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Evaluating WorkFirst: Analyses of Cost-Effectiveness, Barriers to Employment, and Job Search Services

EXECUTIVE SUMMARY

Each of the three chapters in this report by the Washington State Institute for Public Policy analyzes questions related to WorkFirst, Washington State's implementation of the federal Temporary Assistance for Needy Families (TANF) program. Three key questions emerged from discussions with advisory groups affiliated with the evaluation:

- 1. *Is TANF Cost-Effective?*** When compared with AFDC, the government spends more per TANF household. Under TANF, however, fewer clients use welfare, and overall welfare costs are less.
- 2. *Are WorkFirst Clients Becoming Harder to Employ?*** According to four specific factors that impact employment, clients on the caseload in February 2000 were no harder to employ than clients on the caseload when WorkFirst began in August 1997.
- 3. *Does Participating in WorkFirst Job Search Improve Employment Outcomes?*** For those with no recent work experience, job search increases employment rates. Results for clients with a recent work history are mixed.

Since its enactment in 1997, WorkFirst has changed the nature of income assistance in Washington, replacing the Aid to Families with Dependent Children (AFDC) entitlement program.¹ WorkFirst clients are required to participate in employment, job search, or other approved activities and face lifetime limits on welfare receipt.

1. *Is TANF Cost-Effective?*

A comparison of annual government expenditures on specific groups of TANF and AFDC clients reveals differences in average program costs. When compared with AFDC, TANF costs more per case. Under TANF, however, fewer clients use welfare, offsetting the additional costs of the program.

¹ During the period examined, the AFDC Job Opportunities and Basic Skills (JOBS) Training Program was in effect.

2. Are WorkFirst Clients Becoming Harder to Employ?

After falling steeply for two years, the welfare caseload in Washington State leveled off in the second half of 1999, and the proportion of clients who cycle on and off welfare increased. The analysis in Chapter 2 investigates possible explanations for this trend by examining four potential barriers to employment.

Clients on the WorkFirst caseload in February 2000 were no harder to employ than clients on the caseload when WorkFirst began in August 1997. While the percentage of clients with a young child, less than high school education, or limited English-speaking ability increased slightly, the prevalence of clients with no recent work experience and those with multiple barriers decreased over the same time period. Because the proportion of clients with work experience has increased, the caseload is no harder to employ than in the past.

When faced with any one of the four barriers analyzed—presence of a young child, no recent work experience, less than a high school education, or limited English-speaking ability—individual WorkFirst clients were less likely to be employed, had lower earnings, and worked fewer hours. Additionally, the more barriers clients face, the less likely they are to be employed. If the prevalence of these barriers increases, clients may become harder to employ overall.

It should be noted that data on other potential employment barriers such as mental illness, substance abuse, domestic violence, poor basic work skills, or client motivation are not available from the administrative data systems and were not included in this analysis.

3. Does Participating in WorkFirst Job Search Improve Employment Outcomes?

Since the inception of Washington's WorkFirst program in 1997, Job Search has been one of the most frequently used WorkFirst services. The analysis shows that Job Search has been more effective for some WorkFirst clients than for others.

Job Search increases employment rates for clients without recent work experience. For clients with recent work experience, Job Search has no impact on employment rates. However, it can help some clients with recent work experience find better-paying jobs.