Delaware's A Better Chance Welfare Reform Program (ABC)—one of the nation's first comprehensive, statewide welfare reforms—reached the end of its first four years. The milestone is significant as the point after which recipients began reaching ABC's 48-month, full-family time limit. This report summarizes evaluation findings for ABC's early years, a period extending through early 1999. Upcoming reports will cover ABC's last two years, when the State made some important changes in the program.

This report is one of a series that Abt Associates has provided as part of a continuing evaluation of ABC for the State of Delaware.¹ The study began in 1995 as a random assignment evaluation, then required as a condition for federal approval to waive Aid to Families with Dependent Children (AFDC) rules. Delaware discontinued the experiment in early 1997, when the Personal Responsibility and Work Opportunities Reconciliation Act (PRWORA) lifted the federal evaluation requirement. As documented in this report, important treatment-control differences nevertheless have persisted well beyond the official end of the experiment and afford useful insights into the impacts of welfare reform.

Findings provided here summarize the early challenges Delaware faced in implementing ABC, and welfare recipients' experiences over roughly a two-and-a-half-year follow-up period.² The study finds that Delaware implemented a strict, work-oriented program that fundamentally altered the State's welfare system. In refashioning its cash welfare program, the State's Department of Health and Social Services' Division of Social Services (DSS) made many basic changes in policies and procedures, administrative arrangements, and services. Delaware strongly enforced Contracts of Mutual Responsibilities requiring clients to participate in work activities and meet specified parenting responsibilities. The program had a number of significant impacts on clients, of which the most striking was a reduction in welfare use. Thanks to Delaware's strong economy and no-nonsense work program, the vast majority of clients went to work during at least part of the follow-up period. However, few participants achieved economic independence within the study period, and the majority still was struggling to make ends meet.

¹ To date, the evaluation has issued reports on a variety of topics, including: initial implementation (Fein and Thompson 1996), early economic impacts (Fein and Karweit 1997), program enrollment trends (Fein and Lee 1999a), financial sanctions (Fein and Lee 1999b), public opinion (Fein 1999a), school attendance provisions (Fein *et al.* 1999), and impacts on marriage and fertility (Fein 1999b).

² The follow-up horizon covered by this report allows us to examine experiences after early ABC enrollees began reaching the program's 24-month time limit, but does not cover recent months when families first could reach the 48-month limit.

ABC POLICIES

In developing ABC, Delaware sought to transform welfare from an open-ended entitlement to a transitional program promoting economic self-sufficiency and responsible parenting. To make welfare transitional, the State placed a four-year cumulative limit on how long families could receive assistance. During the first two years, the policies required participation in activities emphasizing rapid job entry (such as job readiness and job search). Clients using up their first 24 months of assistance and still needing support could continue on welfare only by participating in a Workfare program that paid benefits in proportion to hours worked.

The State also created other policies and services to promote employment and engagement in ABC work activities. A “fill-the-gap” provision rewarded work and cooperation with child support enforcement, by reducing the effective “tax” on earned income and child support payments by about half. Delaware substantially increased child care funding and expanded Medicaid coverage for poor working families. Welfare recipients who did not comply with ABC’s work requirements faced stiff financial sanctions, with grant reductions progressing rapidly to case closure on continued non-compliance.

ABC also added a series of financial penalties and incentives to promote desired parenting behaviors. Penalties included sanctions for failure to attend a parenting education class, ensure children are up-to-date on their immunizations, ensure children are maintaining satisfactory school attendance, or seek information from a family planning provider. The program also shifted responsibility for childbearing decisions to recipients through a “family cap” eliminating the traditional grant increase when welfare recipients have babies. Finally, ABC strengthened child support enforcement and expanded eligibility for cash assistance to two-parent families to help bring fathers back into the picture as providers and parents.

DATA SOURCES

Analyses in this report are based on fieldwork and analysis of statistical data covering roughly the first three years after ABC’s October 1995 start-up. Qualitative data sources include a series of site visits to local welfare offices and service providers, interviews with program managers, and two focus groups (in March 1999) with clients reaching time limits. Quantitative analyses mostly are based on observations for 3,959 single-parent families enrolled in the ABC demonstration in five pilot offices during the program’s first year. As part of the original experiment, all of these families were randomly assigned either to be subject to ABC (2,138 families) or to be in a comparison group (1,821 families) remaining under traditional AFDC rules. Statistics in this report are derived from a wide range of data sources, including a

background survey administered at intake; administrative data from automated (cash welfare, unemployment insurance, and child welfare) systems; a client follow-up survey administered by telephone approximately one year after random assignment; and program data obtained from MAXIMUS Inc., the Workfare service provider.

FINDINGS FOR THE FIRST 24 MONTHS OF ABC ASSISTANCE

Delaware succeeded in effecting an ambitious overhaul of its traditional welfare program. In implementing policies and services applying to clients' first 24 months of time-limited assistance, the State developed a new set of services focused on immediate employment, substantially expanded access to child care and Medicaid, and enforced a wide-ranging series of new requirements intended to foster responsible parenting.

The changes were not accomplished without difficulty. Program managers had to solve many administrative and coordination challenges, not the least of which were to develop new inter-agency partnerships, and communicate the new policies and procedures clearly to line staff. Line staff generally supported the new policies, but often disagreed with the details and—in the case of Employment and Training case managers—were unhappy with what they felt was a substantial reduction in their ability to provide individualized case management and services.

Statistics show that staff strongly enforced ABC's work and parenting provisions. Three-quarters of clients assigned to the ABC group participated in ABC work activities or combined unsubsidized employment with welfare at some point in the two years after random assignment. Most of the remaining one quarter either left welfare within a year after random assignment or received a financial sanction for non-compliance with work requirements. Many clients also received financial sanctions for not complying with ABC's parenting requirements.

The net effect was a modest positive increase in employment in clients' first year in the program. In the last quarter of the first year, 49 percent of clients in the ABC group were employed, compared to 43 percent of those in the comparison group, with earnings displaying similar proportionate gains. It is not possible to measure ABC's full impact after the first year, because the State began enrolling former comparison group members in the program at about that time.

One treatment-control difference that did continue throughout ABC's second year was a large difference in sanction receipt and sanction-induced case closures. During ABC's second year, sanctions forced case closures for 19 percent of the ABC group, but only two percent of the comparison group. As a result, experimental impact estimates show net welfare receipt and payments for the ABC group fell much faster than for the comparison group after the first year

of follow-up. In the last quarter of the second year, 31 percent of the ABC group was receiving cash assistance, compared with 39 percent of the comparison group.

In contrast, employment and earnings impacts completely vanished after the first year of follow-up. Given that the experimental impact on employment and training receipt also nearly vanished in the second year, these findings do not rule out the possibility that the program overall continued to have a modest positive impact on these outcomes. At the same time, the absence of employment and earnings impacts in the presence of benefit reductions suggests that clients did not increase their work effort in response to income lost to sanctions.

Impacts on economic outcomes were more favorable for clients with fewer disadvantages initially than for those with more disadvantages. ABC-induced welfare reductions were small—and mostly offset by positive (though not always statistically significant) earnings gains—for clients with more education, no need for transportation help, and less prior dependency. In contrast, the program generated substantial benefit reductions without countervailing earnings increases in the second year for clients who had less than twelve years of completed education (payments \$506 lower for ABC than comparison group); said they needed help with transportation (payments \$546 lower); and had received welfare for at least three of the preceding five years (payments \$478 lower).

The ABC policies led to slightly higher rates of child neglect during portions of the follow-up period but had no overall effects on child abuse. More intensive analyses reported elsewhere (Fein and Lee 2000) shows that subgroups with increased neglect tended to represent more socioeconomically disadvantaged families. The separate report also shows small reductions in child abuse in some subgroups, with no clear relation to socioeconomic disadvantagedness.

FINDINGS FOR THE SECOND 24 MONTHS OF ABC ASSISTANCE

The State also designed and implemented a Workfare program for clients who had used up their first 24 months of assistance. By the end of ABC's third year (September 1998), 17 percent of clients had reached the initial 24-month limit among first-year enrollees who were time-limited. The Workfare program allowed clients to receive up to 24 additional months if they worked in a community service position or an unsubsidized job. The welfare agency and original contractor ably executed the policy. However, in several respects the program did not unfold as anticipated.

The initial vision of Delaware's welfare reform initiative anticipated a substantial flow of clients into Workfare positions. Workfare contractor staff were to "devote significant

resources to ensuring that participants are performing their Work-for-Your-Welfare functions successfully and that placements are providing participants with the skills needed to obtain unsubsidized employment.” They were to help participants plan transportation options, develop cooperative agreements with community-based organizations for use of vans and buses to transport participants to Workfare assignments and child care facilities, and help participants in other ways surmount the transportation, child care, and other potential barriers to successful Workfare participation.

Many fewer clients actually held Workfare positions than expected, and these tended to be placed in low-skill community service jobs such as serving food in soup kitchens and sorting clothes for community organizations. Only 16 percent of all single-parent clients referred to the program by December 1998 after reaching the 24-month time limit ever participated in a Workfare activity. Many more appear to have opted for unsubsidized employment. Clients who did participate generally did not feel that the assignments provided useful work experience training, transportation, or pathways to good jobs.

The original vision for Workfare, which anticipated a larger volume of referrals to employers, was probably unrealistic. Performance incentives in the original Workfare contracts placed an overwhelming emphasis on job placements and retention rather than case management and employability development. By heavily tilting financial incentives and other pressures in favor of regular jobs, Delaware made it more likely that clients would opt for unsubsidized employment and unlikely that they would choose to participate in Workfare.

Compared with clients who left welfare voluntarily before reaching time limits, those who reached ABC's 24-month time limits had less education and work experience, more transportation problems, and greater child care needs. At the same time, many had made at least some effort to better themselves. A majority (80 percent) worked at a regular job for at least 20 hours per week and a similar fraction (76 percent) participated in ABC work activities before reaching time limits.

At the end of ABC's third year, most members of the evaluation's original treatment group were not earning enough to leave poverty, regardless of whether they were in the majority (83 percent) who had left welfare, or the minority (17 percent) who reached time limits by September 1998. Personal stories related in focus groups with recipients reaching time limits suggest that many of these families were having difficulty making ends meet. At the same time, the fortunes of some had improved substantially: 20 percent of treatment group members were off welfare and earning enough to bring their families to the poverty line.

Since the time period covered by this report, Delaware has made a number of important changes in its welfare policies and services. Future evaluation reports will assess these changes. Upcoming analyses also will examine changes in family income in greater depth and over a longer follow-up horizon.

CHAPTER ONE

INTRODUCTION

This report provides a synthesis of past evaluation findings on the operation and impacts of Delaware's A Better Chance Welfare Reform Program (ABC) and extends analyses of economic and other impacts over a longer follow-up period. The analyses cover the period extending from ABC's inception in October 1995 through early 1999. ABC is a statewide welfare reform that, over the period covered by this study, set a two-year time limit on welfare receipt and offered up to two additional years of Workfare assistance in exchange for community work.³ The program also includes an array of services and financial incentives designed to promote employment and foster responsible parenting.

The vision of welfare reform behind ABC has several basic elements. ABC's key goal is to move families from welfare into employment and self-sufficiency. To reach this goal, the program seeks to get welfare recipients into jobs quickly, support their continued employment (with child care, transportation, and other assistance), and facilitate their job advancement. To emphasize the program's seriousness, ABC applies strong financial penalties when clients do not comply with its requirements and places lifetime limits on cash assistance receipt. ABC provides work experience jobs after 24 months to clients not finding real jobs, paying welfare benefits thereafter only in proportion to hours worked. The program's designers assumed that most welfare recipients would cooperate with ABC's rules, and that, given a favorable economy, nearly all of those who cooperated would find jobs well before reaching the program's time limits. Recipients choosing not to cooperate are barred from welfare (after three sanctions) and referred to appropriate child and family services.

ABC has led to significant changes in how Delaware's cash welfare program is administered. Welfare reform has brought new partnerships between the welfare agency and other state agencies, especially the Department of Labor and Delaware Economic Development Organization. Financial eligibility workers acquired new responsibilities for developing and monitoring Contracts of Mutual Responsibilities (CMR) with each client, outlining family and work activity performance expectations. The State assigned the task of providing work services to an array of private organizations, with the agency's own employment and training case managers retaining responsibility for making referrals, monitoring compliance, and enforcing financial sanctions. Service contracts, jointly managed by the welfare and labor agencies, began to operate on a pay-for-performance basis.

³ As explained later in this chapter, the State modified a number of features of its time limits and Workfare program starting in January 2000.

This report, a review of ABC's first three years, is part of Abt Associates' ongoing evaluation of welfare reform for the State of Delaware. To date, the evaluation has issued reports on a variety of topics, including: initial implementation (Fein and Thompson 1996), early economic impacts (Fein and Karweit 1997), program enrollment trends (Fein and Lee 1999a), financial sanctions (Fein and Lee 1999b), public opinion (Fein 1999a), child-only cases (Schofield and Fein 2000), school attendance provisions (Fein *et al.* 1999), and impacts on marriage and fertility (Fein 1999b) and child maltreatment (Fein and Lee 2000).

One of the most difficult challenges in evaluating state welfare reforms is that these programs have been continuously changing since the landmark 1996 Personal Responsibility and Work Opportunities Reconciliation Act (PRWORA). In 1999-2000, Delaware made important changes in ABC policies, services, and administrative arrangements. We summarize these changes in the following section but must defer analysis of their implementation and effects for future reports.

In this chapter, we briefly summarize the policies that applied during ABC's first three years and describe actual and planned changes since then. We also give a summary of the evaluation design and data sources for this report. Finally, we provide a roadmap for the remaining chapters of this report.

1.1 Delaware's Welfare Reform Policies

As implemented in October 1995, ABC made fundamental changes in Delaware's welfare policies and services. The program shifted the emphasis of welfare reform from education and training to work, made fundamental changes in benefit eligibility rules, and added requirements intended to foster responsible parenting. Core ABC services sought to move recipients quickly into jobs and support their efforts to succeed once they found employment:

- Participation in **work activities**—mostly job search and placement—is mandatory for employable adults. Related services include job readiness classes, job retention services, and basic skills remediation. Before January 1997, clients under age 25 with low basic skills were referred to basic skills training; starting in that month, the State made job search the required service for all recipients.
- ABC expands **child care and other work supports** and, with other federal and state resources, expands families' access to health insurance after leaving welfare.

Benefit eligibility changes include measures restricting, as well as those expanding, assistance:

- **Time limits** restrict eligibility for cash assistance to 24 months for families headed by employable adults. Families can receive up to 24 additional months of benefits only by working in an unsubsidized job or participating in ABC's

pay-after-performance work experience program. After exhausting 48 months, families are ineligible for cash assistance for 96 months.

- The program levies **financial sanctions** for failure to meet ABC's work and parenting requirements. Financial sanctions are progressive and can result in permanent case closure after five months of continuous non-compliance.
- Under ABC's **family cap**, no additional cash benefits are issued for children born more than ten calendar months after families first become subject to ABC.
- Eligibility for **two-parent families** is determined in the same manner as for single-parent families, ending the traditional bias against providing cash welfare to two-parent families.
- **Fill-the-gap budgeting** allows recipients to retain roughly half of the grant amount they would have lost under AFDC, which reduced benefits by one dollar for each additional dollar of earnings and child support income.

A final category of program provisions encourages responsible parenting and family planning:

- Adult clients must demonstrate that they are fulfilling their **parenting responsibilities** by attending parenting education classes; ensuring their children's immunizations and school attendance are satisfactory; obtaining substance abuse treatment when needed; and cooperating with child support enforcement efforts.
- Clients also must prove that they have visited and obtained information from a **family planning** provider.

As noted above, Delaware has made or announced plans for a number of significant changes to ABC over the past year. Although not examined in this report, a brief summary of the changes serves to indicate how substantially the program has evolved since the early period covered here:

- **Time limits.** To encourage work, the State has implemented a policy of "stopping the clock" in months where the client works 20+ hours per week in an unsubsidized job. In September 1999, DSS applied a retroactive credit for all prior months that clients were working 20+ hours per week while their clocks were ticking. In January 2000, Delaware began limiting new applicants to a lifetime maximum of 36, instead of the current 48, months of cash assistance. Finally, clients reaching their time limits now are barred from assistance for the rest of their lives, rather than the 96 months negotiated in Delaware's original welfare reform waiver. The State can grant extensions in some circumstances when there is hardship or it is determined that DSS failed to offer appropriate services. Delaware has contracted with a private firm to review all cases within

three months of reaching time limits to assess family circumstances and determine if the welfare agency offered appropriate services.

- **Cash assistance to teens.** Since January 1, 1999, children born to minor teen parents under age 18 have been ineligible for cash assistance. Non-cash assistance to these children is being provided through a third-party contractor.
- **Sanction follow-up.** The Department of Services for Children, Youth and their Families (DSCYF), in conjunction with DHSS/DSS, has contracted with a private firm for outreach and case management services to families permanently barred from ABC due to sanctions.
- **Work services.** New service contracts taking effect January 1, 2000 place work activity participation on a pay-for-performance basis from the start, rather than waiting until the 24th month. Also, as required by the 1999 “Delaware Welfare Reform Education and Training Assistance Act,” education and training, including post-secondary education, now is an allowable “work activity,” provided that total hours of employment and education are 20 or more per week. Finally, through a new partnership with the Delaware Transit Corporation, ABC is providing enhanced transportation options to clients.
- **Diversion assistance.** Starting October 1, 1999, a one-time payment of up to \$1,500 will be provided to help with financial problems in lieu of ongoing regular assistance, when both the applicant and her primary worker agree that it is desirable. The money is to be provided directly to third party vendors, rather than the parent.
- **DSS administrative reorganization.** The agency has implemented a major overhaul of staffing functions, as well as a major upgrade in its automated welfare information system. At the level of line staff, this reform eliminates the old distinctions within TANF between eligibility and employment and training workers, replacing these separate functions with a new “primary worker” model in which the primary case worker performs both functions, in addition to food stamps, child care, and Medicaid eligibility functions. To enhance the consistency of communications with clients, ABC managers developed a script covering rules and services for use by both agency and contractor staff.

1.2 The ABC Evaluation

The ABC evaluation is a long-term study of the reform’s design and implementation, of clients’ experiences in the program, and of the program’s impacts on a wide array of economic and social outcomes for families. Key research questions are:

- How has the welfare system changed, and what have been the challenges and successes in implementing the new policies?
- To what degree has the reform helped adult welfare recipients to become employed, leave welfare, and increase their family income?
- Has welfare reform influenced family structure and children's well-being?

The evaluation's first phase concentrated on experiences in five pilot offices which implemented ABC as a random assignment experiment. In the second phase, our focus has expanded to the entire population of clients statewide, and we are using a wider variety of descriptive and non-experimental analytic methods.

The line between these two phases is not distinct in time, because—as explained below—experimental analyses have continued to be informative even past the point that ABC began enrolling members of the randomly assigned comparison group. This report provides experimental analyses for a longer follow-up period than our earlier impact report (Fein and Karweit 1997). It also summarizes findings on program implementation, experiences, and client outcomes from varied topical inquiries, including a number of statewide analyses.

The ABC Experiment

From October 1995 to February 1997, DSS randomly assigned all recipients and new applicants in five pilot offices either to a treatment group that was fully subject to ABC policies, or to a control group that continued under the traditional AFDC rules. Different workers served clients in the two groups, and safeguards in the automated system—the Delaware Client Information System (DCIS)—prevented accidental misapplication of program rules. Measured differences in average outcomes for the ABC and comparison groups through February 1997 provide accurate estimates of ABC's overall early impacts.

After PRWORA, states no longer were required to maintain random assignment experiments, and Delaware chose to end the ABC experiment. Starting in March 1997, all new applicants in the five pilot offices were enrolled in ABC at application, and comparison group members still on the rolls were enrolled in ABC during their next regularly-scheduled office visit.

From this point on, differences in measured outcomes for the original treatment and comparison groups no longer capture ABC's overall impacts. However, several considerations suggest that a substantial dosage differential is likely to persist for some time, affording an opportunity for useful impact analyses through-and beyond-the second year of follow-up:

- Members of the comparison group were not enrolled in ABC until their next office visit after February 1997. About half had left the rolls at that point and were never enrolled in ABC. Those who were still on the rolls were not enrolled

until their next office visit, which may not have occurred until some months after the end of random assignment.

- Even after enrollment, it likely took some time before former comparison group members' exposure to the program was as intense as their treatment group counterparts. In addition to normal referral, processing, and feedback lags, further time can be assumed for client attitudes and behaviors to respond to new requirements and services.
- Exposure to some provisions is likely to take longer to happen than others. For example, whereas clients may begin participating in work activities fairly soon after ABC enrollment, it will take longer for feedback on non-compliance to trigger sanctions, and even longer for sanctions to progress to case closure on continued non-compliance.

An interesting legacy of the experiment is that original ABC and comparison group members' time clocks always will reflect a built-in difference due to the latter's later initiation into the program. Hence, longer-term follow-up will afford an opportunity to examine the effects of reaching time limits. Given the removal of other policy differences, impact estimates will be easier to interpret, since they will be attributable mainly to reaching time limits.

In the future, the evaluation will assess experiences with many aspects of ABC for which there is no experimental design. Analyses will blend descriptive analysis—qualitative as well as statistical—of clients' experiences and outcomes with impact analyses based on non-experimental models.

Data Sources for this Report

The ABC evaluation has assembled a rich variety of qualitative and quantitative information on program implementation, impacts, and outcomes. Some of the principal qualitative sources for this report include the following:

- ***Interviews with managers and staff at participating state and contractor agencies.*** Evaluation staff have conducted three rounds of site visits since ABC first began in October 1995. The first visits occurred early in 1996 and involved extensive interviewing and observation in local DSS offices. The second visits, in summer 1997, focused on employment and training contractors. The most recent field work concentrated on Workfare services operated by MAXIMUS Inc. and occurred in early 1999 when the firm had the statewide contract for these services.
- ***Client focus groups.*** In March 1999, Abt Associates staff conducted two focus groups with welfare recipients reaching time limits. One session included eleven clients who had worked in a Workfare job, and the other included eight clients who

had not worked in a Workfare job. Questions explored circumstances leading up to time limits, experiences with Workfare, and efforts to make ends meet.

Quantitative analyses—of both impacts and descriptive outcomes—are based on both administrative and survey data. Administrative data are available for the entire state caseload, and include:

- ***Delaware Client Information System (DCIS)***. Analyses in this report utilize longitudinal files created from monthly DCIS extracts containing data on welfare eligibility, employment and training activities, and financial sanctions. As noted in the next section, research files contain both case- and client-level information.
- ***Unemployment Insurance (UI) wage system***. UI records obtained from the Delaware Department of Labor contain total earnings for all calendar quarters from the third quarter of 1996 through the fourth quarter of 1998 for every client in the research population (see below). These data are independent of welfare status and thus can be used to look at employment and earnings for the entire sample over time, including those who have left assistance and those still on the rolls.
- ***Child abuse and neglect***. Delaware's Department of Services to Children, Youth, and Families (DSCYF) provided records on every instance of alleged and substantiated abuse and neglect for children in welfare families, dating back to December 1994. DCYF records are identified using the same Master Client Index numbers used by DCIS and several other state administrative systems, facilitating linking to children in our research population.

More intensive survey data are available for clients in the original five pilot offices, including:

- ***Background Information Form (BIF)***. To measure clients' initial characteristics at random assignment, intake staff collected detailed background information for each case, using a special Abt Associates form. BIFs ascertained a wide variety of demographic, social, and economic characteristics, and also included several attitudinal items. The response rate was 90 percent for the existing caseload and 66 percent for new applicants.⁴
- ***A detailed follow-up survey***. From March-May 1997, approximately one year after random assignment for the average participant, Abt Associates conducted an intensive telephone follow-up survey to measure welfare reform experiences and a wide variety of social and economic outcomes. The survey completed interviews with 1,609 clients, equally balanced between the ABC and

⁴ Analyses relying on BIF data apply statistical weights to ensure that responses from ongoing recipients and applicants reflect their true population representation.

comparison groups. The survey achieved a 70-percent response rate, with little sign of non-response bias.⁵

Research Population

Most statistical analyses in this report apply to the population of 3,959 single-parent cases randomly assigned to the ABC group (2,138 families) or comparison group (1,821 families) during ABC's first year (October 1995 through September 1996).⁶ Several analyses in Chapter Two are based on client-level, rather than case-level, data. In these analyses, the total sample size (4,190) is somewhat greater than in the case-level analyses, since a small fraction (six percent) of the cases contained a second adult at some point over the follow-up period.⁷

For the most part, analyses in Chapter Three are based on either the subset of 2,025 cases containing an adult who was subject to time limits in the original ABC group or the subset of 2,168 clients in these cases who themselves were time-limited. However, one analysis (Exhibit 9) is based on the total population of 642 clients statewide who reached ABC's initial two-year time limits by October 1998.

A look at initial characteristics of single-parent cases in the demonstration offices shows that many faced barriers to self-sufficiency (see first column of Exhibit 1). The need for child care is evident in the fact that over two-thirds (68 percent) of these parents had at least one child under age six. Other needs are indicated by the findings that nearly half (47 percent) had received less than twelve years of school, 46 percent had not worked in the past year, 41 percent had spent at least three of the past five years on welfare, 55 percent said they needed help with transportation, and 61 percent were non-white.

On the other hand, many clients' initial characteristics imply better prospects for self-sufficiency. Over half (53 percent) had completed twelve or more years of school, 54 percent had done some work in the past year, and most were interested in work, education, or job training (only 18 percent said the most important thing for them to be doing was to stay home with their children full-time).

⁵ The evaluation just completed a second wave of interviews with the same sample, which also achieved a 70-percent response. Analyses based on the Wave II survey will be presented in a future report.

⁶ This report does not provide analyses of welfare reform experiences of recipients from two-parent cases, or of persons in cases with no eligible adult recipient (i.e., "child-only" cases). The number of two-parent cases randomly assigned in ABC's first year was too small (three percent of all enrollees) to support separate analysis. Although child-only cases represented a substantial fraction of randomly-assigned cases (24 percent), their circumstances are very different from those of single-parents and they were subject only to ABC's parenting policies. Analyses of welfare reform experiences of child-only cases are provided in Schofield and Fein (2000).

⁷ We were not able to determine definitively why these cases contained a second adult. In many of the cases, however, the second adult appeared to be a spouse who joined the case sometime after a single-parent's original enrollment.

Exhibit 1
Characteristics of Single-Parent Cases Enrolling in ABC
in the Demonstration Offices Over the Reform's First Year
and Statewide Over the First Three Years

Characteristic at the Time of ABC Enrollment	Percent with Characteristic Among	
	Enrollees in Demonstration Offices in First Year of ABC	Enrollees Statewide in First Three Years of ABC
Children		
Number of Children		
0-1	34.2	38.6
2-3	52.9	50.7
4+	12.9	10.7
Age of Youngest Child		
<6	67.7	65.8
6-18	32.3	34.2
Being with Children Full-time is Most Impt. Thing to Be Doing		
No	82.0	N/A
Yes	18.0	N/A
Ever an Alleged Incident of Child Abuse or Neglect		
No	90.9	88.5
Yes	9.1	11.5
Education		
Years of School Completed		
12 or more	53.0	N/A
Under 12	47.0	N/A
Said Needed Help with Basic Skills		
No	71.3	N/A
Yes	28.7	N/A
Work History		
Lack of Work Experience in Past Year		
No	54.1	N/A
Yes	45.9	N/A

Continued

Exhibit 1
Characteristics of Single-Parent Cases Enrolling in ABC
in the Demonstration Offices Over the Reform's First Year
and Statewide Over the First Three Years
(Continued)

Characteristic at the Time of ABC Enrollment	Percent with Characteristic Among	
	Enrollees in Demonstration Offices in First Year of ABC	Enrollees Statewide in First Three Years of ABC
Welfare History		
Months in Current Spell		
0	21.2	26.9
1-12	46.4	48.8
More than 12	32.4	24.3
Total Months Received AFDC over Past Five Years		
Less than 12	29.5	N/A
12-35	29.9	N/A
36-60	40.6	N/A
Transportation		
Said Needed Help with Transportation		
No	45.4	N/A
Yes	54.6	N/A
Other Demographic Characteristics		
Age of Payee		
Under 25	32.6	33.6
25-34	45.4	42.6
35 and over	22.0	23.8
Race		
White	38.9	33.8
Nonwhite	61.1	66.2
Location		
Wilmington	18.3	27.4
New Castle, outside Wilmington	33.4	32.7
Kent County	34.6	21.7
Sussex County	13.7	18.2
Sample Size	3,959	12,790

Pilot offices were selected to represent the entire state caseload. To the extent that comparable data are available on the entire population of 12,790 single-parent cases enrolling in ABC statewide over the program's first three years (see second column of Exhibit 1), they suggest that the demonstration sample is fairly representative. The one important exception is that the demonstration sample contains fewer cases in Delaware's principal urban area, Wilmington, than the statewide caseload (18 and 27 percent, respectively).

Findings from the ABC evaluation apply to a low-benefit state with a relatively high African American population. In Federal Fiscal Year 1996, Delaware recipients had a lower average monthly household income (\$413), were more likely to be African American (76 percent), and were more likely to live in subsidized housing (23 percent) than recipients nationally (\$499, 38 percent, and 15 percent, respectively).⁸

1.3 Scope of this Report

This report looks at ABC's implementation, client experiences, and impacts over roughly the first three years of the program. During this period, policies differed for clients who were in their first and second 24-month periods of time-limited assistance. Chapter Two examines the first 24 months. It describes challenges in implementing the new ABC rules and services and assesses the intensity of clients' exposure to these rules and services. Chapter Two also analyzes ABC's impacts on employment, cash assistance, and child welfare outcomes over a two-and-a-half-year follow-up period.

In Chapter Three, attention shifts to the Workfare program that was the center of ABC's strategy for clients exhausting their first 24 months of assistance. The chapter starts with an examination of early implementation of Workfare at a time MAXIMUS Inc. was the statewide contractor for these services. The analysis also presents findings on Workfare participation and other outcomes for clients who reached the 24-month time limits, drawing on discussions in focus groups and a variety of quantitative sources.

⁸ U.S. Department of Health and Human Services, Administration for Children and Families. *Characteristics and Financial Circumstances of AFDC Recipients, FY 1996*. Washington D.C.: U.S. Department of Health and Human Services, pp. 4, 17, 52. The reason that the federal statistics show a higher fraction of African Americans than the percent of non-white in Exhibit 1 is likely that the former applies to caseload at a point-in-time, whereas the latter applies to the population of families who enrolled in ABC over the year. If non-whites tend to stay on the rolls longer than whites, they will account for a higher share of existing cases than of all enrolling cases.

CHAPTER TWO

THE FIRST 24 MONTHS

This chapter looks at the original ABC policies and services that clients encountered in their first 24 months of time-limited assistance. The program itself was also in its first years of operation during the observation period covered by this analysis. Since those years, many early implementation problems have been solved, and there have been some important changes in policies and services. The evaluation will track these developments in future reports. The chapter begins by examining some of the key early challenges in implementing ABC, turns next to clients' experiences with key program provisions, and concludes with an examination of program impacts on cash assistance, work, and child welfare.

2.1 Early ABC Implementation Challenges

ABC required fundamental changes in the services, organization, and culture of Delaware's welfare system. This section analyzes the challenges the State faced and its accomplishments over the first two years of implementation.

Implementing ABC required substantial changes in the service delivery system.

Delaware's traditional AFDC system was operated entirely by the welfare agency. Self-sufficiency services provided through the State's First Step program placed substantial emphasis on in-depth assessment of individual client strengths and needs, offered a variety of education and training activities through contracts with community-based agencies, and gave state Employment and Training case managers substantial discretion in arranging services (Fein and Marcus 1996).

In contrast, responsibilities for operating ABC from the start have been shared by Delaware's Department of Health and Human Services (DHSS), Department of Labor (DOL), and the Delaware Economic Development Organization (DEDO). The intention behind this partnership was to leverage the three agencies' special capabilities in providing financial and other services to families, administering employment programs for low-income populations, and

fostering involvement by employers in moving welfare recipients to work. The Department of Health and Social Services' Division of Social Services (DSS) retains overall responsibility for managing ABC as Delaware's TANF program. DSS staff are responsible for assessing eligibility; establishing and enforcing the terms of Contracts of Mutual Responsibility; arranging supportive services; coordinating referrals to service providers; and directly managing some service contracts. The DOL's Division of Employment and Training (DET) works jointly with DSS in developing service contracts and has had direct responsibility for employment service contracts other than the Workfare program (which DSS manages). DEDO's role is to market ABC clients to employers and offer customized job training services.

During ABC's first three years, different DSS staff were responsible for program eligibility determination and employment and training services.⁹ Compared with the previous AFDC system, the role of Financial Services social workers expanded beyond processing assistance applications. Key ABC tasks for social workers included:

- explaining and determining eligibility;
- reviewing and completing the Contract of Mutual Responsibilities (CMR);
- completing and discussing a "Family Development Profile" form intended to identify personal and family problems that might interfere with self-sufficiency development;
- starting time clocks for clients subject to them;
- monitoring compliance with CMR requirements and imposing sanctions for non-compliance; and
- determining if clients must participate in employment and training and referring mandatory clients to E&T case managers using the automated system.

Compared with their responsibilities under First Step, employment and training case managers also had a different role in ABC. Their role changed from providing assessment and referral services to relatively few clients to processing a greatly expanded flow of recipients for whom work activities were mandatory. Workers' main responsibilities included: meeting with clients to discuss work activity participation requirements, arranging child care and other supportive services, and referring clients to job search contractors. Workers had relatively little discretion in referrals, since after January 1997, ABC rules required sending all unemployed

⁹ Workers' roles have changed substantially in the last year, with the advent of "primary case workers" responsible for all ABC services (eligibility and self-sufficiency), as well as child care, food stamp and Medicaid issuance.

clients to job search and all employed clients to job retention services. DSS discontinued formal assessments because there were few service alternatives under the rapid work attachment model and because assessments delayed work attachment and were costly. After their initial meeting, DSS case managers had little direct contact with clients. E&T case managers arranged supportive services (e.g., transportation and child care), monitored participation through feedback from contractors, implemented sanctions for non-participation, and made (mostly automated) re-referrals as needed.

ABC policy required clients to participate in employment activities during their first 24 months. Employment and training services were provided through contracts with community-based organizations, the State's community colleges, and for-profit firms. The ABC service model placed a strong emphasis on immediate job placement, departing from First Step's emphasis on education and training.

The first stop in nearly all cases was referral to a job search contractor. Clients who did not find jobs after 90 days in the job search component were referred to more intensive job readiness and placement services for hard-to-place clients, in which they continued until finding work or reaching the 24-month time limit. The program also offered a "remediation" component focused on developing basic educational skills needed for work. This was a voluntary service, which did not count towards required participation hours.

Clients who found jobs were to be monitored by the job search contractor for post-placement job retention, with contractors responsible for informing case managers (through the automated system and personal contact) when clients had retained their jobs for 90 days. Case managers then referred the client for job retention services, often provided by a different contractor. Job retention contractors monitored clients' progress and provided retention and re-employment services for up to one year after referral.

Contractors were responsible for identifying and reporting sanctionable non-compliance with work participation requirements. Sanctionable offenses included: missing appointments, not meeting weekly participation standards, or quitting a job without good cause. Work and Training (WT) sanctions were (and remain) the most severe of several categories of ABC sanctions. An initial offense triggered a one-third grant reduction for two months, followed by a two-thirds reduction for two more months on continued (or a later incident of) non-compliance, leading to permanent case closure for a third offense.

Families receiving WT sanctions were assigned to another contractor for "compliance services." These services entailed outreach and case management to help clients cure their sanctions. Experience with these early ABC services is discussed further below.

Welfare reform brought substantial changes in the jobs of front-line welfare workers.

As the foregoing suggests, ABC brought substantial changes in the jobs of both social workers in Financial Services units and case managers in Employment and Training units. Prior to ABC, social workers' main job was to conduct AFDC eligibility reviews and determine if the client was required to participate in First Step, Delaware's JOBS program. Under ABC, social workers also were responsible for explaining the new program, developing Contracts of Mutual Responsibilities, starting time clocks, gathering information for the Family Development Profile (FDP) in interviews with clients, and monitoring and sanctioning associated with CMR "adult responsibility" provisions.

Social workers had little flexibility to tailor CMRs to individual situations, since the most important provisions were required for nearly all clients or not required for some clients (e.g., child-only cases) whose identification was straightforward. Although they felt the FDP was useful in identifying family problems, workers did not feel they were equipped to make appropriate referrals or effectively address these problems due to a combination of lack of referral options, time, and expertise.

ABC also limited Employment and Training case managers' opportunities to provide ongoing services to individual clients. Under Delaware's previous E&T program, First Step, E&T case managers had substantial responsibility and discretion, supervising an extensive assessment of employability and needs; developing an individualized Employability Development Plan (EDP); and referring clients to an array of education, training, and employment activities based on the EDP. ABC eliminated E&T assessments and made job search the principle activity for all clients. Under time limits and pressures to boost work activity participation rates, the main focus of case managers' jobs was to arrange child care and supportive services, make referrals to job search contractors, impose CMR "work and training" sanctions when they or contractors found non-compliance, and make subsequent referrals for clients whose initial job search was unsuccessful. This activity required little face-to-face contact with clients after a brief initial meeting.

In early (March 1996) interviews, a substantial number of both Financial Services and E&T workers said that their new roles brought more paperwork and less opportunity to provide individualized case management services. Follow-up interviews (in August 1997) found E&T workers still dissatisfied with their roles for these reasons (these site visits concentrated on work services and did not include re-interviews with Financial Service workers).

Clients' responses to the Spring 1997 follow-up survey suggest clients also did not see much change in their relationships with workers. Statistically identical majorities of both treatment (62 percent) and control (61 percent) group members agreed that "the welfare office workers are interested in helping me improve my life." Although substantial numbers saw workers as well-

intentioned, an equally large share believed that “the welfare office workers are more concerned with paperwork than with helping people” (60 percent for both treatment and control group members). For the most part, the clients who agreed that workers wanted to help were different clients from those who felt workers were more concerned about paperwork, although nearly 29 percent agreed with both statements. The latter may be a realistic reflection of client–worker relationships, given that workers must balance any interest they have in helping against substantial responsibilities for determining eligibility and enforcing compliance with program rules.

As the principal points of contact between DSS and clients, front-line workers have a crucial role in communicating the agency’s expectations to recipients. The character of any change in the culture of welfare offices depends much on the clarity and enthusiasm with which workers present the new policies to clients.

In early interviews with Financial Services and Employment and Training case managers and later interviews conducted only with E&T workers, nearly all staff expressed strong support for ABC’s goals of fostering personal responsibility, promoting work, and time-limiting assistance. Social workers liked the idea of a mutual agreement that committed both clients and the agency to working together on improving family well-being across a variety of important dimensions. E&T staff believed that many clients were employable and felt that refocusing from an education and training to a work attachment model helped send a stronger message that welfare reform was about working. Both groups believed ABC’s stronger financial sanctions were needed to increase compliance with requirements and participation in employment activities. Workers also supported the idea of time limits as another way to emphasize the need for clients to take responsibility.

Although generally supportive of ABC’s broad goals and methods, workers were skeptical about, or uncomfortable with, a number of specific policies. With regard to ABC’s “adult responsibility” provisions, workers wondered if sufficient numbers of children had school attendance and immunization problems to justify monitoring by the welfare agency, doubted the family cap was a sufficient disincentive to influence childbearing decisions, and felt uncomfortable discussing family planning with clients. E&T case managers believed that, although many clients could find entry-level jobs, existing services were unlikely to move many into stable employment with earnings sufficient to support a family. Workers also noted that many clients had emotional, social, and health problems that were likely to severely limit their chances for employment success and felt that the program did not provide sufficient time and services to address these issues. Such clients were a key source of workers’ discomfort with time limits, which they felt should be more flexible to individual circumstances.

The major challenge facing employment and training providers was serving clients with varying needs.

By the end of its first two years, ABC had implemented its new work services fully and made a number of adjustments in response to early problems. Services were offered by a varied

group of providers, including the state's community college system, a wide variety of community-based organizations, and for-profit firms. Evaluation staff visited the principal providers in August 1997 to discuss their experiences with, and perspectives on, ABC work services. Although providers generally supported ABC's policy directions, they frequently noted a need for flexibility to provide a wider range of services to clients with varying needs.¹⁰

Staff from *job readiness/job search providers* felt that ABC's time limits, "Work First" orientation, and sanctions helped to send a stronger message to clients about the need to assume financial responsibility. These staff also felt that service delivery had improved greatly, thanks to innovations developed by Local Coordinating Teams (LCTs). LCTs, which included representatives from the DSS, DET, and service providers, were a local response to the need for ongoing communication about policies, procedures, and the situations of individual clients. The chief improvement job search providers cited was the development of "Job Link" services (started in Sussex County), which helped to move more employable clients to work quickly and reserved job readiness workshops and more intensive supervised job search for clients who were not immediately successful in finding work.

Job search providers felt that ABC's strong emphasis on work was a positive change. However, they also felt that the program should have preserved a larger role for education and training activities. At the low-skill end, contractors felt that program activities should include more intensive counseling, basic education, and services to address other employment barriers. They believed ABC, by limiting the time they had to move clients to work and by requiring frequent hand-offs across different contractors, made it difficult to develop constructive, long-term relationships with more disadvantaged clients. For less disadvantaged clients, job search providers felt ABC needed to do more to promote advancement to better jobs. One respondent argued that short-term (e.g., 10-week) job training programs would be highly beneficial, as well as consistent with time limits.

In concept, ABC's educational *remediation services* were a reasonable response to many clients' need for improved basic educational skills. In practice, however, remediation providers found it difficult to recruit participants. Since participation did not count towards clients' weekly work requirements, very few clients were willing to spend the additional time on education.¹¹

¹⁰ Future reports will assess recent contract changes which allowed providers to offer a wider range of services.

¹¹ DSS contractor performance statistics for the first six months of 1998 show that only 124 clients enrolled in the remediation component (27 percent of planned enrollment) and only 23 completed it (seven percent of planned completions).

One clear finding from interviews with staff providing *job retention services* was that marketing these services to working clients is very difficult. Many of the clients they tried to reach were still very angry about sanctions and the way the system moved them from one worker to another, and they were disinclined to have any further contact. Clients also were uncomfortable because they felt they might be stigmatized at work if retention services resulted in employers learning about previous welfare receipt. These initial hurdles appear to have been high enough to block outreach with many clients.

Retention counselors' comments on former recipients' problems after going to work indicate the potential benefits of retention services. Counselors reported that recipients frequently were unhappy with their wages, working conditions, and opportunities for upward mobility. Another often-mentioned difficulty was managing relationships with bosses and co-workers. A third category of problems included challenges in organizing transportation and child care around a regular work schedule.

Transportation and other life-organizational issues also were among the top problems identified by staff providing *compliance services* in efforts to help clients cure sanctions. Compliance workers also noted that many of the clients they reached appeared to have a poor understanding of program requirements, and some were not even aware that they were under sanction. Other clients simply were not interested in complying with the ABC requirements. Workers reported that the threat of loss of cash benefits did not bother these clients very much and speculated that these clients had other resources if they lost cash benefits. More generally, workers believed that Medicaid was a much more highly-valued benefit than cash assistance for the clients they worked with.

Like retention providers, compliance workers also reported that contacting and developing a strong rapport with clients was a substantial challenge. They also mentioned that they faced special difficulties in getting information on whether clients had come into compliance with job search requirements from the Department of Labor and its job search providers.

In addition to substantive issues with specific services, there were several common concerns about contracting across the different providers. Nearly all staff interviewed were unhappy about the decision to put upcoming contracts on a 100-percent pay-for-performance basis. One major concern was that performance points would force providers to adjust services to meet financial goals at the expense of service quality, specifically by focusing on clients who were easiest to serve and eliminating counseling and case management services. Providers also felt performance payments likely would force them to shift much of their effort from serving clients to maintaining reporting systems.

Another complaint was that a short contract period did not leave providers enough time to make longer-term adjustments to improve service quality and left them vulnerable to losing their contracts. ABC's third-year contracts did, in fact, lead to significant turnover in providers. This turnover may have been beneficial, since the agencies presumably sought to improve performance thereby, but the evaluation has not investigated this subject.

Another substantial implementation challenge has been integrating many players into a seamless service delivery system.

Time limits placed a premium on Delaware's ability to quickly weave ABC's complex policies, revised services, and new collaborations into a coherent whole. At the top, the key coordination challenges were to foster a strong collaboration among the principal agencies involved (DHSS, DOL, DEDO) and to communicate expectations clearly to local office staff. Within DSS local offices, the most significant challenges were to make sure clients knew what was expected of them and facilitate the timely flow of clients to services. Service providers' challenges included understanding referral requirements, coordinating monitoring and reporting requirements across multiple contracts for two different agencies, and developing effective approaches to services in a time-limited program where timeliness is essential.

For the most part, the key state agencies involved developed good working partnerships, working jointly to develop and refine service contracts, address client flow problems, and develop ties to the employer community. Conceptually, having DOL manage work service contracts, DHSS manage other contracts, and DEDO develop employer connections took advantage of specialized agency strengths. Implementing the model effectively required an extraordinary effort to promote consistent contract management, quality client monitoring, and smooth flow of clients across activities.

DSS E&T workers were the gatekeepers in this system, responsible for initiating referrals and re-referrals and ensuring clients were participating in activities or sanctioned when they were not. Seeking to foster local initiative, DSS state managers initially did not provide detailed specifications or written procedures to guide workers in many of these tasks. Local offices responded by establishing varying approaches to obtaining feedback on clients' progress and deciding how, when and where clients were to move past their initial activity (usually job readiness/job search). At the same time, E&T workers consistently told interviewers they needed more comprehensive written guidelines on procedures.

The *ad hoc* nature of this response and fragmentation of services across providers and management agencies resulted in gaps of both procedure and information which ABC managers suspected were responsible for lower-than-desired engagement in work activities. Managers

responded by attempting to identify and bridge key gaps and by strict adherence to the sanction policy when clients did not meet the requirements.

Service providers also encountered coordination challenges. Many held multiple contracts with different agencies, which complicated reporting and management communications. Although multiple contracts meant clients sometimes were re-referred (e.g., from Get a Job to Keep a Job, Hard to Place, or Compliance services) within the same agency, re-referrals often involved a change in service providers. Contractors told interviewers that this fragmentation, and the need to move clients along quickly, made it difficult to develop relationships and provide coherent services. Like DSS staff, contractor staff also felt a lack of sufficient written guidance on a variety of matters.

Over time much of the initial confusion settled, and LCTs substantially improved service coordination at the local level. Nonetheless, the system continued to assign responsibility for different services to different contractors, leading to more hand-offs than desirable. Future evaluation reports will describe how services have been consolidated in recent contract cycles, and assess the degree to which this consolidation has improved service delivery.

The ABC framework requires that agency workers and contractors rely heavily on the agency's automated management information system for making referrals, tracking clients' whereabouts, and reporting. The Delaware Client Information System (DCIS) E&T subsystem does support referral and records basic information on the status of each client referred for employment and training services. However, agency and contractor staff felt that the system was awkward to use and that its functions were too limited.

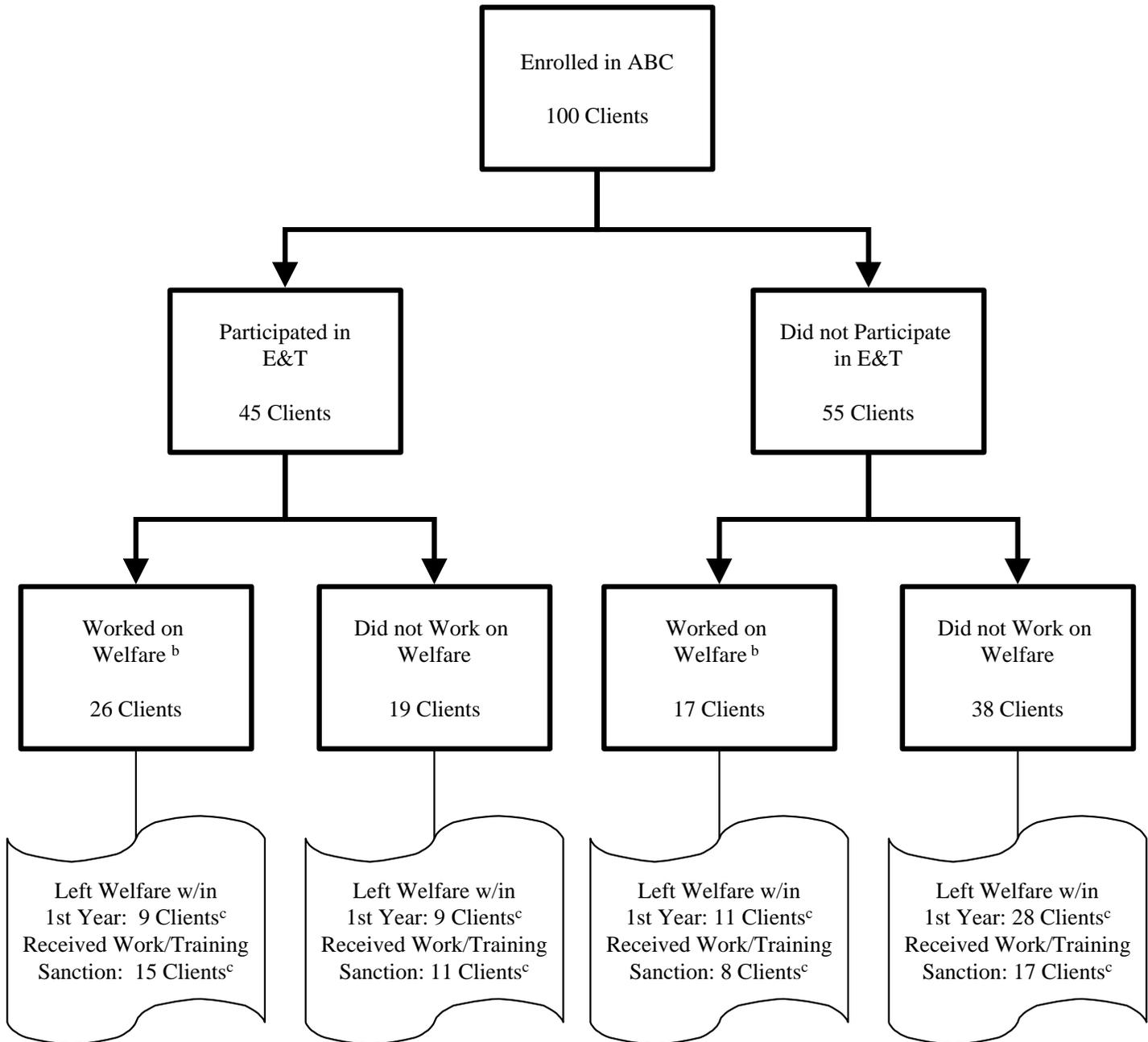
Delaware has strongly enforced ABC's employment and training (E&T) requirements.

As a condition for receiving financial assistance, nearly all ABC clients must participate in an agency-sponsored employment activity or work in an unsubsidized job, with work hours set initially at 20 hours per week. The State has enforced this requirement vigorously.

Of all clients assigned to the ABC group during the program's first year, 62 percent either participated in an E&T activity (45 percent) or did not participate in E&T but worked in an unsubsidized job at some point during the next 24 months (17 percent, see Exhibit 2). An additional 28 percent were clients whose lack of ABC activity is most likely a consequence of their having quickly left welfare. Also, many of those with no evident ABC activity received sanctions.¹²

¹² Some non-participation also reflects a small number of clients that DSS exempted from work activities. Although direct statistics on exemptions were not available, the figure is likely in the neighborhood of the six percent exempted from time limits (see Exhibit 5).

Exhibit 2
Employment and Training Experiences of 100 Typical Clients^a
Over Two Years of Follow-up



a. Based on an analysis of DCIS data for 2,292 clients from single-parent cases assigned to the original treatment group from October 1995 - September 1996.

b. At least one month with employment for 20+ hours per week.

c. Statistics include clients who both received sanction and left welfare.

The intensity of enforcement also is evident in the fact that many clients who participated in E&T or worked also were sanctioned for non-cooperation with work activity requirements at some point. Overall, about half of clients received at least one Work and Training sanction. Non-experimental analyses presented in Fein and Lee (1999b) show that sanctions led to a substantial increase in welfare exits, in many instances even before progressing to a third strike.

2.2 Impacts on Participation in Employment and Training Activities, Work, Cash Assistance, and Child Welfare

This section explores ABC's impacts on clients' welfare and non-welfare experiences. Impacts are estimated as differences between average outcomes for members of the ABC and comparison groups. The analysis sample includes all 3,959 single-parent cases in the five pilot offices during ABC's first year (October 1995-September 1996). Some outcomes are measured for up to two years and others for up to two-and-a-half years after the month in which each sample member was randomly assigned.¹³

The first set of findings below shows that, although the State officially ended the ABC experiment in March 1997, important experimental differences persisted in welfare reform provisions that could influence economic outcomes and child welfare. After examining these differences, the analysis looks at impact estimates for employment, cash assistance, and child welfare.

Clients subject to ABC experienced a different welfare system from a randomly-assigned comparison group that remained under the traditional AFDC policies.

Delaware sought to effect a fundamental shift in the messages and experiences its welfare system delivers, from a culture of entitlement without obligations, to one where assistance is transitional and predicated on mutual striving to promote economic independence and social well-being. Comparisons between the ABC and comparison groups summarized in Exhibits 3 and 4 suggest experiences have been very different in the new system.

Given that the State ended the experiment after 18 months, we expected smaller ABC-comparison group differences in welfare experiences in the second year than in the first year of follow-up.¹⁴ Findings on work activity participation rates support this hypothesis. However, for sanction rates, the two groups continued to show a large persisting difference in the second year.

¹³ Chapter One provides more details on sample sizes and data sources.

¹⁴ The majority of clients randomly assigned in ABC's first year (October 1995-September 1996) entered in the first six months of the demonstration. Hence, by March 1997, when comparison group members began to encounter ABC, the average client was in her 13th month of follow-up. Because their next welfare office visits were staggered over the next six months (workers typically enrolled comparison group members in ABC at their next scheduled office visits), actual ABC exposure for most did not occur until some months after March.

Exhibit 3
Participation in ABC Employment and Training Activities
and Unsubsidized Employment

Outcome	ABC Group	Comparison Group	Difference
Employment and Training Activities			
Percent Participating in Work Activity			
Year 1	25.6	8.9	16.7***
Year 2	18.1	16.5	1.6
Year 1 or 2	35.7	22.8	12.9***
Percent Participating in Education and Training Activity			
Year 1	11.6	13.6	-2.0**
Year 2	5.6	7.1	-1.5 *
Year 1 or 2	14.0	16.5	-2.5**
Percent Participating in Any Activity			
Year 1	35.0	20.8	14.2***
Year 2	22.3	21.8	0.5
Year 1 or 2	44.6	34.6	10.0***
Combining Work and Welfare			
Percent Ever Combining Work and Welfare			
Year 1	34.7	8.1	26.6***
Year 2	21.7	14.9	6.8***
Year 1 or 2	43.5	20.9	22.6***
Average Number of Months	1.9	.6	1.3
Sample Size	2,292	1,898	

*** Two-tailed test indicates difference is statistically significant at the 99-percent confidence level;
 ** at the 95-percent level; * at the 90-percent level.

Exhibit 4
Percent of Clients Receiving Financial Sanctions
and Experiencing Case Closures Due to Sanctions

Outcome	ABC Group	Comparison Group	Difference
Work and Training Sanction			
Year 1	37.9	0.7	37.2***
Year 2	38.5	18.2	20.3***
Year 1 or 2	49.9	18.4	31.5***
Adult Responsibility Sanction			
Year 1	19.9	0.2	19.7***
Year 2	23.0	6.1	16.9***
Year 1 or 2	29.8	6.2	23.6***
Any Sanction			
Year 1	46.2	0.8	45.4***
Year 2	48.2	21.1	27.1***
Year 1 or 2	58.6	21.3	37.3***
Any Sanction Leading to Case Closure			
Year 1	3.7	0.0	3.7 ***
Year 2	19.1	2.4	16.7***
Year 1 or 2	19.3	2.4	16.9***
Sample Size	2,292	1,898	

*** Two-tailed test indicates difference is statistically significant at the 99-percent confidence level;
 ** at the 95-percent level; * at the 90-percent level.

During the first year after random assignment, Exhibit 3 shows that substantially more ABC (26 percent) than comparison (9 percent) group members participated in a work activity, whereas nearly the same fractions of ABC (12 percent) and comparison (14 percent) group members participated in an education or training activity (mostly adult basic education). ABC also led to a marked increase in the percent of clients who were working in unsubsidized jobs while on welfare during the year following random assignment: 35 percent of the ABC group worked at least one month for 20 or more hours/week, compared with 8 percent of the comparison group. The difference likely is at least partly due to ABC's "fill-the-gap" provision, which counts substantially less earnings against welfare grants than traditional AFDC rules.

As expected, the fractions of clients participating in ABC work activities are very similar for members of the ABC (18 percent) and comparison (17 percent) groups in the second year. The impact on the percent of clients working (for at least 20 hours/week in an unsubsidized job) while on welfare is smaller, but still statistically significant (seven percentage points higher for ABC than for comparison group members). Within the ABC group, rates of participation and work declined from the first to the second year of follow-up. The reason is not because of declining program effort, but rather because a higher fraction of clients in the rate's denominator were off welfare and not subject to participation in the second year.

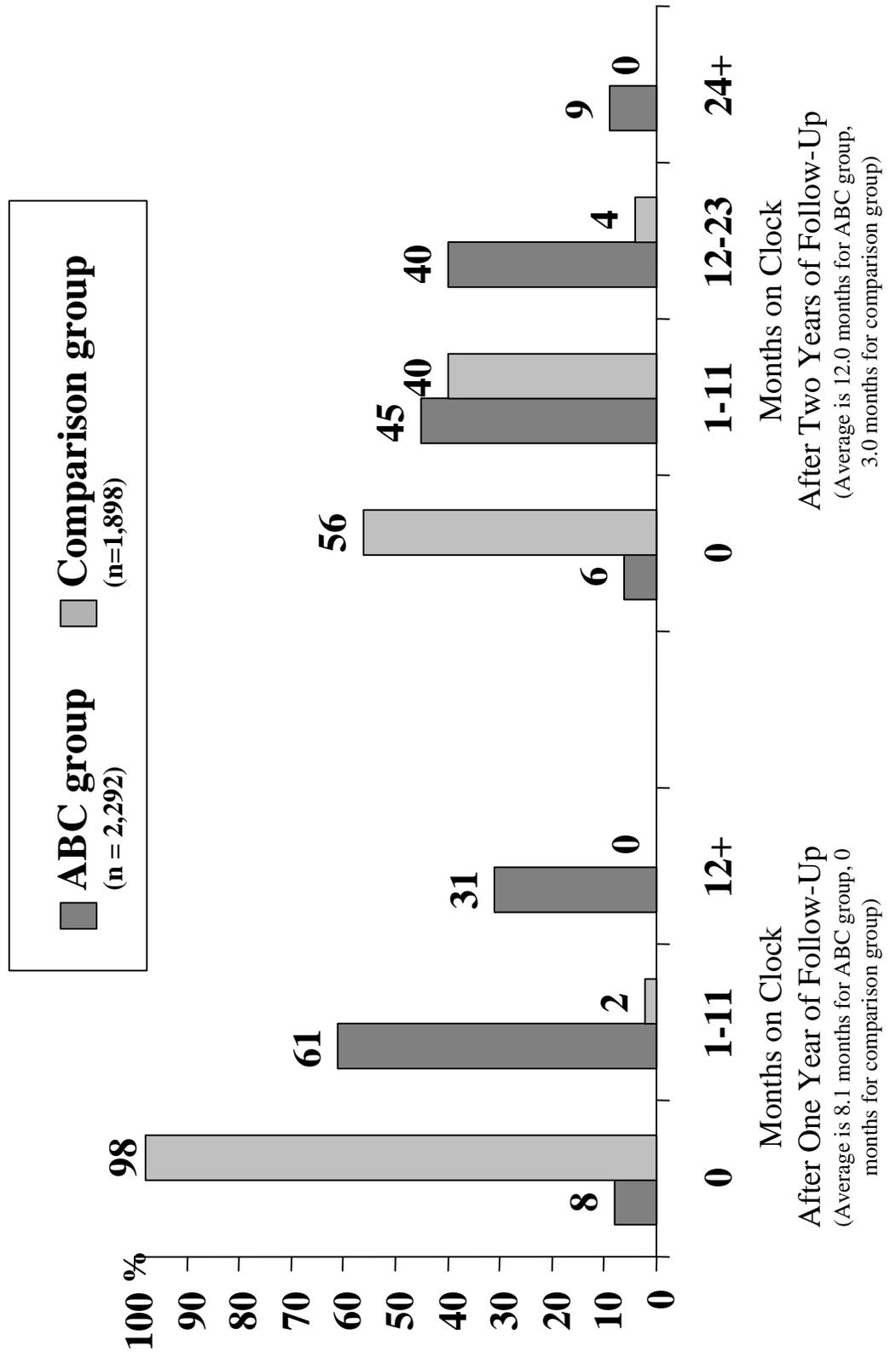
Findings in Exhibit 4 show that ABC generated a very large impact on sanction receipt during the first year of follow-up. Forty-six (46) percent of the ABC group, but less than one percent of the comparison group, received at least one sanction. Large differences in sanction rates are evident both for Work and Training (WT) and Adult Responsibility (AR) sanctions.

Substantial sanctioning differences continued into the second year of follow-up. Although many control group members received a first sanction (21 percent), the rate for the ABC group remained substantially higher (48 percent). It is striking that the fraction of ABC group members sanctioned did not decline in the second year of follow-up, despite the fact that many more were no longer on the rolls. The underlying sanction rate for clients remaining on welfare must have increased markedly for this result to obtain.

An even more striking impact in the second follow-up year is on the percent of cases with a WT or AR sanction that progressed to case closure. For this outcome, the impact is actually much greater in the second than in the first year, since relatively few cases in the ABC group had such an outcome in the first year. During the second year, sanctions forced closures of 19 percent of ABC group cases, but only two percent of comparison group cases.

Because comparison group members' clocks started ticking later than their ABC group counterparts, any impacts related to reaching ABC time limits also will persist even though the experiment officially ended well before that time. A summary of where things stood at the end of the first and second years of follow-up is given in Exhibit 5. The exhibit's right-hand panel shows

Exhibit 5
Percent Distribution of Single Parents by Time on the Clock
After One and Two Years of Follow-Up



that 24 months after random assignment, nearly half of the ABC group had accumulated 12 or more months on its clocks, and nine percent already had reached the 24-month time limit. In contrast, only four percent of the comparison group had accumulated 12 months on its clocks and none had reached the time limit. The same panel shows that 56 percent of the comparison group had no time on its clocks, because these clients had left the rolls before they could be enrolled in ABC.¹⁵

Another way to gauge ABC exposure differences is to assess the degree to which ABC and group members thought they were subject to time limits and other policies. A survey of clients in the two groups conducted 12 months after random assignment, found substantially more ABC than comparison group members believed they were subject to new rules. When read a list of five ABC rules, fifty-seven (57) percent of the ABC group, but only 21 percent of the comparison group, believed they were subject to at least three rules (Fein and Karweit 1997).¹⁶

Early gains in employment and earnings disappeared in ABC's second year. However, ABC reduced welfare receipt and payments throughout the two-and-a-half-year follow-up horizon.

During its first year, ABC generated modest positive impacts on employment and earnings.¹⁷ The employment rate for the ABC group was about five percentage points higher than the rate for the comparison group over the first year, as seen in the first panel of Exhibit 6.¹⁸ Over the first year, Exhibit 7 shows that the ABC group's average total earnings (\$2,668) were \$327 (14 percent) higher than for the comparison group (\$2,340). Although positive, the first-year earnings impact is not statistically significant.¹⁹

¹⁵ Six percent of the ABC group also had no time on its clock because these clients were exempt from time limits for medical reasons.

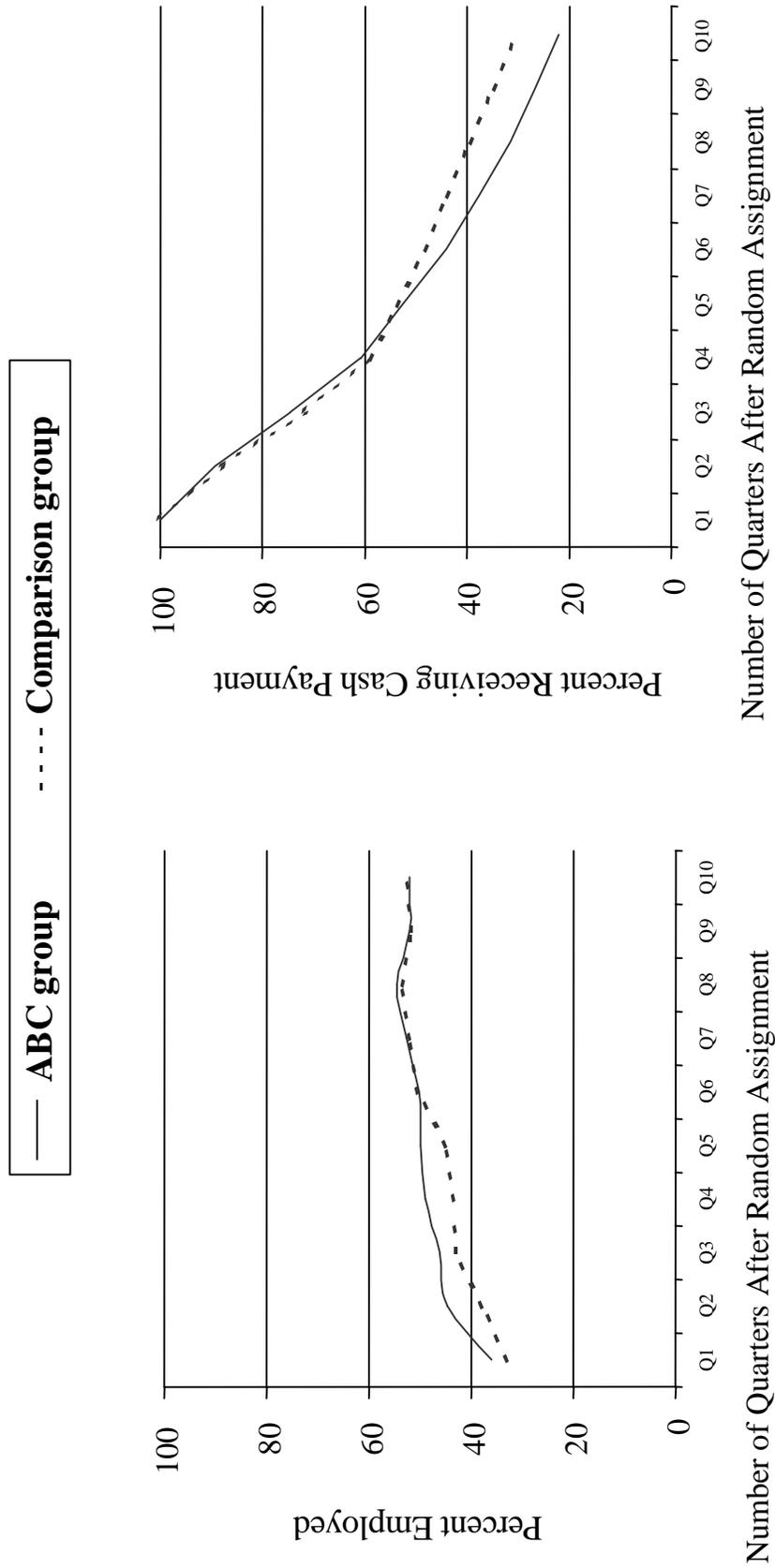
¹⁶ Some control group members may have been led to think they were subject to welfare reform from things they heard in the media or on the streets. Others likely were guessing when they answered these survey questions, as evidenced by the fact that some control group members also gave affirmative responses to several fictitious policies included in the series. Fictitious items included sanctions if children didn't get regular dental check-ups (15 percent of control group members replied this was true) or didn't get good grades (5 percent), loss of cash benefits for failure to take a drug test (39 percent), and lack of Medicaid coverage for any post-welfare reform babies (13 percent).

¹⁷ The impact estimates in this section have been regression-adjusted to remove the effects of chance differences in characteristics at random assignment and improve the precision of the estimates. The characteristics used in the regression adjustment include month of random assignment, parent's age, number of children, age of youngest child, county, race, time on welfare, and prior child abuse and neglect.

¹⁸ Survey-based estimates in the first ABC impact report (Fein and Karweit 1997) show employment and earnings impacts that are somewhat larger and more often statistically significant than the present estimates. The differences are due to the fact that the earlier survey estimates were based on a smaller sample, and to reliance here on a different source of employment and earnings data; namely, wage records data from Delaware's Unemployment Insurance (UI) system.

¹⁹ Because UI data were not available before the third quarter of 1996, we had to draw on some survey data in making employment and earnings estimates for the first year of follow-up, specifically in follow-up quarters 1-3. The estimates for these quarters are based on UI data for follow-up quarters after the second quarter of 1996 and survey data for follow-up quarters falling in or before the second quarter of 1996. Because many clients in this analysis were not survey respondents, the survey data quarters were weighted to reflect their true representation in the population. Statistical tests are based on weighted averages of standard errors for impacts calculated separately from the survey and UI data.

Exhibit 6 Percent of Families Employed and Percent Receiving Cash Assistance in Successive Calendar Quarters After Random Assignment



Note: Statistics for single-parent families randomly assigned to the ABC (2,138 families) and comparison (1,821 families) groups from 10/95-9/96.

Exhibit 7
Impacts on Work and Welfare for Single-Parent Cases
Enrolled During the ABC Demonstration's First Year

Outcome	ABC Group	Comparison Group	Difference	Percent Difference
Work				
Average Earnings				
Year 1	\$2,668	\$2,340	\$328	14.0
Year 2	4,008	3,968	-40	-1.0
Quarter 4	805	745	60	8.1
Quarter 8	1,174	1,141	33	2.9
Quarter 10	1,174	1,140	34	3.0
Percent Ever Employed in				
Year 1	61.9	56.4	5.5	9.8
Year 2	71.4	70.4	1.0	1.4
Quarter 4	48.9	43.5	5.4**	12.4
Quarter 8	54.5	53.4	1.1	2.1
Quarter 10	52.0	52.5	-0.5	-1.0
Cash Welfare				
Average Payments				
Year 1	2,367	2,507	-140***	-5.6
Year 2	1,029	1,393	-364***	-26.1
Quarter 4	428	490	-62***	-12.7
Quarter 8	205	294	-89***	-30.3
Quarter 10	133	191	-58***	-30.4
Percent Ever Receiving Payment in				
Quarter 4	60.9	59.1	1.8	3.0
Quarter 8	31.4	39.4	-8.0***	-20.3
Quarter 10	21.9	30.4	-8.5***	-28.0
Sample Size	2,138	1,821		

*** Two-tailed test indicates impact is statistically significant at the 99-percent confidence level; ** at the 95-percent level; * at the 90-percent level.

The disappearance of employment and earnings impacts likely is at least partly due to the fact that the comparison group began receiving ABC work services at the start of the second year (see last section). However, fading impacts also have been reported in many other experiments testing models based largely on a Work First approach (e.g., Hamilton *et al.* 1997). A principal effect of Work First may be to hasten employment for welfare recipients who would have gone to work anyway, but not so soon. Hence, the ABC findings could reflect either the actual disappearance of impacts, or the end of the experiment, or both.

The storyline for ABC's effects on welfare receipt is very different from that for employment and earnings. The second panel of Exhibit 6 shows that the program had little impact during the first year of follow-up but substantially reduced welfare participation thereafter. Statistics in the bottom panel of Exhibit 7 show that by Quarter 10 only 22 percent of the ABC group received cash assistance, compared with 30 percent of the comparison group. Impacts on average total welfare payments were statistically significant in the first year, with payments to the ABC group \$140 lower than for the comparison groups (a six-percent difference). However, payment impacts grew to \$364 (a 26-percent difference) in the second year.

Although it is unusual to see impacts grow so much *after* an experiment ends, the sanction trends presented in the last section leave little doubt about the source of widening welfare impacts. The large ABC-comparison group difference in cases closed by sanctions suggests a direct causal linkage to impacts on welfare receipt. In addition to required closures, nonexperimental evidence (in Fein and Lee 1999b) shows that many sanctioned clients left the rolls before receiving a third strike, either because staying on the rolls had become too much of a hassle or to avoid reaching the third strike and permanent disqualification from assistance.

Given the effect of sanctions on welfare receipt and payments, the absence of impacts on employment and earnings is noteworthy. Together, the findings imply that sanctions did not lead a significant number of recipients to work and earn more than they would have absent sanctions. For this reason, the most likely overall effect of sanctions was to reduce total income.²⁰

A final striking feature of the time pattern for welfare receipt in Exhibit 6 is the dramatic declines in the comparison group's welfare participation over the two-year follow-up horizon. The vast majority—70 percent—of recipients (including many long-term cases) was able to leave assistance within the follow-up period. This decline is a striking testimony to the favorable economic conditions which have surrounded welfare reform in Delaware. It also may partly reflect effects of exposure to ABC after the experiment ended in March 1997.

²⁰ The income effect likely was partly attenuated by food stamps benefits, which automatically will increase with a drop in income from cash welfare. However, the extent to which this was the case could not be measured, as data on food stamp payments were not available for this analysis. Future analyses will incorporate food stamp payment data from administrative records, as well as survey data for a wider range of income sources.

Impacts have been less favorable for clients with greater disadvantages.

The original ABC model specified a uniform set of work services, financial incentives and penalties, parenting requirements, and time limits, whereas the earlier First Step program had allowed for more individualized services. The intention was to send a tough, consistent message to recipients about the State's expectations. However, the wide variation in clients' abilities and circumstances at the time of random assignment (see Chapter One) makes it unlikely that they all would respond in the same way.

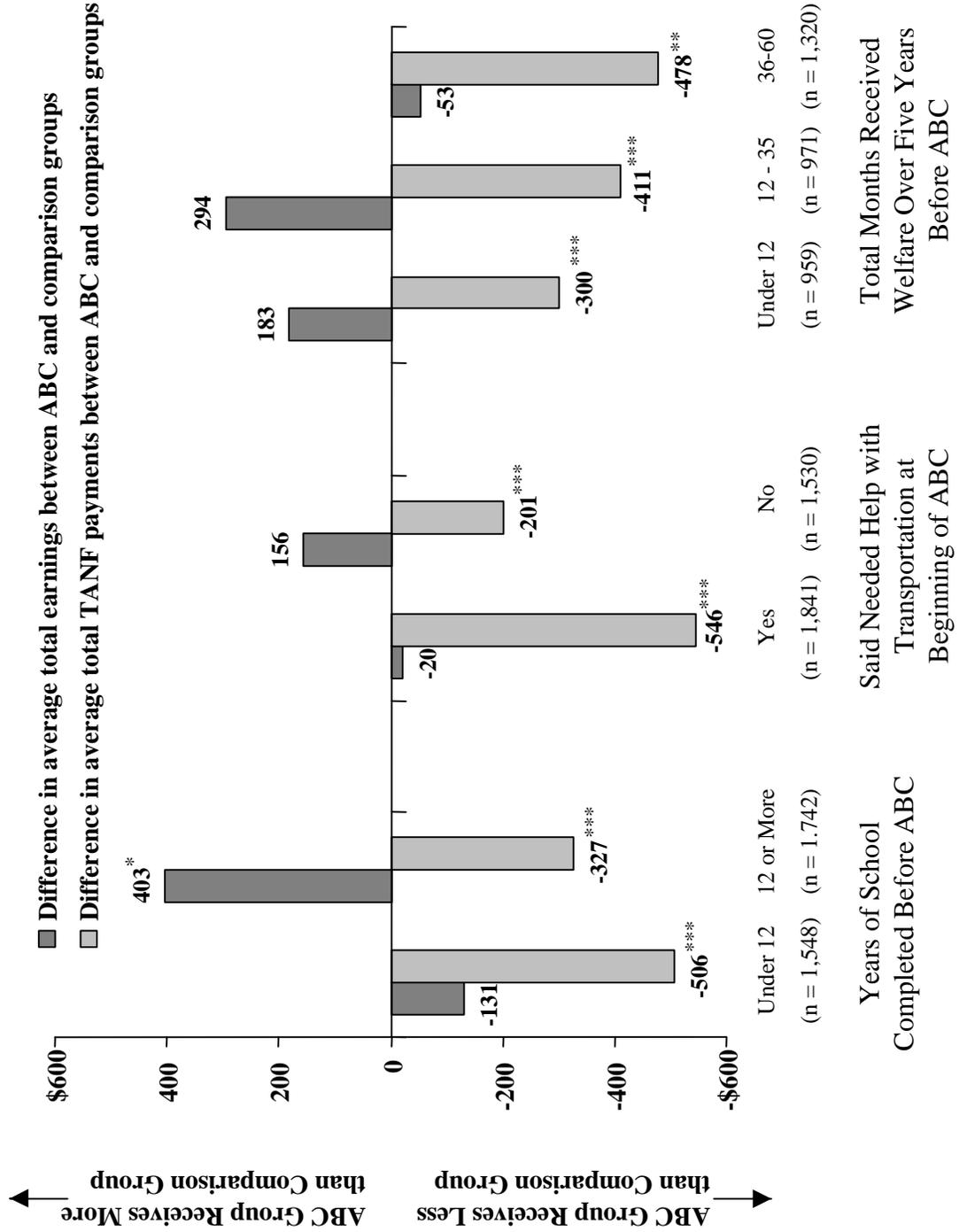
Results summarized in Exhibit 8 suggest that less-advantaged clients experienced greater welfare reductions than more-advantaged clients, without counterbalancing earnings increases.²¹ Among clients with less than 12 years of completed education at random assignment, average welfare payments were a statistically significant \$506 lower for the ABC group than for the comparison group (light bar); however, there was no statistically significant impact on earnings (dark bar). The welfare impact was significantly smaller (\$327) among clients with 12 or more years of school, who also experienced an even greater positive impact (\$403) on earnings. This pattern is not unique to ABC. Florida's Family Transitions Program (FTP) evaluation also has found negative impacts for welfare payments without compensating positive earnings impacts among clients without a high school diploma or GED (Bloom *et al.* 1999).

The same message can be seen in impacts for two other dimensions of disadvantagedness measured at random assignment. The second set of bars in Exhibit 8 shows a much larger negative welfare payment impact (-\$546) among clients who said they needed transportation assistance to support their families without welfare, compared with clients who did not cite a need for transportation assistance (-\$201). Larger negative welfare impacts also are evident for clients with more extensive prior welfare histories at random assignment than for those who had spent less time on welfare (third set of bars in Exhibit 8). The relatively large benefit reductions were not offset by positive impacts on earnings among clients with transportation needs or among long-term welfare recipients. Benefit reductions appear to have been mostly offset by increased earnings among clients without transportation needs and those with less past dependency.

Greater risk of financial sanctions—and possibly pressures from approaching time limits—may explain why welfare reductions are greatest for disadvantaged clients. Members of these subgroups were more likely to receive sanctions (Fein and Lee 1999b) and reach ABC's 24-month time limit (see below). Although any effects of actually reaching time limits would

²¹ The means underlying second-year impacts, along with impact estimates for the first year of follow-up, are provided as an Appendix exhibit. As explained in a previous footnote, earnings estimates for the first follow-up year are based on smaller samples and subgroup estimates therefore have fairly wide confidence intervals.

Exhibit 8
Impacts on Average Total Cash Payments and Earnings for Subgroups
(for the Second Follow-up year)



not occur until after the two-year follow-up period, some clients may have decided to quit welfare before reaching the limit to conserve time on their clocks.

Differing sanction rates suggest that education, transportation and other barriers associated with long-term dependency can create barriers to clients' abilities to understand program requirements and organize their affairs accordingly. Accordingly, improving compliance will require greater effort by clients and service providers to remove these barriers and negotiate the ABC rules.

Welfare reform was associated with a small overall increase in child neglect, but had no effect on child abuse.

Of the many aspects of children's well-being of concern, physical and emotional security at home are perhaps the most fundamental. Several ABC provisions directly seek improved parenting (parenting education, immunization, and school attendance requirements), whereas others might affect parenting behaviors indirectly. For example, if reform improves families' financial situations, this might lead to a happier, less stressful home environment—and reduced incidence of abuse and neglect. On the other hand, parents for whom welfare reform creates financial difficulties may be under increased stress and be more likely to abuse or neglect their children.

Analyses in a separate report (Fein and Lee 2000) show that ABC increased the fraction of families with an incident of child neglect by around one percentage point in the first and third, but not the second, year of follow-up.²² The program had no statistically significant impacts on other kinds of maltreatment, such as physical and emotional abuse or sexual abuse, or on foster care placements. Although small in percentage point terms, the impact on neglect is fairly large when compared with the low baseline rate for the comparison group (one to three percent).

Many subgroups showed higher rates of neglect in ABC than in the comparison group. Subgroups with increased neglect in at least two of the three follow-up years tended to be more socioeconomically disadvantaged families, including long-term welfare recipients, those with less than 12 years of school, families with a history of maltreatment prior to ABC, and nonwhites.

ABC also had statistically significant impacts on physical and emotional abuse in some subgroups. A majority of these impacts indicated small percentage point *reductions* in abuse. Effect patterns for abuse did not evidence a clear relation to socioeconomic disadvantagedness.

²² Because additional data were available, we were able to include a full third year in the child maltreatment analyses.

CHAPTER THREE

THE SECOND 24 MONTHS

This chapter looks at the operation of Delaware's Workfare program and the experiences of clients who reached ABC's initial 24-month time limit. The analysis covers only the first year of Workfare operations, which began in January 1998. During this time, MAXIMUS Inc. was the sole provider of Workfare services.²³ Starting in October 1999, Delaware replaced Workfare with a program called "Employment Connections," which made basic changes in ABC's work program. Future reports will examine the changes, which appear to address several problems with Workfare described in this chapter.

Analyses in this chapter are based on both qualitative and quantitative data. Our assessment of Workfare operations and experience relies heavily on interviews with MAXIMUS Inc. staff during January 1999 visits to the firm's offices, and on two March 1999 focus groups with clients reaching time limits. Statistics on Workfare experiences are based on program records provided by MAXIMUS for all single parents referred statewide through December 1998.

We also compare characteristics and outcomes for clients who did and did not reach time limits by October 1998, based on a sample of 2,025 single-parent families who were subject to time limits and were assigned to the original treatment group in ABC's first year (October 1995-September 1996). Of this group, 336, 17 percent, had reached ABC's 24-month time limit by October 1998. Future evaluation reports will track larger samples (as more clients reach time limits) and assess outcomes over longer follow-up periods.

The chapter begins with a look at Workfare implementation and operations. The focus turns then to an examination of characteristics that help to explain why some clients reached time limits, why others left the rolls by choice, and why still others were sanctioned off. A concluding analysis assesses economic well-being for these three groups and reports what clients said about their difficulties in making ends meet after reaching time limits.

²³ Due to delays in starting the Workfare contract, DSS workers operated the program during its initial months (October 1997 to January 1998).

3.1 Early Workfare Implementation Experiences

The Workfare program clients experienced after using up 24 months of assistance was very different from the ABC services they received during the program's first 24 months. This section describes key features of Workfare's implementation, and relates how the program that emerged was smaller than the State originally had envisioned.

ABC's Workfare component was implemented as intended, with adjustments to the original plan responding to lower than expected participation by clients.

ABC's original plan for Workfare called for welfare recipients to be referred to the component in the month that their eligibility for regular cash assistance ended. The plan required referred clients to attend an orientation, receive an individual assessment, and accept a community service job where they would work in exchange for continued assistance. The rules also required clients to look for regular paid jobs during hours they were not working in their Workfare assignments. Hours of work were established by dividing the sum of each client's TANF and food stamps allotments by the minimum wage. Failure to attend the orientation or accept a Workfare placement was to be penalized with a one-third grant reduction, progressing to a two-thirds reduction, and followed by permanent case closure on continued non-compliance.

Under this plan, recipients who attended the orientation and then worked the required number of hours in their Workfare positions would earn monthly payments of the same size as their previous cash assistance checks. Those who worked fewer than the required number of hours would earn proportionately smaller amounts. Clients who obtained regular jobs in which they worked at least 20 hours per week could receive assistance, so long as they still met ABC eligibility requirements, without working in a Workfare assignment.

In virtually all respects, our site visits and document review suggest that Delaware's Workfare component was implemented as planned. The State contracted with MAXIMUS Inc., a private for-profit firm, to operate the component according to specifications outlined in the State's Workfare Request for Proposals. Orientations provided by MAXIMUS staff thoroughly explained participants' rights and responsibilities, the nature of the program's community assignments, Workfare attendance and job search requirements, the rules governing payment reductions and sanctions, and the grievance mediation process. After the orientation, clients received individual assessments designed to ensure that their Workfare placements would provide the required number of work hours, minimize their commuting distance and, to the extent possible, match their education and work histories, physical condition, and child care needs. Community job placements were developed as the State intended, and participation

requirements, with attendant sanctioning and payment-in-proportion to hours worked, have been strictly enforced.

Although the component was implemented as intended, many fewer clients were referred and subsequently engaged in Workfare activities than Delaware expected. By the end of December, 1,072 clients had been referred to MAXIMUS—only half of what had been projected in developing the contract for services. Of this number, 642, or 60 percent, were single parents nearing the 24-month time limit, and the remainder were from two-parent families for whom Workfare was mandatory before reaching 24 months.

Exhibit 9 shows what happened to a typical group of 100 single parents referred to Workfare. The analysis is based on data for all 642 clients referred to MAXIMUS through December 1998.²⁴ The figure shows that 61 percent of referrals received an orientation, but that only 16 percent ever worked in an assigned community position.

To increase participation, the planned sequence of Workfare activities was modified in two ways. First, the point of referral was moved up to commence two months before clients actually reached their 24th month of cash assistance, to facilitate engagement as soon as clients reached their 24th month. The earlier referral meant that the Workfare orientation could be scheduled immediately after the client reached the time limit, with orientation quickly followed by assignment to a Workfare position and completion of needed support service arrangements.

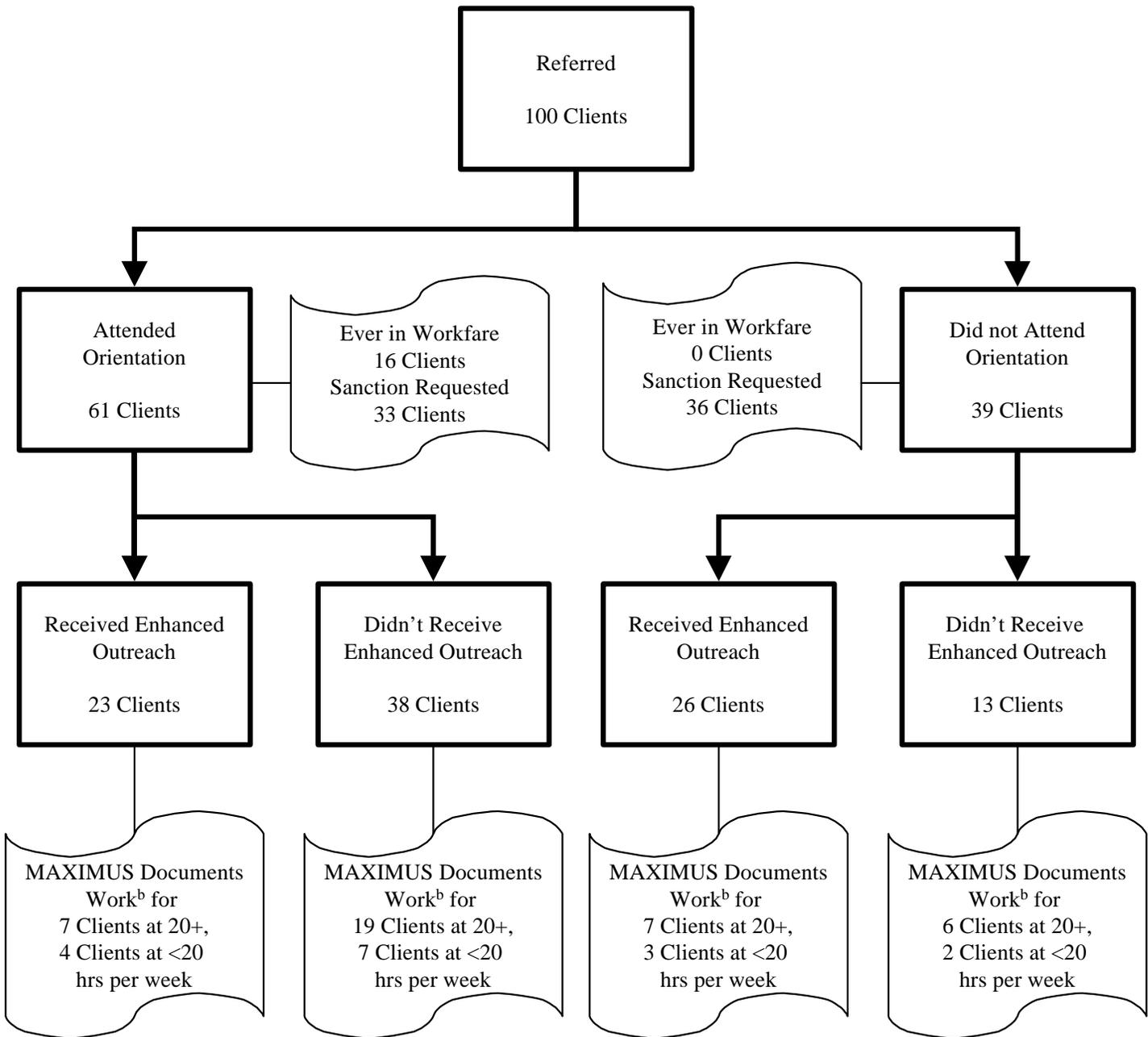
Second, the State and MAXIMUS agreed to add an “enhanced outreach” component to Workfare services. This new task entailed MAXIMUS staff documenting whether clients who failed to appear for orientation or meet other Workfare requirements were employed, and whether they needed help in meeting ABC rules or obtaining other services to which they were entitled. As seen, outreach contacts (via phone or a home visit) were completed with a majority of orientation no-shows, as well as with a substantial number of clients who came to orientations (but were either previously or subsequently non-compliant). Depending on the individual case, workers provided a condensed orientation to Workfare requirements and services, tried to persuade the client to come to the MAXIMUS program office, urged clients to provide the required verification of any employment they had (and offered a gift certificate for submitting the needed documents), and sought to remove significant barriers to participation such as child care and transportation problems. Both through these visits and other follow-up, MAXIMUS found that a substantial number of clients had jobs (see bottom of Exhibit 9).²⁵

²⁴ These statistics are based on records for individual clients provided by MAXIMUS.

²⁵ These statistics include only jobs MAXIMUS was able to document and, hence, should not be taken as estimates of employment rates. A later section in this chapter provides more complete employment statistics, based on Unemployment Insurance wage records.

Exhibit 9

Workfare Program Experiences of 100 Typical Clients^a Reaching Time Limits and Referred to MAXIMUS through December 1998



^a. Based on an analysis of MAXIMUS data for 635 clients reaching time limits statewide (including those from non-demonstration offices as well as original treatment group).

^b. Statistics reflect only jobs that MAXIMUS was able to document through Enhanced Outreach and other means.

Sanctions are another response to non-compliance. Exhibit 9 shows that MAXIMUS recommended sanctions for virtually all clients who never came to orientation, as well as for more than half of those who did show. It is not possible to distinguish whether the latter were sanctioned before or after coming in for orientation. Hence, although the statistics clearly evidence that many sanctions were levied, it is not possible to gauge their effects on participation.

Low participation also led MAXIMUS to make several other changes in its operations.

In addition to the responses described above, low participation also affected several basic aspects of Workfare contract operations. First, MAXIMUS cut back its planned staffing levels and allocated much higher fraction of its effort than expected to program compliance issues. In addition to spending a substantial amount of time making sanction requests to DHSS, contractor staff eventually came to spend a great deal of effort on enhanced outreach.

Second, MAXIMUS had to communicate to Workfare sites that there were fewer referrals than expected and make adjustments in the roster of appropriate sites. Employers expressed disappointment with the low number of referrals, as well as with the tendency of many clients to quit their Workfare jobs after only just a week or two or come to work only sporadically. MAXIMUS decided to drop many of these employers. As a result, the roster of Workfare employers gradually came to be dominated by nonprofit organizations willing to take on clients who would show up for only brief spells of employment. Most of the Workfare positions these organizations offered were low-skill jobs such as serving food and sorting clothes and offered little job training.

Many employers told MAXIMUS staff that they had expected to receive more referrals, higher caliber workers, and longer term placements than they in fact received. Employers with higher skill positions were disappointed when Workfare participants left their assignments soon after starting, wasting the resources they had devoted to helping them learn their jobs. These employers gradually showed less willingness to take on new Workfare referrals.

Lower-than-expected Workfare participation reflects several early implementation difficulties, the strength of Delaware's economy, and pressures associated with sanctions.

Three early Workfare implementation problems appear to have contributed to lower-than-expected participation. One was that MAXIMUS staff felt that it would have been helpful if DSS provided more *information about the problems facing clients* at the time of referral. Staff eventually learned about many barriers through enhanced outreach, but only after clients already had run into significant participation problems.

Misunderstanding of program requirements appears to have been a second cause of clients' failure to show up for their orientations or to participate regularly in Workfare. For example, one focus group participant reported contractor indifference to a family crisis that, according to her understanding of program rules, was a legitimate reason for not attending her appointment. Another focus group participant read her notification letter to mean that the Workfare contractor's staff was going to visit the client in her own home. In some cases the misunderstandings probably amount to excuses and rationalizations by clients. In other cases, however, individuals either had not been given or had not fully absorbed key facts about program operations.

The Workfare contract, together with the separate contracts and arrangements governing the first phase of ABC, has produced a multi-contractor design for providing client services in ABC. Workfare staff have noted that, for an ABC client coming to MAXIMUS from another contractor, additional discontinuity is introduced to what may already be a chaotic life. Through ABC and Workfare, the State is trying to encourage a focus on the long term, but the discontinuity arising from sequential referrals along the contractor chain may be focusing clients' attention on the short term instead. Also, clients said in the focus groups that sequential referrals confused them. Several clients indicated that bouncing from one contractor to another hampered their process of moving toward self-sufficiency and others said they did not understand where they were supposed to be. Indeed, they said, they were sometimes asked to be in two places at once. And sometimes, they said, documents or information got lost going from one contractor to another, resulting in sanctions or other adverse consequences.

The third implementation problem has been ***transportation difficulties***, both for clients coming to the contractor's office (for their orientation and subsequent meetings) and for clients getting to their Workfare assignments. The contractor sought to minimize this problem by assigning clients, whenever possible, to Workfare positions within walking distance of the client's home. However, in both the focus groups and the site visits made by Abt Associates staff, transportation problems were frequently mentioned. Focus group participants reported problems getting to both the Workfare contractor's office, which is about 12 miles from the center of Wilmington, and to their Workfare jobs. Although the Workfare contractor's offices were on bus routes, participants nonetheless complained that getting to the offices entailed long rides and burdensome expenses.

The largest factor contributing to the gap between expected and actual Workfare participation was that fewer clients had reached time limits by the end of 1998 than the State originally projected. As reflected in the Workfare contract, the State projected roughly twice as many referrals as actually were made. To a substantial degree, the discrepancy appears to be a consequence of Delaware's healthy economy and accompanying rapid caseload decline. With more jobs available, fewer clients reached time limits than expected. After clients reached time limits and learned about Workfare requirements, work often looked even more attractive, as related in the next section.

Strong pressures from sanctions also played an important role in case closures. By September 1998, only 17 percent of 2,025 treatment group members whose clocks started ticking during ABC's first year (October 1995-September 1996) had reached the 24-month time limit.²⁶ Most of the remaining 83 percent had left welfare long enough to avoid reaching the 24-month time limit. About a quarter (24 percent) of these exits were directly due to sanctions. Sanctions also appear to have strongly affected many of the remaining exiters, of whom a sizable fraction were under sanction but left welfare before receiving a third strike (Fein and Lee 1999).

3.2 Experiences and Characteristics of Clients Reaching Time Limits

Whether or not they participated, most clients did not find the Workfare program very attractive. This section summarizes focus group discussions on Workfare and contrasts the characteristics and experiences of clients who reached time limits with those for clients who did not reach time limits.

Another reason for low Workfare participation was that the Workfare program was not very appealing to clients.

Many clients referred to Workfare chose not to comply with its participation requirements. As shown in Exhibit 9, more than a third of clients (39 percent) never attended their orientation. Among the 61 percent who did attend orientation, less than a third (32 percent) ever worked in a Workfare assignment. Aversion to the participation requirements is reflected in a very high level of sanctioning—MAXIMUS requested sanctions for over two-thirds of clients referred by the end of 1998—and in the fact that, according to staff, most clients placed in Workfare assignments left these jobs within one or two weeks.

Clients participating in the focus groups had little positive to say about the Workfare program. Many found the Workfare rules and repeated calls from contractor staff to come to orientation and participate in Workfare to be annoying. Those who came to MAXIMUS said although the staff were pleasant, the program was not able to offer the services they needed (often education and training).

They need to have different counselors to deal with people on their different levels, because everybody don't need the same thing. Everybody don't have the same level of education and everybody's problems is not the same.

²⁶ The sample sizes on which these statistics are given in the last row of Exhibit 10.

You have to help people look at a long-term goal, not just going out and getting a job, but getting them more than a high school level education so that you can go out and find that job that's gonna pay you enough money that you can pay your own child care and you can pay your own bills. You can pay your insurance, you know, and feel good about yourself.

Clients who did go to Workfare assignments tended not to find them satisfying or useful. Several focus group participants felt they were “being used” and that their assignments “didn’t make sense.”

I'm working at this place where, if they would have hired somebody else off the street, they would have made eight dollars an hour. I'm sitting here working, and for what? This: to sign a paper that say I did. That ain't right.

Echoing impact findings in Chapter 2, many focus group participants mentioned transportation difficulties, including long bus rides out to MAXIMUS’s New Castle offices, inconvenient bus schedules, and difficulties transiting between home, work, and child care providers:

They gave me a job all the way out DuPont Highway, and I had to get there the best way I knew how. I mean, it was cold. Some days, I was walking, some days, catching a ride with strangers—and that's something I would never do [before], because I probably would never make it back home to my children.

A number of clients decided to close their ABC case from frustration with Workfare, noting that the receipt of food stamps and Medicaid was more important than cash assistance.

It just make you want to bow down. I gave up. You know what I mean, after all that [hassle with the Workfare program], I just gave up, went out there, and got myself a job.

To some degree, such an outcome is consistent with Delaware’s vision for Workfare. As indicated in both the Workfare Request for Proposals (RFP) and service contract, the intent behind Workfare was to make sure clients had incentives to choose regular paid employment over Workfare assignments. The RFP explicitly specified that Workfare assignments should be considered as a “last resort” and should not be more attractive than unsubsidized employment. Workfare intentionally tried to motivate clients to move to regular, unsubsidized jobs. The meager assistance provided a financial incentive to do so, and the limited services and assistance (such as transportation) provided further reasons not to become comfortable in the Workfare positions. However, as will be seen in a later section, most clients who went to work after reaching time limits also found themselves in very marginal situations.

In thinking about the services that would most help clients who have reached time limits, it is important to try to understand who they are and how they got there. ABC clients who reached time limits faced more barriers to participation than other clients. However, before reaching the limits most had made at least some effort to play by the rules.

Characteristics at the time their clocks began ticking strongly suggest that many clients reached time limits because of personal circumstances that might make it difficult to secure steady employment. These initial characteristics show clients who reached time limits are substantially more disadvantaged than clients who chose to leave the rolls. A third group, clients who left involuntarily because of sanctions, generally evidence intermediate degrees of disadvantagedness compared with the other two groups.

Some of the differences in characteristics of the three groups point to specific barriers, whereas others identify types of clients likely to experience multiple difficulties. Clients who reached the 24-month time limit (first column of Exhibit 10) were more likely than those who voluntarily left welfare²⁷ (third column) to have:

- child care constraints, as indicated by having four or more children (23 versus 10 percent), and at least one child under age six (73 versus 64 percent);
- less than 12 years of school (53 versus 44 percent) and a self-assessed need for help with basic skills (37 versus 25 percent);
- no work experience over the past year (55 versus 42 percent); and
- a self-assessed need for transportation assistance (66 versus 49 percent).

Even larger differences between clients reaching time limits and leaving the rolls voluntarily are evident for several attributes that suggest multiple barriers, such as:

- continuous receipt of welfare for over a year (56 versus 28 percent);
- being non-white (77 versus 55 percent); and
- living in an urban area (i.e., 32 versus 15 percent in Wilmington).

²⁷ Although clients labeled as “other exits” were not directly forced to leave welfare, they include a substantial number who were under sanction but left the rolls before their sanctions progressed to forced closure. Excluding the latter from these comparisons likely would show even greater differences between clients reaching time limits and choosing to leave welfare before reaching time limits.

Exhibit 10
Characteristics of Cases Reaching and not Reaching Time Limits by October 1998:
Single Parents Assigned to the Treatment Group During the Reform's First Year
(October 1995-September 1996) and Subject to Time Limits

Characteristic When Clock First Began Ticking	Clients Reaching Time Limit by 10/98	Clients not Reaching Time Limits by 10/98	
		Forced exit	Other exit
Children			
Percent with 4+ Children***	23.2	16.5	9.9
Percent Whose Youngest Child Was Under Age Six***	72.6	68.4	64.2
Percent Who Said Being with Children Full-time Was the Most Important Thing to Be Doing Right Now	17.2	16.0	16.3
Education			
Percent Completing Less than 12 Years of School***	53.1	58.0	44.1
Percent Saying They Needed Help with Basic Skills***	36.6	30.6	24.7
Work History			
Percent Who Didn't Work in the Past Year***	55.0	43.6	42.0
Welfare History			
Percent with More than 12 Months in Current Spell***	56.1	34.8	27.9
Percent Receiving AFDC for at Least 36 of the Past 60 Months***	61.4	44.8	34.7
Transportation			
Percent Saying They Needed Help with Transportation***	66.2	58.6	48.8

Continued

Exhibit 10
Characteristics of Cases Reaching and not Reaching Time Limits by October 1998:
Single Parents Assigned to the Treatment Group During the Reform's First Year
(October 1995-September 1996) and Subject to Time Limits
(Continued)

Characteristic When Clock First Began Ticking	Clients Reaching Time Limit by 10/98	Clients not Reaching Time Limits by 10/98	
		Forced exit	Other exit
Other Demographic Characteristics			
Percent whose Payee Was Aged:***			
Under 25	32.1	36.3	30.5
25-34	50.3	45.7	45.3
35 and over	17.6	18.0	24.2
Percent Nonwhite***	76.8	69.6	55.3
Percent Living in***			
Wilmington	32.1	20.2	14.9
New Castle, outside Wilmington	30.4	24.0	37.4
Kent County	29.8	41.5	33.2
Sussex County	7.7	14.3	14.5
Sample Size	336	400	1,289

*** Distributions of characteristics differ across the three type-of-exit groups at the 99-percent confidence level; ** at the 95-percent level; * at the 90-percent level.

The fact that many of the above barriers also were exhibited by clients sanctioned off welfare suggests that difficulties in understanding and complying with the rules, and not necessarily unwillingness to behave responsibly, account for many sanctions (see also Fein and Lee 1999).

Clients reaching time limits and those sanctioned off welfare do not appear to have been any less interested in self-improvement than recipients who left welfare by choice. Similar majorities of clients in all three groups expressed a preference to be doing something other than full-time parenting (only 16-17 percent of all three groups said they preferred full-time parenting). Furthermore, over their first two years in ABC, the vast majority of clients reaching time limits (87 percent) participated in some work activity. Over three-quarters (76 percent) participated in ABC employment and training activities, and 63 percent combined welfare with work at 20 hours or more a week for at least one month (see Exhibit 11). The rate of ever-participation in ABC work activities is higher for clients who reached time limits than for either those forced off or voluntarily leaving welfare, likely because the former were subject to participation longer than the latter two groups and, by selection, not as likely to have been non-compliant as forced exiters.

These statistics reinforce the message from focus groups that many clients who reached time limits had tried to meet ABC requirements but were unable to leave the rolls previously due to a variety of personal limitations. As noted in Chapter 1, the State since has revised the ABC rules so that education and training activity now can be counted as meeting work participation requirements. Developing effective policies and services for the least employable clients remains a key challenge for Delaware and for many other states.

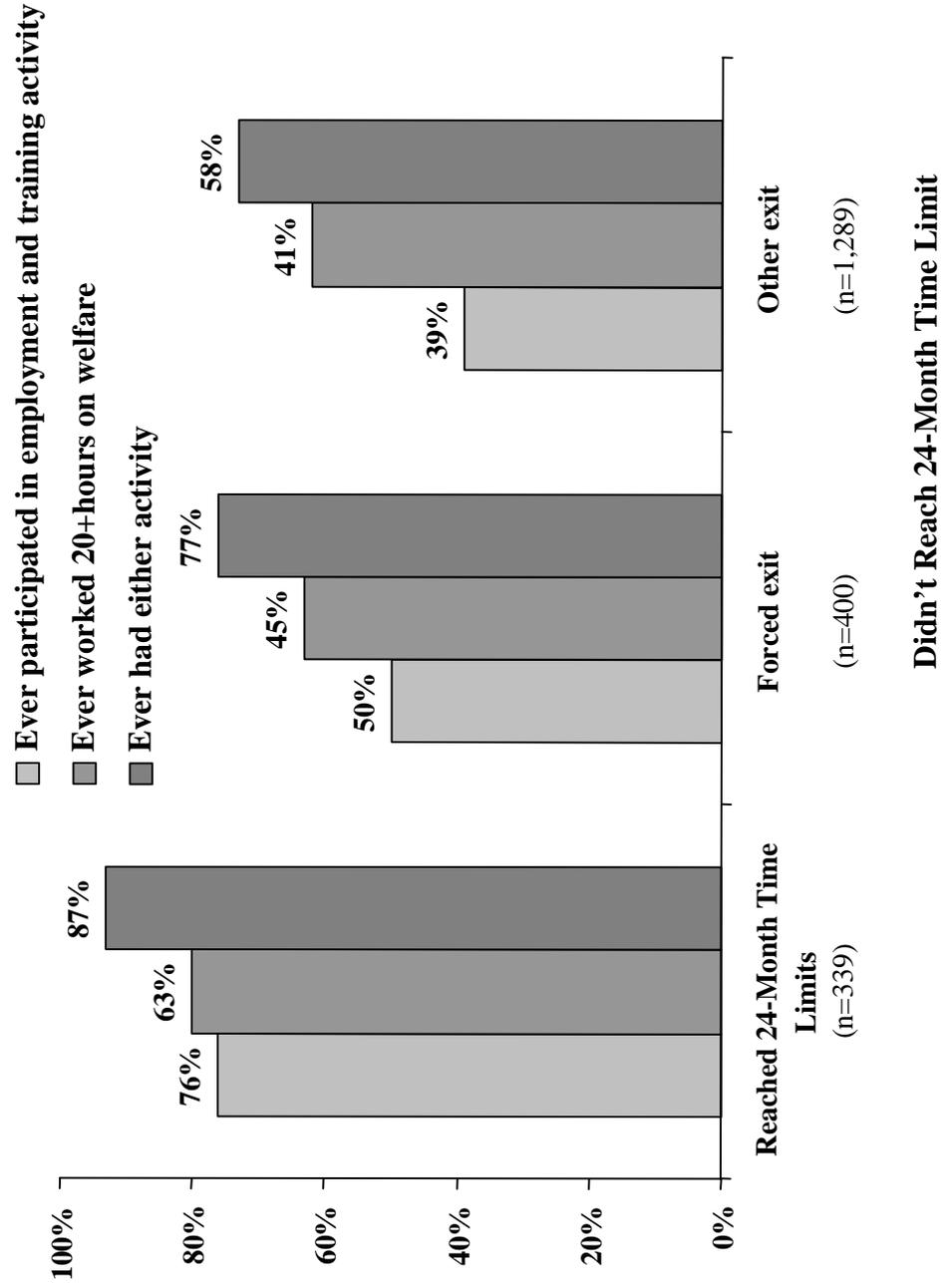
3.3 Impacts and Outcomes for Clients Reaching Time Limits

Workfare imposed substantial new requirements on clients reaching ABC's 24-month time limit. This section considers the impacts of reaching time limits and compares outcomes for clients reaching time limits with two groups of clients not reaching time limits—those choosing to leave before reaching time limits, and those whose sanctions progressed to involuntary case closures.

Although it is not yet possible to assess the impacts of reaching 24-month time limits with certainty, early signs point to reductions in welfare utilization without commensurate increases in earnings.

With MAXIMUS and DSS strongly enforcing the Workfare requirements and many clients apparently choosing not to participate, reaching the 24-month limit might have substantial impacts on work and welfare receipt. Although the original ABC experiment was not designed

Exhibit 11
Percent Participating in Work Activities within Two Years of Enrolling in ABC:
Single-Parent Cases in the Treatment Group Who Enrolled in the First Year
and Were Subject to Time Limits



to isolate the effects of time limits from the reform overall, reaching limits could be expected to produce a distinctive “signature” in the time pattern of impacts. Specifically, we might expect impacts to intensify around the beginning of the third year of follow-up as clients remaining on assistance begin to reach time limits.

There is some hint of such an intensification in impacts for welfare receipt, which (as summarized in Exhibit 6) grow fairly large starting in the eighth quarter after random assignment. However, impacts also were growing prior to this point, likely due to ABC sanctions, and it is not possible to discern precisely the degree to which time limits may have accelerated this growth. It is possible to be somewhat more confident that reaching time limits did not immediately spur impacts on unsubsidized employment, which disappear and remain nonexistent after the first year of follow-up.

Data available at the time of this analysis included only the first two quarters after clients in the demonstration sample could have begun reaching time limits. For the most part, these quarters fell during a time when the State and MAXIMUS were in the midst of implementing the new Workfare program, and longer follow-up might reveal different effects. Also, because relatively few clients within the overall demonstration sample had reached time limits during the study period (only about one in seven treatment group members), impacts measured for the overall demonstration sample may not reveal the effects on a small group very clearly.

Although the ABC experiment officially ended early in 1997, ABC and comparison group members will continue to differ in average time on their clocks for the foreseeable future (see Exhibit 5). The fact that this is virtually the only remaining experimental difference between the two groups means that extended experimental comparisons will provide useful estimates of the impacts of reaching time limits over a longer follow-up period.

At the end of ABC’s third year, economic independence remained a distant promise for the majority of families reaching the 24-month time limit, as well as for most families who did not reach the time limit.

A look at outcomes for original ABC treatment group members at the end of ABC’s third year can help to frame thinking about how much more effort might be needed to move these families to self-sufficiency. To highlight differing circumstances, we contrast average outcomes for the third quarter of calendar year 1998 for families who reached and did not reach time limits.

Unemployment Insurance (UI) records show that only about half of families worked during the quarter, and that the fractions working were very similar for clients who reached time limits and who did not (Exhibit 12, column one). However, average quarterly earnings for

Exhibit 12
Third Quarter 1998 Outcomes for
Single-Parent Families Assigned to the Treatment Group During the Reform's First Year
(October 1995-September 1996) and Subject to Time Limits

Client Subgroup	Employment and Earnings		TANF		Percent Off TANF with "Self-Sufficiency Earnings"^a	Percent with Someone in Family Receiving Medicaid	Sample Size
	Percent working	Average earnings (including \$0s)	Percent receiving	Average payment (including \$0s)			
Clients Reaching Time Limits by 10/98	54.5	\$992	58.0	\$346	8.3	87.5	336
Clients not Reaching Time Limits by 10/98							
Forced exit	49.5	808	20.5	110	15.0	67.5	400
Other exit	49.0	1,200	12.8	74	24.7	48.8	1,289
All Clients	50.0	1,088	19.4	110	20.0	58.9	2,025

^a Earnings sufficient to bring a family of a given size to the poverty line, assuming they received food stamps and EITC.

those who worked²⁸ were substantially lower among families reaching time limits (\$1,820 per quarter) and sanctioned off the rolls (\$1,632) than for families leaving welfare voluntarily (\$2,449).²⁹ Despite their lower earnings, because families who reached time limits were more likely to be still receiving TANF, their average total quarterly cash income was substantially higher (\$1,338) than families sanctioned off welfare (\$918) and about the same as families who left welfare voluntarily (\$1,274).³⁰

Given their low total earnings, it is not surprising that few members of the three groups had income sufficient to leave poverty. The percentages of members of each of the three groups with “self-sufficient earnings” are summarized in the fifth column of Exhibit 12. This statistic reflects the percent of clients with earnings sufficient to boost their family to the poverty line, assuming they collect all of the food stamps and EITC income to which they are entitled. Estimates of the fraction with self-sufficient earnings range from less than one in ten families reaching time limits to one in four families who left TANF voluntarily. Hence, although more voluntary leavers than other families might be termed self-sufficient, the vast majority nonetheless remained in serious financial need.

Discussions with clients who reached time limits in two early 1999 focus groups provide a vivid portrait of families struggling to make ends meet. Most said that it had become more difficult to make ends meet since reaching time limits:

[It's] a lot tougher.

I was...trying to pay a little on this bill, a little on [that] bill, just to keep myself afloat. It was very depressing.

[Having to depend on other people] is very hard. It's very degrading.

[A] lot of people now that I know that was on welfare that have kids, that are in the dark and they have no food.

²⁸ Calculated by dividing earnings in column two, which includes non-workers, by the proportion working from column one.

²⁹ The UI data do not allow us to tell whether the former two groups earned less because they worked fewer hours or because they received lower wages.

³⁰ Total cash income here is estimated as the sum of average earnings and average TANF payments. A more complete measure of available income would include the value of food stamp coupons received, as well as of a variety of other possible income sources. Data on food stamp coupon value were not readily available for this analysis, but rates of food stamp receipt could be estimated and tend to reinforce the advantages of clients reaching time limits. These rates were 77 percent for families reaching time limits, 42 percent for families sanctioned off TANF and 29 percent for families leaving TANF voluntarily. The next annual report will provide detailed income measures from a late-1999 follow-up survey.

Many participants indicated that they were relying on supports other than employment:

My mom always told us just put money away for a rainy day... It's not that hard on me right now, but that day will come.

I have sisters and brothers, and all of them have chipped in to help me, because I'm not getting AFDC because I can't do what [MAXIMUS] asked me to do.

I ask for help in a lot of places, like Ministry of Caring.

Although work requirements were intended to help parents provide a good role model by working, several comments indicated that reaching time limits might have the opposite effect:

My kids didn't have no problems until I started working.

It's hard on your kids. The kids are gonna mess up in school because they see you struggling. It's depressing, too.

My attitude has changed, got worse. My children—I used to could sit down with them and talk... Now it's hard.

Finally, although focus group participants themselves did not admit to resorting to illegal activities to make ends meet, they vociferously predicted that this might result if the State implemented a plan then under consideration to limit welfare to 24 months:

You're going to see such a rise in [the] crime rate, because you're forcing women to drift back and forth between legitimate and illegitimate behavior. You're forcing people to start thieving and selling and doing whatever's necessary to take care of their families. And that's what they're going to do.

It is important to emphasize that these focus group participants had reached the 24-month time limit and do not represent the experiences of the majority of recipients who did not reach time limits. Future evaluation reports will use survey data to provide a fuller quantitative assessment of the economic statuses of different types of recipients and consider a wide range of non-economic measures of family well-being.

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Appendix
Impacts on Average Total Cash Payments and Average Total Earnings for Subgroups in
the First and Second Follow-up Years

Subgroup	Average Total Earnings				Average Total Welfare Payments				Sample Size	
	ABC Group	Comp. Group	Diff-erence	Percent Difference	ABC Group	Comp. Group	Diff-erence	Percent Difference		
Age of Youngest Child										
<6	Year 1	\$2,827	\$2,368	\$459	19.4%	\$2,429	\$2,544	-\$115 ***	-4.5%	2,679
	Year 2	4,148	4,044	104	2.6	1,072	1,421	-349***	-24.6	2,679
6+	Year 1	2,328	2,274	54	2.4	2,238	2,432	-195 ***	-8.0	1,280
	Year 2	3,713	3,821	-108	-2.8	939	1,337	-397***	-29.7	1,280
Years of School Completed										
<12	Year 1	2,107	1,877	230	12.3	2,564	2,793	-229 ***	-8.2	1,548
	Year 2	3,054	3,185	-131	-4.1	1,222	1,728	-506***	-29.3	1,548
12+	Year 1	3,179	2,615	564 *	21.6	2,267	2,423	-156 ***	-6.4	1,742
	Year 2	4,824	4,420	403 *	9.1	966	1,293	-327***	-25.3	1,742

Continued

Appendix
Impacts on Average Total Cash Payments and Average Total Earnings for Subgroups in
the First and Second Follow-up Years
(Continued)

Subgroup	Average Total Earnings				Average Total Welfare Payments				Sample Size	
	ABC Group	Comp. Group	Diff-erence	Percent Difference	ABC Group	Comp. Group	Diff-erence	Percent Difference		
Months of AFDC in Five Years										
Prior to Random Assignment										
<12	Year 1	2,650	2,445	205	8.4	1,999	2,159	-160 ***	-7.4	959
	Year 2	4,414	4,231	183	4.3	710	1,010	-300***	-29.7	959
12-35	Year 1	2,836	2,422	414 **	17.1	2,245	2,415	-170 ***	-7.0	971
	Year 2	4,293	3,997	294	7.4	887	1,296	-411***	-31.7	971
36-60	Year 1	2,506	2,117	389	18.4	2,861	3,058	-197 ***	-6.4	1,320
	Year 2	3,421	3,474	-53	-1.5	1,529	2,007	-478***	-23.8	1,320
Said Needed Help with Transportation										
Yes	Year 1	2,405	1,970	435	22.1	2,540	2,790	-250 ***	-9.0	1,841
	Year 2	3,356	3,376	-20	-5.9	1,210	1,754	-546***	-31.1	1,841
No	Year 1	2,954	2,765	189	6.8	2,265	2,345	-80	-3.4	1,530
	Year 2	4,693	4,537	156	3.4	948	1,149	-201***	-17.5	1,530

*** Two-tailed test indicates impact is statistically significant at the 99-percent confidence level; ** at the 95-percent level; * at the 90-percent level. (Shading indicates differences across subgroups were statistically significant at the 90-percent confidence level.)