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ABSTRACT

Using data from an evaluation of two welfare-to-work programs in Riverside, California, and Grand Rapids, Michigan, a study found that requirements to participate in mandatory welfare-to-work programs can increase employment and earnings and reduce welfare income, independent of actual participation in the welfare-to-work program. Usually, these independent effects of the participation were not captured by estimates of welfare-to-work program impacts, because program impacts were measured conditional on the actual showing up of those required to participate. Outcomes for two groups were compared: one required to show up for a welfare-to-work program orientation but subsequently excused from participation in welfare-to-work program activities and another control group that was not required to show up for the initial orientation. Analyses found larger effects of the mandate for welfare recipients who were more job-ready and for programs operating in healthier labor markets. Evidence also indicated that response to a mandate increased with the strength of the enforcement and the level of penalties for noncompliance. (Contains 13 references.) (YLB)

Do Mandates Matter? The Effects of a Mandate to Enter a Welfare-to-Work Program

November 2000

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ABSTRACT

Using data from an evaluation of two welfare-to-work programs in Riverside, Calif. and Grand Rapids, Mich., we find that requirements to participate in mandatory welfare-to-work programs can increase employment and earnings and reduce welfare income, independent of actual participation in the welfare-to-work program. Usually, these independent effects of the participation requirements are not captured by estimates of welfare-to-work program impacts, because program impacts are measured conditional on the actual showing up of those required to participate. In our analyses, we find larger effects of the mandate for welfare recipients who are more "job-ready" and for programs operating in healthier labor markets. We also find evidence that response to a mandate increases with the strength of enforcement and the level of penalties for noncompliance. Following welfare reform legislation of 1996, compliance requirements for welfare-to-work programs have become stricter and penalties for non-compliance have increased. Consequently, we expect the effects of these mandates to strengthen.

INTRODUCTION

Over the past twenty years, many studies have demonstrated that requiring welfare recipients to participate in welfare-to-work programs — which provide job search assistance, education, and training — increases their employment rates and earnings and often reduces the amount of cash assistance they receive [see, for example, Freedman et al., 2000, Beecroft, 1998, Hamilton et al., 1997, Moffitt, 1996, Fein, 1995, Friedlander and Burtless, 1995, Riccio et al., 1994, and Gueron and Pauly, 1991]. In all these studies, one unanswered question has been to what extent the program mandate (i.e., the obligation of welfare recipients to participate) contributed to the effects of these programs. It has been difficult to address this question empirically because participation in activities and the requirement to participate usually are combined in the same "treatment" and are difficult to separate.[1]

We estimate effects of a mandate to enter a welfare-to-work program using data from the National Evaluation of Welfare-to-Work Strategies, a large-scale, longitudinal evaluation of 11 welfare-to-work programs in seven sites around the country that is being conducted by the Manpower Demonstration Research Corporation (MDRC) and is funded by the U.S. Department of Health and Human Services, with support from the U.S. Department of Education. The analysis for this paper is based on an innovative random assignment research design, implemented to address this particular question in two of the seven sites: Riverside, California, and Grand Rapids, Michigan. In these sites, we compare outcomes for two groups of sample members:

- The first group was required to show up for a welfare-to-work program orientation but was subsequently excused from participation in welfare-to-work program activities.
- The second group is a control group, which was never required to show up for the initial orientation.

Comparing outcomes for these two groups isolates the effect of the mandate to enter the program. Specifically, this addresses the question of: To what extent do those who fail to enter such programs while under a participation requirement change their work and welfare behavior as they attempt to avoid or comply with the mandate? In this paper we will describe how welfare recipients, in different settings and faced with different program implementation, responded to program participation requirements, and how these requirements affected their employment, earnings and welfare receipt.

For this analysis, outcomes are presented for three distinct samples of welfare recipients receiving cash assistance in the two sites. In Riverside, both single-parent and unemployed

[1] Of course, it is possible to address this question by comparing the effects of mandatory programs with those of voluntary programs, as is done, for example, by Granger and Cytron (1999). However, such comparisons suffer from the problem that mandatory and voluntary programs vary in many different ways, not just in how they attract the people they serve. Also, comparisons between mandatory and voluntary program are affected by underlying differences in the characteristics of those served. Those underlying differences are often difficult, if not impossible, to control for.

heads of two-parent households were included in the study and are studied separately in this paper. Grand Rapids provides the third group, consisting only of single parents. No unemployed heads of two-parent households from Grand Rapids were included in our study.

THE MANDATE

During the evaluation period, Riverside and Grand Rapids implemented mandatory welfare-to-work programs under the umbrella of the federal JOBS program.[2] The program mandate for these welfare-to-work programs required that welfare recipients either (a) participate in employment training activities for 20 hours per week, or (b) work in an unsubsidized job for a specified number of hours per week, thereby earning a "deferral" from program participation.[3] It is important to emphasize that the mandate allows welfare recipients to be employed part-time while remaining on welfare. If welfare recipients in single-parent households did not comply with the mandate, they risked a reduction of their welfare benefits, i.e., a financial "sanction", by the amount allotted for the case head, which typically amounted to approximately 19 percent of the grant. For welfare recipients in two-parent households these financial sanctions were potentially much larger, because the entire grant could be withheld if the principal wage earner failed to comply. In either case, recipients also could choose to leave welfare altogether.

Purpose of a Mandate

The practice of requiring participation in welfare-to-work programs is based on the assumption that many welfare recipients would not seek employment or entry into work-related activities on their own, not because they are unable to, but because it is not in their short-term economic interest to do so [Mead, 1997, Moffitt, 1992, Danziger et al, 1981]. One reason for

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[2] The Job Opportunities and Basic Skills Training (JOBS) program was federally mandated by the Family Support Act (FSA) of 1988. The FSA stipulated that each state establish a JOBS program designed to move welfare recipients into the labor market. Sample member intake in Riverside was from June 1991 through June 1993. Sample member intake in Grand Rapids was from September 1991 though January 1994. Our follow-up extends to two years from each individuals' initial random assignment.

[3] In Riverside, welfare recipients had to work for 15 hours per week to be deferred from program participation. In Grand Rapids, welfare recipients had to work for 20 hours per week to be deferred.

this is that welfare recipients who enter welfare-to-work programs and find employment often have their welfare payments reduced as their earnings increase, leaving them with little or no short-term increase in income at all [Freedman and Friedlander, 1995, Friedlander and Burtless, 1995, Riccio at al., 1994].[4] A mandate to participate is used, first, to stimulate welfare recipients to think beyond the short term as far as their earnings and income prospects are concerned. Second, the obligation to participate in program activities is expected to reduce the perceived relative value of the welfare grant to the recipients, thereby providing them with an incentive to pursue other sources of income, including employment.

It is important to note that establishing and enforcing a mandate is not without cost to those operating welfare-to-work programs. Significant amounts of staff time are required to track and follow-up with clients, as well as implement sanctions. While a strong mandate may generate cuts in expenditures through welfare exits and reduced grants via sanctioning, it is not necessarily a low-cost strategy.

How are welfare recipients expected to react to the mandate?

The effects of mandates to enter welfare-to-work programs depend on a number of different factors. First, if welfare-to-work programs offer opportunities that are perceived by welfare recipients to be valuable, many will seek out the programs on their own initiative, reducing the importance of participation mandates. However, as mentioned above, welfare-to-work programs often do not benefit the affected families in the short run. In those cases, and in cases where recipients do not perceive the programs as being beneficial to them, a mandate is enacted to change recipients' behavior. Some of these changes will involve participation in program activities by people who would otherwise not have done so. Others may seek to avoid the mandate by entering employment or increasing their hours of work. Still others may leave welfare altogether to avoid the program participation and pressure imposed on them by program staff. And finally, some may choose to simply endure a financial sanction rather than comply with the mandate.

[4] Note that many state welfare initiatives developed after the 1996 federal welfare reform legislation include provisions that are meant to increase the financial benefits to welfare recipients of combining work and

The extent to which a mandate results in compliance, increased employment, departure from welfare, or exposure to sanctions should depend largely on two factors: the availability of employment opportunities and income sources other than welfare and the strength of penalties for noncompliance. Specifically, one might expect the employment and welfare effects of a mandate to be greater if the caseload of welfare recipients is more employable, for those with more skills and work experience are more likely to seek (and find) employment to avoid the "hassle" of the mandatory welfare-to-work program. Differences in employability and other individual characteristics among our three groups of sample members are shown in Table 1.[5]

From this table it appears that single parents in Grand Rapids were younger and had more recent work experience than their counterparts in Riverside, although they also were more likely to have received welfare continuously during the year prior to their entry into the study. The table shows that unemployed heads of two-parent households in Riverside had very different employment and welfare histories than single-parent families. Few recipients in two-parent families were on welfare continuously in the year preceding the study and more were employed during that time. These differences in sample members' employability would lead one to expect larger effects from the mandate among single-parent households in Grand Rapids than among single-parent households in Riverside and larger effects among two-parent parent households than among single-parent households.

Another potentially important factor concerns the level of the welfare grant. The smaller this grant, the more likely it is that those subject to a mandate would leave welfare rather than comply [Danizger et al., 1981]. In our study, welfare grant levels were substantially greater in

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welfare or leaving welfare altogether.

[5] The caseload composition for welfare-to-work programs is partly dependent on state exemption rules for those programs. In Grand Rapids, approximately 74 percent of the welfare caseload in a given month was determined to be mandatory for MOST, Michigan's welfare-to-work program. In Riverside, only approximately 25 percent of the welfare caseload in a given month was mandatory for GAIN, California's welfare-to-work program. In this regard, a key difference between the two sites is how state rules treated single parents with very young children. Whereas Michigan required all recipients whose youngest child was one or older to participate, California exempted single parents caring for children under three. This caused those mandated to participate to be older at the Riverside site. Another important difference between Riverside and Grand Rapids concerns the immigrant population. Riverside has many immigrant cases in which the parent is not eligible for aid (due to her alien status), but the children on the case (often born in the U.S.) are. These "child-only" cases were automatically exempted from the JOBS mandate. See Hamilton et al., 1997, for the complete definition of the JOBS-mandatory populations in each site.

Riverside than in Grand Rapids. For a family of three in late 1993, Grand Rapids' welfare grant level was $474, while Riverside's grant level was $624. The national median grant level was $367. Increased departure from welfare in response to the mandate should therefore be greater in Grand Rapids than in Riverside.[6]

Table 1

Selected Characteristics of Sample Members at Baseline

	Grand Rapids, Michigan	Riverside, California	
Characteristic	Single-parent households	Single-parent households	Unemployed heads of two-parent households
Percent employed in prior year	51.2	40.0	50.5
Percent receiving AFDC for 12 months in prior year	42.5	28.0	12.8
Number of months receiving AFDC in prior two years	12.87	8.73	5.29
Ever combined work and welfare in prior year (%)	63.9	55.8	45.9
Age	28	32	30
Sample size (total = 23,177)	6,053	12,013	5,111

Note: Estimates reflect the unweighted, full sample in each site.

[6] In addition to differences in welfare grant levels, states may differ in the degree to which they "disregard" earnings when they calculate the size of the monthly welfare grant. Under the Family Support Act of 1988, all states were required to disregard some income when calculating the monthly grant. California, however, received a federal waiver to create additional incentives for welfare recipients to work. Michigan had no added employment incentives during the follow-up period analyzed in this paper. Notwithstanding California's more generous earnings disregards, Table 1 shows that Grand Rapids recipients were more likely to combine work and welfare than Riverside recipients in the year prior to random assignment, possibly owing to the more favorable labor market in Grand Rapids.

One might expect that local labor market conditions play an important role as well [Hoynes, 1996]. Without sufficient job opportunities, it becomes much more difficult for welfare recipients to avoid participation in a welfare-to-work program by seeking employment. In the early 1990s, the time of the study, Grand Rapids had a growing labor market and a strong economy: employment grew 11 percent from 1991 through 1994, and the unemployment rate was low, around 6 percent in 1993. In Riverside, employment grew only 7 percent from 1991 through 1994, and the unemployment rate was high, at 12 percent in 1993. This suggests that more sample members in Grand Rapids than in Riverside might have been able to avoid the program mandate through employment.

Finally, the strength of penalties for non-compliance should influence welfare recipient behavior. The enforcement of sanctions on those who fail to comply, as well as large grant reductions, should engender client participation or exits from welfare. A substantial difference in the stringency of participation requirements and the financial penalties for noncompliance exists between the two household status groups in Riverside. In the two-parent households, both adults were required to participate for 20 hours each week. Participation was required of both parents once their youngest child was 6 weeks old, compared with 3 years old for single parents. Additionally, if a two-parent case was sanctioned for non-participation, cash aid to the entire case (i.e., 100 percent of the monthly grant), not just to the case head, could be terminated. Also, unlike the requirement for single-parents, part-time employment (15-29 hours per week) was not enough to defer unemployed heads of two-parent households from program participation. Instead, unemployed heads of two-parent households would have to work 30 hours or more per week to avoid the mandate. In Riverside, we would therefore expect to see larger effects of the mandate on the two-parent households.

RESEARCH DESIGN

In this paper, as pointed out above, we compare outcomes for two groups: (a) a group required to show up for an initial program orientation meeting, but then relieved of further obligations to participate in welfare-to-work activities and (b) another group relieved of all welfare-to-work obligations. This comparison will show the effects of the mandate to enter a welfare-to-work program without including any effects of program activities and services.

In the two sites featured in this paper, the National Evaluation of Welfare-to-Work Strategies used a random assignment research design, diagrammed in Figure 1. In this design, random assignment was used to divide more than 23,000 welfare recipients and approved welfare applicants into two groups when they appeared in the welfare office for an in-person welfare eligibility redetermination or an initial welfare eligibility interview. Eighty-eight percent were assigned to a mandated group and 12 percent to a control group. The mandated group was required (and scheduled) to attend a welfare-to-work program orientation. The control group was excused from such an orientation. Control group members could, however, voluntarily seek out work-promoting activities – such as education and training - on their own. Their eligibility for welfare and child care services while participating in approved activities outside the welfare-to-work program was unaffected by their assignment to the control group.[7]

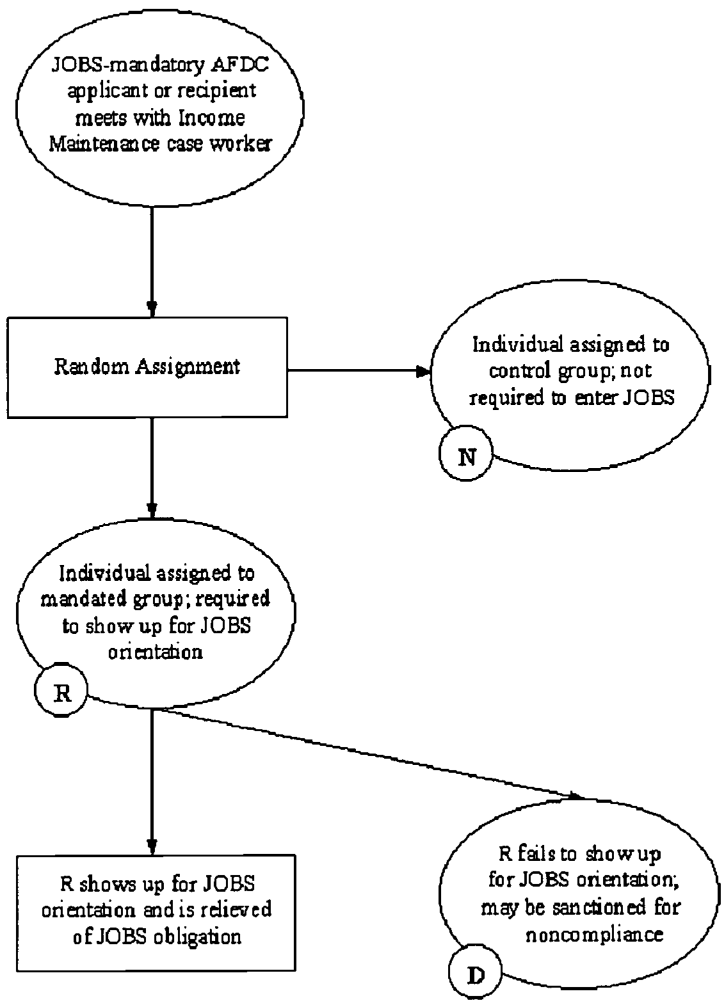
Figure 1 distinguishes a number of different groups. A portion of the mandated group, labeled D in the figure , was required to show up for a program orientation but failed to do so in the two years we followed these participants. Some of these non-attenders may have presented a "good cause" for not entering the program, including the fact that they were employed. Others may have been sanctioned for not complying with the participation mandate. Still others may have left welfare altogether. All of these non-attenders were included in the analysis and, together with those who were mandated and did show up for an orientation, comprise those "Required to Enter" (labeled R in Figure 1).

Employment and welfare outcomes for this entire R group are compared to those for the original control group, or those Not Required to Enter (N), in order to provide estimates of the effects of the mandate to enter a welfare-to-work program. The total sample for this analysis includes 2,801 sample members in the N group ("Ns") and 20,376 sample members in the R group ("Rs"), of which 15,067 showed up at the welfare-to-work program orientation. The 5,309 Rs who did not attend such an orientation comprise the D subgroup.

[7] The randomization discussed here represents only a small piece of a larger experiment that measures the long-term effect of program participation. See Freedman et al., 2000, for a detailed discussion.

Figure 1

Generation of the Research Sample



DATA

A number of data sources contributed to the analyses presented in this paper. First, a random assignment database contained records for all persons randomly assigned. These records contain a small amount of demographic data for each sample member, obtained just before the first random assignment, most importantly the sample member's age and welfare category (single parent or unemployed head of a two-parent household), and additional, extensive information obtained at the program orientation. Rates of show-up to this orientation were calculated from the random assignment database.

A random subsample of those assigned to a program orientation were tracked for six months following their initial referral to the welfare-to-work program to determine the amount of contact they had with program staff prior to orientation and whether they received a sanction for noncompliance. MDRC staff reviewed case files for 104 welfare recipients in Grand Rapids and 150 in Riverside.

Descriptions of program practice were obtained from in-depth interviews with welfare case workers conducted by MDRC staff during site visits and from written surveys completed by 143 case workers in Grand Rapids and 176 in Riverside.

Outcome data on employment and earnings were obtained from state Unemployment Insurance (UI) earnings records. Data on welfare payments were obtained from automated welfare payment ledgers. In line with standard experimental research protocols, all sample members who were randomly assigned are included in the computations of average earnings and average welfare payments for both research groups. This includes sample members with zero earnings or zero welfare payments and sample members who did and did not show up for a welfare-to-work program orientation.[8]

Weighted ordinary least squares (OLS) regression was used to derive our estimates. All outcome measures and impacts on administrative records data were regression-adjusted to take into account differences in sample members' age at random assignment, and earnings and welfare receipt prior to random assignment.

[8] In creating the R group, certain weights were applied. Details can be found in Appendix A, which is attached to this paper. This appendix also includes additional details on data sources.

TREATMENT

As noted above, the particular mandate studied in this paper was for welfare recipients to show up to a welfare-to-work program orientation only (that is, to "enter" the welfare-to-work program), not to participate in program activities. Those Required to Enter (Rs) were initially unaware they would not receive welfare-to-work services, however. All sample members, Rs and Ns, were told of the program participation requirements in their initial meeting with an income maintenance worker to determine their welfare eligibility. In both sites, income maintenance workers spent an average of 6 minutes (of a 30-60 minute meeting) discussing the welfare-to-work program and the mandate to participate in it with mandatory clients. Those designated at the first point of random assignment as Not Required to Participate (Ns) were sent a letter immediately following the initial random assignment instructing them that, as part of a research project to assess the effectiveness of the welfare-to-work program, they were not required or permitted to participate in the program.

Those randomly assigned to the R group were immediately sent a letter, again informing them of the requirement to attend an orientation meeting and scheduling them for an initial orientation appointment. In both sites, these letters indicated that the welfare-to-work program provided employment training for which they might be eligible and notified them that they might lose a portion or all of their welfare grant (i.e., incur a financial sanction) if they failed to attend the orientation appointment.

Neither letter said that individuals *must* participate for 30 hours per week in employment training activities since some of those who entered the program would be excluded from welfare-to-work activities and excused from further requirements at a second round of random assignment. Case managers informed those who reached the orientation and were assigned to control status at that point that they were not required or permitted to participate in the welfare-to-work program. However, they were given a list of community resources and were told they were eligible for child care assistance if they participated in an approved self-initiated activity outside of the welfare-to-work program (as the Ns had been told immediately following the first round of random assignment).

FINDINGS

Compliance Strategies

At both sites, after sending to the R group the initial letter scheduling a program orientation, case managers in the welfare-to-work program followed up, either over the phone, in person, or with additional letters, with those required to participate who had not yet attended a scheduled program orientation. Among the two sites, Grand Rapids made the most strenuous effort to get large numbers of welfare recipients to show up at the program, expending more effort to follow up with absentees and relying more heavily on financial sanctions. From case file reviews it was found that case managers in Grand Rapids made an average of five contacts with Rs who eventually attended a welfare-to-work program orientation and an average of eight contacts with Rs who failed to show up within six months. In Riverside, case managers contacted those who showed up 2.5 times on average. Those who failed to show up were contacted about five times by Riverside's case managers.

When sample members failed to attend rescheduled orientations, case managers in both sites "referred" them for financial sanctions (i.e., requested that the income maintenance department in charge of welfare grant payments implement a sanction). In Grand Rapids, 30 percent of Rs who did not attend a scheduled orientation within six months were referred for a sanction, and 79 percent of those referred were actually sanctioned. In Riverside, 25 percent of Rs who did not show up within six months were referred for a sanction, and only 29 percent of those referred were sanctioned. Some of the differences in sanction rates result from the lengthier sanctioning process in Riverside, which allowed a client more time for conciliation, and because office policies did not require case workers in the welfare-to-work program to confirm that a requested sanction was actually imposed by the income maintenance department. As we mentioned earlier, clients in both sites who failed to show up for an orientation eventually also may have provided "good cause" for non-attendance or left welfare altogether.

In each site, it was found that approximately two-thirds of Rs actually attended a program orientation within two years after random assignment. This "show-up rate" was very similar across the three groups: 65 percent for single parents in Grand Rapids, 63 percent for single parents in Riverside, and 65 percent for two-parent cases in Riverside, suggesting that differences in the mandate's implementation had little effect on overall show-up rates or were offset by other differences across the three groups.

Effects on Employment, Earnings, and Welfare Receipt

Owing to the design of the study, it was expected that most effects of the program mandate on employment, earnings, and welfare receipt would occur soon after the initial random assignment, before sample members showed up at program orientation. These effects would result from welfare exits, entry into employment, and sanctions directly related to avoiding program participation. After orientation, Rs were relieved of their obligation, and no new effects of the mandate were expected to appear.

Impacts on employment, earnings, and welfare varied across the sites and by household status (one- or two-parent). Quarterly impacts on earnings and welfare payments are shown in Figure 2 for all three groups. The following discussion reviews the major results and how the welfare and labor market environments likely influenced the results across these groups. Table 2 shows impacts in Grand Rapids. It appears that the mandate resulted in a large initial effect on earnings. This effect was not accompanied, however, by statistically significant reductions in welfare receipt.

Figure 2

Quarterly Impacts on Earnings and Welfare Payments

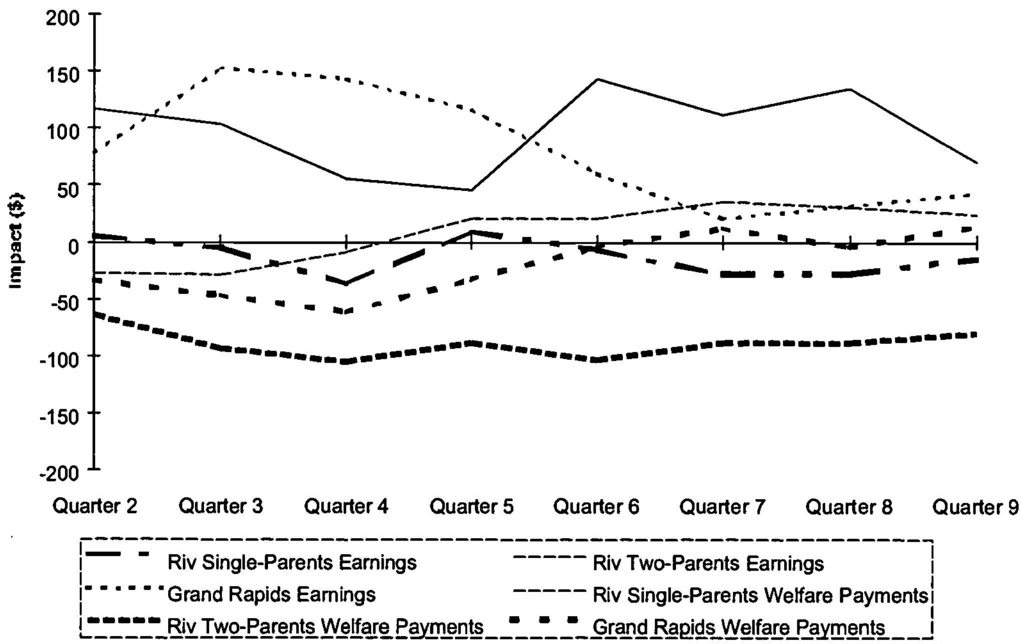


Table 2

Two-Year Impacts for Single-Parents in Grand Rapids, Michigan

	Required to Enter JOBS (R)	Not Required to Enter JOBS (N)	Difference	Percent Difference	p-value
Ever employed (%)					
Year 1	54.8	53.3	1.5	2.8	0.593
Year 2	60.8	59.7	1.1	1.8	0.716
Total earnings ($)					
Year 1	2,070	1,579	491 **	31.1	0.026
Year 2	3,001	2,845	156	5.5	0.584
Months received AFDC					
Year 1	9.15	9.24	-0.09	-1.0	0.693
Year 2	6.99	6.80	0.19	2.8	0.531
Amount of AFDC received ($)					
Year 1	3,759	3,935	-176	-4.5	0.123
Year 2	2,936	2,917	18	0.6	0.898
Sample size	5,566	487			

In Year 1, those required to enter the program (the Rs) earned, on average, $491 more than those excused from the program (the Ns). Since employment rates were largely unaffected, most of this earnings increase appears to have been the result of more rapid job finding among sample members who would have worked anyway or greater work effort among those already employed.

As expected, subgroup analyses revealed that the earnings impact was concentrated among the more job-ready sample members. Those who were employed in the year prior to random assignment experienced an earnings impact of $880 compared with a trivial and not statistically significant $34 impact for sample members who were not employed in the year prior to random assignment (not shown in table). Welfare reductions for these two subgroups were $216 and $132, respectively (neither statistically significant at the 10 percent level). Note that the ratio of earnings impacts to welfare impacts (which we call the "replacement ratio") is much greater for the more job ready, suggesting that their earnings opportunities were more attractive than their projected income from future stays on welfare, which they may have expected to be short.

The effect of the mandate in Grand Rapids was short-lived. By the end of the first year after random assignment, impacts on earnings had declined to the point where they were no longer statistically significant (not shown in table). In the second year, both employment and welfare impacts had disappeared altogether. This rapid decay of impacts is consistent with our expectations about how a program mandate might affect the behavior and outcomes of welfare recipients, especially those who are more job-ready. Even without a mandate, job-ready control group members increased their work effort over time, closing the gap between them and the R group. By the same token, the table shows that months of welfare receipt declined over time for both groups, thereby further reducing the potential long-term effect of a welfare-to-work mandate among the more job-ready.

Table 3 shows the mandate's impacts for single parents in Riverside. Here it appears that the mandate, by itself, had no effect on employment, earnings, or welfare receipt. Even when impacts were estimated for Riverside single parents who had any employment in the year prior to random assignment (those who experienced most of the impacts in Grand Rapids), no employment or earnings gains appeared, and neither did any welfare savings.

These cross-site differences in impacts are consistent with our hypotheses that impacts should be greater (a) in stronger labor markets, and (b) under greater enforcement. As discussed above, during the evaluation period, the labor market was healthier in Grand Rapids than in Riverside. More employment opportunities would translate into higher wages, more full-time employment, and a greater incentive to pursue employment to avoid mandatory participation in welfare-to-work activities. Also, it was pointed out previously that the program mandate was enforced less rigorously in Riverside, with fewer requested sanctions being implemented. This, in turn, may have provided single-parent Rs in Riverside with a feasible third option (besides working or participating in the program), namely, simply to ignore the mandate and face a relatively low risk of sanction. Unfortunately, the research design does not allow us to separate the influence of these two factors. Prior research [Gueron and Pauly, 1991, p.47] has found little evidence that labor market conditions influenced the effects of welfare-to-work programs. However, prior research has focused mostly on program effects measured *after* welfare recipients showed up for welfare-to-work programs. It is possible that labor market conditions have a greater influence on the initial response to the program mandate itself.

Table 3

Two-Year Impacts for Single Parents in Riverside, California

	Required to Enter JOBS (R)	Not Required to Enter JOBS (N)	Difference	Percent Difference	p-value
Ever employed (%)					
Year 1	34.3	34.1	0.2	0.61	0.887
Year 2	36.5	36.3	0.3	0.73	0.861
Total earnings ($)					
Year 1	1,748	1,776	-28	-1.56	0.824
Year 2	2,394	2,472	-78	-3.14	0.636
Months received AFDC					
Year 1	8.60	8.71	-0.11	-1.2	0.451
Year 2	6.49	6.36	0.13	2.0	0.458
Amount of AFDC received ($)					
Year 1	5,087	5,130	-43	-0.8	0.651
Year 2	3,824	3,714	111	3.0	0.314
Sample size	10,367	1,646			

Table 4 shows a different picture for unemployed heads of two-parent households in Riverside. For them, the mandate to enter the program increased employment rates during the first year and also increased earnings.[9] Even though the first-year earnings impact matched the

[9] For about half the two-parent cases, our sample member is not the primary wage earner. Therefore, we may not have received all employment and earnings information needed to interpret these findings. There is no reason to believe the frequency of primary wage earner as sample member differs across research groups, however, implying that the impacts are unbiased.

employment impact in percentage terms, the former was not statistically significant (p=0.241) owing to the greater variability of earnings measures.

Table 4

Two-Year Impacts for Unemployed Heads of Two-Parents Households in Riverside, California

	Required to Enter JOBS (R)	Not Required to Enter JOBS (N)	Difference	Percent Difference	p-value
Ever employed (%)					
Year 1	45.2	40.3	4.9 **	12.1	0.048
Year 2	44.3	42.4	1.9	4.5	0.449
Total earnings ($)					
Year 1	2,824	2,502	321	12.8	0.241
Year 2	3,840	3,378	462	13.7	0.200
Months received AFDC					
Year 1	7.54	7.89	-0.34	-4.4	0.151
Year 2	5.44	5.80	-0.36	-6.2	0.197
Amount of AFDC received ($)					
Year 1	4,818	5,170	-352 *	-6.8	0.053
Year 2	3,599	3,960	-362 *	-9.1	0.078
Sample size	4,443	668			

Earnings effects were accompanied by reductions in welfare receipt of comparable size, which were statistically significant and persisted into the second year of follow-up. Unlike the impacts in Grand Rapids, which were mostly limited to those with recent work experience, earnings impacts were found among two-parent Riverside case heads with and without recent employment. However, contrary to expectations, earnings impacts and welfare impacts were larger for those without recent employment. For those with recent prior employment, two-year earnings and welfare impacts were $669 and -$164, neither statistically significant (not shown in table). For those without recent prior employment, two-year earnings and welfare impacts were $965 and -$1,270, with the latter statistically significant (p=0.016). It is worth noting that the ratio of earnings impacts to welfare impacts—the replacement ratio—is much greater for the more job ready, as was the case among single parents in Grand Rapids.

These impacts on the outcomes of unemployed heads of two-parent households in Riverside are interesting for several reasons. First, these impacts accord with our hypothesis that the severity of potential sanctions may matter a lot. As discussed above, for unemployed heads of two-parent households, the penalty for non-compliance with the Riverside program mandate was complete forfeiture of the welfare grant. Also, unemployed heads of two-parent households in Riverside could not avoid the mandate by working only 15 hours a week. Instead, they had to work at least 30 hours to be deferred from program participation. These differences in the strength of the mandate may have contributed to a much stronger response among unemployed heads of two-parent households than among their single-parent counterparts at the Riverside site.

At the same time, the results are consistent with our hypothesis that greater prospective income from working, relative to income from welfare, will lead to greater impacts from the mandate. In particular, an important cost of employment — the cost of child care and lost parenting time — is smaller for unemployed heads of two-parent households than for single parents. These lower costs increase net disposable income for any given earnings level.

Finally, it is interesting that the impacts on earnings and welfare persisted into year 2. This result is entirely attributable to the growth of earnings impacts and persistence of welfare impacts among the less job-ready (i.e., those without recent employment), which make up about half the two-parent sample. Among these less job-ready, the comparable controls are not likely to catch up quickly, either in finding a job or in leaving welfare. Thus, any advantage or impact gained in the first year may last longer than among the more job-ready.

DISCUSSION

The preceding analysis suggests that welfare-to-work mandates matter, not only by compelling welfare recipients to participate in welfare-to-work activities, but also by indirectly increasing their employment and earnings and reducing their receipt of welfare. These indirect effects are a result of welfare recipients' efforts to avoid or circumvent the mandate to participate.

These effects appear to be influenced by two factors: (1) the ease or difficulty with which welfare recipients can secure jobs, and (2) the strength of the mandate. The former factor breaks down into individual job-readiness and the health of the local labor market. As expected, our findings suggest that the effects of mandates are stronger for welfare recipients who are more job-ready or who live in areas with more job growth and lower unemployment.

The importance of the second factor, the strength of the mandate, also is supported by our findings. Impacts for single parents were much larger in Grand Rapids, where those referred for a sanction had a substantial chance of actually experiencing a grant reduction, than they were in Riverside, where implementation of sanctions was less frequent. It is unlikely that these differences are explained entirely by differences in economic circumstances across the two sites. Also, within Riverside, impacts were much stronger for two-parent families, who faced more stringent work requirements and much larger penalties for non-compliance than single parents. Because compliance requirements and penalties are becoming stricter following welfare reform legislation of 1996, we expect the effects of the mandate to strengthen. Our conclusions remain somewhat tentative, however, because our analyses extend to only three samples in two sites.

The size of the impacts presented in this analysis is comparable in magnitude to short-term impacts from evaluations of other welfare-to-work programs, including those studied in the National Evaluation of Welfare-to-Work Strategies, the California GAIN evaluation, the SWIM evaluation, and others. This is quite remarkable given that the impacts presented here reflect only a portion of the total mandate, and exclude the effect of actual employment-directed services.

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