

Testimony to Michigan House Appropriation Subcommittee on the Department of Human Services, Hearing on the Department of Human Services Budget for FY 2007

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I would like to first thank the committee for this opportunity to provide information about research concerning the needs of families receiving FIP assistance, particularly those who have received benefits for long periods after the implementation of the 1996 welfare reform.

My remarks are based on findings from the Women's Employment Study, a project we have conducted since 1997 at the University of Michigan. With support from several foundations, including the Charles Stewart Mott and Joyce Foundations, and in cooperation with the FIA under the leadership of Gerald Miller and later Douglas Howard, we began a longitudinal study of a random sample of single mothers who received FIP cash assistance in an urban MI county in February 1997. We interviewed them five times through 2003 and have information on their income assistance history and many other aspects of their employment and family lives. The study provides the most extensive examination of what happened to families after welfare reform in the nation. It has been used by many researchers, policy analysts and planners across the nation as a model for examining progress and problems among recipients. I believe you have received copies of a summary report on the study that the Mott Foundation issued last fall, entitled "Path to job can be rocky for many women." (I have brought a few extra copies today).

The tables in the appendix to my remarks provide the following information. First, I highlight information about the response rates to indicate that the high quality of the research sample. Next, I briefly highlight the work and welfare characteristics of these women on average in 1997 and in 2003.

Next, I report the extent and persistence of some ongoing personal and family challenges that many recipients are facing. The prevalence of these barriers is quite high and their persistence indicates that many women continue to have them over the 6-year study period. Next, I review how these challenges are associated with welfare receipt and employment. Women who stay on the rolls compared to those who left welfare were more likely to have multiple barriers and they had more persistent barriers, particularly with respect to mothers' own and their children's health problems.

Given the significance of these findings in repeated analyses and their consistency with findings from studies in other states, I emphasize the need for social services and supports beyond the job search preparation and job search assistance that is generally available in Work First programs. The Work First approach helped many people, especially in the early years of welfare reform when the economy was growing and entry level jobs were plentiful. However, the women who receive assistance for many months

have great difficulty finding and keeping jobs due to their multiple and persistent personal and family challenges.

The first page of the appendix highlights that the study response rates were around 90% for each wave of the five surveys. Our sample mirrors the caseload characteristics in 1997. For example, throughout the study, about 55% of the respondents were African American and 45% were white. About half of the women were 25-34, about ¼ younger and ¼ older, though the older group has obviously increased since 1997.

The second page highlights a few key findings. The welfare to work progress in this study mirrors that found in welfare studies across the nation:

- Employment has increased
- Welfare reliance has plummeted
- Poverty rates have fallen but remain high
- The proportion of families who have neither work nor welfare is small but growing

The third page compares average welfare, employment, earnings and poverty rates in 1997 and 2003. While the percent of the sample employed was about the same at the first and last interviews, earnings of those employed were higher and they worked more hours by 2003. Welfare receipt went from 3/4 of the sample to 1/5 and poverty fell from 57% of the sample to 42%. On average study participants worked in most months of the survey period, 69% of the months, and received FIP in almost a third of the months, 31%.

The fourth page indicates high and persistent rates of problems in the domains of physical health, alcohol dependence or illegal drug use, mental health, child health, and domestic violence. We used standard indicators of these problems that have been widely studied in public health and medical epidemiological research. Fully 49% of the sample reported a serious health problem at least once in the survey (51% never reported health problems), 42% used illegal drugs or were alcohol dependent, 42% had a child with serious health problems, 69% reported a mental health problem out of several we assessed, and 37% were victims of severe domestic violence in at least one wave of the survey. Many women who had these problems reported them in multiple years. For example, 18% had physical health problems or alcohol and drug problems in 3 or more waves, 30% had a mental health problem at 3 or more waves at a level that a psychiatrist, had they been seen in a clinic, would refer them for further services, 12% had persistent or repeated child health problems, and 8% persistent domestic violence.

The next two pages show the association between number of barriers respondents reported in Fall 1997 and the percent of months they accumulated in welfare receipt (on page 5) or were in employment over the study period, page 6. Here we examine their meeting criteria for one of 17 barriers, including the ones listed in the previous graph and factors such as low work or educational skills, lacking access to transportation, if they had a criminal record or a learning disability, among other criteria. It is clear that the more barriers or challenges that a woman had in Fall 1997, the longer she received FIP and the less stable her employment pattern over the next 7 ½ years. For example, those with none or one of these barriers in 1997, representing 34% of the study sample, continued on FIP for 23% of the months, 21 of 91 months, whereas women with 4-6 of these barriers, a quarter of the study sample, received FIP in 44% of the 91 months, or 40 months on average. The group with 0-1 barriers were working in 80% of the months of the study, 63 of 79 months for which we have this information, while women with 4-6 barriers worked in 59% of the period, 46 of the 79 months for which we have data. The

seven percent of the sample who had 7 or more barriers in 1997 remained on welfare longer (51% of the study months or 46 of 91) and worked less, 46% or 36 of the 79 months.

The next page, p. 7, reports some specific factors that differentiate families who had longer stays on FIP. For example, families who accumulated 40 or more months of receipt in a 60-month period (compared to those with shorter duration of receipt) had significantly:

- lower education, 43% of the longer term recipients had less than a high school degree (compared to 25% of those with less FIP receipt)
- persistent health problems, 18% of long term recipients (vs. to 9% of others)
- low literacy, 28% (vs. 16% of others)
- Persistent child health problems, 14% (vs. 4%)

After the 1996 welfare reform, single mothers moved from welfare into work at record levels, especially in the years prior to the recession of 2001. However, a smaller number of women with multiple barriers made a successful transition from welfare to employment.

Many states and counties are concerned that the high barrier, multi-problem family represents a larger proportion of the caseload today than was the case in 1996. Thus, innovations for welfare recipients and low income working mothers that provide supports beyond job search and placement are warranted. Services are needed for:

- Assessment and referral for maternal and child health and mental health problems.
- Programs such as supported work or transitional jobs for people with high barriers and/or low skills who have difficulty finding and keeping private sector jobs, modeled on programs for the disabled.

Finally, because these activities aim to build employment credentials and capacities, participation in such services and work experience should count as meeting welfare participation requirements and not count against time limits.

I hope I have left sufficient time to answer questions or clarify points in my presentation.