The Effectiveness of Services and Work Participation on Achieving Formal Employment for Short-Duration TANF Recipients

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Outline

Motivation Behind the Research

Which Services Affect Labor Market Outcomes?

Does Meeting Participation Influence Employment Outcomes?

Summary of Results
Motivation Behind the Research

• As a state workforce agency and administrator of many federally-funded public assistance programs, the Utah Department of Workforce Services (DWS) is interested in evaluating the effectiveness of the services it provides.

• With economic self-sufficiency a primary goal of many public assistance programs, much of our research focuses on the employment and earnings outcomes of public assistance recipients.

• The research presented here examines the impact of DWS’s services on the labor market outcomes of TANF recipients and the relationship between work participation and future employment.
Data Set and Definitions

- The data was taken from the set of all TANF recipients who entered TANF in Utah for the first time between Jan 2003 and Dec 2007 ($n = 13,549$).
- The data set was compiled from DWS administrative data, which includes UI wage records, TANF assessments, case management records, and public assistance data.
- The employment and earnings analyses were based on a subset of “short-duration” TANF recipients ($n = 8,482$).
- “Short-duration” means that the individual was enrolled in TANF for 12 months or less, and after leaving did not re-enroll in TANF in the subsequent two years.
Formal employment means that the individual worked for wages at a firm that is subject to the UI reporting requirements.

Employment is measured for two years starting one year after the individual first enrolled in TANF and is coded as a number ranging from 0 to 8 depending on the number of quarters the individual had positive wages.

A linear regression model was used to estimate the impact of services on employment while controlling for a number of other variables.
Date of Enrollment in TANF and Future Employment

Marginal Effect on Quarters of Employment

0.04 0.30 0.29 0.53 0.56 0.61 0.40 0.72 0.63 0.53 0.37 0.17 0.11 0.08 0.02 0.07 0.19 0.99
Demographics and TANF Assessment (all $p < 0.05$)

- Age: $-0.02$
- Female: $-0.03$
- Health Excellent/Good: 0.08
- Mental Health Treatment: $-0.02$
- Dom. Violence Treatment: $-0.02$
- Child Care During TANF: 0.13
- Postsecondary: 0.14
- HS Diploma: 0.11
- GED: 0.06
- Past Employment: 0.29

Standardized Coefficients
Countable and Non-Countable Services (all $p < 0.05$)

- Employment
- On-The-Job Training
- GED/HS Diploma
- LCT Assessment
- Problem/Non-Part. Asmt
- Life Skills (CI/FC/DI)
- Life Skills (Other)

Standardized Coefficients:

- Employment: 0.14
- On-The-Job Training: 0.02
- GED/HS Diploma: 0.02
- LCT Assessment: -0.02
- Problem/Non-Part. Asmt: -0.02
- Life Skills (CI/FC/DI): -0.03
- Life Skills (Other): -0.02
Employment: Unrelated Variables

- Demographics and Assessment: Race (White), Ethnicity, Marital Status (Never Married), Health Insurance, Caregiver Status, Past Physical or Substance Abuse Treatment
- Countable Services: Job Search, Job Readiness, Basic Skills/Remediation, ESL, AS/BS Degree, Occupational Skills, Paid Work Experience, Unpaid Work Experience
- Non-Countable Services: General Assessments, Family Violence/Mental Health/Physical/Substance Abuse Treatments, Youth Services
Earnings: Methodology

- Wages earned from formal employment were used for the dependent variable.
- Total wages were summed over two years starting one year after first enrolling in TANF.
- A linear regression model was used to estimate the impact of services on earnings while controlling for a number of other variables.
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Demographics and TANF Assessment (all $p < 0.05$)

- Female: -0.09
- Health Excellent/Good: 0.09
- Mental Health Treatment: -0.03
- Child Care During TANF: 0.11
- Postsecondary: 0.12
- HS Diploma: 0.09
- GED: 0.04
- Past Earnings: 0.31

Standardized Coefficients
Countable and Non-Countable Services (all $p < 0.1$)

- Employment: 0.13
- On-The-Job Training: 0.03
- Problem/Non-Part Asmt: -0.03
- Life Skills (CI/FC/DI): -0.03
- Life Skills (Other): -0.02

Standardized Coefficients: 

- $-0.10$
- $-0.05$
- $0.00$
- $0.05$
- $0.10$
- $0.15$
- $0.20$

$-0.02$

$-0.03$
Earnings: Unrelated Variables

- Demographics and Assessment: Age, Race (White), Ethnicity, Caregiver Status, Past Substance Abuse or Domestic Violence Treatment (Never Married, Health Insurance, and Past Physical Treatment were significant at 10% level)

- Countable Services: Job Search, Job Readiness, Basic Skills/Remediation, ESL, GED/HS Diploma, AS/BS Degree, Occupational Skills, Paid Work Experience, Unpaid Work Experience

- Non-Countable Services: General Assessments, LCT Assessments, Family Violence/Mental Health/Physical/Substance Abuse Treatments, Youth Services
Meeting Participation and Employment: Questions and Methodology

- What if there were no difference in employment among those who meet and those who do not meet participation?
- Would policymakers and the general public view the work participation requirement differently?
- A subset of 1,396 first-time, short-duration TANF recipients from Oct 2006 to Dec 2007 were used to examine work participation and employment outcomes.
- A linear regression model was used to estimate the relationship, where employment was measured as quarters employed over two years, the participation rate was months met over total months in TANF, and other control variables were included.
Meeting Participation and Employment: Results and Interpretation

- **Result:** Participation rates are positively correlated with higher levels of future employment.
- **Effect:** Individuals who meet participation 100% of the time are expected to be employed 4 months longer over two years than those who never meet participation.
- **Interpretation:** Meeting participation likely does not *cause* higher employment. Instead, an unobserved variable such as “effort,” “motivation,” or “commitment” is most likely related to both variables.
Summary of Results: Employment

- The booming economy and the Great Recession had major impacts on future employment.
- Past employment and employment during TANF were the most important factors for future employment.
- Educational attainment, receiving child care support during TANF, and those reported to be in excellent or good health were very important determinants of future employment.
- The countable services GED/HS diploma and on-the-job training produced better future employment outcomes, but most countable services showed no significant impacts.
• Earnings were also strongly affected by the state of the economy, increasing in the boom and dropping dramatically during the Great Recession.
• Past earnings and employment during TANF were the most important determinants of future earnings.
• Educational attainment, receiving child care support during TANF, and those reported to be in excellent or good health were very important determinants of future earnings.
• On-the-job training was the only countable service to show a significant impact on future earnings.
Summary of Results: Participation and Employment

• First-time, short-duration TANF recipients who satisfy the work participation requirements can be expected to have longer and more stable employment over the two years after leaving TANF.

• Warning: While meeting participation is strongly related to future employment, we cannot infer that this is a direct causal relationship. Instead, the relationship is likely the result of an unobserved variable such as “effort,” “motivation,” or “commitment.”
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