

## Summary

With the passage of the Personal Responsibility and Work Opportunity Act in 1996, Congress replaced Aid to Families with Dependent Children (AFDC) with a new welfare program known as Temporary Aid to Needy Families (TANF). California passed its version of welfare reform in 1997 in the form of the California Work Opportunity and Responsibility to Kids program (CalWORKS). The new program seeks to emphasize the notion of temporary aid through the enactment of a 5-year time limit for receipt of benefits. Under the new program, as soon as someone is accepted into the program that person (with a few exceptions) must immediately begin the process of seeking employment. Consequently, for the most part welfare recipients must be considered a part of the local labor force.

In order to better understand the nature of the labor force challenge involving welfare recipients, we surveyed TANF applicants and participants in Merced County focusing on four sets of information: socio-demographic factors, work history, perception of factors that limit employment, and education, training and skills. In addition, a few questions were asked about family background and support networks. To provide a point of comparison, we administered a similar questionnaire to 79 unemployed persons applying for or receiving unemployment insurance (UI) benefits. We surveyed 124 professional service providers to obtain their perspective on the skills and employment limiting factors of welfare recipients.

The key findings from the analysis of responses to the surveys are the following.

The two survey samples, the unemployed (UI applicants and recipients) and welfare (TANF) applicants and recipients, constitute two distinct populations.

- ❑ Among the UI group, there were very few who received other forms of public assistance.
- ❑ Among the TANF group, there were very few who received UI benefits but most received food stamps.

- ❑ Most welfare applicants and recipients were young adults, between the ages of twenty and thirty-four. Most UI benefit applicants and recipients were older, between the ages of thirty and fifty.
- ❑ Almost all adult welfare applicants and benefit recipients had children while almost one-third of UI applicants did not.
- ❑ Of the TANF group, 84% responded that at least one child would need childcare.
- ❑ 44% of welfare recipients stated that at least two children would need childcare.
- ❑ In contrast, 64% of the unemployed did not have any children needing childcare.
- ❑ Only 16.5% of UI applicants had two or more children in need of childcare.
- ❑ Welfare recipients had substantially higher never married rates than a comparable sample of Stanislaus County welfare recipients and than welfare recipients statewide.

While welfare applicants and recipients and UI applicants and recipients differed significantly in terms of age, family size, and marital status on most other demographic measures they were similar.

- ❑ The Hispanic share of both groups exceeded 35%.
- ❑ More than 40% of TANF participants and almost 40% of the UI applicants reported having achieved less than a high school education.
- ❑ Both of the sample groups indicated lengthy residence in Merced County with two-thirds having lived in the county for at least 5 years.
- ❑ A majority of both the UI and TANF groups were raised by both biological parents.

There were substantial differences in work history between UI recipients and welfare recipients.

- ❑ 83% of welfare recipients reported they had worked for pay at some point in their adult life.
- ❑ Almost all UI benefit recipients worked forty hours or more per week when they worked. A majority of TANF participants worked forty hours a week when they worked but many worked fewer hours.

- A striking difference between UI benefit recipients and welfare recipients is the length of time at a job: more than half of the UI group worked at their current job for more than 5 years whereas two-thirds of the TANF sample reported that they worked at their last job for one year or less.
- Almost 90% of UI benefit recipients had worked within 6 months of receipt of benefits, almost 60% worked within 3 months. One-third of the welfare recipient sample had worked within three months of benefit receipt. On the other hand, 23.5% of the respondents to our survey indicated they had been out of work for at least one year.
- Almost two-thirds of welfare recipients (63.6%) responded that they would be willing to accept an hourly wage of less than \$7.00. Only 18% of the unemployed group indicated they would be willing to accept such a wage.

UI benefit recipients and TANF participants differed significantly in the extent to which they reported experiencing difficulties in obtaining or sustaining employment.

- Almost one-half of the UI sample did not indicate any factors that impeded employment. This was true for only 19% of the TANF sample.
- Only 3.8% of the UI group reported that they encountered more than two employment impediments.
- In contrast, 41% of TANF participants reported more than two employment obstacles; 22% reported more than 4 impediments.
- Transportation, childcare, clothing, education, and the availability of appropriate jobs appeared to be the most significant challenges for TANF participants.

Very few UI benefit recipients were attending school or job training programs. Very few TANF participants were attending school; a minority were attending training programs.

Both clients and human services providers agreed that the educational shortcomings that welfare recipients experienced had much to do with their labor market difficulties. Job skills, educational levels, and limited basic skills were the three most

commonly cited factors by service professionals in explaining welfare recipients' lack of labor market success.

- Professional providers also agreed that broader economic structural factors contributed to the lack of sustained employment for TANF recipients. These broader factors included transportation and childcare problems and the lack of available jobs.
- Service providers in Merced County also cited attitudinal and behavioral factors among the ten most important factors. In particular, low motivation—the fourth ranking factor—and drug and alcohol abuse were given prominent mention.

Service providers tended to see four factors that must be successfully dealt with for welfare-to-work to succeed.

- The two factors receiving the strongest response were the availability of jobs and the problem of the work motivation of recipients.
- Affordable childcare and improving skills were the other two factors receiving significant support among service providers.

Beyond the need for more research, certain critical findings suggest possible avenues for policy or program changes.

- Unless the educational and job skill limitations are addressed, the employment picture for most current welfare recipients appears to be bleak and the available jobs are unlikely to provide an income sufficient to allow a single-headed household to be able to make ends meet.
- Childcare and transportation appear to be defining issues for a substantial proportion of welfare recipients such that they will serve as major impediments to sustained employment.