



**THE FIRST YEAR OF SUCCESS:
EVALUATION OF SAN MATEO
COUNTY'S WELFARE TO
WORK PROJECT**

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EXECUTIVE SUMMARY

After a two-year community and agency-wide planning process, the San Mateo County Human Services Agency (HSA) unveiled its Shared Undertaking to Change the Community and to Enable Self-Sufficiency (SUCCESS) model in 1996. The SUCCESS Model represented a fundamental change in the way human services were delivered, focusing on streamlined services for low-income families in the face of federally imposed time limits to assistance, and increased participation requirements for welfare recipients. In July 1997, the San Mateo County Human Services Agency (HSA) was authorized by the California Department of Social Services (CDSS) to operate its SUCCESS model as a demonstration project for the state of California. CDSS and HSA backed their commitment to this innovative reform effort by sponsoring an independent evaluation of the effectiveness of SUCCESS that is being conducted by The SPHERE Institute.

The SUCCESS evaluation consists of an impact analysis, a cost-benefit analysis, and a child well-being analysis. In addition, HSA is conducting a process analysis that documents program operations and provides feedback to HSA management and staff that can be used to refine and improve the SUCCESS model. This report summarizes outcomes from the first year of implementation.

The SUCCESS Model

The SUCCESS Model was developed to simplify and streamline current eligibility processes while expanding intensive services for families and individuals with severe barriers to attaining self-sufficiency. Key features of the SUCCESS Model are a single point of entry for all programs, integrated and comprehensive case management and supportive services, emphasis on immediate employment for the job ready, and more rigorous sanctions for non-cooperation.

Although SUCCESS operates within the parameters of CalWORKs, it differs from CalWORKs in two essential ways. First, SUCCESS provides a comprehensive assessment and case management process that provides intensive supportive services throughout the client's duration on assistance and beyond. Second, clients who are non-compliant with any portion of their SUCCESS plan are eligible for a full family sanction, and the entire family assistance unit can be removed from aid until compliance is resumed.

Method

To assess the effectiveness of SUCCESS in achieving its goal of moving low-income families to self-sufficiency, the impact evaluation examines observable outcomes including employment, earnings, and receipt of public assistance. Information available from administrative records maintained by San Mateo County for all AFDC/SUCCESS clients who participate in the program from July 1995 provides the basis for the integrated data set measuring public assistance outcomes. This report examined outcomes obtained from the Case Data System (CDS) combined with two data sources to track clients after they have left SUCCESS: the Medi-Cal Eligibility Data System (MEDS) and the Unemployment Insurance Base Wage File.

At the time this report was prepared, SUCCESS had been fully operational for only six to nine months in some parts of the county. Therefore, this report primarily provides a summary of the major outcomes in San Mateo County prior to implementation of SUCCESS and very preliminary findings from the first several months of implementation.

Summary of Findings

- **San Mateo County's non child-only welfare caseload has declined by more than 75 percent since 1994.** In 1995 and 1996, the number of families leaving aid each month increased substantially, and there was little change in the number of families arriving on aid each month. In 1997 and 1998, the rate at which families left aid continued to increase, and the rate at which families arrived on aid declined sharply. We found no evidence that cross-county migration of aid recipients played a substantial role in reducing San Mateo County's welfare caseload in the 1995-1998 period.
- **The rate of welfare recidivism has shown no consistent trend over the last several years.** The recidivism rate peaked in 1995 and 1996, but declined sharply in 1997 and 1998. However, the proportion of the active caseload that has experienced multiple spells on aid increased consistently from 1994 to 1998. Compared to recidivist cases in the 1992-1994 period, families returning to welfare in the 1995-1998 period have done so after shorter spells of time off aid.
- **Families with an extensive history of aid use comprise over one-half of San Mateo County's active caseload at the end of 1998.** Families leaving aid tend to have less cumulative aid use than families remaining on the caseload, and families with extensive aid histories have become an increasingly larger percentage of San Mateo County's active caseload since 1994. The proportion of families on aid who have spent more than half of the previous five years on assistance increased from 35 percent in 1994 to 55 percent in 1998. At the same time, families with extensive aid histories also represent a growing proportion of families leaving aid.

- **More families receiving cash aid are working and the earnings of working recipients are increasing.** The proportion of families working while on aid increased from 20 percent in 1993 to 50 percent in 1998. Over this same period, median quarterly earnings for working families on aid increased from \$1,100 to \$2,000. In addition, families with extensive aid histories now are slightly *more likely* to be employed – and tend to have higher earnings if employed – than aided families that have spent less cumulative time on aid.
- **More families leaving aid are working.** Sixty percent of families leaving aid in 1998 have earnings in the quarter in which they leave aid, compared to 53 percent of 1995-1997 leavers and 38 percent of 1993-1994 leavers.
- **Earnings tend to increase over time for families that remain employed after leaving aid.** Earnings of families that remain employed after leaving cash aid rise sharply in the quarter immediately after leaving and continue to gradually increase thereafter. Moreover, families leaving aid in the 1995-98 period tend to have higher earnings than families leaving aid in 1993 and 1994.
- **Most families leaving aid whose cases were discontinued due to ‘failure to provide information’ have earnings.** Sixty-five percent of families whose cases were discontinued due to ‘failure to provide information’ are employed in the quarter in which they leave aid. In addition, these families tend to have higher earnings than other groups of families leaving aid, except for those whom directly report leaving aid due to employment.
- **Earnings tend to decline immediately prior to a family’s arrival on aid.** Median quarterly family earnings tend to decline by about \$1,000 over the two quarters prior to arrival on aid. Surprisingly, the likelihood that a family has earnings does not decline in the quarter prior to receiving cash aid.

Next Steps

The findings presented in this report provide essential contextual information to assist in the interpretation of outcomes and impacts of SUCCESS in subsequent reports. The second annual report, to be completed in early 2000, will examine early program impacts by comparing outcomes under SUCCESS with the same outcomes in San Mateo County prior to program implementation, as well as outcomes in other California counties. In addition, the second annual report will present outcomes under SUCCESS developed from a supplemental child well-being study. The third and final report will extend findings for both the outcomes and child well-being analyses, and will include a cost effectiveness analysis of the SUCCESS Model.

I. INTRODUCTION

After more than 30 years of Federal management, California's welfare system had evolved into a labyrinth of complex rules and fragmented programs that provided financial assistance but offered little guidance or support to families seeking to find and maintain employment. Recognizing this, the San Mateo County Human Services Agency (HSA) sought to devise a new welfare system, one that promoted and encouraged self-sufficiency while still providing financial assistance to low-income families. Following a two-year community and agency-wide planning effort, HSA unveiled its Shared Undertaking to Change the Community to Enable Self-Sufficiency (SUCCESS) model in 1996. The SUCCESS model represented a fundamental redesign in the delivery of human services, bringing together several important principles of public service reform. In July 1997, the California Department of Social Services (CDSS) authorized HSA to operate the SUCCESS model as a demonstration project. In addition, both HSA and CDSS backed their commitment to this innovative reform effort by sponsoring an independent evaluation of the effectiveness of the SUCCESS model that is being conducted by the SPHERE Institute.

The SUCCESS evaluation consists of three components:

1. An impact analysis that documents the employment, earnings, and welfare outcomes of clients under SUCCESS;
2. A cost-benefit analysis that examines the cost-effectiveness of SUCCESS in achieving the outcomes measured in the impact analysis; and,
3. A child well-being analysis that assesses the extent to which SUCCESS affects the educational outcomes and well-being of children whose parents receive and leave cash aid in San Mateo County.

In addition, HSA is conducting a process analysis that documents program operations and provides feedback to HSA management and staff that can be used to refine and improve the SUCCESS model.

This report represents the first of three annual reports to be delivered to HSA and CDSS summarizing the outcomes achieved in San Mateo County under SUCCESS. At the time this report was prepared, SUCCESS had been fully operational for only six to nine months in some parts of the county. Therefore, the findings presented here represent very preliminary outcomes under SUCCESS. In addition, this report does not present any conclusions regarding the impact

of SUCCESS on the examined outcomes because comparable data for other counties in California are not currently available for analysis. The findings presented in this report provide essential contextual information to assist in the interpretation of outcomes and impacts in subsequent reports. The second annual report, to be completed early in 2000, will examine early program impacts by comparing outcomes under SUCCESS with the same outcomes in San Mateo County prior to program implementation, as well as outcomes in other California counties. In addition, the second annual report will present outcomes under SUCCESS developed from the child well-being analysis. The third annual report, which will be completed in 2001, will extend findings for both the impact analysis and the outcomes assessed in the child well-being study. It will also include a cost-effectiveness analysis of the outcomes achieved under SUCCESS.

Contents of Report

The remainder of this report is organized as follows. Chapter II presents a brief overview of the SUCCESS model and a short history of its implementation in San Mateo County. Chapter III presents a synopsis of the major findings from the initial process study conducted by HSA, examining the first six months of program implementation. Chapter IV presents findings from the outcomes analysis using county and state administrative data. Chapter V concludes the report with a summary of findings and a discussion of their implications for the SUCCESS evaluation.

II. THE SUCCESS MODEL

SUCCESS is San Mateo County's version of welfare reform. Although SUCCESS largely operates within the parameters of CalWORKs, it represents a large departure from traditional welfare programs that emphasized eligibility determination, benefit payments, and long-term training to prepare clients for employment. The key features of the SUCCESS model are:

1. A single point of entry for all programs and early assessment of client needs;
2. Integrated and comprehensive case management and supportive services;
3. Emphasis on immediate employment for the job-ready, coupled with higher participation requirements; and
4. More rigorous sanctions for non-cooperation.

Exhibit 1 briefly describes how SUCCESS differs from the practices implemented in San Mateo County under the AFDC/GAIN program and the corresponding features of CalWORKs regulations along these four dimensions.

This chapter provides a summary of the key features of the SUCCESS model. The chapter concludes with a synopsis of the evolution of the SUCCESS model to provide an appropriate context within which to better interpret findings presented in subsequent chapters.

1. Screening and Assessment

One of the goals of the SUCCESS model is to provide clients with a single point of entry into the welfare system, eliminating duplication of information collection and service provision. Clients can apply for TANF at an HSA office or at one of several community-based organizations throughout the county. When clients apply for aid, they must meet with a Screening and Assessment Specialist (SAS) who conducts a comprehensive evaluation of the family's history, strengths, and service needs. The client and the SAS sign a mutually agreed upon Preliminary Action Plan, which describes the steps the client agrees to take towards self-sufficiency. The Preliminary Action Plan always includes attendance at a Work First Orientation (described below), and may include other activities such as assessment for substance abuse or mental health services.

Exhibit 1: Key features of SUCCESS compared to AFDC/GAIN and CalWORKs

Program Element	AFDC/GAIN	SUCCESS	CalWORKs
Assessment of Client Needs	San Mateo County did not conduct formal assessment of service needs.	All clients receive comprehensive assessment of service needs.	Assessment is not a specified program element.
Case Management	Case management was available only for clients participating in GAIN.	All TANF clients receive case management services.	Case management is not a specified program element.
Supportive Services	San Mateo County did not use multi-disciplinary teams to provide coordinated supportive services.	Multi-disciplinary teams provide supportive services for clients who need assistance to achieve self-sufficiency	Use of multi-disciplinary teams is not a specified program element.
Employment and Training Services	1986-1994: GAIN emphasizes education and training. 1994-1997: GAIN emphasizes immediate employment for job-ready clients.	Employment and training services provided through Work First program which emphasizes immediate employment for job-ready clients.	No specific type of employment and training services are mandated.
Work program participation requirements	GAIN clients required to spend 30 hours per week in work activities. Exemptions: (1) Parent is under 16, age 16-18 and in school, or in Cal Learn program; (2) Parent over 60; (3) Temporary or permanent disability; (4) Cares for disabled person; (5) 2 nd or 3 rd trimester of pregnancy; and (6) caretaker of child under 3.	All non-exempt clients required to spend 40 hours per week in work activities. Exemptions: Same as AFDC/GAIN, except: (5) medically unable to work due to pregnancy; and (6) caretaker of child under 12 months.	Two parent families: 35 hours per week in work activities. One parent families: 32 hours per week in work activities beginning July 1999. Exemptions: Same as AFDC/GAIN, except: (5) medically unable to work due to pregnancy; (6) caretaker of child under 3-12 months, at county discretion.
Program Sanctions	Client sanctioned for failure to comply with work program or child support program requirements. <u>Applicant</u> : Deny parent only <u>Recipient</u> : Delete non-cooperative parent from grant until cooperation obtained.	Client may be sanctioned for failure to comply with case plan, work program, or child support program requirements. <u>Applicant</u> : Deny entire family. <u>Recipient</u> : Reduce grant by 25% for one month. Discontinue entire family if non-cooperation continues. 1 st instance one month, 2 nd instance 3 months, 3 rd instance 6 months.	Client may be sanctioned for failure to comply with work program or child support program requirements. <u>Applicant</u> : Deny the non-cooperating parent and issue 75% of the grant amount. <u>Recipient</u> : Delete the non-cooperative parent until cooperation obtained. 1 st instance one month, 2 nd instance 3 months, 3 rd instance 6 months.

2. Case Management and Supportive Services

After initial screening and assessment, the client is assigned to an Income and Employment Services Specialist (IESS) who serves as the primary case manager for the client and her family. The IESS also maintains correct benefit payments throughout the family's time on aid. Prior to implementation of SUCCESS, GAIN-eligible clients had two workers attached to their case: an AFDC benefits analyst who maintained the eligibility portion of the case, focussing on correct and timely benefit calculations, and a GAIN social worker who handled case management issues. Clients who were exempt from the GAIN program did not receive case management services.

When the IESS determines that the client needs additional assistance to achieve self-sufficiency, the IESS refers the client to a Family Self-Sufficiency Team (FSST). The FSST provides coordinated supportive services for SUCCESS families. The FSST consists of specialists in the fields of public health, mental health, alcohol and drug, child welfare, housing, and vocational rehabilitation. Standing team members meet weekly to confer on each case. Auxiliary team members representing other fields are available to attend team meetings when needed.

The family's IESS continues to serve as the primary case manager and coordinates the service plan if FSST services are required. The IESS presents the family's case at FSST meetings and works with team members to devise a case plan to achieve client goals. The IESS also monitors the client's progress toward those goals. Clients who fail to cooperate with the case plan are subject to the same corrective action process as clients who do not cooperate with child support and work program requirements (this process is described below).

Prior to implementation of SUCCESS, GAIN-eligible clients were assigned a social worker who provided case management. However, the absence of a multi-disciplinary team such as the FSST made it difficult for clients to access the full range of available supportive services. In addition, many welfare clients were exempt from GAIN and therefore did not have access to case-management services through the Human Services Agency. These clients had to access auxiliary services on their own.

3. Emphasis on Labor Force Attachment

SUCCESS requires clients to participate quickly in work activities. San Mateo County's employment program – Work First – emphasizes immediate employment for the job-ready. All clients attend a Work First Orientation within 24-48 hours of application for benefits. At Orientation, Work First is explained to clients, and clients sign an agreement indicating that they understand and agree to meet their obligations for program participation.

Following orientation, clients begin six days of STEPS workshops. Each workshop begins at 8:00 a.m. and ends at 5:00 p.m., mirroring participation in the workforce. Clients are expected to dress for the workplace, and to treat STEPS as a job. STEPS uses the motivational power of groups to help participants to develop job and survival skills, which they put into practice with the encouragement of their peers and the mentoring of an Employment Services Specialist. The workshops teach the principles of Urgency, Ownership, Motivation, Learning by Doing, and Life Long Learning, and try to build the self-esteem and strengths of each participant. Even as they are participating in STEPS workshops, clients are encouraged to conduct job search activities so they can attain employment as soon as possible.

After STEPS workshops are completed, clients pursue employment in the Network Center, where they put into practice the concepts taught in the workshops. Employment Services Specialists are available on site in the Network Centers to help clients to write cover letters, send out resumes, and prepare for interviews. Clients are expected to find employment by the end of their three-week period in the Network Center. Work First staff keep each client's IESS apprised of progress toward employment and any barriers to participation. Clients who do not find employment are referred to a Family Self-Sufficiency Team or for situational vocational assessment.

Although the Work First program existed prior to SUCCESS, fewer clients are now exempt from participation in Work First, and clients begin Work First much more rapidly after they apply for aid. Temporary deferrals that were available prior to SUCCESS (for example, for substance abuse or mental health treatment) have been eliminated. Instead, clients are required to agree to take specific steps to overcome identified barriers to participation and employment, and are subject to sanction if they do not fulfill these commitments.

4. Sanctions

Under SUCCESS, San Mateo County is able to implement a full family sanction for non-compliance with case plan, work program, or child support program requirements. For the first episode of non-compliance, the family grant is reduced by 25%. The next episode of non-compliance results in a one-month full family grant sanction. The third episode results in a three-month sanction, and the fourth (and every episode thereafter) results in a six-month sanction.

Because a full family sanction is potentially injurious to the family, HSA has implemented a number of safeguards to protect children from harm. Throughout each sanction period, the IESS works to encourage client cooperation. In addition, all cases that are about to receive a full family grant sanction are brought before an FSST, to allow representatives from other service areas to review efforts to encourage client participation, and to suggest other methods that might generate cooperation. Finally, sanctioned families receive home visits to ensure that children are not put at risk.

Sanctioning prior to SUCCESS followed AFDC rules. Parents who did not cooperate with work program or child support requirements were ultimately taken off the case; the child portion of the grant was not reduced. CalWORKs sanction rules are similar to the old AFDC rules. Thus, the full family grant sanction available under SUCCESS provides San Mateo County with a potentially powerful new tool to encourage client cooperation.

5. Evolution of the Success Model

In order to understand the evolution of the SUCCESS model (which is summarized in exhibit 2), it is important to examine how AFDC and its affiliated work program GAIN were administered prior to the implementation of SUCCESS. GAIN was created in 1986, and from 1986 until 1994 San Mateo County's GAIN program provided education and extensive training services for a small percentage of AFDC clients who were required to participate. Exemption or deferral from GAIN was allowed for up to 30 different reasons, and a relatively small fraction of the AFDC caseload found employment through GAIN. During this period, clients had two different workers: a benefits analyst who maintained the eligibility portion of the AFDC case, and a GAIN social worker who worked with the client toward elimination of barriers to employment.

In 1994 San Mateo County changed the philosophy of its GAIN program from work force development to labor force attachment. GAIN centers were renamed ‘SUCCESS Centers’, and the Work First program began with a capacity to serve 650 clients a year. Clients were encouraged to attend STEPS – the six-day employment search workshop developed by Dean Curtis and Associates – over alternative training programs, and the number of potential deferrals from GAIN was reduced. Although GAIN still allowed clients to meet program requirements by attending school or regional occupational programs, the majority of clients were encouraged by staff to attend STEPS workshops and become active job seekers.

Work First was expanded in 1995 with a grant from EDD under the JTPA Title III program using Governor’s discretionary funding. The expansion added 4 SUCCESS Centers and increased capacity to 2,100 clients annually, including all non-English-speaking clients. San Mateo County also increased the capacity of its Special Investigations Unit at this time, and non-compliant GAIN clients were immediately referred for potential fraud investigation.

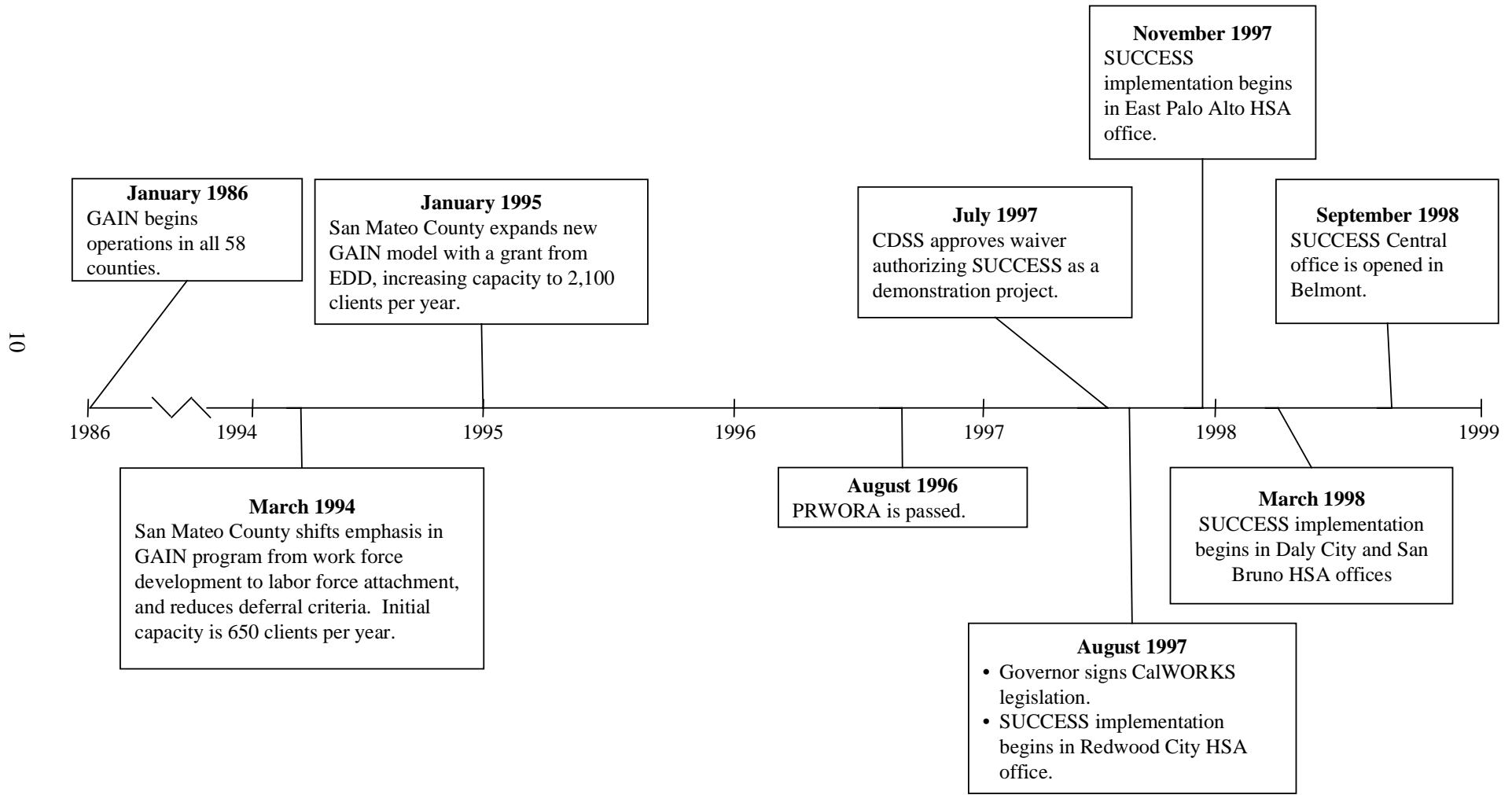
Despite philosophical and programmatic changes, however, case responsibilities remained divided between AFDC and GAIN staff. Eligibility workers (AFDC staff) focused on eligibility determination and benefit payments; social workers (GAIN staff) helped GAIN-eligible clients eliminate barriers to employment.

In anticipation of welfare reform, San Mateo County began developing the SUCCESS model in 1995, with assistance from community-based organizations, community colleges, and employers. The goal was to create a welfare delivery system that would better meet the needs of low-income families. The SUCCESS model was authorized by the Board of Supervisors and submitted to the California Department of Social Services for review in July 1996. SUCCESS was approved as a demonstration project one year later, and implementation began in August 1997.

HSA implemented the SUCCESS program on a regional and office-by-office basis. The Redwood City office in the Southern Region of the county was the first site to implement SUCCESS in August 1997. All continuing and new cash aid cases in the Redwood City office were transitioned to SUCCESS within 3 months. Implementation began in the East Palo Alto office (also in the Southern Region) in November 1997. Implementation in the Northern Region of the county was delayed somewhat by office renovations, but began in both northern offices (located in Daly City and San Bruno/South San Francisco) in March 1998. The final step

occurred in September 1998 when renovations were completed at the HSA offices in Belmont and relevant cases that were being handled in the Southern Regional offices were transferred to the Central Regional office.

Exhibit 2: History of the SUCCESS Model in San Mateo County



III. SUMMARY OF PROCESS ANALYSIS

To better understand the impact of SUCCESS in San Mateo County and document changes in operations, HSA is conducting a process analysis of implementation and operations issues. Specifically, the process analysis has four main purposes:

1. To document and assess the actual operations of the program, including the experiences of SUCCESS clients.
2. To provide feedback to HSA management and staff that can be used to refine and improve the SUCCESS model.
3. To provide vital contextual information that will improve the interpretation and understanding of the findings from the impact and cost-effectiveness analyses.
4. To provide useful information for other agencies implementing changes in their welfare delivery systems.

This chapter provides a brief overview of the process analysis, highlights some of the key findings from the formative component of the process analysis that was conducted by HSA staff during the first six months of operations of SUCCESS, and summarizes HSA's current plans for completing the process analysis.

1. Overview of Design and Data Sources for Process Analysis

To achieve the objectives of the process analysis, HSA is conducting the study in three stages. The first stage was a formative study of the early implementation of SUCCESS, which provided immediate feedback to management and staff on lessons learned regarding best practices and ways to improve program implementation. This stage focused on the experiences of management and staff during the transition from the "old way of doing things" to the new way under the SUCCESS model. The second stage will continue to focus on lessons learned from the experiences of management and staff in operating SUCCESS, but will also incorporate the experiences of clients who participate in SUCCESS. Finally, the third stage will examine the experiences of all three groups (management, staff and clients) and document SUCCESS operations under more regular circumstances rather than during a period of transition.

The process analysis draws on a number of data sources, including:

- Interviews with HSA management staff who were involved in the development of the SUCCESS model;
- Focus group interviews with HSA managers and supervisors;
- Focus group interviews with HSA staff from the regional offices; and,
- Focus group interviews with SUCCESS participants.

Structured interview protocols were developed to guide the discussions with management staff. Structured guidelines for focus group leaders were also developed to facilitate focus group discussions. One set of guidelines was used in the HSA management and staff focus groups and another set of guidelines were developed for participant focus groups. These structured protocols ensured that a consistent set of topics and questions were covered in all discussions, so that responses could be compared across focus groups and interviews, as well as across different regional offices.

The results from the first stage of the process analysis are based primarily on focus groups held with staff in the Redwood City, East Palo Alto, and South San Francisco/Daly City HSA regional offices. Focus groups were held in early 1998, approximately three months after SUCCESS implementation began in each office. Representatives from each staff group within each regional office were invited to attend a focus group held at the regional office. In addition, two focus groups with agency managers and directors were held at the administrative offices. A team of two researchers conducted each focus group for approximately 2 hours and addressed a variety of topics, including roles and responsibilities, communication, training, automation, and planning for SUCCESS. Focus group participants were informed of the purpose of the evaluation, how the information would be used, and that all information would be anonymous and confidential. Focus group discussions were audio taped and later transcribed for analysis.

Content analysis was used to analyze the transcribed material and sort it into general categories representing common themes. Comments reflecting more than one theme were placed in all relevant categories. Each researcher independently conducted an initial analysis of the transcriptions at which point the findings were compared and summarized. Findings and categorization of themes were consistent throughout the analytic process.

2. Summary of Findings

A number of common themes emerged from this first series of focus groups and interviews. In this section we briefly highlight the primary implementation and operation issues that were identified consistently by HSA managers and staff across all of the focus groups, and discuss significant contextual factors that occurred during the first six months of SUCCESS operations. The early implementation process in San Mateo County will hopefully provide a number of lessons that other agencies seeking to implement human services delivery systems similar to the SUCCESS model can build on.

Implementation of SUCCESS coincided with a large number of other significant changes within HSA. Although the County had integrated a number of distinct service functions under HSA several years before the implementation of SUCCESS, these functions had continued to operate as units under a director who was responsible for one function throughout the county. At the same time SUCCESS was being implemented, HSA also adopted a matrix management structure with a director responsible for all service functions in a geographic region. While this change aligned the internal agency structure with the SUCCESS model of integrated service delivery, it created some confusion among staff who were perplexed by the matrix management structure. In addition to the change in management structure, there were three other significant changes that coincided with the implementation of SUCCESS. First, there was an agency-wide effort to better integrate community-based organizations into the planning and implementation of SUCCESS to provide non-welfare clients better access to the human services system. Second, the agency introduced a new automated data system that was designed to support the SUCCESS model just as the program was being implemented. Third, the County renovated a number of facilities, and both staff and clients had to temporarily relocate to neighboring offices. Taken together, these additional changes created a less than ideal environment for implementing a new program and, while not unusual events, they complicated implementation of SUCCESS.

The SUCCESS model required both a realignment of current job functions and the creation of new roles and responsibilities for all staff delivering services to clients. This realignment and creation of job functions resulted in virtually everyone taking on a new role or responsibility within HSA. While staff almost universally supported the SUCCESS model, these new roles and responsibilities resulted in a high level of anxiety among the vast majority of staff.

Although apprehension accompanies any change in roles and responsibilities, as described below, additional professional development activities could have substantially lowered the level of anxiety felt by most staff.

The rapid implementation of SUCCESS constrained the amount and type of transitional activities undertaken by HSA. The waiver for the SUCCESS demonstration project stipulated that HSA implement SUCCESS throughout the County in a relatively short period. While HSA was able to enroll all clients into SUCCESS by March 1998, this compressed time line for program implementation limited the ability of HSA to manage the transition to this new service delivery model. For example, although some lessons learned from program start-up in Redwood City helped in East Palo Alto and the North County Region, implementation of SUCCESS in these offices followed too closely to make the most effective use of the Redwood City experiences. Moreover, as described below, rapid implementation limited the amount of professional development activities for staff. Finally, compressed implementation also left managers and staff with a perception that unanticipated problems resulted in a lack of time to properly consider required operational decisions.

Creating an effective “one-stop” service delivery strategy requires co-location of the most commonly identified support services. Having the most commonly needed services, primarily mental health and alcohol and drug services, instantly available in the same facility where clients’ assessments and case management occurs greatly improves client follow-through on these referrals. As SUCCESS was implemented it was quickly recognized that these services were required to be co-located and HSA out-posted mental health and drug and alcohol specialist at the majority of intake sites.

The integration of eligibility and case management responsibilities into a single staff position required each IESS to carry a lower number of cases relative to the number carried previously by an eligibility worker. Although caseloads in San Mateo County were falling sharply at the time SUCCESS was implemented, the intensive case management that was emphasized in the SUCCESS model required a significant time commitment to each case relative to the previous focus on eligibility determination. Moreover, the time commitment required for effective case management grows as the percentage of hard-to-serve clients increases over time. Although it is difficult to clearly identify the ideal client-to-staff ratio, ultimately HSA settled on a caseload of approximately 50 clients per IESS that seemed to best balance case management

responsibilities with available resources. However, it is important to note that while this ratio appears appropriate one year into implementation, adjustments to this level are necessary at program startup as staff are learning new job responsibilities.

Continuity of client and staff relationships takes on more importance with integrated eligibility and case management functions. As staff began to focus on both eligibility and case management for particular clients, service provision was interrupted and duplication of services increased whenever cases were assigned to a different IESS. In the face of rapidly declining caseloads, HSA found it difficult to avoid this reassignment. The importance of the continuity of this relationship has lead HSA to begin development of a mechanism to reassign clients who are returning to cash aid to the same IESS they had at the time the last left aid.

Communicating new philosophies to organizations that are contracted to provide services is essential to ensure that clients receive a uniform message. Outside organizations that contract to provide services to clients may have very different philosophies and approaches to employment services. In these circumstances, careful planning and communication helps ensure clients receive consistent messages and integrated services. Co-location of SUCCESS staff with contractors proved to be an effective means to facilitate development of common goals and consistent provision of services across different providers.

Professional development for all levels of staff before, during, and after implementation is critical to the successful implementation of new programs. Implementing a welfare delivery model that represents a significant change from the way business has been traditionally conducted poses a challenge for line staff, supervisors, managers, and directors. One of the essential tools to allow people to successfully meet this challenge is training or professional development. Information on how the new model will function and detailed information on the roles and responsibilities of all positions proved to be important components of early professional development activities. In addition, implementation of SUCCESS highlighted the importance of providing supervisors with professional development related to the supervision of case managers, which is quite different from supervising eligibility workers. Finally, ongoing activities are important to ensure staff competence and confidence in their new positions, as well as to provide cross-training to facilitate continuity of services during temporary absences or when staff leave their positions.

The transition period required additional efforts from supervisors and staff to establish the new environment envisioned in SUCCESS. The introduction of an integrated case management approach embodied in SUCCESS required staff to function in new positions with vastly different responsibilities regarding the provision of client services. During this time additional effort from supervisors was required as staff tended to revert to established work habits that they were more comfortable with, such as processing and maintaining eligibility for cash aid, at the expense of the case management activities they were less familiar with, such as helping clients resolve personal problems.

3. Next Steps in the Process Analysis

HSA is continuing to conduct the process analysis to study implementation of SUCCESS. Current plans call for additional discussions and focus groups that include both agency managers and staff. A new focus during the study's second year will examine client perspectives on SUCCESS. Specifically, HSA will hold approximately eight focus groups of continuing and former SUCCESS participants to obtain suggestions on how to improve SUCCESS and best help move clients toward self-sufficiency. During the first several months of 1999, Spanish and English focus groups will be conducted with clients in each of the county's three regions. Similar activities are also planned for the third year of the SUCCESS demonstration, with focus groups of managers, staff, and clients occurring in the first several months of 2000.

IV. OUTCOMES ANALYSIS

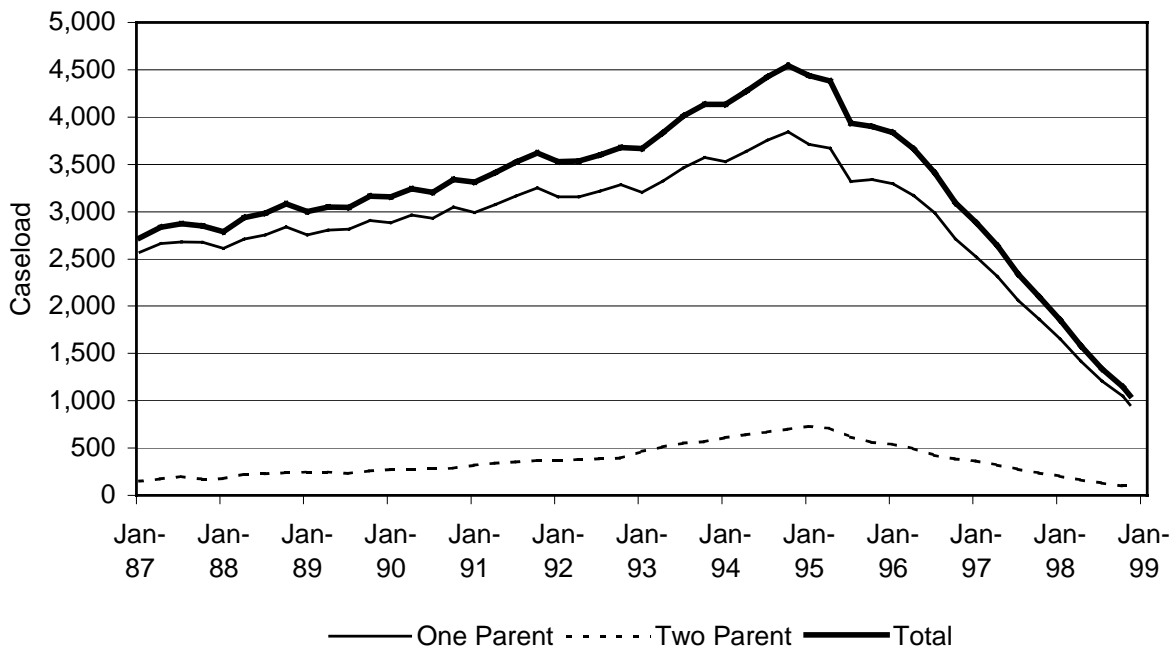
A major challenge facing the impact/outcome component of the SUCCESS evaluation is developing a valid method to gauge what would have happened in San Mateo County in the absence of SUCCESS. Gauging the effects of the SUCCESS program is made more challenging by the absence of an experimental design in which clients are randomly assigned to either an experimental group that receives SUCCESS services or a control group that does not. Furthermore, as described in Chapter II, elements of the SUCCESS program have been implemented over a period of several years, during which there have been other major changes in the welfare program environment and in the economic climate. To overcome these challenges, the evaluation is using a modified quasi-experimental approach. Specifically, outcomes under SUCCESS will be compared with outcomes in San Mateo County prior to the implementation of SUCCESS, and with outcomes in other California counties, to determine what would have happened to SUCCESS clients in San Mateo County in the absence of the program.

To assess the effectiveness of the SUCCESS program in achieving its goal of increasing self-sufficiency and reducing poverty, the impact evaluation is examining several observable outcomes including employment, earnings, and receipt of public assistance. Information available from administrative records maintained by San Mateo County for all AFDC/SUCCESS clients who participate in the program from July 1995 provides the basis for the integrated data set measuring public assistance outcomes. Specifically, these outcomes are being obtained from five county administrative data sources: the Case Data System (CDS), the GAIN Information System (GIS), the Job Training Automation System (JTA), the Child Welfare Services/Case Management System (CWS/CMS), and the Drug and Alcohol Data System (DADS). In addition, the evaluation is using several data sources to track clients after they have left SUCCESS and are no longer included in the county administrative data systems. These long-term outcomes are critical for understanding the extent to which SUCCESS leads to real self-sufficiency. Specifically, the Medi-Cal Eligibility Data System (MEDS) and the Unemployment Insurance Base Wage File are being used to follow former SUCCESS clients who are receiving Medi-Cal or employed in California.

This chapter primarily provides a summary of the major outcomes in San Mateo County prior to implementation of SUCCESS. It aims to provide a context in which to discuss outcomes attributable to SUCCESS in subsequent reports. Here, we describe basic caseload trends and trends in employment and earnings of welfare families in San Mateo County over the 1987-1998 period using data from three sources: (1) monthly extracts from San Mateo County's CDS from July 1995 through November 1998; (2) annual MEDS data files from 1987 through 1998; and, (3) quarterly earnings records from the Unemployment Insurance Base Wage File from 1993 through the third quarter of 1998. In interpreting the findings reported here, it is essential to recognize that all charts and figures include only family cases. Child-only cases—which are not generally subject to the requirements of SUCCESS—are excluded from the analysis. Hence, the word 'caseload,' as used in this report, refers exclusively to the non child-only caseload.

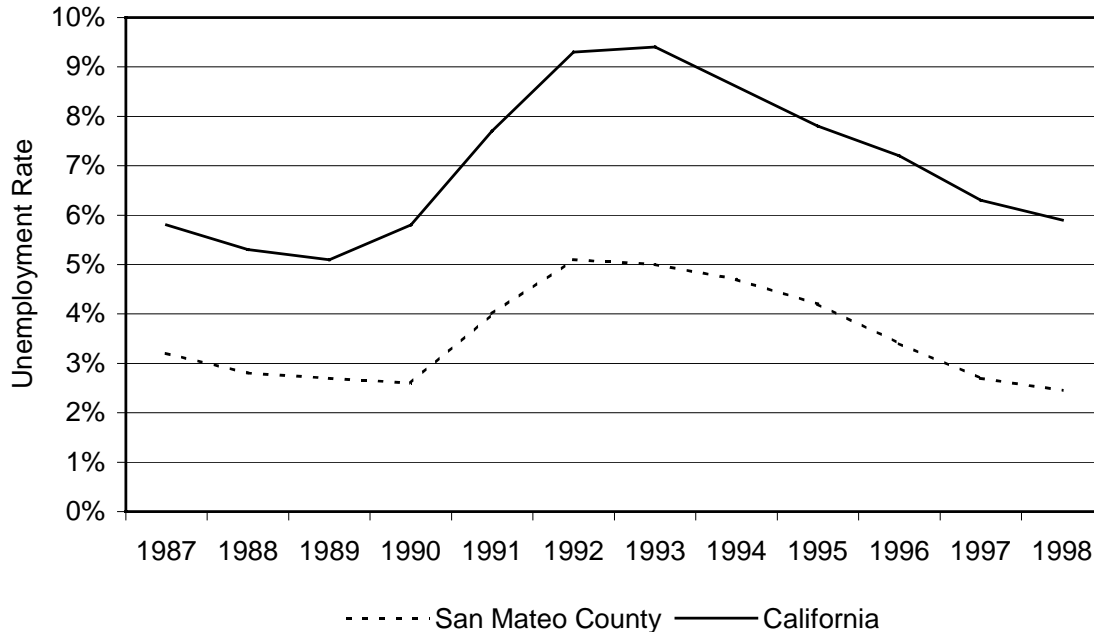
San Mateo County's welfare caseload has declined to historically low level

**Exhibit 3
San Mateo County AFDC/TANF caseload, 1987-1998**



Changes in economic activity cannot fully account for the caseload decline

Exhibit 4
San Mateo County and California Unemployment Rate



1. Caseload Dynamics

This section describes San Mateo County's basic caseload dynamics from 1987 to 1998. We first describe changes in the size of the AFDC/TANF caseload over this period, and then look more closely at issues like recidivism and cross-county migration of aid recipients.

Caseload trends

Exhibit 3 graphs the San Mateo County AFDC/TANF caseload over the last 12 years. The caseload grows from 2,722 cases in January 1987 to a peak of 4,543 cases in October 1994, and declines by 77 percent from its peak to 1,057 cases in November 1998.

In November 1998 the two-parent caseload is 86 percent below its peak in 1995 and 33 percent below its level in January 1987. By contrast, the one-parent caseload is 75 percent below its 1994 peak and 62 percent below its level in January 1987. In other words, although the one-parent caseload has fallen somewhat less relative to its peak level, it has fallen much more relative to its historical levels than the two-parent caseload.

Initial caseload declines were associated with an increase in 'leavers'

Exhibit 5
Average monthly number of 'leavers' and 'arrivers'

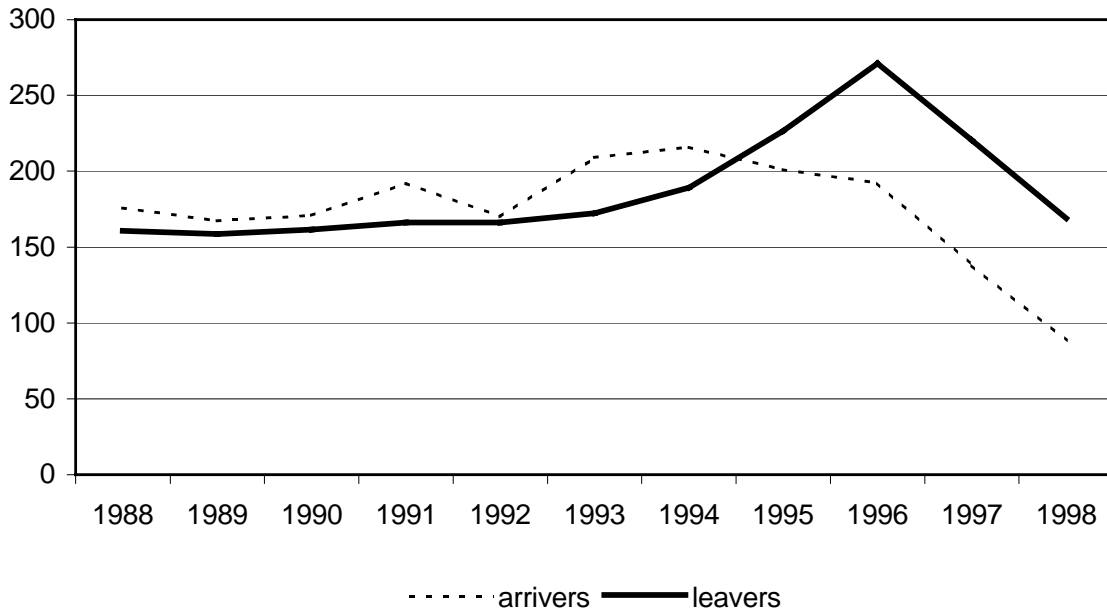


Exhibit 4 graphs the unemployment rate in San Mateo County and California from 1987 to 1998. The county's unemployment rate jumps from 2.6 to 5 percent between 1990 and 1992, and then gradually declines to late-1980s levels by 1997 and 1998. The California unemployment rate has generally been about twice that of San Mateo County.

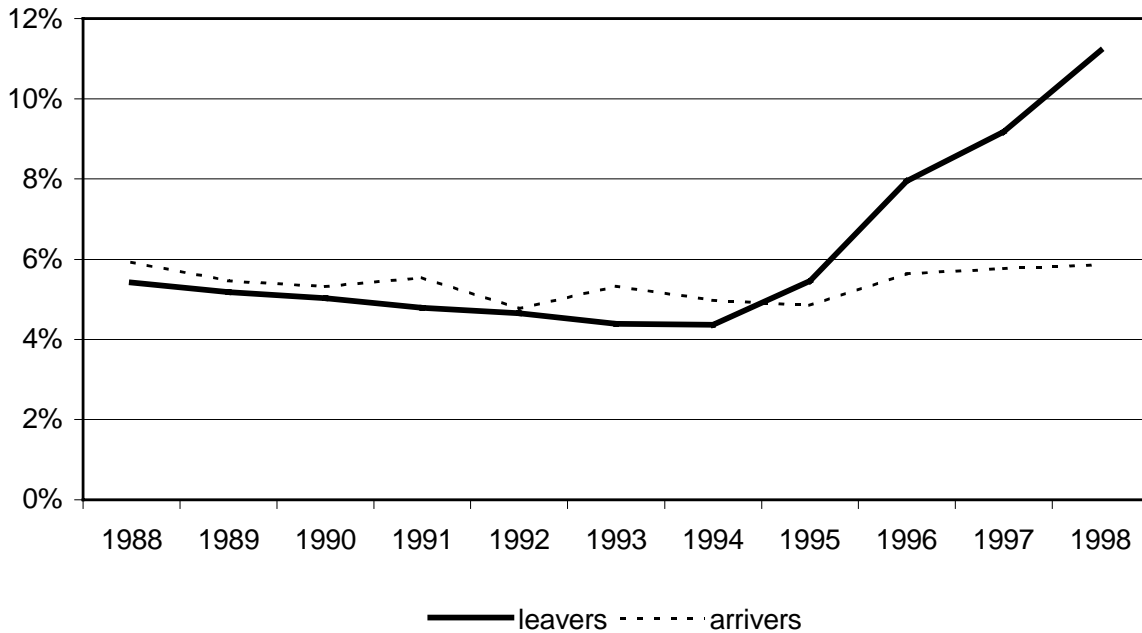
Although economic conditions and the size of the 'at-risk' population do affect welfare caseloads, clearly these factors cannot account for all of the changes in San Mateo County's caseload over this period. For example, the welfare caseload declines by 67 percent from 1989 to 1998, yet unemployment is at about the same level in each year. Furthermore, the population of women aged 16-44 in the county declines by only three percent over this period.

Trends in the number of arrivers and leavers

The changes in San Mateo County's AFDC/TANF caseload observed in Exhibit 3 reflect changes in the number of cases arriving on aid and leaving aid. For this analysis, 'leavers' are defined as adult case heads who are on the caseload in the current month and who will be off aid

The proportion of the caseload leaving aid each month has been increasing

**Exhibit 6
'Leavers' and 'arrivers' as a proportion of monthly caseload**



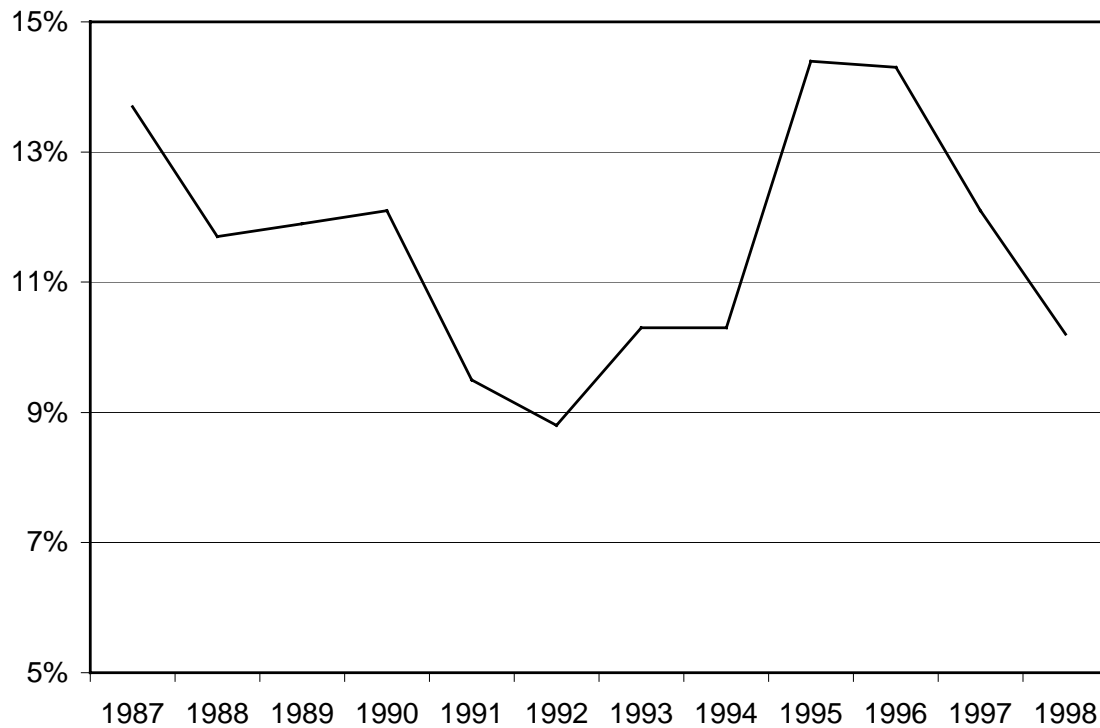
for at least the next two months. 'Arrivers' are adult case heads beginning a spell on aid in the current month after a break in aid of at least two months.

Exhibit 5 indicates that the initial caseload declines in 1995 and 1996 were associated with a sharp increase in the average monthly number of clients leaving aid. The number of leavers increases from about 180 per month in 1994 to 230 per month in 1995 and 270 per month in 1996. The average monthly number of arrivers falls only slightly over this period, from 210 per month in 1994 to 200 in 1996. After 1996, the numbers of leavers and arrivers falls sharply, and leavers outnumber arrivers by 80 cases per month in each of the last three years.

Exhibit 6 shows how the numbers of 'leavers' and 'arrivers' varies over time as a proportion of the monthly caseload. Arrivers consistently represent five to six percent of the caseload over the entire period. The proportion of 'leavers' begins to climb in 1995, shortly after the first major changes in San Mateo's GAIN program. The proportion of the caseload departing from aid continues to rise through 1998.

No consistent trend in recidivism

Exhibit 7
Proportion of leavers returning to aid within six months



Recidivism in aid usage

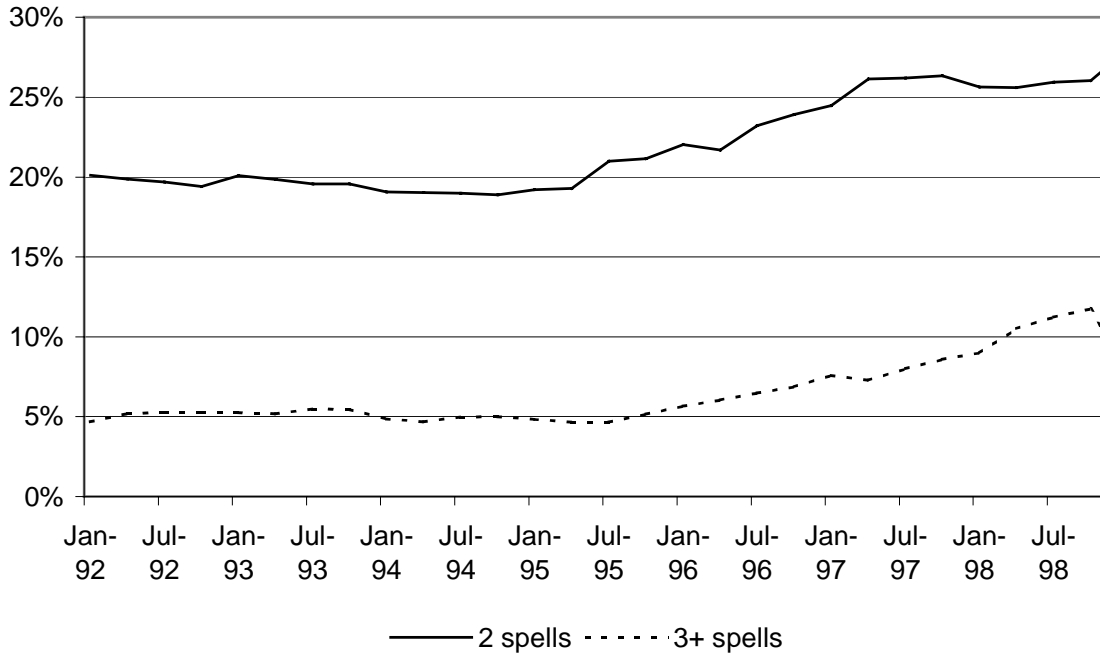
Exhibit 6 shows that the rate at which families leave welfare begins to increase in 1995. The next exhibit describes the extent to which these families remain off aid.

The recidivism rate is the rate at which families who leave aid subsequently return to aid. This analysis describes the proportion of families leaving aid who return to aid within the subsequent six months. We look for families returning to aid over a relatively short time horizon (six months) so that we can measure recidivism for families leaving aid as recently as the first half of 1998.

Exhibit 7 indicates that there is no consistent trend in recidivism. The rate of recidivism falls from about 14 percent in 1987 to a low of 9 percent in 1992, rises again to a peak of about 14 percent in 1995 and 1996, and then falls back to 10 percent in the first half of 1998. We do observe an increase in recidivism when caseloads first begin to decline in 1995 and 1996.

Recidivist cases growing as a proportion of the active caseload

Exhibit 8
Proportion of caseload with multiple spells on aid



However, recidivism decreases sharply in 1997 and 1998, even as caseloads continue to decline at a rapid rate.

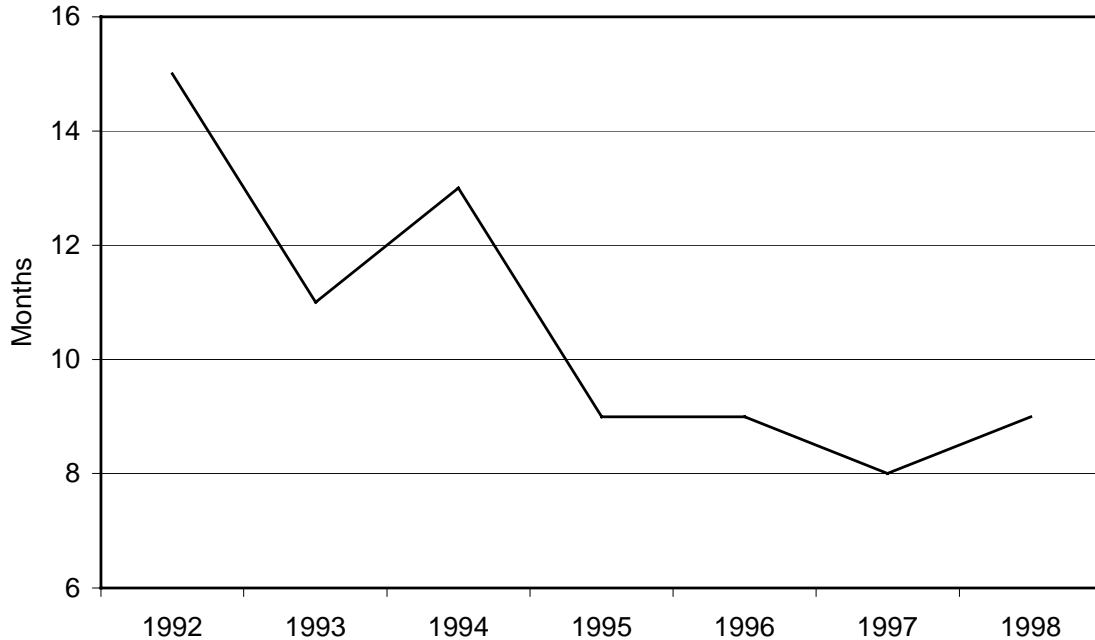
Although Exhibit 7 shows that the recidivism rate moves erratically between 1987 and 1998, Exhibit 8 indicates that an increasing proportion of San Mateo County's active welfare caseload has experienced multiple spells on aid in the previous five years. We calculated the number of distinct spells on aid (punctuated by a break in aid of at least two months) over the prior five years for each client. Exhibit 8 describes changes in the proportion of cases with two spells and three or more spells on aid in the previous five years.

The proportion of cases with exactly two spells hovers around 20 percent until early 1995, at which point it begins to climb, reaching a level of 26 percent by the end of 1998. The pattern for cases with three or more spells is similar: their proportion rises from about five percent in early 1995 to 12 percent by the end of 1998.

We note that the actual *number* of cases with multiple spells on aid declined by 64 percent from October 1994 until November 1998. However, this rate of decline has been less

Recidivist cases returning to aid more quickly

Exhibit 9
Median time between spells on aid for recidivist cases



than the rate of decline for non-recidivist cases. Therefore, recidivists make up a larger proportion of the active caseload in November 1998 than in October 1994.

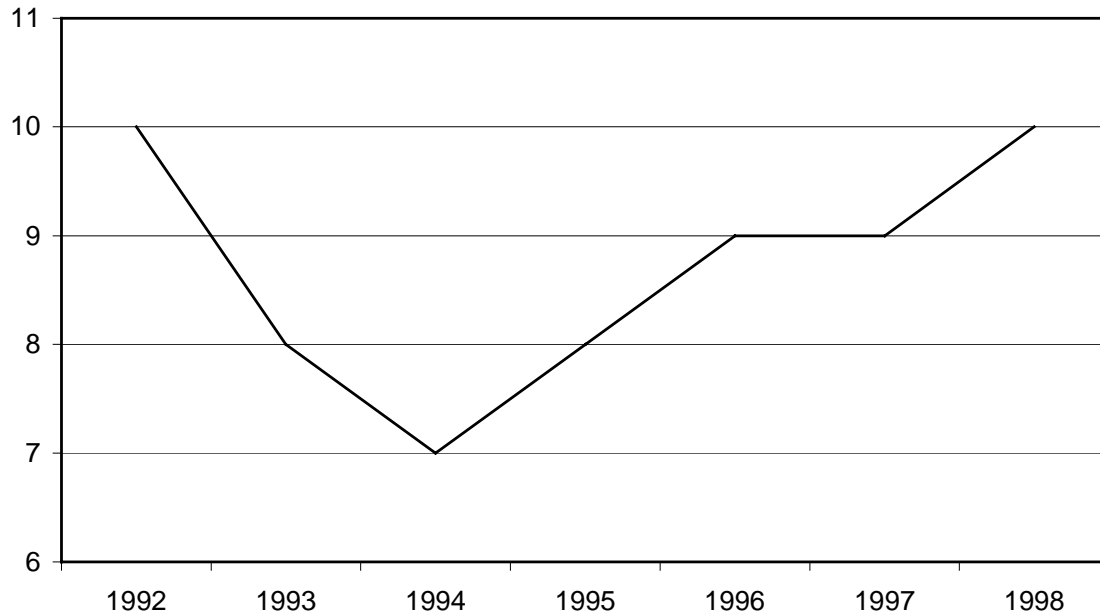
Trends in the length of spells on and off aid

Exhibit 9 graphs the median time between spells on aid for recidivist cases that are just returning to aid. In the 1992-1994 period, median time between spells ranges from 11 to 15 months. From 1995 forward, median spell length remains in a narrow range of eight to nine months. Thus, as caseloads decline in the 1995-1998 period, those clients who return to aid tend to do so after relatively brief non-aided spells.

Exhibit 10 graphs the median completed spell length for families that are just leaving aid. Median spell length falls from 10 months in 1992 to 7 months in 1994, and then rises back to 10 months by 1998. The decline in median completed spell length in 1993 and 1994 is consistent with the conjecture that the last families arriving on aid in the recession in the early 1990s – who

Families are leaving aid after longer spells on aid since 1994

Exhibit 10
Median completed spell length for families leaving aid



probably had fewer barriers to self-sufficiency than the families already on aid – were likely to be the first families to leave aid as the economy came out of recession in 1993 and 1994. The increase in median completed spell length from 1994 through 1998 occurs because families leaving aid include a growing fraction of heavy aid users over this period, an issue that we discuss further below (see Exhibit 12).

Trends in cumulative aid use

We next describe changes in the degree of aid use over time by clients who remain on aid. For every third month beginning in January 1992, cumulative time on aid in San Mateo County over the prior five years is calculated for each case head on aid. Cumulative aid use is then categorized as ‘light’ (1 to 12 months in the prior 5 years), ‘moderate’ (13 to 30 months), or ‘heavy’ (31 months or more). Note that at each point in time we look back at aid use only over the previous five years; for example, we calculate time on aid for clients on the caseload in January 1998 over the period from January 1993 through December 1997.

Heavy aid users are growing as a proportion of the active caseload

Exhibit 11
Distribution of active caseload by degree of cumulative aid use

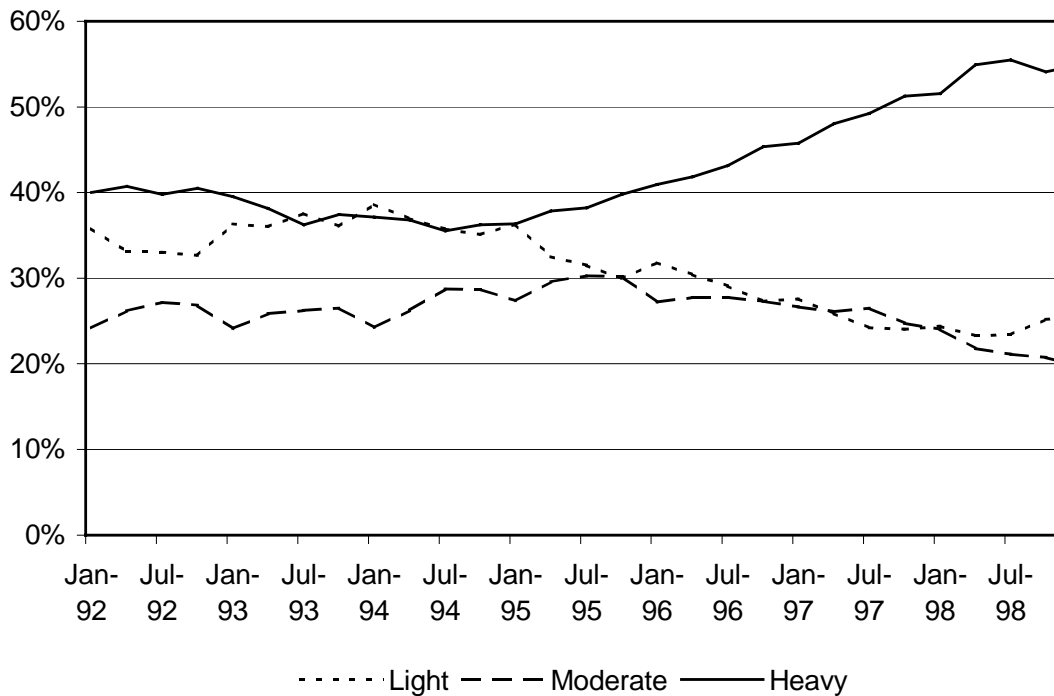


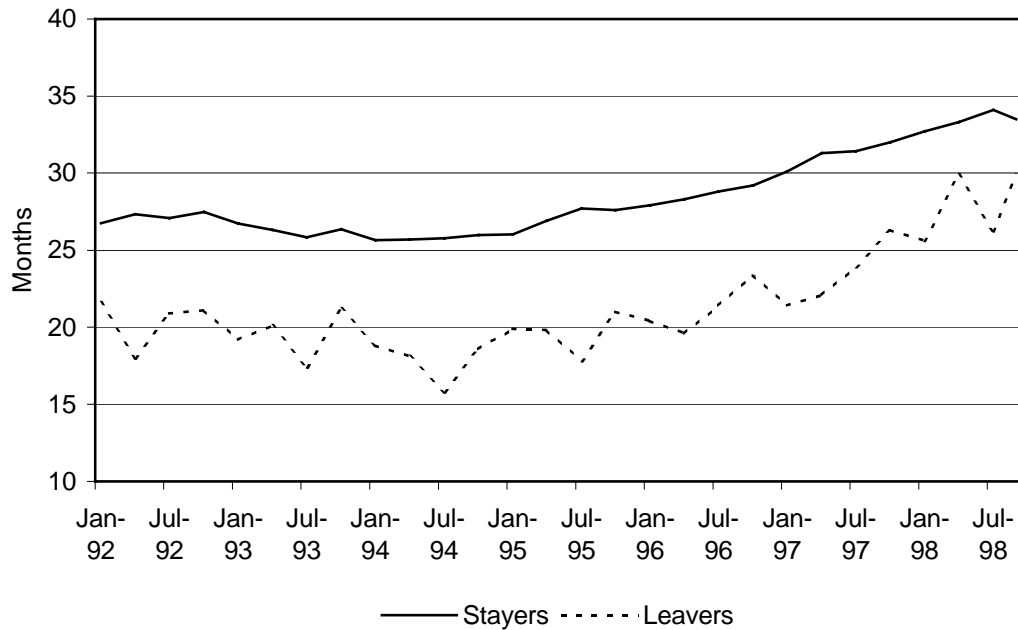
Exhibit 11 graphs the distribution of light, moderate, and heavy aid users from January 1992 through November 1998. We see that as caseloads fall from 1995 to 1998, heavy aid users represent a growing fraction of the active caseload. The proportion of heavy aid users rises from about 35 percent of the caseload in January 1995 to 55 percent of the caseload in 1998. Over the same period, the proportion of light aid users declines from 35 percent to 25 percent, and the proportion of moderate aid users declines from 30 percent to 20 percent.

It must be emphasized that the *number* of heavy aid users declines by 63 percent from 1,613 in January 1995 to 575 in November 1998. The *proportion* of heavy aid users in the caseload increases because the number of light and moderate aid users declines even more rapidly – by 83 percent – over this period.

Exhibit 12 shows explicitly that families leaving aid are more likely to be light and moderate aid users than families remaining on aid. The exhibit describes the cumulative aid use of ‘leavers’ and ‘stayers’ from 1992 through 1998. ‘Leavers’ are clients who are on the caseload

Leavers include an increasing number of heavy aid users

Exhibit 12
Time on aid for TANF 'leavers' and 'stayers'



in the current month and who will be off aid for at least the next two months. 'Stayers' are all other clients on the caseload in the current month.

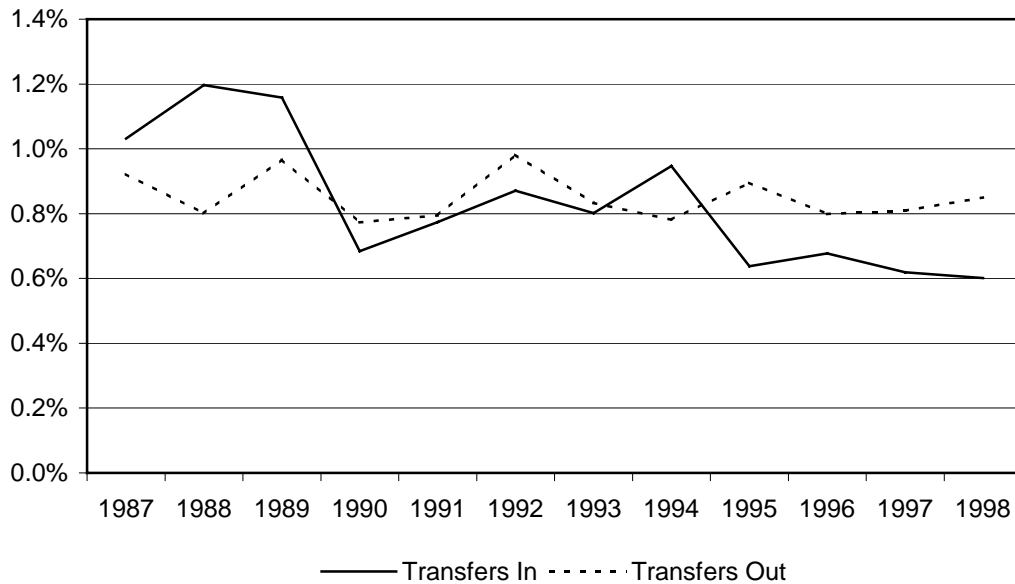
Cumulative time on aid over the previous 60 months increases substantially from January 1995 to November 1998 for both groups: from 26 to 34 months for stayers, and from 18 to 28 months for leavers. Throughout the 1987-1998 period, leavers spend less time on aid than stayers, indicating that the leaver group includes a high proportion of light and moderate aid users. It is important to note, however, that average cumulative time on aid for leavers increases by 10 months between January 1995 to November 1998, indicating that heavy aid users are increasingly leaving aid.

Cross-county migration

Because there has been speculation that cross-county migration has contributed to the large caseload declines in San Mateo County, we considered whether inter-county transfers make up a substantial proportion of San Mateo County's 'leaver' population. We can describe patterns

Inter-county transfers not an important factor in explaining caseload decline

Exhibit 13
Inter-county transfers as a proportion of total caseload



of cross-county migration using MEDS records, which include information on aid receipt outside of San Mateo County.

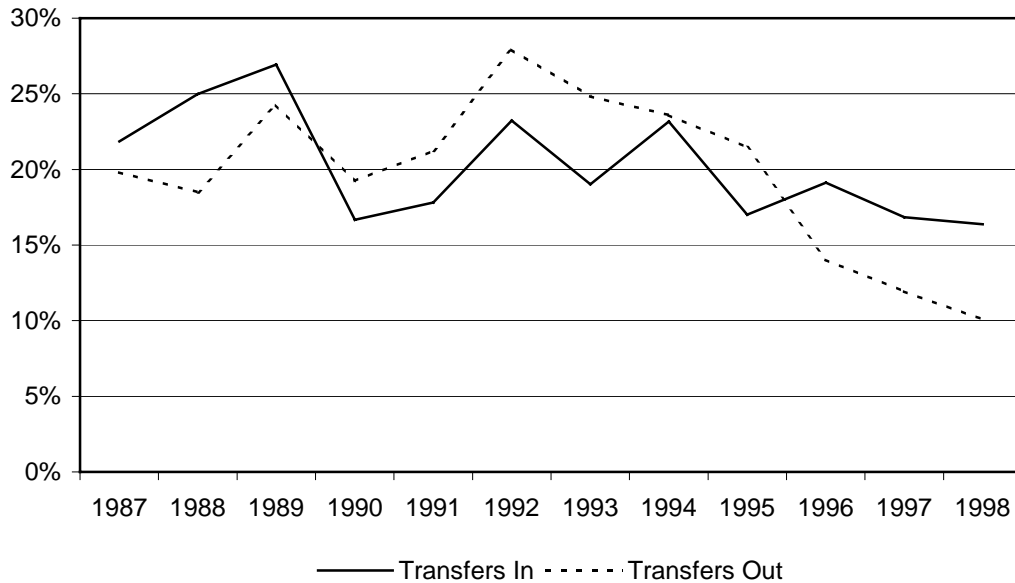
Exhibit 13 provides one way of characterizing the proportion of ‘leavers’ who go on to receive aid in other counties. We calculated the average proportion of San Mateo County’s monthly caseload that was on aid in another county within the previous 2 months (‘transfers in’), and the average proportion of San Mateo County’s monthly caseload that will go on aid in another county within the next 2 months (‘transfers out’).

Exhibit 13 shows that the proportion of cases transferring out of the county tends to be slightly higher than the proportion transferring into the county, although both proportions are quite small. Over the entire 1987-1998 period, the rate at which cases transfer out of San Mateo never exceeds one percent of the current caseload.

Considering Exhibits 13 and 6 together, we see cross-county migration plays almost no role in reducing San Mateo County’s caseload over the 1995-1998 period. For example, the net outflow of cases due to cross-county migration averages two-tenths of a percent of the monthly

Inter-county transfers a declining proportion of cases leaving aid

Exhibit 14
Inter-county transfers as a proportion of 'leavers' and 'arrivers'



caseload in 1998, while the average monthly caseload decline (the difference between the proportion of leavers and arrivers in Exhibit 6) is five percent in 1998.

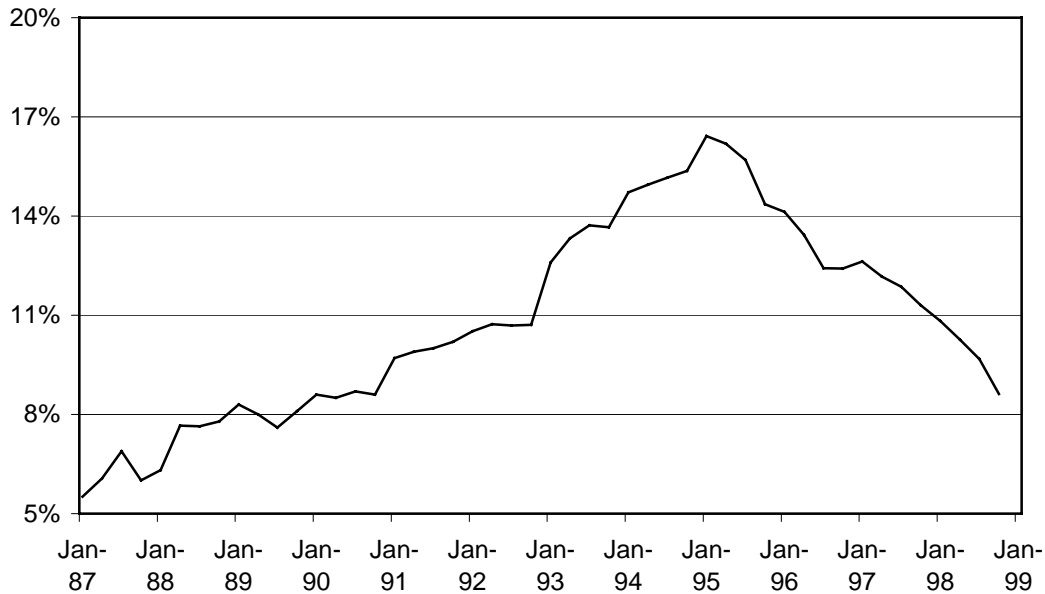
Exhibit 14 looks at cross-county migration in a somewhat different way. The figure graphs the proportion of those cases leaving aid in San Mateo County that arrive on aid in another county in the next two months ('transfers out'), and the proportion of those cases arriving on aid in San Mateo County that were on aid in another county within the previous two months ('transfers in'). Defined in this way, we see that the 'transfers in' rate exceeds the 'transfers out' rate consistently since 1996. Again, we see no evidence that out-migration of aid recipients has played a substantial role in reducing San Mateo County's caseload.

2. Caseload Demographics

This section describes changes in the distribution of San Mateo County's AFDC/TANF caseload among different demographic groups defined by age, family size and type, ethnicity, and degree of aid usage. This section also describes differences in cumulative aid use among these groups.

Two-parent cases appear to be more sensitive to the business cycle

Exhibit 15
Two-parent cases as a proportion of total caseload



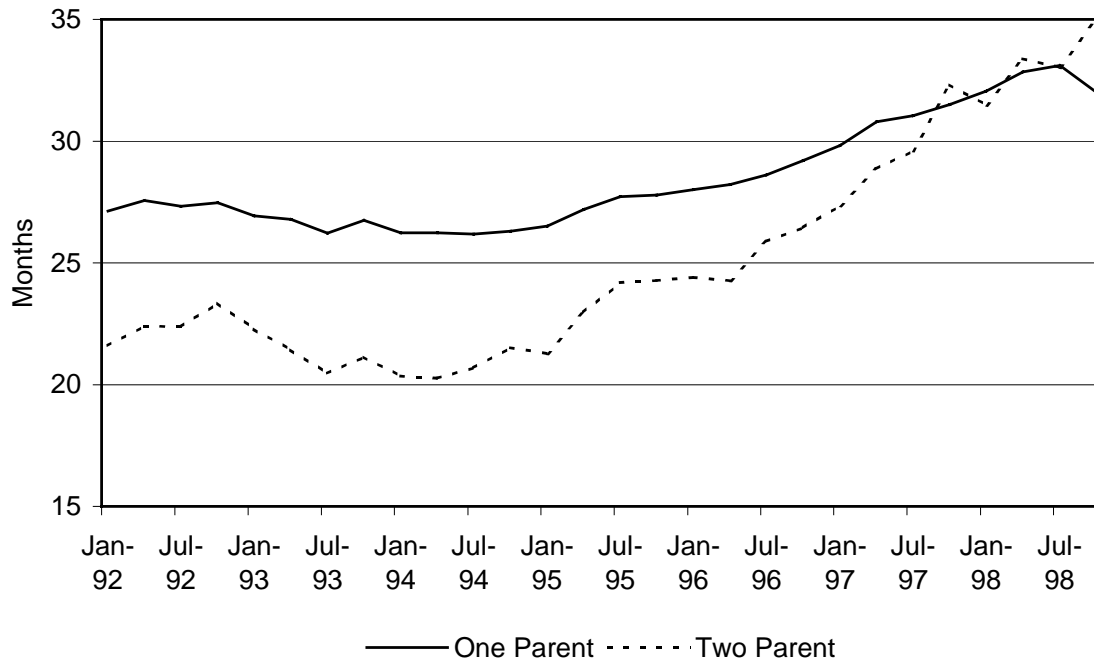
Family composition

Exhibit 15 shows that the two-parent proportion of the caseload grows from about six percent in January 1987 to 16 percent in January 1995, before falling back to nine percent at the end of 1998. Comparison of Exhibits 4 and 15 suggests that the two-parent caseload is more sensitive to economic conditions than the single-parent caseload. That is, the two-parent proportion of the caseload tends to grow when unemployment is relatively high, and tends to fall when unemployment is relatively low.

Exhibit 16 compares time on aid for one-parent and two-parent families. Cumulative time on aid begins to increase for both groups in 1995, although the rate of increase in aid use is greatest for two-parent families. From January 1992 through January 1995, the average one-parent family has been on aid five months longer (over the prior five years) than the average two-parent family. By 1998, however, cumulative time on aid for two-parent families is slightly higher than that of single-parent families.

Time on aid is increasing more rapidly for remaining two-parent families

Exhibit 16
Time on aid by family type



Ethnicity

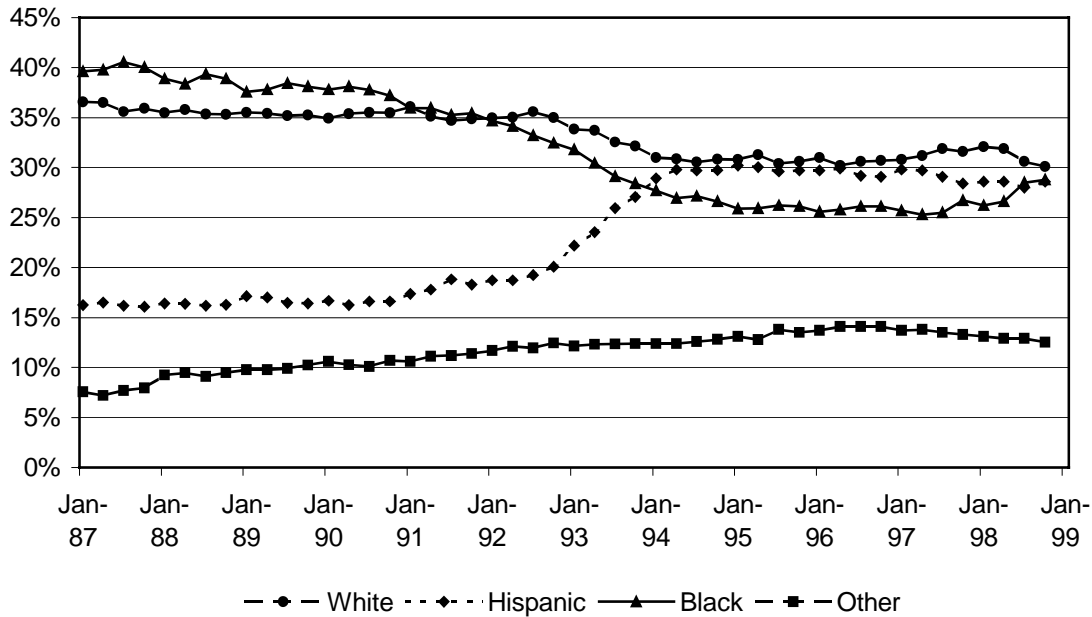
Exhibit 17 describes changes in the ethnic distribution of the caseload from 1987 to 1998. The most striking change is the rapid increase in the Hispanic caseload between July 1992 and January 1994. From January 1987 to July 1992, the Hispanic caseload increases gradually from 16 percent to 19 percent of the total caseload. In the next 18 months, the Hispanic proportion increases sharply to 30 percent of the total, then remains at about that level through 1998.

This demographic change appears to be the consequence of the federal Immigration Reform and Control Act (IRCA) of 1986. IRCA gave amnesty to approximately three million illegal aliens nationwide beginning in May 1987, and placed a five-year moratorium on receipt of AFDC for newly legalized immigrants. The end of the moratorium coincides with the timing of the sharp increase in the Hispanic proportion of San Mateo County's AFDC caseload.

African-American families represent the largest proportion of the caseload until 1992, when White families become the most prevalent group. White families remain the largest group

Ethnic composition of caseload stable since 1994

Exhibit 17
Distribution of caseload by ethnicity



on aid from 1992 to 1998, although differences between White, Hispanic, and African-American proportions are quite small by the end of 1998. The “Other” category (which largely consists of Asian families) rises gradually from 7 percent in 1987 to 13 percent in 1998.

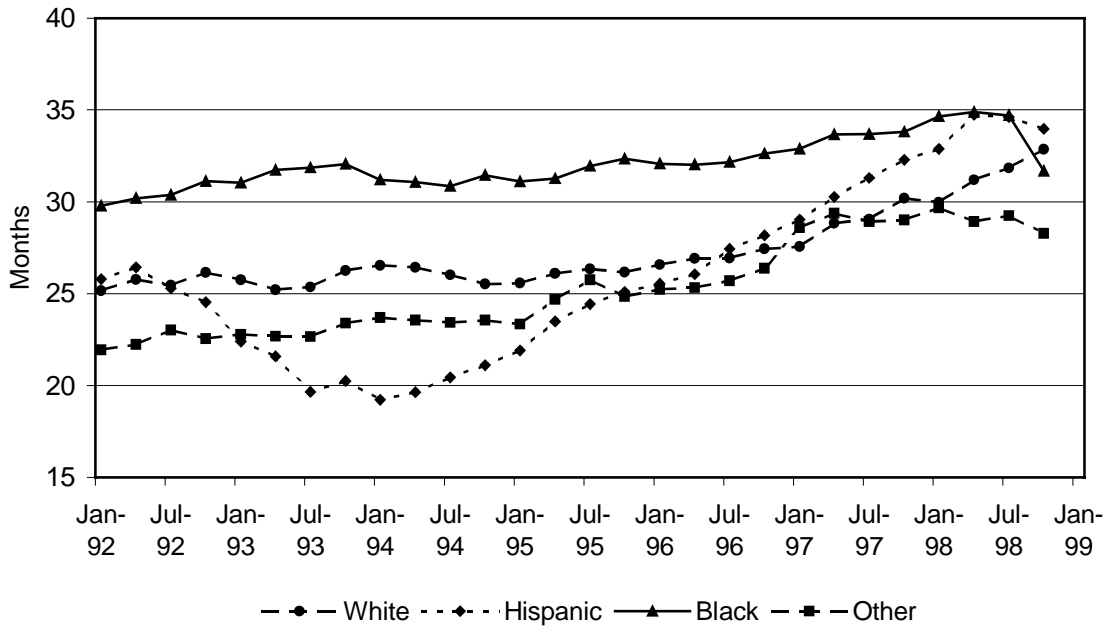
As the total AFDC/TANF caseload declines rapidly from 1994 to 1998, the ethnic distribution of the caseload remains quite stable. By 1998, the caseload is composed of almost equal proportions of White, African-American, and Hispanic families.

Exhibit 18 shows how time on aid over the previous 5 years varies by ethnicity. For African-American, White, and ‘other’ clients, we see a similar pattern of aid use over time. Cumulative time on aid changes very little from 1992 through 1994, and then increases from 1995 through 1998 (although there is a drop in cumulative time on aid for African-Americans at the end of 1998). Until the end of 1998, cumulative time on aid is highest for African-Americans and lowest for the ‘Other’ group.

The pattern of cumulative time on aid for Hispanic clients shows the effects of the large influx of cases in 1992 and 1993. We observe a drop in cumulative aid use for this group from

Cumulative time on aid now highest for Hispanic families

Exhibit 18
Time on aid by ethnicity



January 1992 through January 1994 as a relatively large number of clients with no previous aid history in the county arrive on aid. From January 1994 forward, cumulative aid use by Hispanic clients increases rapidly, and by the end of 1998 this group has slightly higher cumulative time on aid than African-American and White clients.

Age

Exhibit 19 graphs the age distribution of case heads stratified into four age groups: 16 to 25, 26 to 35, 36 to 45, and 46 years and older. The figure shows that AFDC/TANF case heads are considerably older in 1998 than they were in 1987.

The proportion of case heads aged 16-25 declines from 39 percent in 1987 to 26 percent in 1998, and the proportion aged 26-35 declines from 43 percent to 38 percent over the same period. In contrast, the proportion of case heads aged 36-45 doubles from 14 percent in 1987 to 28 percent in 1998, and the proportion aged 46 or more doubles from 4 to 8 percent over the same period.

The trend toward an older caseload dates back at least as far as 1987, with no variation in this trend around the time that the caseload begins to decline in late 1994.

Active caseload is aging

Exhibit 19
Distribution of caseload by age group

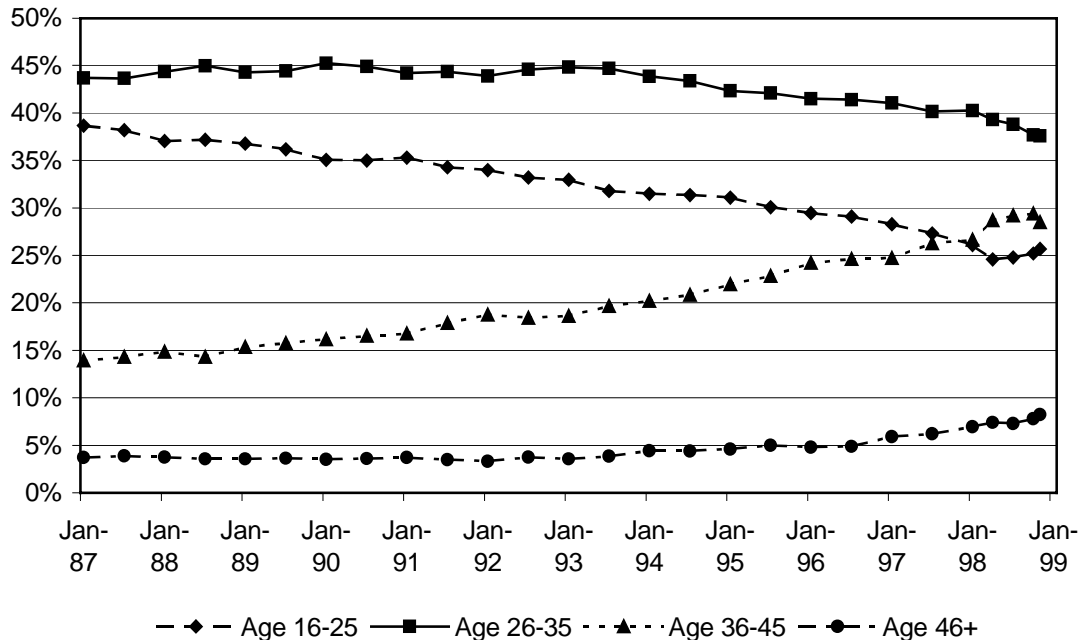


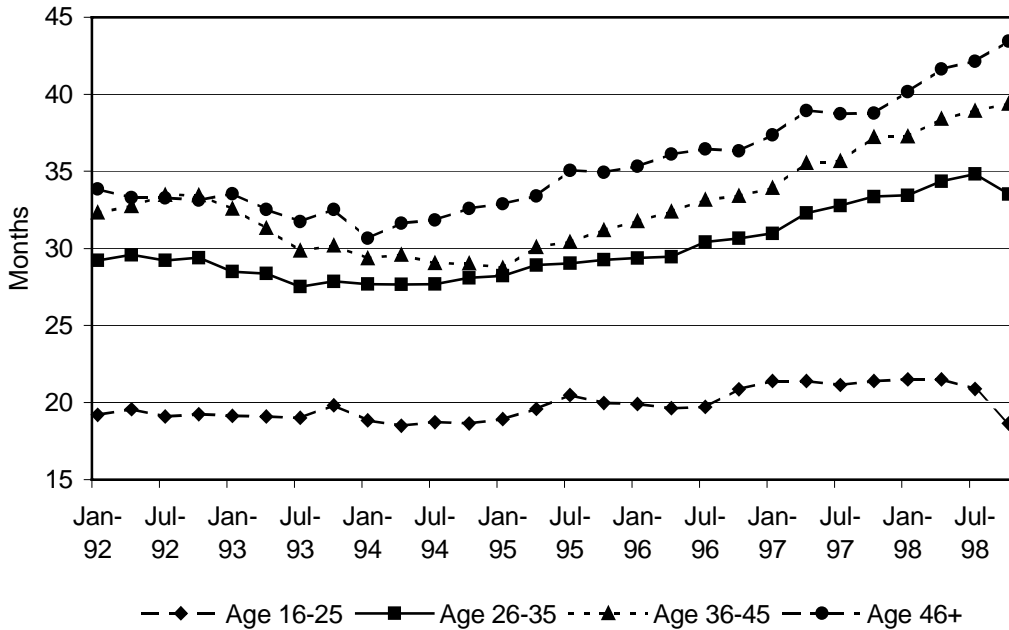
Exhibit 20 shows how cumulative time on aid varies by age group. As expected, there is a positive relationship between age and cumulative time on aid, as older clients have had more opportunity to receive assistance. Cumulative time on aid increases most rapidly for older case heads. For example, in late 1994, age 36-45 case heads had only slightly greater cumulative aid use than age 26-35 case heads. By 1998, age 36-45 case heads averaged 5 months longer on aid than age 26-35 case heads.

Number of children

Exhibit 21 describes the proportion of the AFDC/TANF caseload with one, two, or three or more children. From 1987 to 1997, the proportion of one-child cases declines gradually from 49 percent to 45 percent, and the proportion of cases with three or more children grows from about 20 percent to 25 percent. The two-child proportion remains at about 30 percent over this period.

Cumulative time on aid increasing most rapidly for older case heads

Exhibit 20
Time on aid by age

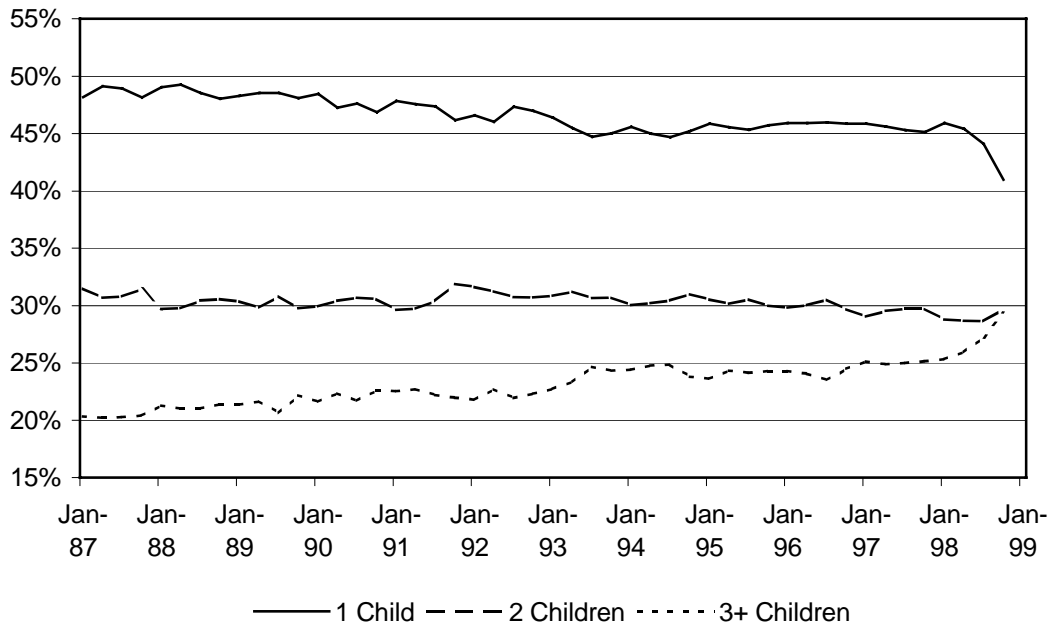


However, in 1998 we observe a sharp increase in the proportion of active cases with two or more children. We considered whether the change from exempting the caretaker of a child under three from work program participation requirements (under AFDC) to exempting the caretaker of a child under one (under SUCCESS) could explain this phenomenon. If SUCCESS made work program participation mandatory for a larger fraction of one-child family case heads than multiple-child case heads, and if increased work program participation resulted in increased employment and exits from aid, then this program change might explain the decrease in the one-child proportion in the active caseload.

We did find that the proportion of the active caseload with a child under one year of age increased from 10 percent in January 1998 to 15 percent in November 1998, which suggests that this change in work program participation requirements may have affected the caseload composition. However, one-child and multiple-child families were equally likely to have a child under age three and equally likely to have a child under age one in 1997 and 1998. In other words, it appears to be unlikely that one-child families were disproportionately affected by this

Proportion of cases with two or more children increased sharply in 1998

**Exhibit 21
Distribution of caseload by number of children**



particular change in work program requirements. If multiple-child families continue to make up a growing proportion of the caseload, then we will explore this trend in more detail in subsequent reports.

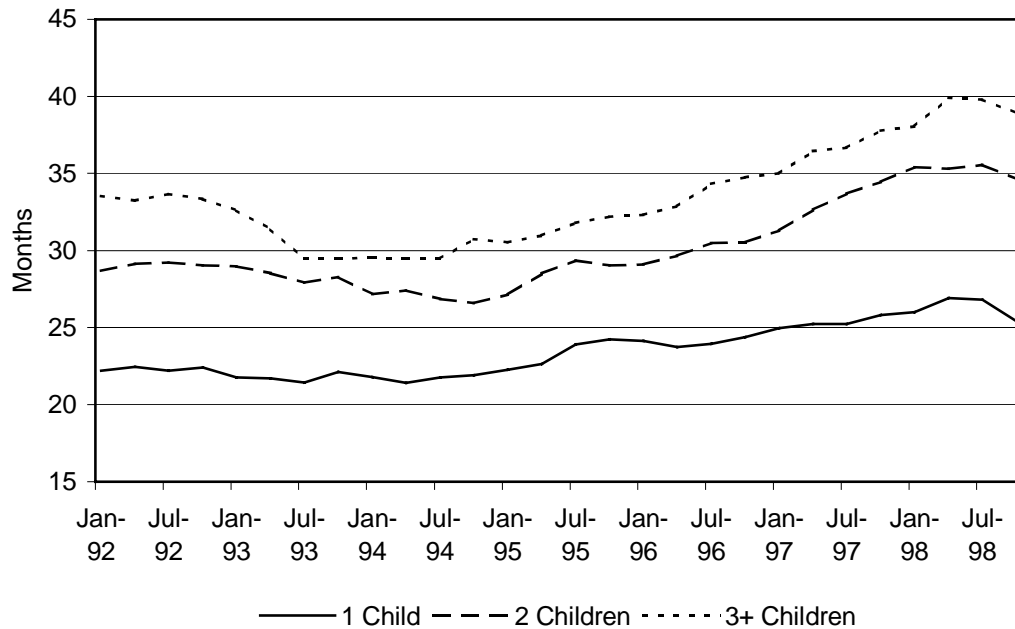
Exhibit 22 shows how cumulative time on aid varies by the number of children associated with the AFDC/TANF case. As expected, families with fewer children have spent less time on aid, as they have had less opportunity to receive aid. Cumulative time on aid increases for each group from 1995 through the first half of 1998. The increases are greatest for families with two or more children. Cumulative aid use declines for each group in the second half of 1998.

Long-term aid recipients

Because heavy aid users have become the majority of the San Mateo County TANF caseload (see Exhibit 11), we conducted separate analyses to summarize the characteristics of this group, and to show how heavy aid users differ from the rest of the TANF population. We divided the caseload into ‘light/moderate’ aid users (30 or fewer months on aid in the previous five years), and ‘heavy’ aid users (31 or more months on aid over the past five years). Exhibits

Gap between cumulative aid use of one-child and multiple-child families is growing

Exhibit 22
Time on aid by number of children

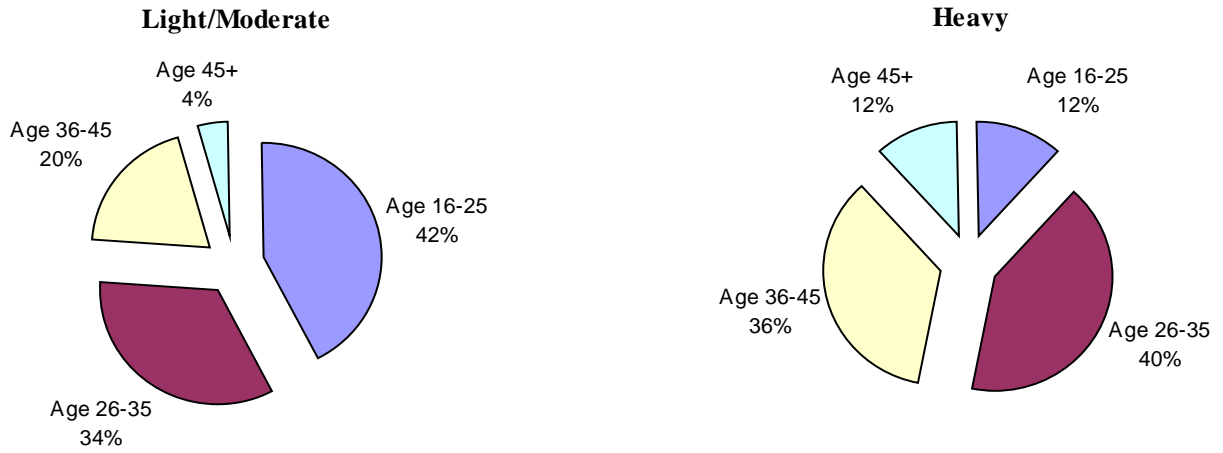


23-26 compare the distribution of ‘heavy’ and ‘light/moderate’ aid users in November 1998 by age, number of children, ethnicity, and primary language. We found the following:

- Heavy aid users are older. Forty-eight percent of heavy aid users are over age 35, compared to 24 percent of light/moderate aid users.
- Heavy aid users have more children. Thirty-seven percent of heavy aid users have three or more children, compared to 19 percent of light/moderate aid users.
- Heavy aid users are more likely to be Hispanic. Hispanic cases are a larger fraction of the heavy use group (32 percent) than the light/moderate use group (26 percent). Both aid use groups are equally likely to be African-American and equally likely to be White. Light/moderate users are more likely to be in the ‘Other’ category, which is primarily Asian American.
- Heavy aid users are more likely to speak Spanish. Primary language differences mirror the ethnic differences between heavy and light/moderate aid users. Eighteen percent of heavy users do not speak English as their primary language, compared to 11 percent of light/moderate users. Almost all non-English speakers have Spanish as their primary language.
- Heavy and light/moderate aid users are equally likely to be single-parent families (not shown).

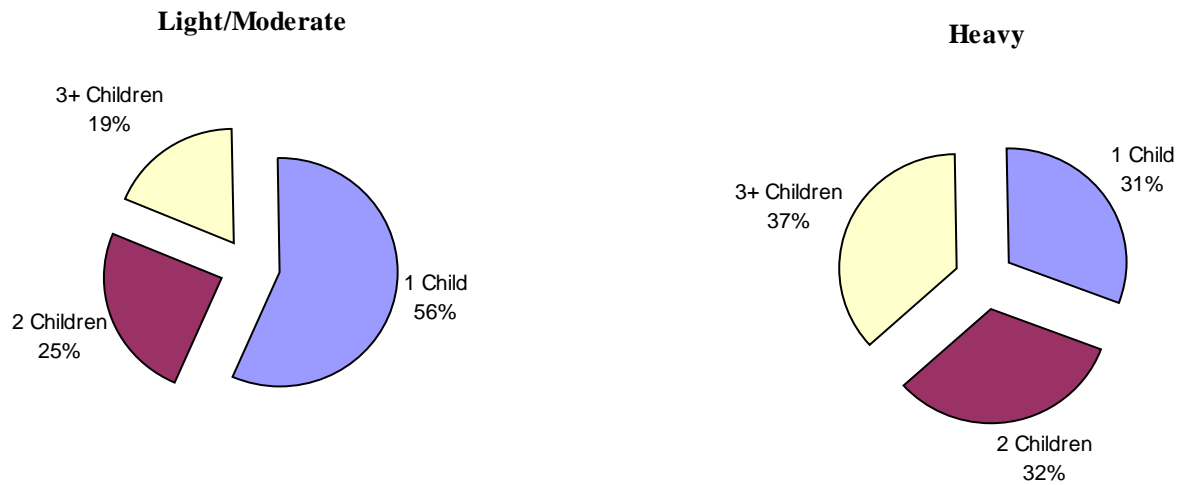
Heavy aid users are older

Exhibit 23
Degree of aid use by age



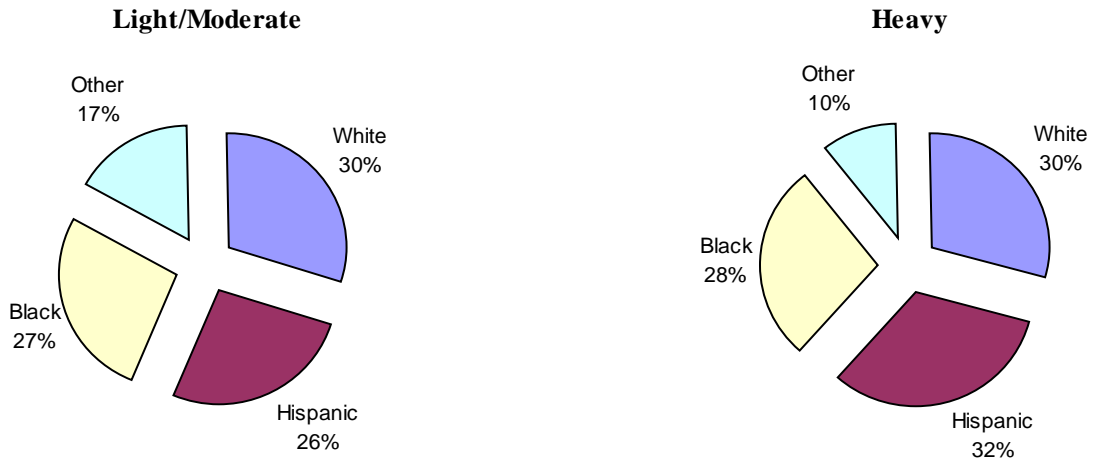
Heavy aid users have more children

Exhibit 24
Degree of aid use by number of children



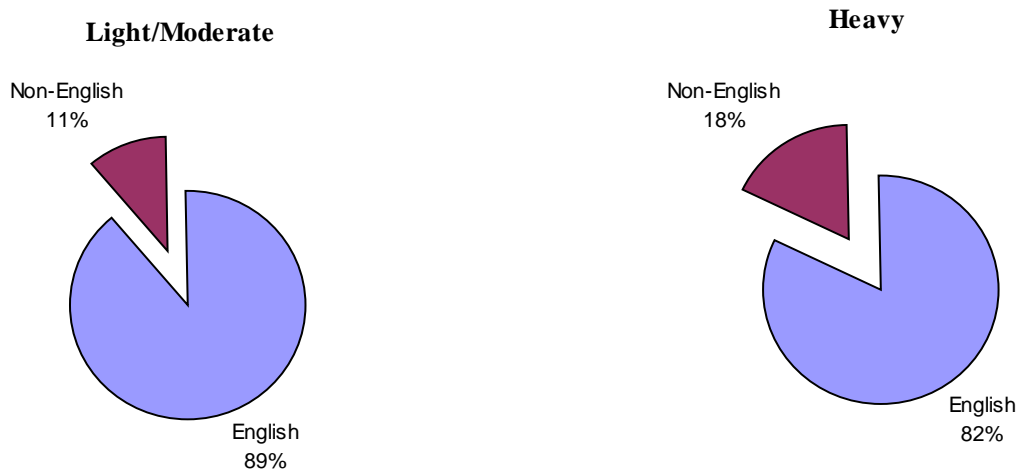
Heavy aid users are more likely to be Hispanic

Exhibit 25
Degree of aid use by ethnicity



Heavy aid users are more likely to speak Spanish

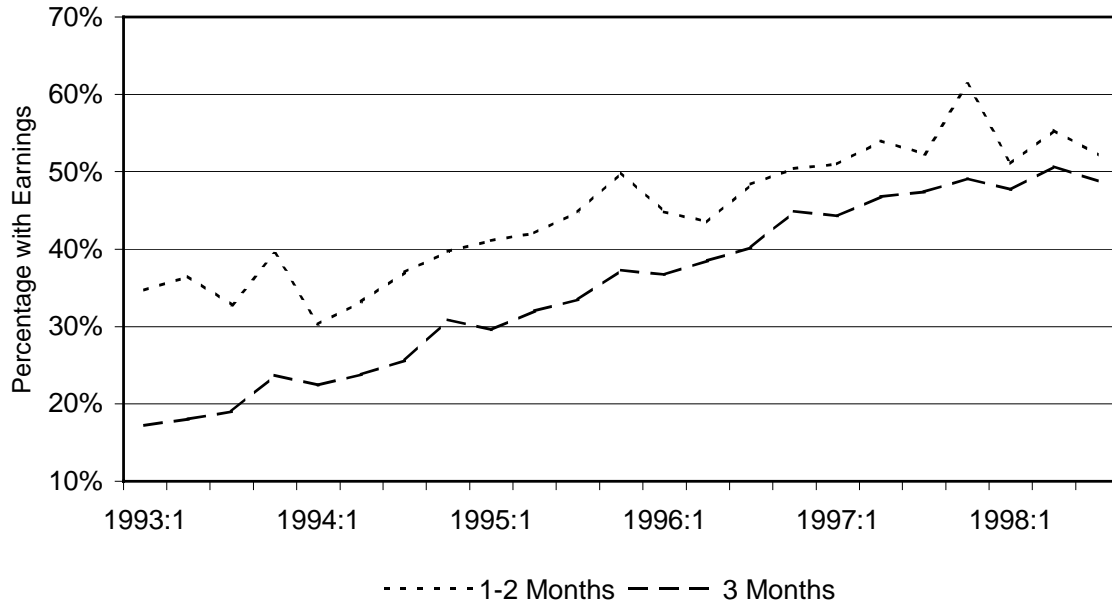
Exhibit 26
Degree of aid use by primary language



More families on aid are working

Exhibit 27

Percentage of families on aid 1-2 months and 3 months in quarter with earnings



3. Employment and Earnings

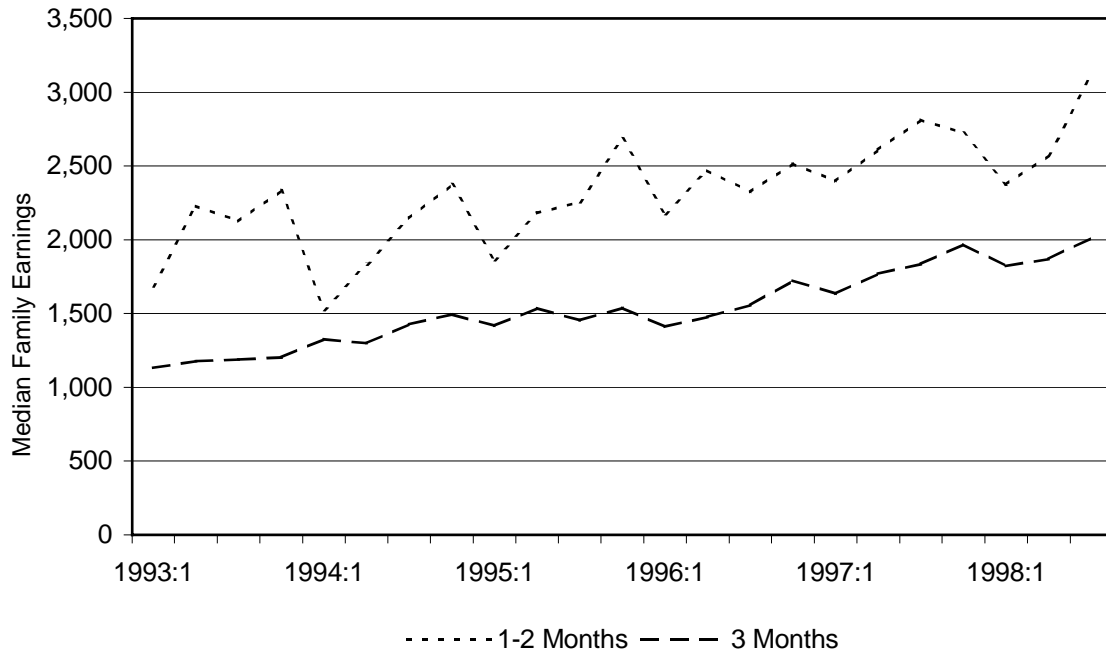
For the analyses reported in this section we matched quarterly UI system wage data (available from the first quarter of 1993 through the third quarter of 1998) with MEDS data and CDS negative action code data to address the following questions:

- How have employment and earnings changed since 1993 for families on aid in San Mateo County? How do employment and earnings vary for families on aid by degree of aid use and family structure?
- How do employment and earnings evolve after families leave aid? For families leaving aid, how do employment and earnings vary by (1) the degree of aid use, (2) the time that the family leaves aid, and (3) the reported reason that the family leaves aid?
- How do employment and earnings evolve prior to a family's arrival on aid?

For each set of figures below, we calculated total quarterly family earnings for each sample of families. We then calculated the proportion of each sample with earnings in the quarter, and calculated median earnings among those families with positive earnings in the

Families working while on aid are earning more

Exhibit 28
Median family earnings for families on aid 1-2 months and 3 months in quarter



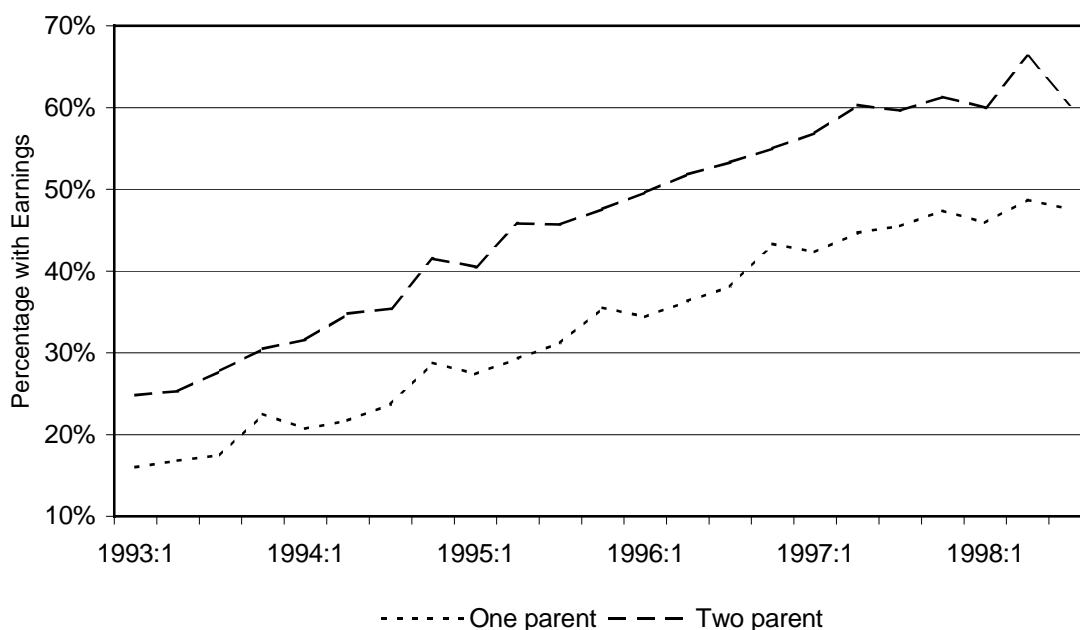
quarter. Consequently, the results presented for median family earnings in the following exhibits exclude those families without earnings in the quarter.

Total earnings for aided families are the sum of the earnings of parents and needy relatives (person numbers 01-03) who are active on the case in the quarter. Post-assistance family earnings are the sum of the earnings of parents and needy relatives who were in the assistance unit when the case was discontinued. Pre-assistance family earnings are the sum of the earnings of parents and needy relatives who will be in the assistance unit when the case arrives on aid. Children's earnings are excluded from the calculation of family earnings. All earnings have been adjusted by the Consumer Price Index to November 1998 dollars.

The first set of results presented in this section looks at employment and earnings for families on the AFDC/TANF caseload. We then look at families leaving aid and, finally, at families arriving on aid.

Aided two-parent families are more likely to have earnings than one-parent families

Exhibit 29
Percentage of one-parent and two-parent families with earnings



Active caseload: employment and earnings while on aid

Exhibit 27 graphs by quarter the proportion of families on San Mateo County's AFDC/TANF caseload with earnings. Families on aid 1-2 months in the quarter are graphed separately from those on aid for the entire quarter.

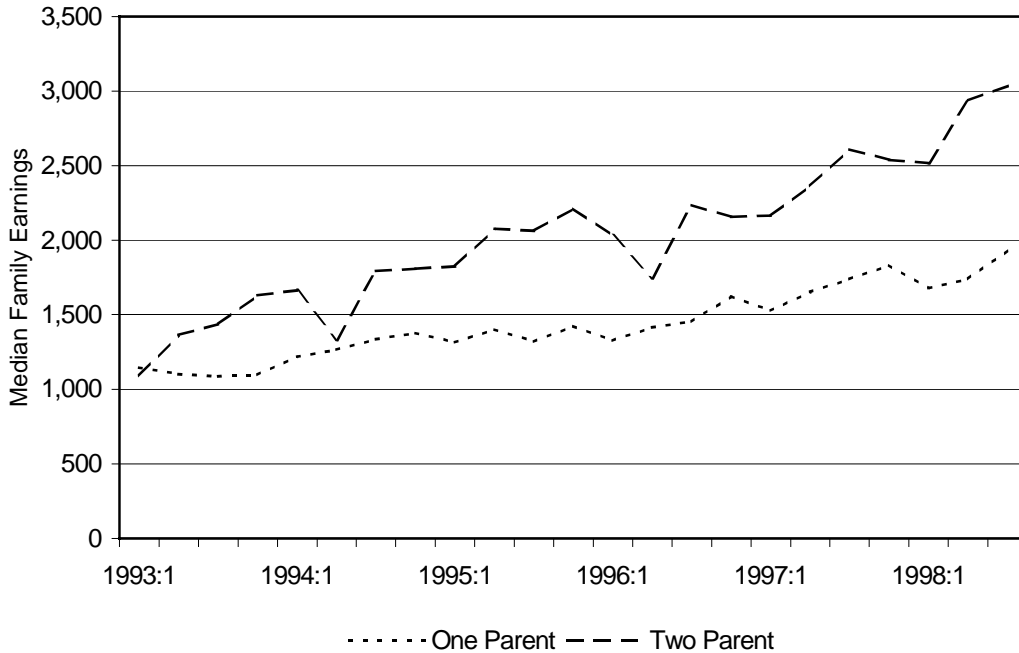
There is a continuous upward trend in the fraction of families on aid with earnings over the entire period. For example, of those families on aid all three months in the quarter, the proportion with earnings triples from 17 percent in the first quarter of 1993 to 50 percent in the third quarter of 1998. The trend is similar for families on aid 1-2 months in the quarter and, as expected, families on aid for only part of the quarter (often families leaving aid) are more likely to have earnings than families on aid the entire quarter.

Exhibit 28 shows that median quarterly earnings have been increasing for families on aid since 1993. For families on aid the entire quarter, median earnings rise from \$1,100 in the first quarter of 1993 to \$2,000 in the third quarter of 1998. For families on aid 1-2 months in the quarter, median quarterly earnings increase from \$1,700 to \$3,000 over the same period.

Earnings of aided two-parent families are increasing more rapidly

Exhibit 30

Median family earnings for one-parent and two-parent families



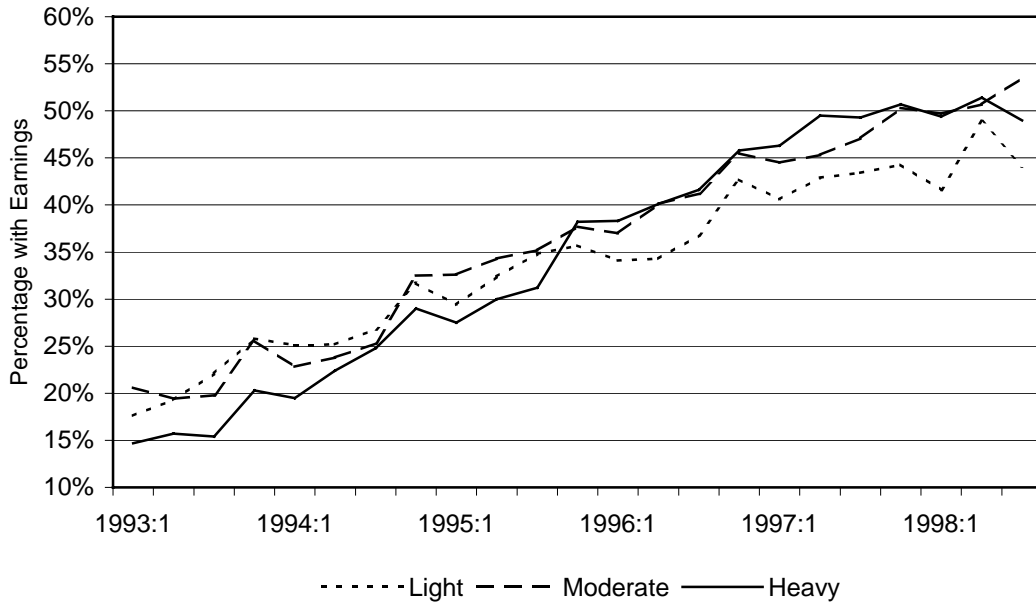
It is interesting to note that the trend toward greater employment and higher earnings for families on aid begins before San Mateo County's caseload starts to decline in late 1994. Employment and earnings were increasing prior to the first major changes to San Mateo County's GAIN program in 1994.

In addition, a comparison of Exhibits 11 and 28 reveals that employment and earnings for families on aid increase even as heavy aid users have grown as a proportion of the caseload. In other words, employment and earnings are increasing for aided families even as caseload reductions appear to have resulted in a larger proportion of 'hard to serve' families (presumably heavy aid use families) on the active caseload. We will discuss this issue in more detail when we examine how employment and earnings vary by degree of aid use in Exhibits 31 and 32.

Exhibit 29 graphs the proportion of one-parent and two-parent families on the active caseload with earnings in each quarter. The samples are restricted to those families on aid the entire quarter.

Heavy aid users are now more likely to have earnings than light aid users

**Exhibit 31
Percentage of families with earnings, by degree of cumulative aid use**



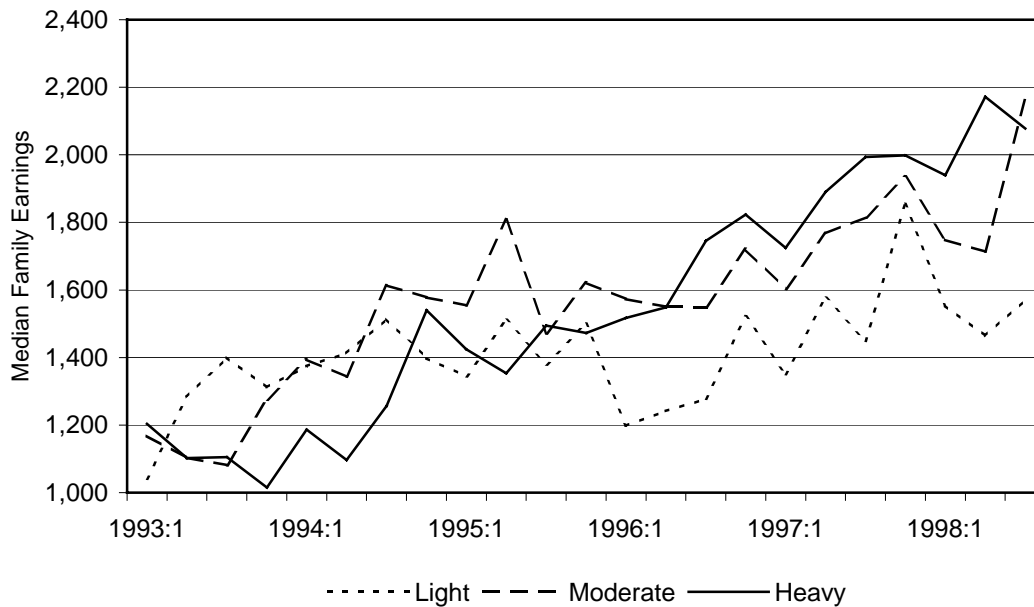
Again, we observe a continuous upward trend in the fraction of families with earnings. For one-parent families on aid all three months in the quarter, the proportion with earnings triples from 16 percent in the first quarter of 1993 to 48 percent in the third quarter of 1998. For two-parent families, the proportion grows from 25 percent to 60 percent over the same period. Two-parent families are generally 10-15 percent more likely than one-parent families to have earnings.

Exhibit 30 graphs median family quarterly earnings for those families with earnings in the quarter. Median earnings nearly triple for two-parent families, rising from \$1,100 in the first quarter of 1993 to \$3,000 in the third quarter of 1998. For one-parent families, median earnings increase from \$1,100 to \$1,900 over the same period.

Exhibit 11 shows that heavy aid users (families on aid at least 31 of the previous 60 months) have grown as a proportion of San Mateo County’s AFDC/TANF caseload since 1994. In fact, by 1998 heavy aid users represent 55 percent of the active caseload. Although one might expect that heavy aid users are less likely to be employed – and are likely to have lower earnings

Heavy aid users now have higher earnings than light and moderate aid users

Exhibit 32
Median family earnings, by degree of cumulative aid use



if employed – than light and moderate aid users, Exhibits 31 and 32 reveal that this supposition is incorrect.

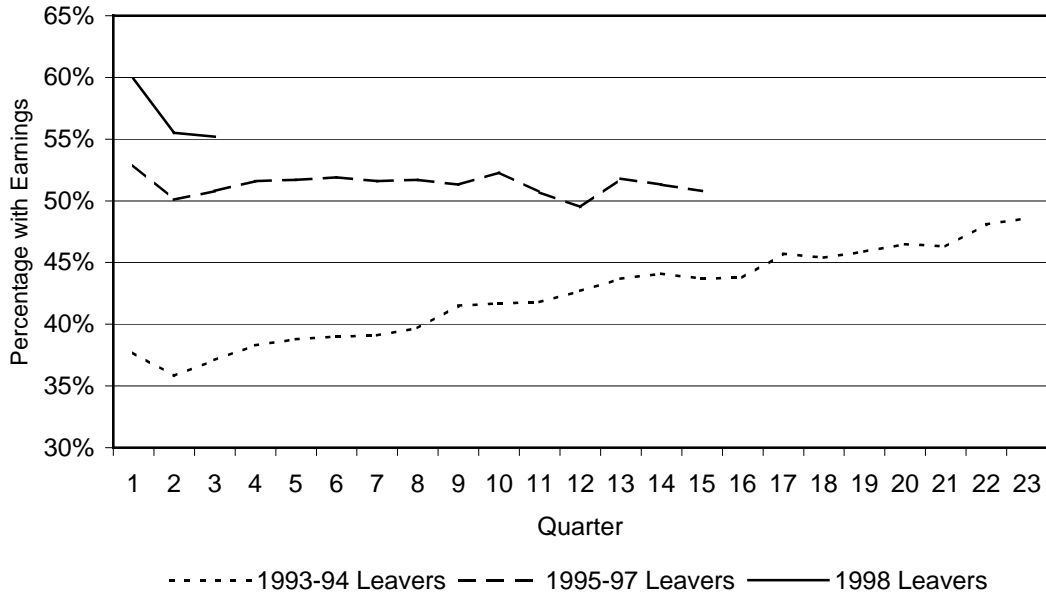
As in earlier exhibits, cumulative aid use is categorized as ‘light’ (1 to 12 months on aid in the previous 5 years), ‘moderate’ (13 to 30 months), or ‘heavy’ (31 months or more). The samples are restricted to those families on the active caseload for the entire quarter.

Exhibit 31 graphs the proportion of light, moderate, and heavy aid use families on the active caseload with earnings in each quarter. Employment increases substantially over the entire period for each family type. Although heavy aid use families generally have the lowest employment probability from the first quarter of 1993 until the third quarter of 1995, from that time forward a relatively high proportion of heavy aid users are employed. Light aid users are the least likely to be employed in the period from the fourth quarter of 1995 to the third quarter of 1998.

Exhibit 32 reports median family earnings by aid use group for those families on aid for the full quarter with earnings. The pattern in earnings is similar to the pattern in employment

Families leaving aid more recently are more likely to have earnings

Exhibit 33
Percentage of leavers with earnings, by date of departure from aid



(although there is more variation in the data). Heavy aid users tend to have relatively low earnings from 1993 through 1995. From that point forward, heavy aid users have relatively high median family earnings. From 1996 through 1998, light aid users have the lowest earnings.

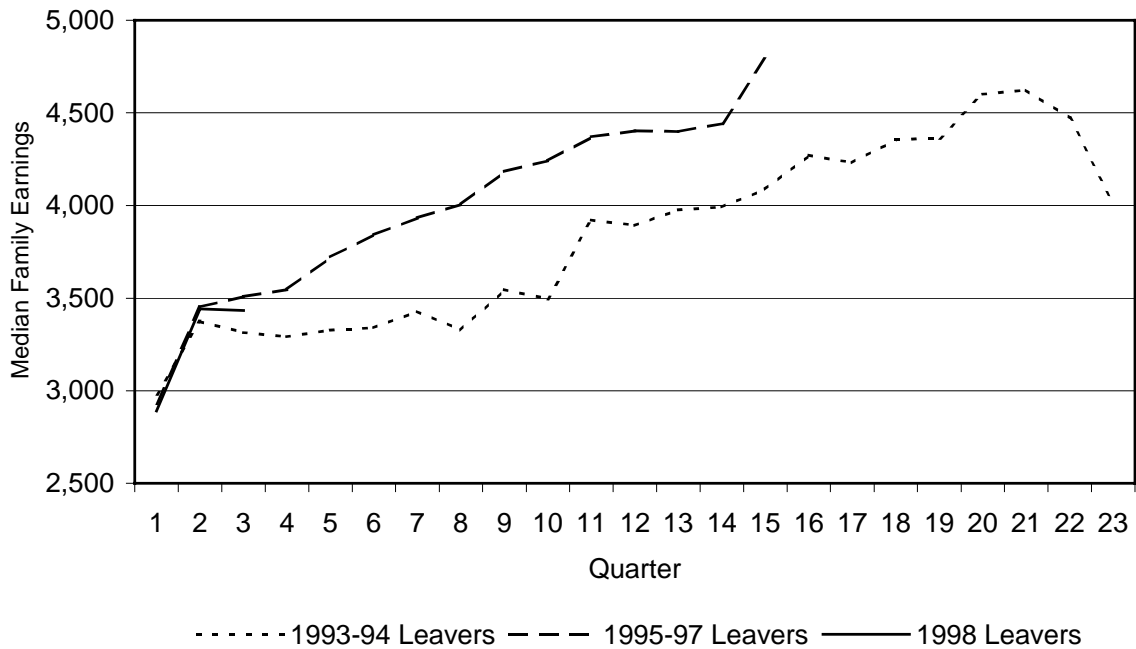
Taken together, Exhibits 31 and 32 show that families with extensive aid histories are not less likely to be employed, and do not have lower earnings if employed, than other families on aid. These results suggest that it may be incorrect to assume that heavy aid users generally represent hard to employ clients.

Leavers: post-aid employment and earnings

The next set of figures describes employment and earnings outcomes for families leaving aid. Families are grouped into three categories: (1) those who left aid in 1993 or 1994 (generally prior to the first major changes to San Mateo County's GAIN program), (2) those who left aid between 1995 and 1997 (after the early changes to GAIN but prior to the implementation of SUCCESS), and (3) those who left aid in 1998 (after the implementation of SUCCESS).

Earnings increase over time for families that are employed after leaving aid

Exhibit 34
Median family earnings for leavers, by date of departure from aid



Note that a family can be in more than one group if it leaves aid in one time period, returns to aid, and then leaves aid in a second time period. If a family leaves aid more than once within a single time period, then quarterly employment probabilities and earnings are calculated relative to the timing of the last departure from aid in the period. Therefore, although a family can be in more than one group, it will be counted at most once in each group.

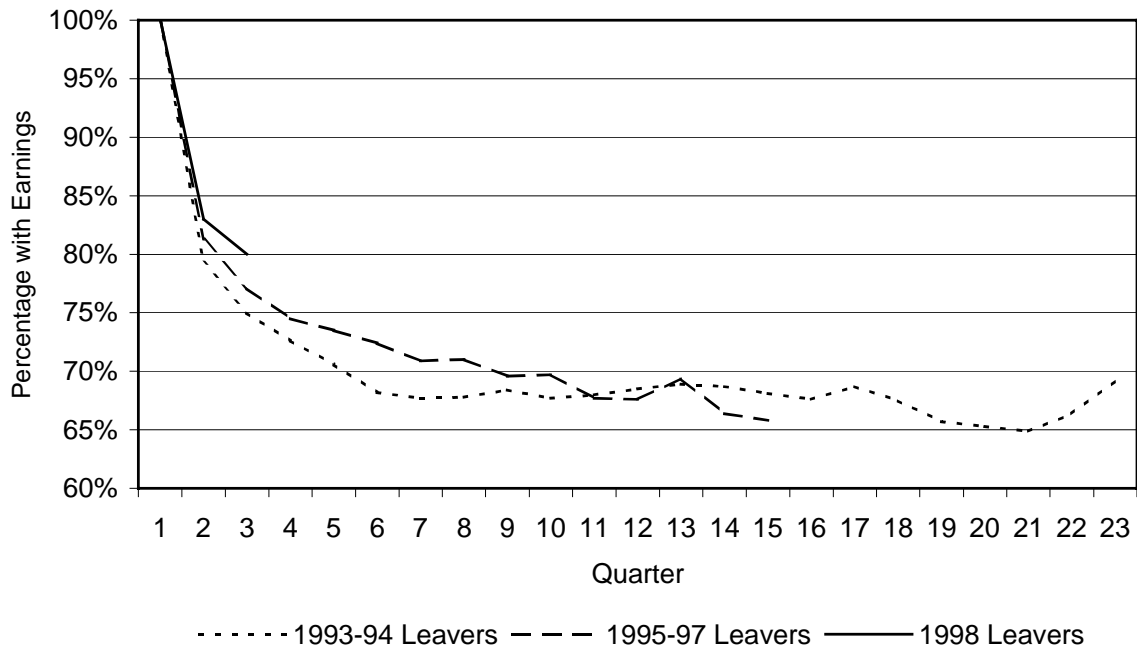
Exhibit 33 shows how employment probabilities evolve over time after families leave aid. Quarter 1 is the quarter in which the family leaves aid, quarter 2 is the following quarter, and so on. The figure shows that more recent leavers are more likely to be employed. Sixty percent of 1998 leavers have earnings in the quarter in which they leave aid, compared to 53 percent of 1995-97 leavers and 38 percent of 1993-94 leavers.

All groups experience a drop in employment in the quarter following departure from aid. For 1993-94 leavers, after the initial decline in quarter 2, the employment probability gradually increases, reaching 48 percent 22 quarters after departure. For 1995-1997 leavers, the employment probability remains in a narrow range around 50 percent in each post-aid quarter.

Employment decreases over time for those families that leave aid with earnings

Exhibit 35

Percentage of leavers with earnings, of those who leave aid with earnings



We also looked at the extent to which families leaving aid changed employment from quarter to quarter. We found a substantial degree of instability in employment: on average, 25-30 percent of employed leavers in each post-aid quarter have a new employer in the quarter.

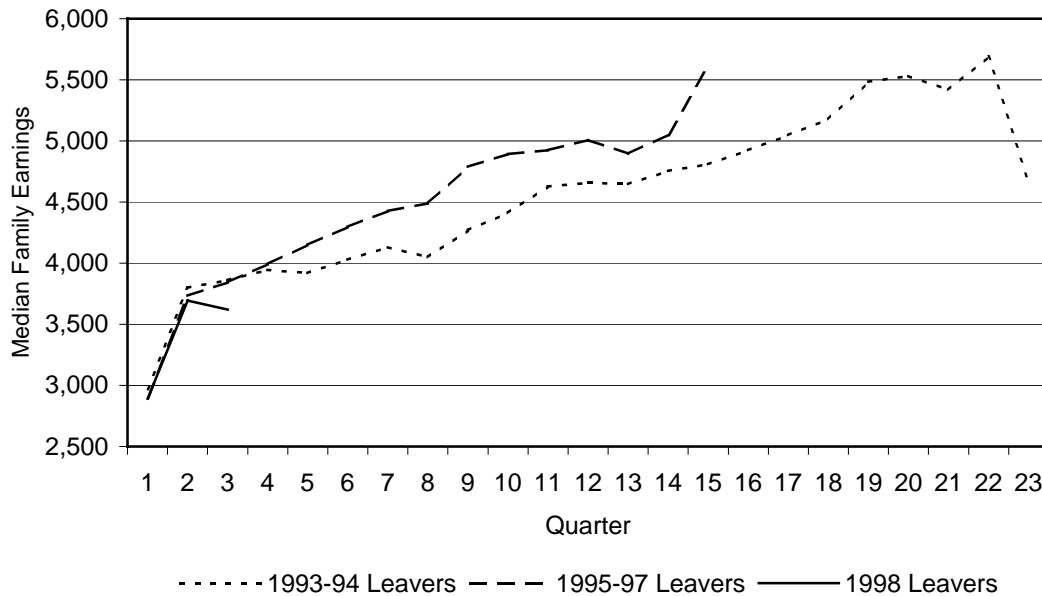
Exhibit 34 graphs median family earnings for families leaving aid. Leavers' earnings tend to rise sharply in the quarter immediately after leaving aid, and then rise more gradually thereafter. The initial sharp increase coincides with a sharp drop in employment, suggesting that leavers with lower earnings stop working. 1995-97 leavers have higher median earnings than 1993-94 leavers in each quarter after leaving aid. 1995-97 leavers and 1998 leavers have similar median earnings over the small range of post-aid quarters in which we observe the latter group.

We also examined whether families leaving aid with an extensive history of prior aid use tend to have lower earnings than families leaving aid with a brief history of aid use. We found that among 1993-94 leavers, families with more extensive histories of aid use (31 or more months in the previous 5 years) are as likely to be employed after leaving aid as other leavers, but tended to have lower earnings if employed than other leavers.

Earnings increase over time for those families that leave aid with earnings and remain employed

Exhibit 36

Median family earnings for families who leave aid with earnings



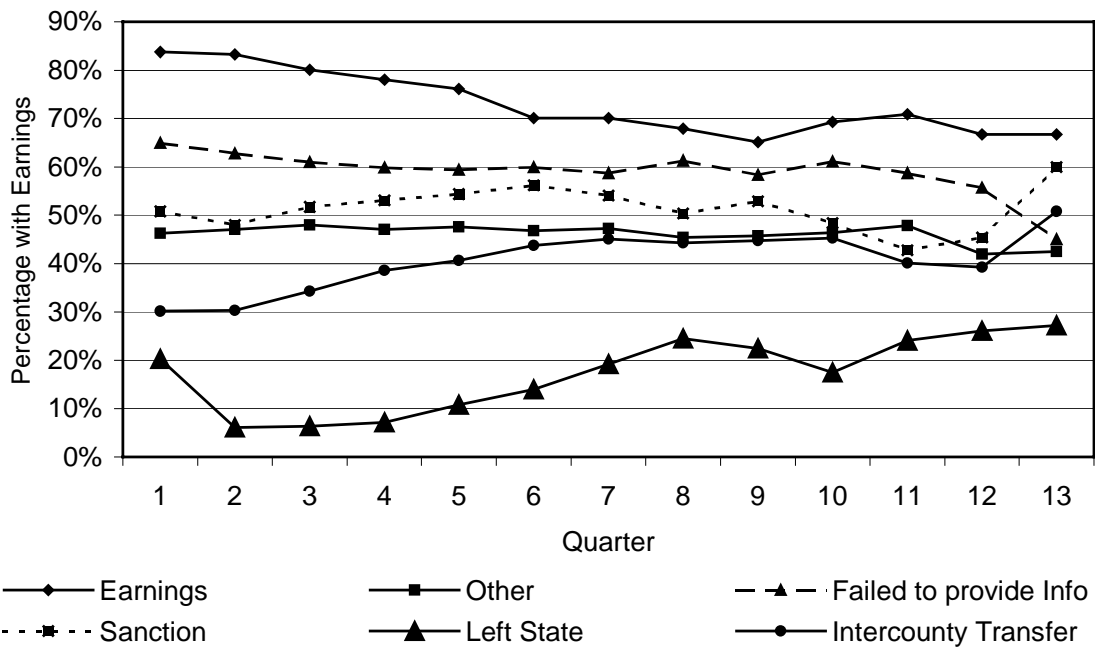
Surprisingly, the same result does not hold true for more recent groups of leavers. Families leaving aid between 1995 and 1998 with an extensive history of aid use have about the same probability of employment – and the same level of earnings if employed – as other families leaving aid.

Exhibits 35 and 36 look at employment and earnings for leavers in a slightly different way. Specifically, we restrict the sample to families with earnings in the quarter in which they leave aid. Exhibit 35 shows that in the quarter immediately after leaving aid with earnings, 83 percent of 1998 leavers have earnings, compared to 81 percent of 1995-97 leavers and 79 percent of 1993-94 leavers. For 1993-1997 leavers, employment probabilities continue to decline for several quarters after these families leave aid.

Exhibit 36 graphs median family earnings for families with earnings in the quarter in which they leave the caseload. Again, we see that leavers’ earnings tend to rise sharply in the quarter immediately after leaving aid, and then more gradually thereafter. Median earnings reach \$5,500 for 1995-97 leavers 14 quarters after leaving aid, and \$5,600 for 1993-94 leavers 21

Most families with cases discontinued due to failure to provide information have earnings

Exhibit 37
Percentage of families leaving aid with earnings, by reason for leaving aid



quarters after leaving aid. However, these increases do not necessarily imply that an individual leaver’s earnings are increasing. Because the percentage of leavers employed is also declining over time, median earnings are for the select group of clients who remain employed.

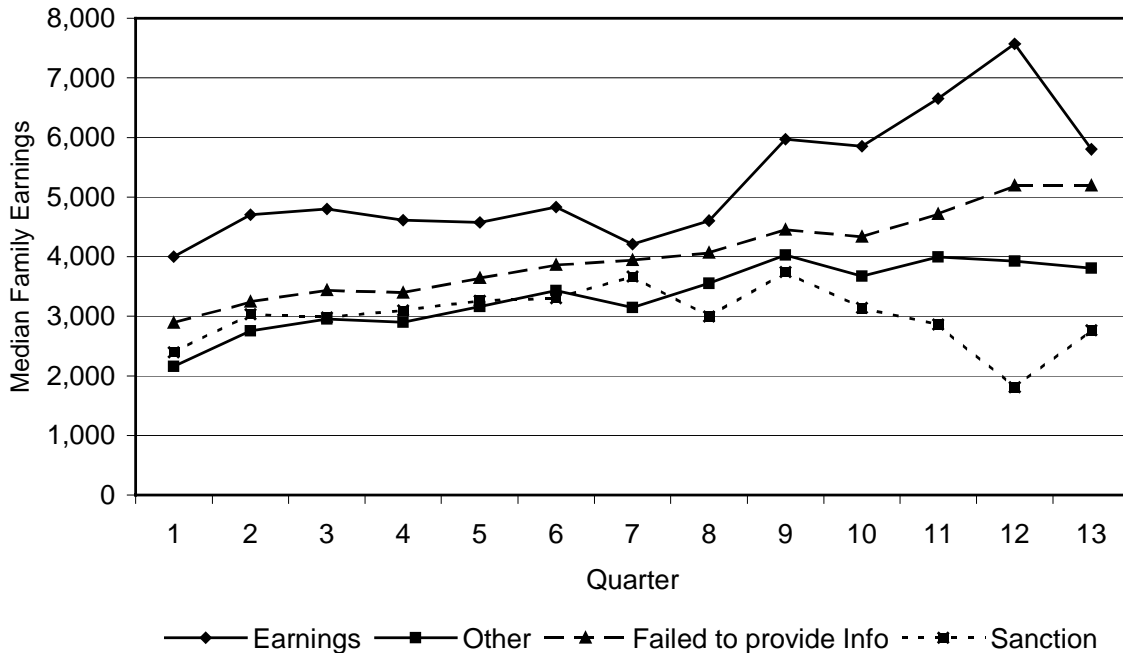
The next set of figures uses CDS negative action codes from July 1995 through 1998 to identify the reported reasons why families leave aid. Negative action codes are grouped into six categories:

Reason for Discontinuance	Percent of Leavers
Excessive earnings	3
Failure to provide information	47
Client non-cooperation	6
Intercounty transfer	19
Client not living in California	3
Other	22

Earnings increase over time for those families whose cases were discontinued due to failure to provide information

Exhibit 38

Median family earnings for families leaving aid, by reason for leaving



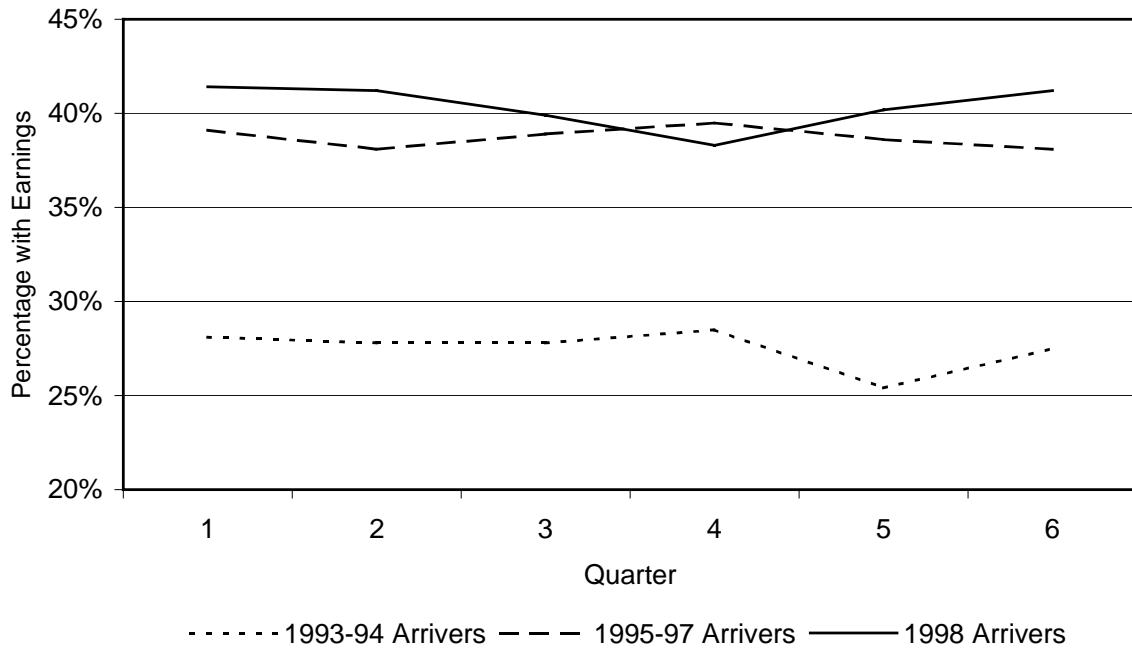
Given that most families leaving aid in recent quarters have earnings, it might seem surprising that so few cases are recorded in CDS as discontinued due to earnings. However, it has long been suspected that many cases recorded as discontinued due to ‘failure to provide information’ actually leave aid due to employment. Because these families simply fail to complete their CA-7 forms rather than report employment to the county, their cases are recorded in CDS as discontinued for ‘failure to provide information’ rather than employment.

Exhibit 37 indicates that most cases closed for ‘failure to provide information’ have earnings. Sixty-five percent have earnings in the quarter in which they leave aid; the proportion with earnings remains at about 60 percent over the next several quarters.

Exhibit 37 also demonstrates that families leaving aid due to excessive earnings are more likely to be employed than families who leave aid for other reasons. Eighty-three percent of these families have UI system earnings in the quarter in which they leave aid; the proportion

Families arriving on aid more recently are more likely to have earnings

Exhibit 39
Percentage of families arriving on aid with earnings, by date of arrival



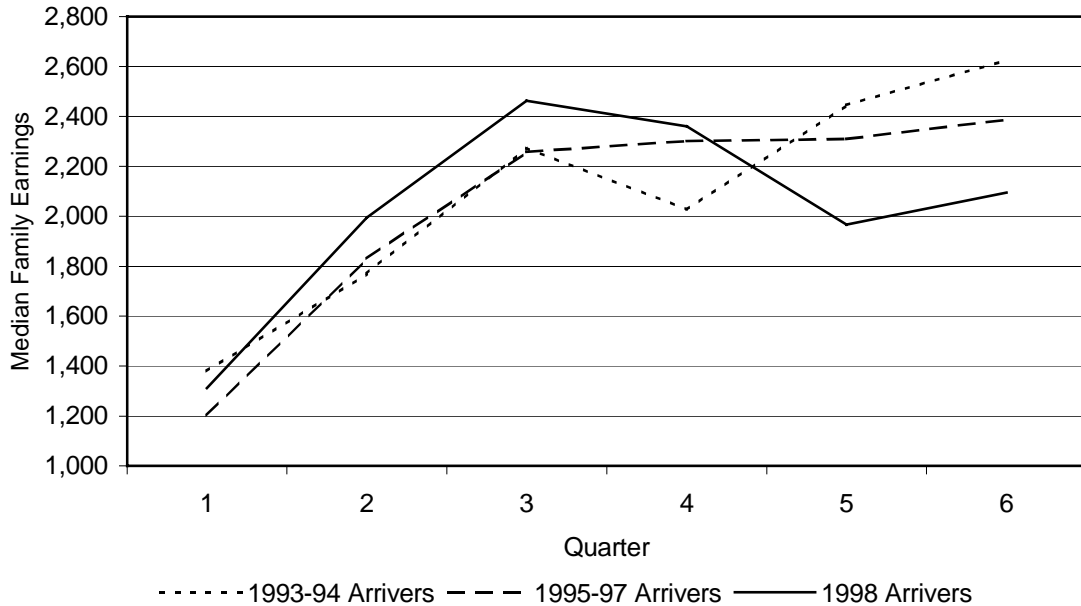
declines gradually to 70 percent in the fifth quarter after leaving aid and remains near that level thereafter.

Approximately 50 percent of cases discontinued due to client non-cooperation have earnings in the quarter in which the family leaves aid and over the next several quarters. About 45-50 percent of families that leave aid for ‘other’ reasons have earnings in the quarter they leave aid and over the next several quarters.

Exhibit 38 reports median family earnings for leavers with earnings, by recorded CDS discontinuance code. For families leaving aid due to earnings, median earnings increase from \$4,000 in the quarter in which they leave aid to as much as \$7,500 in the eleventh quarter after leaving aid. For families whose cases are discontinued due to failure to provide information, median earnings rise from \$3,000 in the quarter in which they leave aid to \$5,000 in the twelfth quarter after leaving aid.

Earnings decline sharply for families arriving on aid

Exhibit 40
Median family earnings for families arriving on aid, by time of arrival



The data clearly suggest that many families whose cases are discontinued due to failure to provide information actually leave aid due to employment. This group of leavers is more likely to be employed – and likely to have higher earnings if employed – than all other groups of leavers except those who directly report employment to the county.

Arrivers: pre-aid employment and earnings

The next set of figures describes employment and earnings outcomes for families arriving on aid. Analogous to the treatment of leavers in Exhibits 33-36, families are grouped into three categories based on the time that they arrived on aid (1993-94, 1995-97, and 1998 arrivers). Again, a family can be in more than one group if it arrived on aid in one time period, left aid, and then returned to aid in a second time period. If a family arrived on aid more than once within a single time period, then quarterly employment probabilities and earnings are calculated relative to the timing of the last arrival on aid in the period. Therefore, although a family can be in more than one group, it will be counted at most once in each group.

Exhibit 39 shows how employment probabilities evolve prior to arrival on aid. Quarter 1 is the quarter in which the family arrives on aid, quarter 2 is the quarter *prior to* arrival on aid, and so on. The figure shows that more recent arrivers are more likely to be employed. 41 percent of 1998 arrivers have earnings in the quarter in which they arrive on aid, compared to 39 percent of 1995-1997 arrivers and 27 percent of 1993-94 arrivers. Surprisingly, for all groups the proportion of families with earnings shows no tendency to decline in the quarter in which the family arrives on aid.

Although families are as likely to have earnings in the quarter in which they arrive on aid as they are in previous quarters, Exhibit 40 indicates that the amount of earnings tends to decline sharply as they arrive on aid. For all three cohorts, quarterly earnings decline by about \$1,000 from the second quarter prior to arriving on aid to the arriving quarter. Clearly, it is the family's level of earnings and not the family's probability of employment that tends to decline immediately prior to arrival on aid.

V. CONCLUSION

In this report we presented outcome findings that describe caseload, demographic, employment, and earnings trends for families on cash aid in San Mateo County from 1987 to 1998. We also summarized the major findings from the initial process study conducted by HSA that examined the first six months of the implementation of SUCCESS. In this concluding chapter, we briefly review the findings in each of these two areas.

Process study findings

The first key finding concerns the timing of program implementation. The implementation of SUCCESS coincided with several other significant changes within HSA, including the implementation of a new management structure and a new automated data system. Undertaking several major program changes simultaneously created a less than ideal environment for implementing a new program. In addition, the waiver for the SUCCESS demonstration project stipulated that HSA implement SUCCESS throughout San Mateo County in a relatively short period, and the compressed implementation timeframe constrained the range of transitional activities HSA could have undertaken.

A second finding concerns co-location of support services. Co-locating the most commonly needed client services – primarily mental health and alcohol and drug services – in the same facility where client assessment and case management occur greatly improves the likelihood that clients use these services.

A third set of findings concerns the transition to the integrated case management approach embodied in SUCCESS. The transition to a program that emphasizes case management may produce a high level of anxiety among staff as they assume new responsibilities in the provision of client services. Additional effort from supervisors may be required as staff tend to revert to established work habits, such as focusing on processing eligibility, at the expense of new case management responsibilities. Additional professional development activities, both for line staff learning how to do case management and especially for supervisors learning how to supervise case managers, may substantially lower the level of staff anxiety.

Finally, integration of the case management and eligibility responsibilities into a single staff position also has important implications for staff caseloads and the assignment of clients to individual staff. Because case management requires a significantly larger per case time commitment, line staff with case management duties should carry a lower number of cases than the number carried previously by an eligibility worker. In addition, continuity of the relationship between client and case manager takes on a heightened importance with integrated case management and eligibility functions. Services are provided more quickly and with less duplication when client and case manager are able to develop and maintain a relationship over time. Therefore, when possible, clients should be assigned to the same case manager during their time on aid, and clients returning to aid should be reassigned to the case manager they had at the time they last left aid.

Outcome analysis findings

Findings from the outcome analysis were grouped into three areas: caseload dynamics; trends in the demographic characteristics of cases; and patterns of employment and earnings for current and former welfare recipients. The analysis of caseload dynamics among San Mateo County's non child-only caseload revealed that caseloads have declined by more than 75 percent since 1994. We found no evidence that cross-county migration of aid recipients played a significant role in reducing San Mateo County's welfare caseload in the 1995-1998 period. We also found that the rate at which families leaving cash aid return to aid (that is, the rate of recidivism) showed no general trend over this period, falling sharply in 1997 and 1998 after peaking in 1995 and 1996. Finally, the analysis revealed that families with an extensive history of aid use have become a larger percentage of San Mateo County's active caseload, increasing from 35 percent of families on aid in 1994 to 55 percent of families on aid at the end of 1998.

In examining the demographic characteristics of cases, the analysis showed that the two-parent caseload appears to be more sensitive to the business cycle than the one parent caseload, as two-parent cases tend to comprise a growing proportion of the active caseload when unemployment is relatively high. We also found there was a large increase in the Hispanic caseload in 1992 and 1993 that corresponded with the timing of the end of the moratorium on aid use for immigrants who became citizens under IRCA in 1987. Since this event, the ethnic distribution of the active caseload has remained fairly stable. In addition, the analysis revealed that the average age of the head of cash aid cases gradually increased over the 1987-1998 period,

and the proportion of families on cash aid with more than one child increased substantially in 1998, after remaining quite stable over the preceding decade.

The analysis of quarterly earnings information revealed that over the last 5 years a higher proportion of families are working at the same time they are receiving cash aid. Specifically, the proportion of families working while on aid increased from 20 percent in 1993 to 50 percent in 1998. In addition, the earnings of working recipients are increasing. Real median quarterly earnings for working families on cash aid increased from \$1,100 in 1993 to \$2,000 in 1998. Surprisingly, families with extensive histories of aid use are now slightly more likely to be employed, and tend to have higher earnings if employed, than aided families that have spent less cumulative time on aid.

We also found that more families leaving aid are working. Sixty percent of families leaving aid in 1998 have earnings, compared to 53 percent of 1995-1997 leavers and 38 percent of 1993-1994 leavers. Earnings of families that remain employed after leaving cash aid rise sharply in the quarter immediately after leaving aid, and continue to increase more gradually thereafter. The findings also suggested that families leaving aid in the 1995-1998 period tended to have higher earnings than families leaving aid in 1993 and 1994. The analysis showed that 65 percent of families whose cases were discontinued due to 'failure to provide information' are employed in the quarter in which they leave aid. In addition, these families tend to have higher earnings than other groups of families leaving aid, except those who directly report leaving aid due to employment. Therefore, it is likely that many families whose cases are discontinued due to failure to provide information actually leave aid due to employment. Finally, we found that earnings, but not the likelihood of employment, tend to sharply decline immediately prior to a family's arrival on aid.

Next Steps

The findings presented in this report provide essential contextual information to assist in the interpretation of outcomes and impacts of SUCCESS in subsequent reports. The second annual report, to be completed in early 2000, will examine early program impacts by comparing outcomes under SUCCESS with the same outcomes in San Mateo County prior to program implementation, as well as outcomes in other California counties. In addition, the second annual report will present outcomes under SUCCESS developed from a supplemental child well-being

study. The third and final report will extend findings for both the outcomes and child well-being analyses, and will include a cost effectiveness analysis of the SUCCESS Model.