



Minnesota Family Investment Program Longitudinal Study:

Four Years After Baseline

Tenth report in a series

August 2005

Program Assessment and Integrity Division
Minnesota Department of **Human Services**

For inquiries or comments contact:

Ramona Scarpace, Division Director
Program Assessment and Integrity Division
444 Lafayette Road North
St. Paul, MN 55155-3845
(651) 296-5767
ramona.scarpace@state.mn.us

Leslie I. Crichton, Ph.D., Co-Author
Program Assessment and Integrity Division
444 Lafayette Road North
St. Paul, MN 55155-3845
(651) 215-9520
leslie.crichton@state.mn.us

Vania A. Meyer, Ph.D., Co-Author
Program Assessment and Integrity Division
444 Lafayette Road North
St. Paul, MN 55155-3845
(651) 296-3507
vania.meyer@state.mn.us

All reports from the MFIP Longitudinal Study series are available on the
DHS Web site (www.dhs.state.mn.us).

Table of Contents

Table of Contents	i
Executive Summary	ii
Economic Status of Study Participants Stalls after Initial Progress.....	ii
Families Face Severe Challenges and Hardships.....	iii
Poverty Still a Concern	iv
Minnesota Family Investment Program Longitudinal Study: Four Years after Baseline	1
Trends over Time.....	1
Welfare Leavers	2
Employment	2
Family Composition.....	3
Family Income	3
Poverty	5
Housing	6
Opinions on Welfare Reform.....	6
Praise for MFIP	7
Individualize the Program	7
More and Better Jobs a Part of the Solution.....	7
Education Is Critical.....	8
Help in Easing Off MFIP	8
Other Services Needed to Succeed.....	8
Ills Attributed to Welfare Reform	9
Specific Policy Proposals	9
Outcome Groups Based on Employment and Welfare Use	11
Employment.....	11
Employment History	12
Job Search in Last Month.....	13
Current Job Situation.....	13
Barriers to Employment	13
Reasons Given for Part-time Work or No Work	14
Economic Status	16
Personal and Family Challenges.....	18
Factor I. Health Issues and Disability	19
Factor II. Chemical Dependency, Incarceration, and Violence.....	21
Factor III. Second Parent, Learning, and Adolescent Problems.....	24
Factor IV. Education, Race/Ethnicity, and Transportation	25
Hardships	26
Housing.....	27
Housing Situation at 48 Months.....	27
Trends in Housing Subsidies and Affordability	28
Health Care	29
Child Care.....	31
Adolescent Children’s Well-Being	32
Planning by MFIP Participants at Time of Interview	33
Interviewer Ratings of Planning and Preparation by Active MFIP Recipients.....	34
Possible MFIP Extension Situations for Long-Term Recipients	35
MFIP Leavers Rate Life at Time of Interview.....	36
Employment and Outcomes for Demographic Groups.....	37
Appendix A. Cases Not Surveyed	40
Appendix B. 2002 FPG and Maximum MFIP Grants by Family Size	41
Contributors.....	42

Executive Summary

Minnesota enacted major changes in family assistance mandated by Congress by implementing the Minnesota Family Investment Program (MFIP) in 1998. Its goals are to increase employment and earnings, decrease welfare use, and reduce poverty. At the start of the program, the state recruited nearly two thousand MFIP participants for a five-year longitudinal study following their progress. Two groups were selected: *Applicants* new to assistance in 1998 (interviewed through the third year of the study) and ongoing *Recipients* (through all five years). This report describes the situation four years after baseline in public assistance use, employment, family composition, income, personal and family challenges, housing, health care, child care, transportation, and other employment issues, with survey responses and administrative data. The summary includes additional administrative data through year six.

During the first two years, families in both samples averaged significant economic progress. After the second year, wage and income gains leveled off. Welfare use continued to drop, with 80 percent of all study participants off MFIP by the end of year six. Nevertheless, many participants and their families continued to face serious personal and family challenges as well as economic hardships. Poverty remained a concern for many participants, even among those finding work and leaving assistance. Slowed economic growth, personal and family challenges, and continued poverty are the themes in this report.

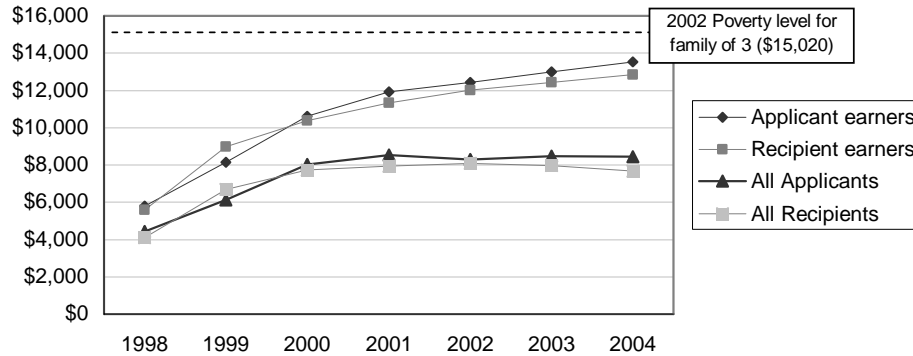
Economic Status of Study Participants Stalls after Initial Progress

During the first two years of MFIP and of the study, half the ongoing *Recipients* and two-thirds of the new *Applicants* in the study left welfare. Their employment, work hours, earnings, and income made a big jump, reflecting gains in percent working, average hours worked, and average hourly wages. For the second two years of the study, economic progress slowed or stalled. Poverty levels fell from 63 percent at baseline to 45 percent at month 24 to 44 percent in month 48 for *Recipients*. By year four, 62 percent of *Recipients* surveyed were employed; their median work time was 40 hours per week and their median hourly wage was \$9.57. The average monthly family income for all surveyed *Recipients* was \$1,614. Forty-six percent of them were employed MFIP leavers, and 15 percent were off MFIP and working at least 40 hours per week for ten dollars per hour or more. Two-thirds of leavers said life was better after MFIP.

Through year six, employment and income averages for study participants were still far below those for the general population in the state and below the Federal Poverty Guideline (FPG), as Figure ES1 shows. Wages reported to the Unemployment Insurance (UI) system for both current MFIP participants and leavers were available through calendar year 2004. The figure plots average UI wages made by all study participants (the lower two lines) and by wage earners for each year. The results were very similar for both the ongoing *Recipients* and the *Applicant* group new to welfare at baseline. The total groups made progress only in the first two years; the earner subgroups continued to make small gains through year six. Average earnings, however, were still below the

poverty line for a family of three and far below median annual family income in Minnesota (\$49,000 nonmetro and \$78,700 Twin Cities in 2002).

Figure ES1. Mean annual Unemployment Insurance (UI) wages (2002 dollars)



The external economic situation was a possible factor in the leveling off of earnings. After a long period of improving poverty statistics, the years 2002 and 2003 saw worsening national and state poverty indicators, followed by small improvements in 2004.ⁱ The same pattern occurred in national and state unemployment rates.ⁱⁱ Formidable personal and family challenges described in the next section were also possible factors.

Families Face Severe Challenges and Hardships

Table ES1 shows the high levels of challenges that *Recipients* reported on the four-year survey as well as several issues recorded in administrative data through that time.ⁱⁱⁱ The subgroups are based on welfare and employment status in month 48. It was not news that many people who receive family assistance have problems with transportation and lack education and that depression and chemical dependency, disability and mental health issues, discrimination and the special needs of their children, violence and contact with the criminal justice and child protection systems complicate their lives. The frequency of these challenges, mostly self reported, was a surprise. The levels for the least successful group – unemployed people on MFIP – were extremely high. Even many in the most successful group – employed leavers – were dealing with multiple serious problems in their lives.

Twenty-one percent of *employed leavers* – the group with the best outcome – had been in jail or prison, 51 percent of them had children whose second parent had a history of jail or prison as an adult, 30 percent were diagnosed with depression, 13 percent had already been through chemical dependency treatment and many more had been given a chemical dependency diagnosis, at least 22 percent had serious mental health issues, and eight percent were determined to have maltreated their children. In response to the difficult lives of MFIP participants, the Minnesota Department of Human Services is funding and will evaluate eight projects with new coordinated service approaches for MFIP participants with multiple known challenges (Integrated Services Project).

Table ES1. Personal and family challenges and history at month 48

Challenges for Recipients		Not working/ On MFIP	Not working/ Off MFIP	Working/ On MFIP	Working/ Off MFIP	All Surveyed
Count		105	102	88	253	548
Survey data	Transportation: lacks either reliable car or driver's license	86%	75%	73%	49%	65%
	Jail or prison as an adult	36%	23%	30%	20%	25%
	Second parent or spouse in jail or prison as an adult	63%	50%	65%	51%	56%
	Depression diagnosis ever	51%	46%	30%	30%	37%
	Depression under doctor's care	32%	34%	13%	11%	20%
	Physical disability that makes it hard to work	29%	37%	17%	14%	22%
	Mental disability that makes it hard to work	31%	33%	9%	6%	17%
	Discrimination	42%	32%	30%	29%	32%
	No high school diploma/GED	36%	28%	26%	15%	23%
	No high school diploma/GED (2nd parent in household)	64%	16%	17%	20%	26%
	Special education classes during school years	25%	18%	19%	17%	19%
	Special needs child	20%	11%	16%	9%	12%
	Chemical dependency treatment ever	25%	21%	18%	13%	18%
	Chemical abuse during last year	3%	8%	2%	2%	3%
	Chemical abuse by partner during last year	14%	7%	8%	4%	7%
Administrative data	Chemical dependency diagnosis (primary or secondary)	59%	49%	47%	36%	45%
	Severe mental health diagnosis	46%	41%	27%	22%	31%
	Child maltreatment determination	17%	14%	18%	8%	12%

Hardship situations and public and private sources of assistance reported by participants in 2001 and 2002, the third and fourth years of the study, are listed in Table ES2. Most rates were similar at both times. Food needs, however, were up, with twice as many using food shelves (30 percent versus 14 percent in 2001) and a five percentage point rise in families receiving subsidized school lunch. Housing poverty was up six percentage points.

Table ES2. Hardship issues in years three and four

Hardships and aids	2001	2002
One-parent households	85%	83%
Lack reliable vehicle and/or driver's license	68%	65%
All family members without health care coverage	9%	6%
Housing costs above 30 percent of income	39%	45%
Public or subsidized housing	40%	38%
Fuel or energy assistance during winter	39%	41%
Free or reduced school lunch during school year	64%	69%
Food shelf	14%	30%
Child care assistance	23%	19%
Child support received	30%	34%

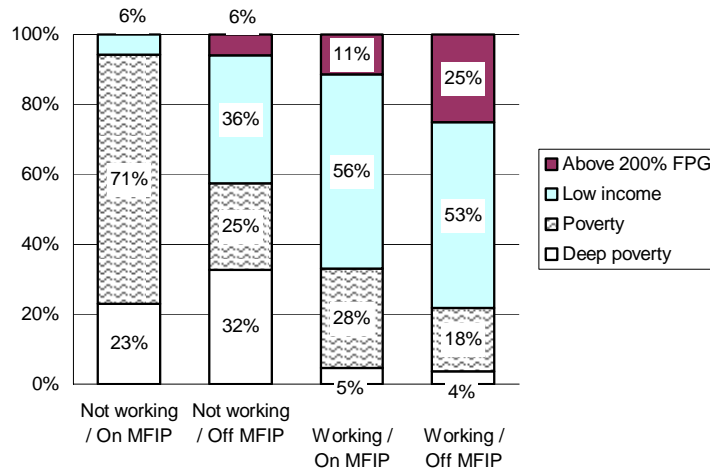
Poverty Still a Concern

In the fourth year of the study, the percentage of MFIP leavers continued to climb despite the worsening national and state statistics cited previously and remained greater for the total *Applicant* sample (76 percent, an increase of four percentage points over 12 months prior) than for all *Recipients* (66 percent, up from 60 percent). By six years post-baseline, only 19 percent of *Applicants* and 20 percent of *Recipients* remained on MFIP. Ten percent of all *Recipient* cases had been extended past the 60-month time limit, most

for hardship situations. The cases of five percent of the *Recipient* sample had the maximum of 60 months counted toward the time limit when they closed.

Poverty remained a concern, however, even among those who had left assistance. Figure ES2 displays the distribution of economic status for each employment/welfare use outcome group, clearly showing the effect of earned wages. The outcome group with the highest poverty level was unemployed MFIP participants, but the group with the most participants in deep poverty (50 percent or less of FPG) was the unemployed leavers. One-quarter of employed leavers had attained economic stability.

Figure ES2. Economic status of outcome groups



Regarding the MFIP experience, survey respondents spoke about the need for more jobs, especially good-paying jobs, and the connection between better education and better jobs. People asked for better health care coverage, child care, education and training, as well as more help with transportation and housing, and more help from second parents.

ⁱ The highest count of family assistance cases in Minnesota occurred in 1994, with an average monthly caseload of 64,400. The caseload dropped to 63 percent as many cases in 2001, then increased to 67 percent in 2002 and 70 percent in 2003, then fell to 69 percent in 2004.

http://www.dhs.state.mn.us/main/groups/agencywide/documents/pub/DHS_id_016338.pdf

The U.S. family poverty level dropped from 11.6 percent in 1994 to 9.2 percent in 2001, with increases to 9.6 percent in 2002 and 10.0 percent in 2003.

http://www.census.gov/Press-Release/www/releases/archives/income_wealth/002484.html

ⁱⁱ U.S. unemployment rates rose since the national low of 4.0 percent in 2000 to 5.8 percent in 2002, 6.0 percent in 2003, and dropped to 5.6 percent in 2004. The Minnesota unemployment rates followed a similar pattern at a lower level: 4.6 percent in 2002, 4.9 percent in 2003, and 4.7 percent in 2004.

<http://www.deed.state.mn.us/lmi/tools/laus/detail.asp?geog=2701000000&adjust=0>

ⁱⁱⁱ Family violence is not included in the table because of under-reporting in administrative data (only 3 percent had qualified for an MFIP family violence waiver) and the question not being asked on the survey.

Minnesota Family Investment Program Longitudinal Study: Four Years after Baseline

In 1998, Minnesota replaced Aid to Families with Dependent Children (AFDC) with the Minnesota Family Investment Program (MFIP) following passage of the federal Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) in August 1996. The MFIP Longitudinal Study followed the progress of two groups of MFIP participants – new *Applicants* and ongoing *Recipients* as of the time they were selected for the study in 1998 – through five years. Four-year follow-up results, including administrative data for both samples and survey data for the *Recipients* – are reported.

Previous reports summarized administrative and survey data for both samples at baseline, six months later, one year later, and yearly thereafter. Information was provided on family composition, use of public assistance, employment, income, housing, transportation, child care, health care, personal and family challenges, and employment barriers. Special reports on leavers' health care utilization, teen mothers, and long-term welfare users were also issued. These reports are posted on the Minnesota Department of Human Services (DHS) Children and Family Services web site:
http://www.dhs.state.mn.us/main/groups/economic_support/documents/pub/dhs_id_004113.hcsp.

This report, tenth in the series, looks at MFIP welfare use over time by both samples, using administrative data. Charts show trends across the four years on the *Recipients'* employment, family composition, and income. Then participants weigh in with their opinions on welfare reform. Findings about *Recipients'* employment, economic status, personal and family challenges, housing, health care, child care, adolescent children's well-being, participant's welfare status, well-being of leavers, and future plans of participants on MFIP follow.

Recipients have also been surveyed concerning month 60 after baseline. The next report will complete the series, providing a summary of participants' situations over the five-year study period, based on administrative data for both samples, five years of surveys of *Recipients* and three years of surveys of *Applicants*. It will highlight topics that have been included in all the surveys and responses of *Recipients* asked to reflect on their experiences during the five years.

Trends over Time

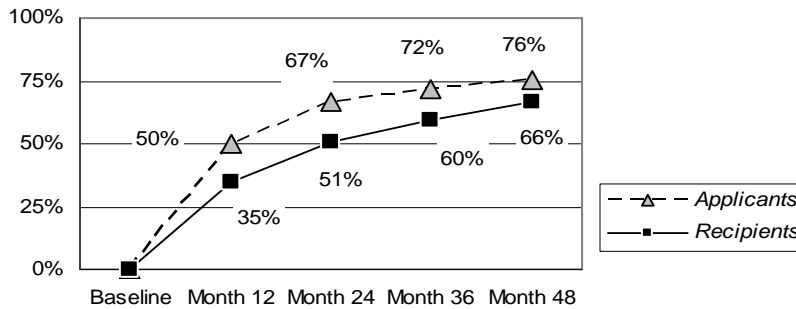
The samples for the MFIP Longitudinal Study included 843 ongoing MFIP participants (the *Recipient* group) and 985 new clients (the *Applicant* group). Only the *Recipient* sample was surveyed for the fourth and fifth year follow-ups. For the four-year survey, 548 of 843 *Recipients* responded to phone interviews for a response rate of 65 percent. Appendix A compares those surveyed with sample members not surveyed; there were few differences between the two groups. This section reports trend data on welfare use, using administrative data for all members of both samples, and survey data for economic and family measures for *Recipients*. During the period covered by the interviews, a

month between May and October 2002 (approximately one-sixth of each sample were selected each month from May to October in 1998), the national economy was stagnant, but no longer in an official recession.

Welfare Leavers

Figure 1 shows the cumulative percentage of MFIP leavers¹ for *Applicants* and *Recipients* from the baseline survey to the month 48 survey. As of month 48, 66 percent of the original sample of *Recipients* had left MFIP, as had 76 percent of all the *Applicants*. The study follows persons; four percent of all *Recipients* who were ineligible caregivers on an active MFIP child-only case were categorized as leaving welfare, as were one percent of *Applicants*.

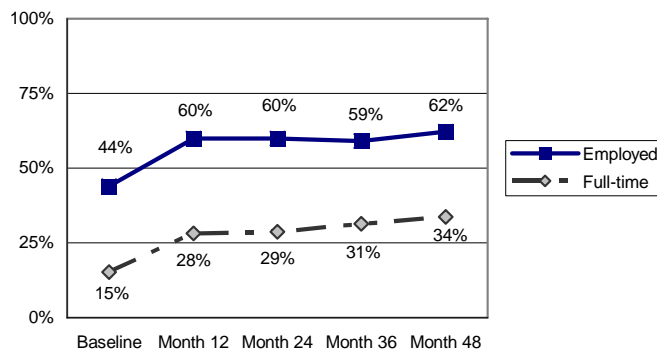
Figure 1. MFIP leavers over time for total original samples (administrative data)



Employment

As seen in Figure 2, employment rates among MFIP participants in the *Recipient* sample have been steady since one year after baseline.

Figure 2. Point-in-time employment status for surveyed Recipients



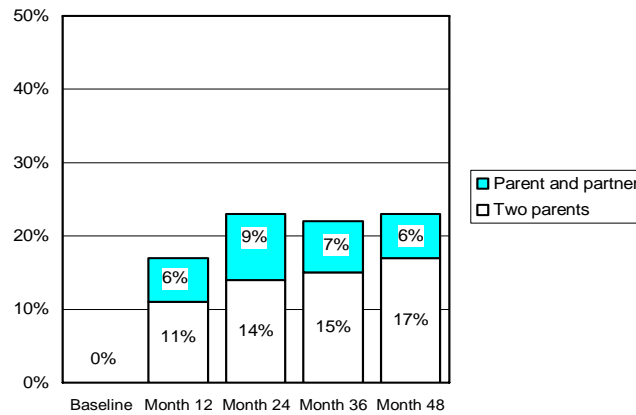
Around 60 percent of *Recipients* were working at each yearly follow-up point. The rate of full-time employment has increased, with about one-third of *Recipients* working full time in months 36 and 48.

¹ A leaver was formerly eligible for MFIP and had been personally ineligible for MFIP for at least two months, including month 48; everyone else was in the “on MFIP” group.

Family Composition

Study participants were all personally eligible for MFIP when selected for the study, either in one-parent families or one-relative-caregiver cases. There were no child-only cases or two-parent families in the study at baseline.² Figure 3 shows the increase in percent of families with resident second parents over four years. At the four-year point, 17 percent of surveyed *Recipients* reported that their spouse or the second parent of one or more of their children lived with them. An additional six percent of *Recipients* lived in a shared household with a partner who was not the parent of any of their children.

Figure 3. Two-adult households for surveyed *Recipients*



Family Income

Family income for month 48 is defined as the total of the following:

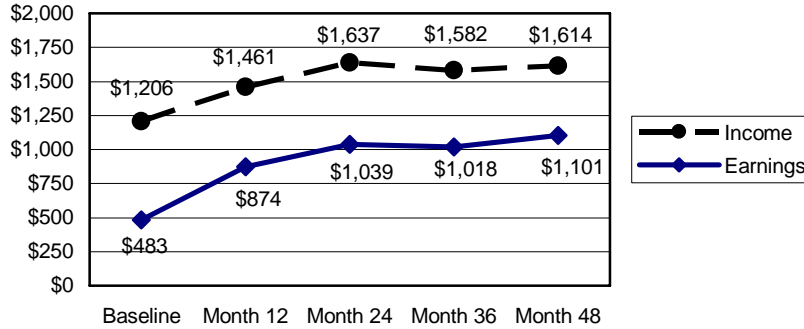
- Monthly earnings of parents in the household.
- MFIP grant (cash and food portions).
- Assistance from other public programs (stand-alone Food Support, Emergency Assistance, General Assistance, Minnesota Supplemental Assistance, and TANF from another state).
- Child support (both county disbursements and payments received directly from the noncustodial parent).
- Other unearned income (Supplemental Security Income (SSI) disability payments, Social Security, Unemployment Insurance, Workers Compensation, insurance settlements, etc.).

Figure 4 reports monthly family earnings and total income averaged across all surveyed *Recipients*, unemployed included, in inflation-adjusted 2002 dollars. In month 48, family earnings were at the highest level since the beginning of the survey after a drop in month 36, although only \$62 higher than two years earlier. Monthly family income was higher than in month 36, but not as high as in month 24. Putting this in perspective, median

² MFIP cases with one parent or relative caregiver in the household who was personally eligible for a grant made up 69 percent of the caseload at baseline; the other 31 percent of MFIP cases were child-only cases or cases with two parents or relative caregivers in the household, one or both of whom were MFIP-eligible.

monthly family income in Minnesota in the year 2002 ranged from \$4,083 in nonmetro areas to \$6,392 in the Twin Cities Metro area³ compared to \$1,614 for *Recipients*.

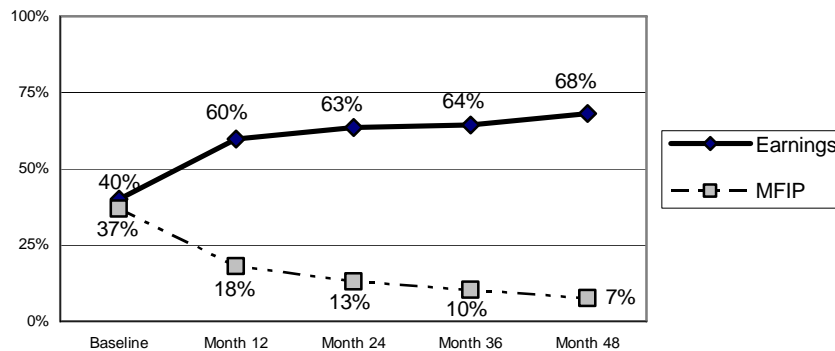
Figure 4. Average monthly family earnings and income (2002 dollars) for surveyed *Recipients*



Besides determining whether the average total family income was increasing over time, it was important to look at the components, what proportions of family income came from earnings and from MFIP cash, and how the sources changed over time.

Total earnings increased to 68 percent of total income for all *Recipient* families surveyed at four years compared to 40 percent at baseline (Figure 5). During this time, the percentage of family income from MFIP cash declined from 37 percent to seven percent. The average amount of MFIP cash received declined from \$456 at baseline to \$121. The percentage of families receiving MFIP cash dropped from 95 percent to 29 percent.

Figure 5. Family income from earnings and MFIP cash for surveyed *Recipients*

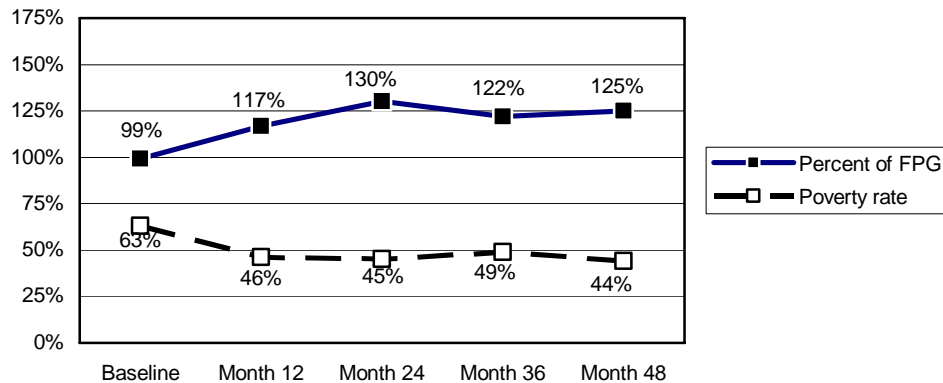


³ Minnesota House Research, *Minnesota Data Book for Legislators*, January 2003, page 11. (<http://www.house.leg.state.mn.us/hrd/pubs/2003dtbk.pdf>).

Poverty

The 2002 Federal Poverty Guideline (FPG)⁴ for the most typical *Recipient* family of one parent and two children was \$15,020 per year (\$1,252 per month). The upper line in Figure 6 displays the average percentage of FPG represented by the average *Recipient* family income. The MFIP exit level was set at approximately 120 percent of the FPG at that time, through a 38 percent earned income disregard, making MFIP grants a work supplement for employed participants.

Figure 6. Average percentages of Federal Poverty Guideline and poverty rates for surveyed *Recipients*



Four years after baseline, the estimated poverty rate for surveyed families was 44 percent. The largest decline in poverty rate occurred in the first year of the study. *Recipient* family income as an average percentage of FPG increased over the first two years of the study. Annualizing monthly income and dividing it by the annual FPG to get a family percentage of FPG may lead to an underestimate of the percentage below poverty level because it assumes consistent income over 12 months, including consistent employment and child support, which is not always the case.

By comparison in 2002, 9.6 percent of all United States families had incomes below the poverty level. The 2002 U.S. poverty rates for persons living in female-headed families, the type most common in the study, were 35.2 percent for the U.S.⁵ and 25.4 percent for Minnesota.⁶

Figure 7 displays subgroups based on family income as a percentage of FPG to indicate relative poverty. The categories are above 200 percent of FPG, which is at least a basic budget⁷ (enough for necessities but no extras like savings or vacations), low income

⁴ Appendix B gives the Federal Poverty Guideline income levels for the year 2002 by family size.

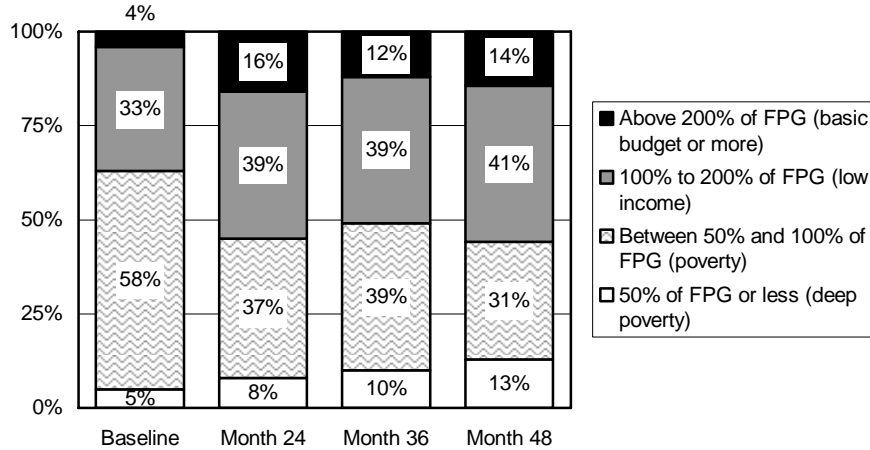
⁵ U.S. Census Bureau, *Current Population Survey*, March 2002 (http://ferret.bls.census.gov/macro/032003/pov/new03_100_01.htm).

⁶ U.S. Census Bureau, *Current Population Survey*, March 2002 (http://ferret.bls.census.gov/macro/032003/pov/new46_100125_08.htm).

⁷ The JOBS NOW Coalition has developed “basic budgets” contingent on family composition through research on the local economy. According to their report (*The Cost of Living in Minnesota: The Job Gap Family Budgets*, St. Paul, MN, August 2003), a Minnesota family with one working parent and two

(between 100 percent and 200 percent of FPG), and poverty (below 100 percent of FPG), with levels 50 percent or below labeled deep poverty. The chart compares FPG distributions from baseline through year four.

Figure 7. Change of economic status for surveyed Recipients



After four years, the percentage below FPG dropped to 44 percent, its lowest level, after rising somewhat in month 36. The percentage in deep poverty was at its highest level since the beginning of the study. Ninety percent of participants in deep poverty were not working. The percentage above 200 percent of FPG changed only slightly between month 24 and month 36.

Housing

Housing poverty is defined as spending more than 30 percent of family income for housing costs, including rent or mortgage and utilities. The *Recipient* housing poverty rate (45 percent) has changed little over the course of the study although there have been period to period fluctuations. Increased housing costs have offset any increases in income. The percentage living in subsidized housing has remained steady, near 40 percent (39, 39, 39, 40, and 38 percent at baseline through year four).

Opinions on Welfare Reform

Most respondents had something to say about welfare reform in response to this question:

Some government and business leaders say that welfare reform⁸ is a success because it gets people to work. If you had a chance to talk with a government official, what would you tell him or her about what you think of welfare reform?

children would have needed \$37,344 in the year 2002 to meet basic needs such as food, shelter, health care, child care, transportation, and clothing (excluding such items as savings, eating out, and vacations).

⁸ If they asked for clarification of what “welfare reform” is, the interviewer told them it included the new rules about working and time limits.

The question did not ask for an overall evaluation, but prompted a discussion of what was uppermost on their minds. About 40 percent had only positive things to say, 30 percent had only negative comments, with the rest about evenly divided between mixed reviews and no opinion. The employed leavers group was more likely than the other three groups to provide favorable comments and the group not working and on MFIP was more likely than the other three groups to complain. However, there were both types of responses across the four outcome groups.

Some study participants had only praise for the program. Most who were not satisfied with the current system suggested improvements. Some associated dire outcomes with MFIP or predicted they would occur. Representative comments precede *Recipients'* policy suggestions.

Praise for MFIP

Many praised MFIP because it encourages work, specifically through work rules, the time limit, and employment programs.

- *Reforming welfare to a temporary help program forces people to stand on their own.*
- *Employment counseling is a great idea.*
- *Minnesota helps people get on their feet with good programs like child care and energy assistance.*
- *Very helpful, gives encouragement. I had a really involved worker.*
- *I see people who have been on 20 years, are now working, and are happier.*

Individualize the Program

A common thread was that MFIP needed to individualize its requirements because people have differing abilities and sometimes face difficult situations beyond their control.

- *I think the rules and the time limit are a good idea, but not everyone can live in those boundaries. They need to look at cases individually.*
- *Reform successfully moved people into the workplace. However, going on assistance fresh out of a domestic abuse relationship and emotionally unstable and still being made to look for work is not a good rule.*
- *It's good they've made some exceptions to the five-year rule.*
- *There should be broader exemptions for people like me who have special needs kids to care for and for people who are too disabled to work for long periods.*

More and Better Jobs a Part of the Solution

The most frequently cited situation keeping people down was a lack of jobs, especially good paying jobs.

- *Now is not a good time for welfare reform. The economy is bad, few jobs, low wages, high living expenses. Few jobs offer benefits. Welfare should always be available for people who can't find work or earn enough to pay for necessities.*
- *It's hard to find jobs in small towns. Thirty hours of job search is too much.*
- *They've forced people into low-paying jobs.*

- *Work rules are good, and the time limit is good except when families have emergencies or lose jobs.*
- *Sometimes people have a hard time finding a job and when they do wages are low.*
- *When a person is unable to find work and is following welfare rules, assistance should be available so families can pay living expenses.*
- *Encourage companies to hire people on welfare.*
- *We need better paying jobs and better education and training to get a job.*

Education Is Critical

People made a connection between better education and better jobs.

- *People aren't trained for anything over minimum wage jobs. There's more to it than just getting a job!*
- *Rules on working while in school should be changed. People need to focus on studies in school so they can graduate or get a certificate. It's hard for single parents to be self-sufficient. Petty rules and sanctions continue poverty.*
- *We should be able to attend school for four years, not two years. Base MFIP on how well you do in school.*
- *I think they need more resources for people like me with disabilities to learn job skills and get a job.*
- *Focus more on getting people educated and trained so they can get jobs that pay enough to live on.*

Help in Easing Off MFIP

The difficulty of making the transition from MFIP to working and full self-support was another topic people addressed.

- *People need a couple of extra months of assistance (cash grant) once they find a job that gets them off welfare so they can get on their feet and catch up on bills.*
- *It's a hard transition from MFIP to work.*
- *You need to work with employers to help people stay on the job.*
- *It is too hard to make it when MA⁹ and child care help drop off.*
- *The time limit is good as long as there is other help available like food stamps and MA.*
- *Combine Section 8 with assistance so rent doesn't raise when you first start work.*

Other Services Needed to Succeed

Respondents asked for better health care coverage, child care, education, and training, and requested help with transportation, dental care, and housing.

- *It is difficult for people in more remote areas when there is a lack of transportation.*
- *There's a great need for dentists who will take the state's rate of payment.*
- *Housing is a big issue. Something needs to be done, as rent is too high.*
- *It's hard finding child care for a developmentally delayed child.*

⁹ Medical Assistance (MA), Minnesota's Medicaid program.

- *They should consider the problems single parents have with child care and work when they have two or three children. Life is hard for single parents.*
- *Need more help with food for a longer time and more mental health counseling.*
- *They need to have more programs for addicted people.*
- *My county has too long of a waiting list for child care assistance. When starting work, you need it right away.*

Ills Attributed to Welfare Reform

Some attributed dire results to welfare reform or predicted bad effects in the future.

- *Time limits are not good. If people try and can't get jobs, they're going to start breaking into people's houses, stealing to survive.*
- *Unemployed moms just may decide to put their kids in foster homes so someone will care for them rather than watch them starve.*
- *People aren't doing that well. Some are staying in bad situations with the second parent for financial reasons.*
- *It's causing a lot of people to be homeless.*

Specific Policy Proposals

Make Second Parents Responsible, Too¹⁰

- *They can make moms go out and work. They should make the dads go out to work and pay child support, too.*
- *Child support needs to start some kind of program in schools at an early age to make young boys aware that fathers are financially responsible for their kids so maybe boys will stop moving from one girl to another, leaving babies.*

Increase MFIP grants¹¹

- *Welfare reform is a good thing, but they should increase grants while people are on MFIP. Some people's living expenses are as high as their grants, leaving no money for clothing or personal needs, and leaving it impossible to save money for emergencies.*
- *I think the time limits and work requirements are fair. But they give you too many food stamps and not enough cash.*
- *Guidelines are wrong. Food stamp limits should be higher.*

Change Staffing and Attitudes

- *We need more experienced people working in job services. Employ previous welfare clients as financial workers and job service counselors. They have more knowledge.*
- *More workers are needed. They're rude and mean and they have too many cases.*

¹⁰ The Child Support Enforcement Division in the Department of Human Services formerly had programs focusing on fathers supporting their children that lost funding (Dads Make a Difference and Parent's Fair Share programs).

¹¹ MFIP grants are made up of a cash grant and a food portion. Both amounts increase with the number of family members. While the food portion amounts per family size have increased every year, cash grants per family size have been unchanged since 1986.

- *It's hard to talk to a real person now. It's on a machine and you don't get called back. They expect you to take a day off to take care of things.*
- *County workers think you owe them for being on the programs.*

Address Disability Issues

- *I don't get child care assistance because I get Social Security instead of MFIP so it really doesn't pay for me to work. There is no help for me, with a two to three-year wait for child care assistance and a catch 22 because you have to have a job first.*
- *There are many low IQ and mentally ill people on welfare who are not getting the help they need. Some of the rules families are asked to follow are too confusing for these low functioning people to understand, causing them to be sanctioned and children to go hungry or without needs.*
- *People who are not disabled enough to get Social Security, but are unemployable, should be able to stay on welfare indefinitely. But if people are employable, they should have to get a job right away.*
- *Some people with children just are not with it, not bad enough to qualify for RSDI or SSI but just don't have common sense. There are a lot of young naive people out there.*

Work with Sanctioned

- *People get sanctioned for not working enough hours. No one cares why they're unable to work 30 hours so they lose benefits, low pay, get evicted, end up homeless.*
- *I kept getting sanctioned due to my disability.*

Recognize Children's Needs

- *It's good that people get out and work, but not good if you have children that are having a hard time.*
- *Single parents should be able to stay home (months excluded) caring for children until the youngest is in school full time.*

Other Issues

- *Make certain things mandatory like taking classes on how to find a job.*
- *Forcing someone to fill out 15 applications weekly for jobs they don't want is a waste of the employer's time and the person's time.*
- *Some people use welfare money for drugs. They should be off welfare.*
- *Take care of U.S. citizens before immigrants.*
- *The welfare department shouldn't give migrant workers special treatment.*
- *Reform is a great idea. But the minimum wage should be raised so people can support themselves even if they're not educated.*
- *People are abusing the system, they need to enforce it better.*
- *Too much paperwork when you work.*
- *They are there to help you but you shouldn't have to disclose every detail of your life.*

Outcome Groups Based on Employment and Welfare Use

Table 1 gives the distribution of participants for four outcome groups based on employment status and welfare status during month 48. Data in many analyses in the remaining sections of this report are organized by these groups.

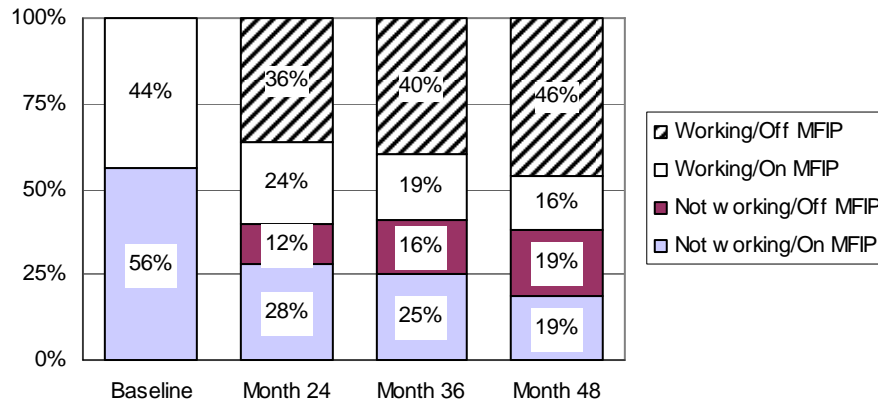
Table 1. Counts of employment, welfare, and outcome groups at month 48

Outcome groups		Not working	Working	Total	Not working	Working	Total
<i>Recipients</i>	On MFIP	105	88	193	19%	16%	35%
	Off MFIP	102	253	355	19%	46%	65%
	Total	207	341	548	38%	62%	100%

Note: Off MFIP is defined as the participant being personally ineligible for MFIP for at least two months.

The largest group at 48 months, those both working and off MFIP, included 46 percent of all surveyed. Figure 8 displays the distribution of the four outcome groups over time. The biggest changes came in the earliest two years of the study, but the working leavers group continued to increase and the unemployed group on MFIP to decrease in size through year four while the overall poverty level stayed steady.

Figure 8. Employment/welfare outcome groups over time



There were only 17 *Recipients* who had accumulated 60 counted months by month 48. Eight of these had their cases extended because of a qualifying hardship; the other nine had their cases closed.

Employment

Employment is a key path to economic stability. Increased employment is one of the goals of MFIP. This section describes the employment history of surveyed *Recipients* in terms of hours worked, wages earned, employment rates, recent job search, job satisfaction, barriers to employment, and, if unemployed or underemployed, participants' reasons for not working or working less than 40 hours per week.

Employment History

As illustrated earlier in Figure 2, employment rates have been steady since month 12 after increasing from 44 percent at baseline to 60 percent at month 12. Table 2 gives hours and wage statistics for the employed subgroup surveyed at each time. Except for the employment rate, all statistics are percentages or medians of the employed only. Median hours per week worked by those employed were 40 hours in months 36 and 48. Just over half of employed *Recipients* worked at least 40 hours per week and almost two-thirds worked at least 35 hours per week in both months 36 and 48.

Table 2. Trends in hours worked and wages earned by employed *Recipients* (2002 dollars)

Work hours and wages	Count of employed	Median work hours	35 or more hours	40 or more hours	Median hourly wage	Employment rate (percent of surveyed)
Baseline	316	32	49%	35%	\$7.11	44% of 715
Month 12	367	36	58%	47%	\$8.13	60% of 662
Month 24	381	38	57%	48%	\$8.89	60% of 634
Month 36	357	40	64%	53%	\$9.40	59% of 604
Month 48	341	40	62%	51%	\$9.57	62% of 548

Median wages have continued to increase over time, from \$7.11 at baseline to \$9.57 in month 48, adjusted for inflation, an increase of 35 percent for *Recipients* as a group. Factors in increasing earnings include higher wages and employment rates and more hours worked. The fourth year of the study saw an economic recovery after a short recession during the third year.

In month 48, as Table 3 shows, employment was higher among MFIP leavers who were also more likely to work full time and earn a higher median wage than those on MFIP (for example, employment rates of 71 percent versus 46 percent). The table also gives employment statistics for employed participants by welfare status. For all employed, 58 percent were off MFIP¹² and they worked an average of 40 hours per week with a median wage of \$10.00 per hour. About one-third of employed leavers were working at least 40 hours per week and earning at least \$10.00 per hour. This group made up 15 percent of all surveyed.

Table 3. Wages earned and hours worked by employed *Recipients* in month 48

Work, hours, and wages	On MFIP	Off MFIP	All surveyed
Count of employed	88/193	253/355	341/548
Employment rate (percent of welfare group)	46%	71%	62%
Employed group:			
Median work hours	35	40	40
35 or more hours	53%	70%	66%
40 or more hours	42%	58%	54%
Median hourly wage	\$9.00	\$10.00	\$9.57
Employed at least 40 hours/week and \$10/hour	14%	32%	28%

¹² Note that 26 of the 253 MFIP leavers were SSI recipients and caregivers on child-only MFIP cases; 22 were unemployed and four of the 26 were working part time.

Job Search in Last Month

All participants were asked about their job search and interview behavior during the past month. The data reported in Table 4 reveals that participants who were on MFIP were more likely to report they had submitted one or more job applications in the past month. As expected, unemployed respondents reported a higher median number of applications than workers, although the median number of job interviews was similar.

Table 4. Job search activities in month before study interview

Job applications and interviews in last month		Not working/ On MFIP	Not working/ Off MFIP	Working On MFIP	Working Off MFIP	All Surveyed
Applied for job or had interview in last month	Count	49	23	41	66	179
	Percent of surveyed	47%	23%	47%	26%	33%
Job applications if applied	Median	10	7	3	3	4
Job interviews if interviewed	Median	2	2	2	1	2

Current Job Situation

Asked about their job situation as of the day they were interviewed, over 90 percent of all workers said they were satisfied with most aspects of their job, including getting to do things they were good at, getting the help they needed to get their job done, liking their job, and working with friendly people. Two-thirds said their pay was good and 42 percent of each group said their chances of moving up were good. Those who were on MFIP at 48 months were less likely to say they had a chance of doing things they were good at than MFIP leavers. In addition, they were more likely to say their work was boring. Twenty percent of all workers were worried they would get laid off. Ratings of their job situations were virtually identical for leavers and for MFIP participants.

Table 5 reports some differences between the two welfare-use groups for the subgroup of workers who were still working for the same employer from month 48 to the time of the interview (72 percent of the employed). Leavers were more likely to have gotten a raise from this employer and work full time. In both groups, most were working about the same hours at both times, and about one-third had seen improvements to benefits and increased hours since starting the job.

Table 5. Advancement in current job for those still employed at interview in month 48 job

Status of job held from month 48 to time of interview	Employed in same job	On MFIP	Off MFIP
Count of surveyed	244	46	198
Work about same number of hours each week	86%	87%	86%
Gotten raise since began working for this employer	73%	52%	77%
Working full time	63%	54%	65%
Job benefits have improved since starting job	33%	30%	34%
Working more hours than when started job	30%	28%	30%
Worried about losing job	14%	9%	15%

Barriers to Employment

In all the surveys of the Longitudinal Study, participants have been asked whether issues that are potential barriers to employment were a big problem that made it hard for them to

get or keep a job, somewhat of a problem, or not a problem. Table 6 gives the results for year four. The most problematic potential barriers overall were health insurance cost and availability, wages and availability of local jobs, transportation to work, and the cost of child care – the same issues as a year earlier.

Table 6. Big barriers to employment in month 48 by employment status, welfare status, and outcome group

Big barriers	All Recipients*	Not Working		On MFIP		Not working/ Off MFIP		Working/ Off MFIP	
		Working	Working	MFIP	MFIP	On MFIP	Off MFIP	On MFIP	Off MFIP
Count of surveyed	503	164	339	190	313	102	62	88	251
Local employment problems									
Health insurance cost	26%	25%	27%	28%	26%	30%	16%	25%	28%
Health insurance availability	22%	24%	21%	26%	20%	29%	16%	23%	21%
Local wages	17%	21%	15%	22%	14%	25%	16%	18%	14%
Local job availability	16%	29%	10%	24%	11%	30%	27%	17%	7%
Transportation to work	13%	26%	7%	24%	7%	30%	19%	17%	4%
Having a place to live	3%	4%	2%	4%	2%	5%	3%	3%	2%
Child care problems									
Child care cost	12%	20%	8%	11%	12%	20%	21%	1%	10%
Child care availability	8%	16%	4%	8%	7%	15%	18%	1%	4%
Child care reliability	6%	9%	4%	5%	6%	7%	13%	2%	5%
Child care quality	6%	12%	3%	7%	5%	12%	13%	1%	3%
Work readiness problems									
Education or training	7%	19%	2%	15%	3%	25%	10%	3%	1%
Work experience	5%	11%	1%	10%	1%	17%	2%	2%	1%
Job skills	5%	13%	1%	11%	1%	19%	3%	1%	0%
Ability to speak English	2%	4%	1%	3%	2%	4%	3%	1%	1%
Special needs children	4%	6%	3%	6%	3%	8%	3%	3%	2%
Number of big barriers (mean)	1.5	2.4	1.1	2.0	1.2	2.7	1.8	1.2	1.0

*SSI and RSDI recipients were excluded from this section of the survey.

Unemployed *Recipients* have always identified more barriers than working *Recipients*. This was still true for almost all issues – wages and availability of local jobs, transportation, all aspects of child care, all work readiness issues, including the adequacy of education, work experience and skills, and immigrants’ English language skills. Similarly, MFIP participants had more serious barriers than leavers in local jobs, transportation, and work readiness issues. The outcome group that was both on MFIP and not working generally had the highest percentage with a big problem across issues. The average number of big barriers showed similar patterns. Fewer barriers went with more progress toward economic goals, but even the employed leavers group averaged one big barrier.

Reasons Given for Part-time Work or No Work

Thirty-eight percent of those surveyed were not working during month 48, and an additional 30 percent were working less than full time. Table 7 summarizes the reasons participants were not working or working less than 40 hours per week in month 48 by whether it was the employer’s choice, the participant’s choice, or circumstances beyond the participant’s control. Everyone gave at least one reason.

Table 7. Reasons for working less than 40 hours per week or not working in month 48

Reason for working less than 40 hours per week or not working	Working less than 40 hours/week			Not working		
	On MFIP	Off MFIP	All	On MFIP	Off MFIP	All
Count of working less than 40 hours and unemployed	57	110	167	105	102	207
Percent of surveyed	30%	31%	30%	54%	29%	38%
Employer's choice						
I was hired as a part-time employee	26%	15%	19%	--	--	--
Employer defines hours I work as full-time work	5%	21%	16%	--	--	--
Employer only offers part-time work	9%	12%	11%	--	--	--
Hours cut due to lack of business	7%	9%	8%	--	--	--
Other	9%	9%	9%	--	--	--
My choice						
Wanted to care for child/children	5%	9%	8%	10%	11%	10%
School or training	5%	1%	2%	10%	1%	6%
Pregnancy	2%	0%	1%	6%	7%	6%
Not interested in working	0%	0%	0%	2%	0%	1%
Other	4%	7%	6%	3%	5%	4%
Circumstances beyond my control						
Health/medical limitations of participants	4%	4%	4%	28%	51%	39%
Looking for work / could not find work	2%	0%	1%	16%	12%	14%
Transportation problems	2%	0%	1%	8%	2%	5%
Child care	5%	2%	3%	2%	2%	2%
Health/medical limitations of a family member	4%	0%	1%	3%	2%	2%
Laid off / fired	2%	0.9%	1.2%	1%	3%	2%
Child related issues	0%	2%	1%	4%	0%	2%
Housing problems	0%	0%	0%	3%	0%	1%
Lacked skills / lacked English	0%	0%	0%	3%	0%	1%
Began working in review month and did not work entire month	5%	5%	5%	0%	0%	0%
Quit job	2%	0.9%	1.2%	0%	0%	0%
Other	4%	0%	1%	0%	4%	2%

Health or medical limitations of the participant was the most frequently mentioned reason for not working (39 percent) for both leavers (51 percent) and MFIP participants (28 percent). Back and joint problems were the most frequent types of physical illness or limitation. The most frequently reported types of mental health issues were depression and anxiety. Not being able to find work was the second most frequent reason for not working (14 percent), and wanting to care for their children the third (10 percent).

Recipients most often gave reasons attributable to employers when asked why they were working less than 40 hours per week. “Hired as a part-time employee,” was the most frequent response among current MFIP participants (26 percent) and “Employer defines the hours I work as full-time work” was the most frequent response among leavers (21 percent). Other common reasons were the employer only offering part-time work, hours cut due to lack of business, and wanting to care for their children.

Economic Status

Table 8 summarizes data on the income of *Recipients* in month 48. The top section of the table provides details for the four outcome groups. The bottom section divides the sample two ways – on MFIP versus off and not working versus working – permitting a look at outcomes for welfare and employment status separately. The last column in both sections of the table gives total group statistics.

Table 8. Month 48 economic measures for outcome, welfare, and employment groups

<i>Recipients by four outcome groups</i>		Not working/ On MFIP	Not working/ Off MFIP	Working/ On MFIP	Working/ Off MFIP	All Surveyed
Count of surveyed		105	102	88	253	548
Percent of surveyed		19%	19%	16%	46%	100%
Family income	Total income in review month	\$825	\$1,160	\$1,664	\$2,107	\$1,614
	Earnings of participant	\$0	\$0	\$1,029	\$1,510	\$863
	Earnings of second parent	\$58	\$432	\$101	\$284	\$238
	Public assistance	\$676	\$185	\$466	\$42	\$258
	MFIP cash	\$392	\$58	\$207	\$4	\$121
	MFIP food	\$264	\$41	\$232	\$1	\$96
	Other programs	\$20	\$86	\$28	\$36	\$41
	Child support received	\$70	\$113	\$51	\$127	\$101
Other unearned income		\$22	\$425	\$17	\$144	\$152
Percent living with second parent or spouse		13%	25%	7%	19%	17%
Percent living with employed second parent or spouse		6%	21%	7%	15%	13%
Child support payment received by custodial parent		30%	29%	26%	40%	34%
Earned Income Credit received in 2001		35%	37%	73%	76%	60%
Average percent of Federal Poverty Guideline (FPG)		61%	88%	127%	166%	125%
Poverty rate (percent below FPG)		94%	57%	33%	22%	44%
Housing costs		\$287	\$391	\$389	\$552	\$445
Percent paying more than 30% of income for housing		48%	53%	26%	48%	45%
<i>Recipients by welfare and employment status</i>		Welfare status		Employment status		All Surveyed
		On MFIP	Off MFIP	Not working	Working	
Count of surveyed		193	355	207	341	548
Percent of surveyed		35%	65%	38%	62%	100%
Family income	Total income in review month	\$1,208	\$1,836	\$990	\$1,993	\$1,614
	Earnings of participant	\$469	\$1,078	\$0	\$1,386	\$863
	Earnings of second parent	\$77	\$326	\$241	\$237	\$238
	Public assistance	\$580	\$83	\$434	\$151	\$258
	MFIP cash	\$307	\$20	\$227	\$56	\$121
	MFIP food	\$249	\$13	\$154	\$61	\$96
	Other programs	\$23	\$50	\$53	\$34	\$41
	Child support received	\$62	\$123	\$92	\$107	\$101
Other unearned income		\$20	\$224	\$220	\$111	\$152
Percent living with second parent or spouse		10%	21%	19%	16%	17%
Percent living with employed second parent or spouse		6%	16%	13%	13%	13%
Child support payment received by custodial parent		28%	37%	29%	37%	34%
Earned Income Credit received in 2000		52%	65%	36%	75%	60%
Average percent of Federal Poverty Guideline (FPG)		91%	144%	74%	156%	125%
Poverty rate (percent below FPG)		66%	32%	76%	25%	44%
Housing costs		\$334	\$506	\$338	\$509	\$445
Percent paying more than 30% of income for housing		37%	49%	50%	42%	45%

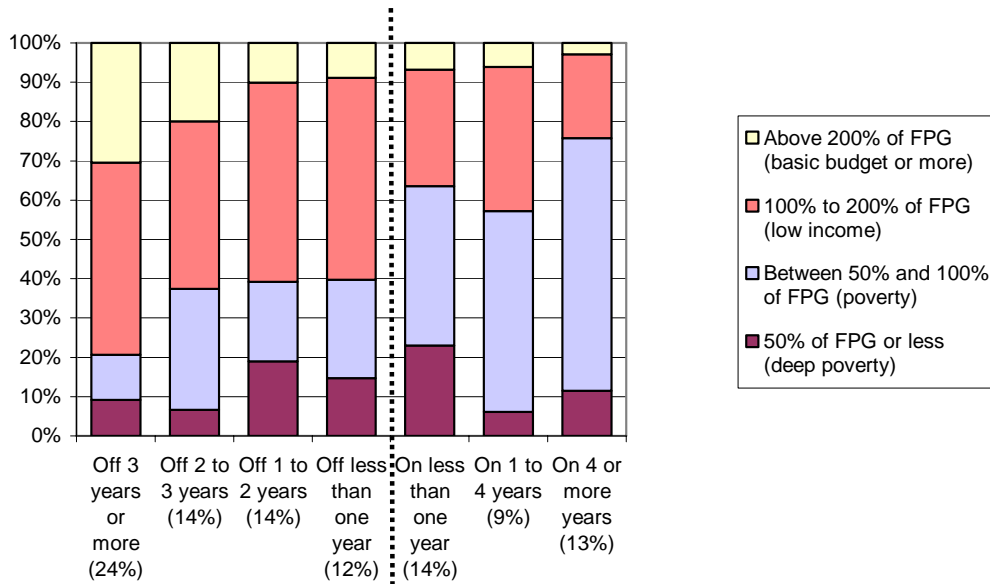
Notes: All income data were from the survey except public assistance payment amounts and child support disbursements (added to direct child support payments for the table amounts). Housing percentages include the 486 families with both income and housing costs. Otherwise, all averages were computed across all cases with nonmissing data. Leavers receiving MFIP cash or food were caregivers for a child-only MFIP case. Other public programs include stand-alone Food Support, Emergency Assistance, General Assistance, Minnesota Supplemental Assistance, and TANF from another state.

Participants who were working and off MFIP had the highest average (mean) total family income during month 48 (\$2,107). Conversely, unemployed participants on MFIP had the lowest total family income (\$825). Earned income was the largest income component for workers. Some participants who were off MFIP were caregivers on child-only MFIP cases so the family had income from public assistance. Workers in month 48 were more likely to report receiving an Earned Income Tax Credit for earnings during 2001. Unemployed participants who were off MFIP relied on some combination of second parent earnings and unearned income – especially SSI, as well as child-only MFIP and child support.

About one-third of participants received child support payments. Participants who were off MFIP reported receiving higher payments than those who were on MFIP. The employed outcome groups reported average income above the FPG. Participants who were unemployed and on MFIP averaged about 60 percent of the FPG. Forty-four percent of all *Recipients* had incomes below the FPG – an underestimate of the poverty rate, as explained in the trends section. Average housing costs were included in the table for comparison to income. Forty-four percent of participants reported housing expenses more than 30 percent of family income.

To show the relation of case dynamics to income, Figure 9 gives income distribution by consecutive time off or on MFIP as of month 48. Consecutive time off MFIP groups ranged from three to four years (24 percent of all surveyed) to less than one year for recent leavers to none for current MFIP participants. The MFIP groups started with those who had at least one month off MFIP during the previous year to the group on MFIP for the entire duration of the first four years of the study (13 percent of all surveyed). The bottom two income categories in the bars are below poverty level and the upper two above it.

Figure 9. Income level by consecutive time off or on MFIP as of month 48



The poverty level rose from 21 percent for the group off at least 36 consecutive months to 76 percent for those on the entire four years of the study, with a jump between leavers and MFIP participants. Deep poverty was highest for the middle groups that combined months on and off MFIP. Monthly family income, summing all sources including MFIP grants, showed a similar relationship to welfare dynamics, dropping by half from around \$2,158 for the group off MFIP for at least three years to \$1,167 for the group on MFIP for the whole study. The top section of the bar indicates self-sufficiency and is larger, the longer the participant had been off MFIP.

The ability to save money is one indicator of being able to plan for future financial needs. Table 9 shows checking and savings account ownership by outcome group. Working leavers were more likely to report a checking account (57 percent), a savings account (39 percent), or the ability to save for emergencies (30 percent) than other groups. Unemployed *Recipients* on MFIP were the least likely to have either a checking or savings account or to be able to save for emergencies.

Table 9. Ability to save

Ability to save	Not working/ On MFIP	Not working/ Off MFIP	Working/ On MFIP	Working/ Off MFIP	All Surveyed
Count of surveyed	105	102	88	253	548
Percent of surveyed	19%	19%	16%	46%	100%
Have checking account	20%	41%	27%	57%	42%
Have savings account	15%	25%	22%	39%	29%
Able to save money	14%	19%	25%	30%	24%

Personal and Family Challenges

Many families served by MFIP have challenges and problem situations that may be barriers to employment. This section summarizes data on 27 personal and family challenges, including physical and mental health issues, chemical abuse, incarceration, child welfare, family violence, education and learning issues, transportation, special needs children, discrimination, current pregnancy, and race/ethnicity from the four-year Longitudinal Study survey and DHS administrative data.

Factor analysis is a statistical method that can identify strongly interrelated subgroups of variables measured on the same group of people, condensing data from many variables into a few factors. In this study, factor analysis identified four subgroups of barriers that tended to go together. These four factors summarized data on the 27 variables.¹³ Table 10 names these factors and shows factor scores for the employment/welfare use outcome groups.

¹³ These are the factors that consistently appeared during exploratory analyses with different numbers of factors and different groups of variables. The method used was a varimax rotated principal components analysis. Factors have a distribution with a mean of zero and standard deviation of one. Variance explained is the proportion of the total variance of all the variables in the analysis that can be predicted by the factor(s). In this data set, 35.3 percent of the variance was explained by the four factors.

Table 10. Factor scores from measures of personal and family challenges

Factors from challenge issues	Not working/ On MFIP	Not working/ Off MFIP	Working/ On MFIP	Working/ Off MFIP	Cumulative variance explained
I. Health and disability issues	0.26	0.62	-0.32	-0.24	12.7
II. Drug and alcohol abuse and violence	0.34	-0.02	0.16	-0.19	22.4
III. Second parent, learning and adolescent problems	0.21	-0.33	0.28	-0.05	29.0
IV. Education, race/ethnicity, and transportation	0.37	0.14	0.21	-0.28	35.3

All significant at $p < .001$.

The first factor included health and disability issues, a high score indicating problems with health or a disability or both. High scores on the second factor meant problems with chemical abuse, jail, violence, or a combination of these issues. Factor three combined a second parent who had ever gotten into trouble with the law with the participants' own school problems and arrests as a minor. Nonwhites lacking education and reliable transportation scored highest on the fourth factor. Subsequent sections will describe the factors in terms of their related measures.¹⁴

The group of participants not working and on MFIP was high on all four factors and higher than any other group on the second and fourth factors, indicating reasons people have not been able to get a job or move off MFIP. Unemployed leavers – the group that included SSI recipients – was highest on the factor that includes health problems and disabilities, lowest on the second parent/adolescent problems factor. Working participants on MFIP tended not to have health issues as a group, but had positive scores in the other areas, including the highest score on the second parent/adolescent problems factor. Employed leavers averaged low scores on all four factors.

Factor I. Health Issues and Disability

Table 11 lists the health and disability measures in the first factor and the correlations between the factor and each measure.¹⁵ For example, the correlation between Factor I and answering that you are currently under a doctor's care for depression was .75. The table also gives the percent of each outcome group with each challenge named; 11 percent of working leavers said this about themselves and 34 percent of unemployed leavers. Descriptions of the challenges in the first factor follow the table. At the end of the Factor I section, a chart displays the challenges that make up the factor, visually summarizing the outcome group differences on health and disability issues.

¹⁴ Only one of the 27 variables was not related to any of the factors. Four percent of the women who were interviewed said they were pregnant at the time of the interview. There was no significant difference across the outcome groups and no relationship between current pregnancy and welfare or employment status.

¹⁵ Correlations measure how related two variables are, how well one can be predicted from the other. Correlation coefficients range between +1.00 and -1.00. A high positive value indicates that high values of one variable tend to go with high values of the other. A negative correlation indicates that high values on one variable tend to go with low values on the other. A correlation of zero results when there is no relationship between two variables.

Table 11. Health issues and disability variables

Factor I. Health issues and disability		Not working/ On MFIP	Not working/ Off MFIP	Working/ On MFIP	Working/ Off MFIP	All Surveyed
Correlation	Count	105	102	88	253	548
0.75	Depression under doctor's care***	32%	34%	13%	11%	20%
0.75	Mental disability that makes it hard to work***	31%	33%	9%	6%	17%
0.71	Depression diagnosis ever***	51%	46%	30%	30%	37%
0.67	Severe mental health diagnosis*** (adm. data)	46%	41%	27%	22%	31%
0.57	SSI recipient or application approved***	5%	38%	0%	0%	8%
0.49	Depression screener score above cut-off***	44%	29%	27%	18%	26%
0.43	Physical disability that makes it hard to work***	29%	37%	17%	14%	22%
0.43	Learning disability	19%	16%	14%	11%	14%
0.30	ADD/ADHD/ODD diagnosis*	4%	12%	3%	4%	5%

Note: Tests of differences across percentages in row for the four outcome groups: * probability (chi square) = .05 or less,

** p = .01, ***p = .001.

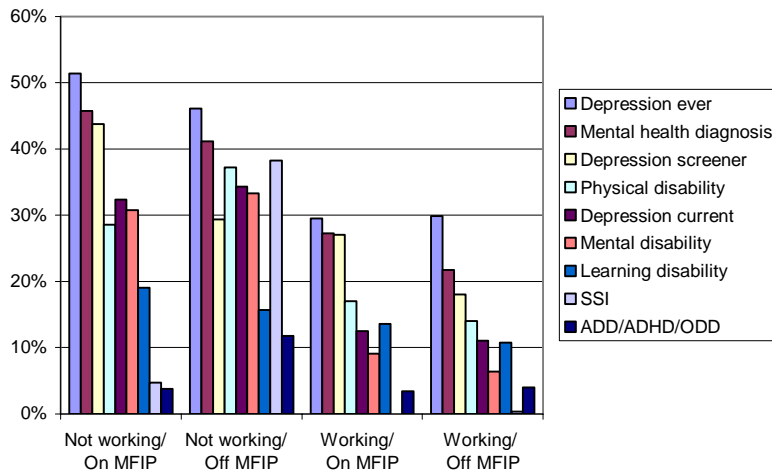
Physical and Mental Health Issues. Depression was the most common mental health issue that MFIP participants talked about. Of the 88 people who identified a mental disability that made it hard for them to work, 64 named depression. Thirty-seven percent of all surveyed said they had been diagnosed with depression at some time, 26 percent scored above the cut-off on a depression screener¹⁶ included in the survey, and 20 percent said they were currently under a doctor's care for depression. The proportion of participants affected by depression was highest for the group unemployed and on MFIP and it was lowest for employed leavers, but still nearly one-third of them had a depression indicator. Seventeen percent said they had a mental disability that made it hard to work, and 31 percent had a record of a diagnosis for a severe mental health issue in the administrative database for public health care.

Twenty-two percent said they had a physical disability that made it hard to work, the proportion being highest for the unemployed leavers group which included most of the SSI eligible adults (38 percent of that outcome group were receiving SSI). At the time of the interview, 19 people had SSI applications pending; of these, 14 were unemployed and on MFIP, three were unemployed leavers, and there was one in each of the working groups. Fourteen percent believed they had a learning disability, and 5 percent reported an attention disorder or obsessive-compulsive diagnosis.

Chart for Factor I. Figure 10 shows the higher incidence of these problems in the unemployed groups, but they occurred frequently in all four outcome groups. The variables in the chart are arranged from most to least frequent among all *Recipients* surveyed.

¹⁶ Bersick, D.M., Murphy, J.M., Goldman, P.A., Ware, J.E., Barsky, A.J., & Weinstein, M.C. *Performance of a five-item mental health screening test.* Medical Care, February 1991, Vol. 29, No. 2. The five-item screening instrument is a subset of the Mental Health Inventory. The items ask, "How much of the time during the last month have you felt...?" A high score on the six-point scale is given for the response *all of the time* for the negative items (nervous, down in the dumps, downhearted and blue) and for the response *none of the time* for the positive items (calm and peaceful, happy). The authors recommend that people with a score of 17 or above out of 30 possible points be referred for further screening.

Figure 10. Factor I: Health issues and disability



Factor II. Chemical Dependency, Incarceration, and Violence

Table 12 lists the variables with their highest correlations with the second factor. Discrimination, which correlated with the second factor at only 0.26, also correlated weakly with the other three factors (0.23 with Factor IV, 0.20 with Factor III, and 0.14 with Factor I).

Chemical Health. Eighteen percent of all surveyed said they had been in treatment for chemical dependency, higher for participants on MFIP (25 percent) than for employed leavers (13 percent). Administrative records showed a chemical dependency diagnosis had been made at some time for nearly half of the participants, including secondary diagnoses that may not have been treated. Recent chemical abuse was an admitted issue for three percent of study participants (highest for unemployed leavers at eight percent) and seven percent of partners (highest for unemployed MFIP participants at 14 percent).

Table 12. Chemical dependency, incarceration, and violence variables

Factor II. Chemical dependency, incarceration, and violence		Not working/ On MFIP	Not working/ Off MFIP	Working/ On MFIP	Working/ Off MFIP	All Surveyed
Correlation	Count	105	102	88	253	548
0.69	Chemical dependency treatment ever*	25%	21%	18%	13%	18%
0.60	Child maltreatment assessment*** (adm. data)	37%	25%	33%	18%	25%
0.57	Jail or prison as an adult**	36%	23%	30%	20%	25%
0.56	Child maltreatment determination*** (adm. data)	17%	14%	18%	8%	12%
0.52	Chemical abuse during last year ¹	3%	8%	2%	2%	3%
0.45	Chemical dependency diagnosis*** (adm. data)	59%	49%	47%	36%	45%
0.41	Chemical abuse by spouse or partner during last year***	14%	7%	8%	4%	7%
0.26	Discrimination ¹	42%	32%	30%	29%	32%
0.26	MFIP exemption for family violence (adm. data)	6%	3%	2%	2%	3%

Note: Second parent or spouse includes second parents of all children of participant, whether or not in household. Tests of differences across percentages in row for the four outcome groups: * probability (chi square) = .05 or less, ** p = .01, ***p = .001, and ¹ p between .05 and .10.

Child Welfare. According to administrative data, 25 percent of the *Recipients* were involved in an assessment of child maltreatment during the time of the study, 1998

through 2002; 12 percent had been determined to have maltreated their children. The employed leavers group was significantly lower for both measures, but still eight percent were determined to be offenders. By comparison, in Minnesota in one year (2000), 0.51 percent of the total adult population had maltreatment assessments and 0.23 percent were determined to be offenders. In the MFIP December 2003 total caseload, 25 percent of eligible adults had been assessed and 10 percent were determined to be offenders in the child welfare system over the previous three years.¹⁷

Incarceration of adult participants. A quarter of study participants had been in jail or prison as an adult, ranging from 20 percent of employed leavers to 36 percent of people on MFIP and not working. Jail or prison time by the participant as a minor and by second parents were also topics on the survey, and these variables are part of the next factor.

Discrimination. Participants were asked if they had been treated differently in the past year because of their race, ethnic or cultural background, gender, sexual orientation, age, disability, religion, physical appearance, family size, or because they were on welfare. One-third said they had been discriminated against in at least one area, including 42 percent of the unemployed MFIP group. They were questioned about six areas in particular – housing, employment, stores, health care providers, the welfare department, and the police, as well as “other ways” to get all sources. There were no significant differences across the outcome groups in the six areas except for housing, where the unemployed MFIP group, at 18 percent, experienced discrimination at more than twice the rate of any of the other three outcome groups.

Table 13 gives the percentage of *Recipients* who had experienced discrimination in each of the six areas they were questioned about. Employment discrimination, at 14 percent, was the most frequent. The table also tests whether there were racial differences in discrimination. Non-Hispanic whites were significantly less likely to report discrimination than the combined group made up of all other racial/ethnic groups. This was also true for employment, shopping, housing, and police. However, there were members of both groups who reported discrimination in each area.

Examples of employment discrimination centered on being treated poorly on the job or not hired because of race, appearance (overweight or ill or poor clothes), criminal history, lack of education, poor English, gender, or alleged attitude of the participant. In stores, irritants included perceptions of being followed around but not served, rudeness because of using an EBT card (Food Support electronic benefits card) or because they were white and their children were biracial. Landlords were reluctant to rent to people with large families, criminal records, or a history of police calls due to a restraining order; sometimes they were pleasant on the phone but said the apartment was rented after seeing the participant in person.

¹⁷ Minnesota Department of Human Services. *Minnesota Family Investment Program Longitudinal Study: Two Years After Baseline*. St. Paul, MN: August 2002. (<http://edocs.dhs.state.mn.us/lfserver/Legacy/DHS-4450F-ENG>)

Table 13. Differences in reported discrimination by race

Discrimination	White	Nonwhite	All surveyed
Count of surveyed	292	254	546
Employment*	10%	18%	14%
Stores***	5%	17%	10%
Housing**	6%	12%	9%
Police*	5%	9%	7%
Health care workers	6%	7%	6%
Welfare department	5%	6%	6%
Any discrimination***	26%	39%	32%

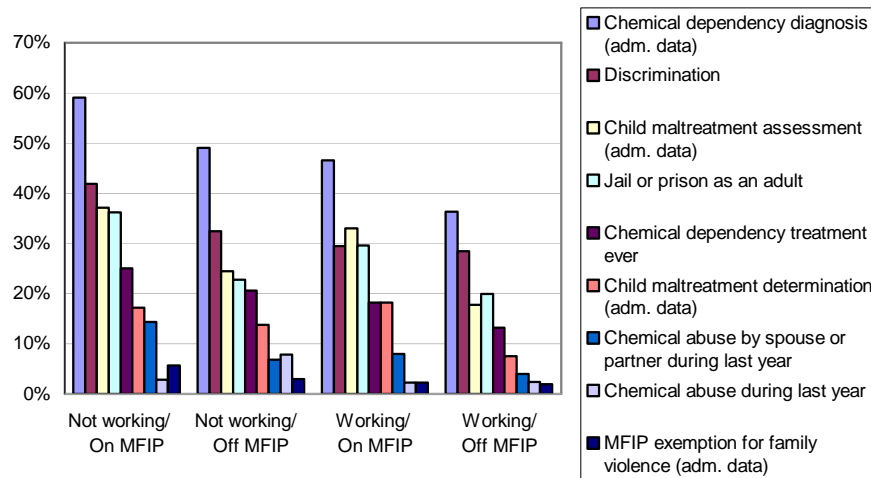
Note: Significant at *probability(chi square) =.05 or less,
p=.01, or *p=.001.

Some people said police harassed, followed, or stopped them for no reason because of their race or the race of a companion. Difficulty accessing medical (especially dental) care or rudeness by medical staff was most often attributed to having a Medical Assistance (MA) card for payment. There were few complaints about rudeness or refusal of benefits by welfare workers, and participants attributed them to prejudice against the poor.

Family Violence. The indicator for family violence in this study was an MFIP time limit exemption by reason of complying with a family violence safety plan anytime from the start of the study through the end of year four. Three percent of those surveyed were identified as affected by family violence through administrative data. (The survey did not ask about family violence.) Differences across the outcome groups were not significant. This measure is an underestimate for several reasons. Victims often do not acknowledge or report abuse, the exemption requires further action beyond reporting the violence, and leaver families would not report such a situation to MFIP.

Chart for Factor II. Again the visual display of variables in this factor in Figure 11 shows that employed leavers had lower levels of Factor II issues than the other groups, on average, but all groups have many families that have been involved in this constellation of serious issues.

Figure 11. Factor II: Chemical dependency, incarceration, and violence



Factor III. Second Parent, Learning, and Adolescent Problems

The third group of variables that were strongly interrelated included time served in jail or prison by any second parent of participants’ children, their own learning issues and jail time as a minor, and having a child with special needs that made it hard to work. Learning disabilities and Attention Deficit Disorders (ADD) had similar correlations with both the first and the third factors, so they were included again here.

Table 14. Second parent, learning, and adolescent problems

Factor III. Second parent, learning, and adolescent problems		Not working/On MFIP	Not working/Off MFIP	Working/On MFIP	Working/Off MFIP	All Surveyed
Correlation	Count	105	102	88	253	548
0.61	Second parent or spouse in jail or prison as an adult*	63%	50%	65%	51%	56%
0.56	Second parent or spouse in jail or prison as a minor**	29%	18%	35%	19%	23%
0.46	Learning disability	19%	16%	14%	11%	14%
0.45	Special education classes	25%	18%	19%	17%	19%
0.36	Jail or prison as a minor	12%	6%	14%	7%	9%
0.31	ADD/ADHD/ODD diagnosis*	4%	12%	3%	4%	5%
0.30	Special needs child***	20%	11%	16%	9%	12%

Note: Tests of differences across percentages in row for the four outcome groups: * probability (chi square) = .05 or less,

** p = .01, ***p = .001.

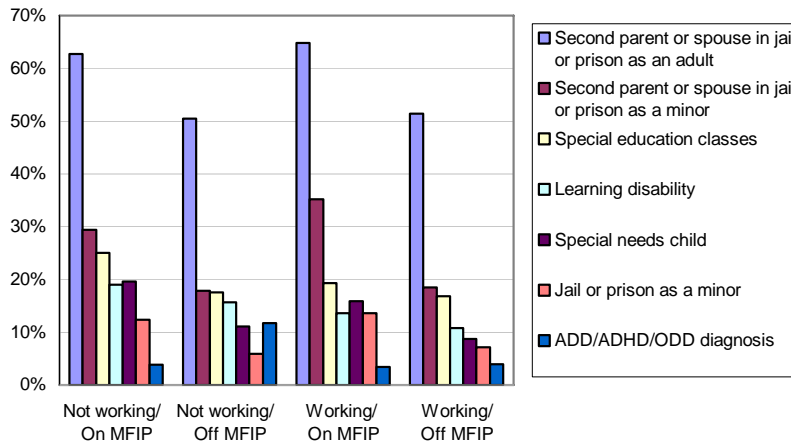
Other incarceration history. For more than half of the study participants, their spouse or a second parent of their child had been in jail or prison as an adult. This pattern persisted across all outcome groups. A quarter of study participants had themselves been in jail or prison as an adult, as noted under Factor II. Nine percent had been incarcerated as minors. In fact, 65 percent of the 548 *Recipient* cases surveyed at month 48 had an adult in the case with jail time.

Learning Issues. Learning disabilities and a history of special education classes were an issue for a minority of each outcome group, the largest proportions being from unemployed MFIP participants.

Special Needs Children. Twelve percent of *Recipients* surveyed said they had one or more children in the household who were under age 18 and had special needs, twice as high among the unemployed MFIP group (20 percent) as for the employed leavers (9 percent). Attention Deficit Disorders and asthma were the most frequently reported needs. Severity of the child’s condition was not reported, but a much smaller number of participants (four percent) had reported that the special needs of a child was a big problem for employment.

Chart for Factor III. The four outcome groups do not look much different when viewing this constellation of challenges in Figure 12. In particular, the high level of incarceration that participants in all four groups reported about second parents of their children was a major issue across groups.

Figure 12. Factor III: Second parent, learning, and adolescent problems



Factor IV. Education, Race/Ethnicity, and Transportation

Table 15 lists the variables with the highest correlations with the fourth factor. A race variable was included in the factor analysis because of the challenges that not being white can pose.

Table 15. Education, race/ethnicity, and transportation variables

Factor IV. Education, race/ethnicity, and transportation		Not working/ On MFIP	Not working/ Off MFIP	Working/ On MFIP	Working/ Off MFIP	All Surveyed
Correlation	Count	105	102	88	253	548
0.71	Nonwhite race/ethnicity***	59%	40%	64%	38%	46%
0.64	No high school diploma/GED***	36%	28%	26%	15%	23%
0.58	Transportation: lacks either reliable car or driver's license***	86%	75%	73%	49%	65%

Note: Tests of differences across percentages in row for the four outcome groups: * probability (chi square) = .05 or less, ** p = .01, ***p = .001.

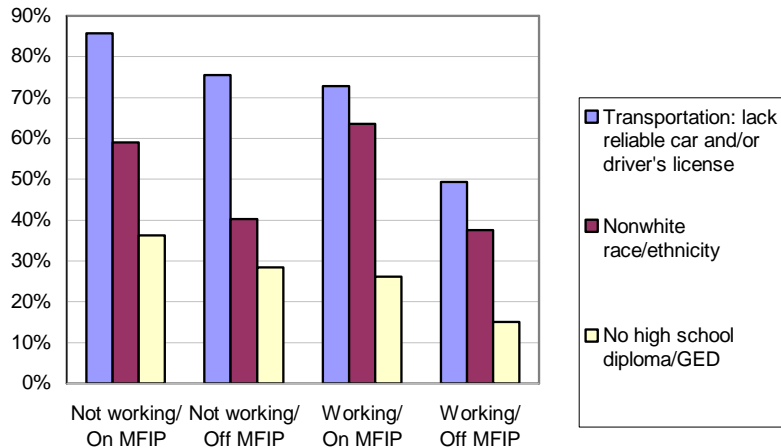
Race. Because of the small numbers of study participants in racial/ethnic groups other than white and African American, the only distinction made in this analysis was between whites and nonwhites. Forty-six percent of the surveyed *Recipients* were nonwhite, and the percentages were higher for the two groups on MFIP.

Education. One-third of the unemployed MFIP participants had not finished high school. (This was also the case for two-thirds of the small number of second parents in the household.)

Transportation. In many parts of Minnesota, especially in rural areas, automobiles are an essential mode of transportation. Two-thirds of the *Recipients* lacked either access to a reliable car or a driver’s license, or both, including half of employed leavers and 86 percent of unemployed MFIP participants.

Chart for Factor IV. Transportation continued to be a major problem for all groups, Figure 13 shows. The combination of not being white, associated with education and transportation difficulties – things which tended to go together – was highest in the groups on MFIP.

Figure 13. Factor IV: Education, race/ethnicity, and transportation



Hardships

Table 16 reports housing and income-related hardships experienced by participants during the previous year. Food-related hardships were the most prevalent. Over two-thirds of participants’ children received free or reduced price school lunches during the 2001 to 2002 school year. Thirty percent of *Recipients* reported using a food shelf during the previous year. In addition, 41 percent of *Recipients* received fuel or energy assistance. Participants who were unemployed and on MFIP reported the highest level of receiving both food and fuel assistance. Participants who were unemployed and on MFIP also reported the highest level of nonstandard housing situations, including living in a homeless shelter, on the streets or out in the open, or living in emergency housing. Overall, three percent reported living in a nonstandard housing situation during the past year compared to seven percent of participants who were not working and on MFIP.

Table 16. Hardships during past year

Hardships in last year	Not Working/ On MFIP	Not Working/ Off MFIP	Working/ On MFIP	Working/ Off MFIP	All Surveyed
	Count of surveyed	105	102	88	253
Percent of surveyed	19%	19%	16%	46%	100%
Free or reduced school lunch during school year 2001-2002	81%	66%	82%	61%	69%
Fuel or energy assistance winter of 2001-2002	53%	41%	51%	32%	41%
Food shelf in last year	47%	30%	35%	21%	30%
Lacked phone or cell phone in residence in last year	24%	17%	23%	14%	18%
Homeless or emergency housing in last year	7%	4%	2%	0%	3%

Housing

This section describes the current housing situation of participants and trends in subsidized housing and housing poverty by outcome group.

Housing Situation at 48 Months

A family consists of the study participant along with her or his own children or relative care children, as well as the participant's spouse or the second parent of a child in common, living in the same household. Shared households included additional people who could be relatives (participant's own parents, siblings, or extended family), partners who were not a second parent or spouse, or unrelated friends. During month 48, about one-third of families in each outcome group lived in a shared household, as reported in Table 17, very similar to earlier years.

Table 17. Housing in month 48

Housing	Not working/ On MFIP	Not working/ Off MFIP	Working/ On MFIP	Working/ Off MFIP	All Surveyed
	Count of surveyed	105	102	88	253
Shared household	28%	32%	28%	34%	31%
Moved during last 12 months	41%	41%	35%	28%	34%
Type of housing					
Unsubsidized rental	28%	29%	36%	47%	39%
Subsidized or public housing	56%	35%	55%	25%	38%
Own or purchasing home	4%	16%	6%	18%	13%
Own or purchasing mobile home	2%	7%	2%	4%	4%
No-cost housing	6%	8%	0%	2%	3%
Other	5%	5%	1%	3%	3%
Housing costs					
Unsubsidized rental	\$473	\$517	\$524	\$581	\$549
Subsidized or public housing	\$239	\$279	\$280	\$420	\$311
Own or purchasing home	\$340	\$728	\$626	\$806	\$749
Own or purchasing mobile home	\$394	\$369	\$384	\$462	\$422
No-cost housing	\$0	\$0	\$0	\$0	\$0
Other	\$56	\$128	\$0	\$139	\$107
All <i>Recipients</i> surveyed	\$287	\$391	\$389	\$552	\$445
Percent paying > 30% of income for housing	48%	53%	26%	48%	45%

Note: Percent paying more than 30 percent of income for housing excludes 61 participants with no income and/or no housing costs.

About one-third of *Recipients* reported moving in the last 12 months, the lowest percentage being among the employed leavers. Unsubsidized rentals (39 percent) and subsidized or public housing (38 percent) were the most common housing types.

Housing costs included mortgage, rent, taxes, insurance, lot fee, and utilities (heat, light, sewer, water, and trash, but not phone). Forty-five percent of those surveyed reported paying more than 30 percent of family income on housing, an index often used to judge housing poverty. Employed participants who were on MFIP were the least likely to suffer housing poverty. The groups on MFIP had the highest percentages in subsidized housing, where housing costs are limited to 30 percent of income.

Trends in Housing Subsidies and Affordability

Overall, the use of subsidized housing did not change from the 12-month survey to the 48-month survey, with about 40 percent of participants in subsidized housing at each time, as shown in Table 18. Subsidized housing stock is in short supply in Minnesota which may have kept the percentage of study participants in subsidized housing steady over time.

Table 18. Trends in use of subsidized housing and housing poverty

Housing trends	Not working/ On MFIP	Not working/ Off MFIP	Working/ On MFIP	Working/ Off MFIP	All Surveyed
Subsidized housing					
12 months after baseline	37%	22%	51%	28%	39%
24 months	51%	24%	49%	28%	39%
36 months	55%	34%	56%	25%	40%
48 months	56%	35%	55%	25%	38%
Housing above 30% of income					
12 months after baseline	56%	47%	28%	34%	40%
24 months	43%	48%	27%	33%	36%
36 months	46%	42%	27%	43%	40%
48 months	48%	53%	26%	48%	45%

Participants who were on MFIP were always more likely to be in subsidized housing than leavers. Subsidized housing increased slightly for the employed participants on MFIP and fell slightly for the employed leavers over time. Because the percentage of participants working and off MFIP increased over the four survey points from 24 percent to 46 percent of all surveyed, overall reliance on subsidized housing remained the same while the usage increased in the other three outcome groups.

Housing poverty has increased for MFIP leavers, especially those who were working. Twelve months after the start of the study, 34 percent of employed leavers paid over 30 percent of their income for housing. That proportion has increased to 48 percent in spite of increased family income (up 23 percent in unadjusted dollars) over the same period and similar usage of subsidized housing (28 percent to 25 percent) while housing costs increased by 38 percent for employed leavers during the same time.

Unemployed leavers showed a different pattern. Forty-seven percent paid more than 30 percent for housing twelve months after the start of the study, compared with 53 percent after 48 months. During the same period, the use of subsidized housing increased from 22 percent to 35 percent while average monthly income actually decreased (\$1,310 to \$1,160).

The percentage in subsidized housing has increased and affordability has improved for the group not working and on MFIP. Only 37 percent were in subsidized or public housing twelve months after the start of the study compared with 56 percent four years after baseline. During the same period, the percent paying greater than 30 percent of their income for housing dropped from 56 percent to 48 percent.

At 48 months, there was a large difference between the two MFIP groups on housing poverty (48 percent versus 26 percent). Unemployed participants on MFIP paid less on average for their housing each month than employed participants (\$287 compared to \$389). Their average income, however, was considerably lower than that of employed participants (\$825 compared to \$1,664) resulting in a greater percentage of their income going to housing costs.

Similar percentages of the two MFIP groups lived in subsidized housing. The subsidized housing formula used to calculate rent, given income, typically results in a participant paying 30 percent or less of their income for housing. Utilities are not included in the housing costs limit and the average monthly utility costs were similar for the two groups (\$72 versus \$80). Thus, the higher percentage of income dedicated to housing for unemployed participants on MFIP was a result of lower rent offset by similar utility costs and lower total income compared to employed MFIP participants.

Health Care

The percentage of *Recipient* families with all family members insured was similar to the previous year at 84 percent. Six percent of families did not have any health care coverage and 10 percent had medical insurance for some family members but not others. Table 19 reports these percentages by outcome group. Twenty-nine percent of employed *Recipients* used employer insurance. Most *Recipients* who had employer insurance were employed leavers (38 percent of that group); only five percent of the group employed and on MFIP had employer insurance. Medical Assistance (MA) was the other major source of health care coverage.

Table 19. Family health care coverage in month 48

Health care coverage and care	Not working/ On MFIP	Not working/ Off MFIP	Working/ On MFIP	Working/ Off MFIP	All Surveyed
Count of surveyed	105	102	88	253	548
All family members insured	98%	77%	95%	77%	84%
Some insured, some uninsured	2%	14%	5%	13%	10%
None insured	0%	9%	0%	10%	6%
Employer insurance	1%	0%	5%	38%	19%
Did not get needed care					
Medical care	4%	9%	0%	17%	10%
Dental care	12%	20%	7%	21%	17%

More families went without needed dental care (17 percent) than needed medical care (10 percent), especially employed leavers. Not having insurance was the major reason for going without care. Some said they could not afford to pay their deductible or co-pay. Finding a dentist who would take a new patient with an MA card was difficult according to 27 participants (MA reimbursement rates are lower than private insurance ones). Some said the procedures they needed (typically caps, gum problems, or orthodontia work) were not covered by their insurance. Forty percent of surveyed *Recipients* had unpaid medical bills averaging \$1,770.

The point-in-time uninsured rate for all Minnesotans was 5.4 percent in 2001-2002.¹⁸ Although six percent of *Recipient* families had no health insurance in month 48, the percentage of all individuals in these families, adults and children, was higher. Nine percent of individuals were uninsured. The rate of uninsured was higher for adults (14 percent) than children (six percent), as Table 20 shows.

Table 20. Uninsured rates for all family members in month 48

Rates of uninsured family members	Not working/ On MFIP	Not working/ Off MFIP	Working/ On MFIP	Working/ Off MFIP	All family members
Count of adults	119	127	94	302	642
Adults	0%	19%	3%	20%	14%
Count of children	251	201	206	525	1187
Children	0%	5%	1%	11%	6%

¹⁸ Minnesota Department of Health. *Health Economics Program Issue Brief 2004-03: 2002 Minnesota Distribution of Health Coverage*. St. Paul, MN: April 2004.
<http://www.health.state.mn.us/divs/hpsc/hep/issbrief/2004-03.pdf>

Child Care

A person with a potential child care need had children under age 13 in the household and either current employment or involvement in the work-related activities of training, education, or job search. This included fifty-four percent of all *Recipients*. According to Table 21, working participants, regardless of welfare status, were the most likely to have a need for child care (83 percent for those on MFIP and 74 percent for those who were off MFIP). Only six percent of participants who were unemployed and off MFIP had a potential need, due to work-related activities.

Table 21. Child care needs, costs, and assistance in month 48

Child care: Survey and county data	Not working/ On MFIP	Not working/ Off MFIP	Working/ On MFIP	Working Off MFIP	All Surveyed
Survey data	105	102	88	253	548
Potential child care need	27	6	73	188	294
Percent of all participants	26%	6%	83%	74%	54%
Child Care Assistance (CCA)					
Minnesota	6%	0%	44%	22%	18%
Other state	0%	0%	1%	2%	1%
No CCA					
Applied for CCA	18%	4%	33%	39%	28%
Did not apply	0%	1%	3%	11%	6%
Family child care costs if > \$0					
Count	5		36	117	159
Mean	\$89		\$61	\$202	\$166
Median	\$49		\$47	\$150	\$100
Range	\$5-\$300		\$5-\$389	\$5-\$720	\$5-\$720
Evening or weekend work hours	8%	1%	47%	43%	29%
County CCA data (MN)*	4	0	35	51	90
Percent of reported per program					
MFIP	100%		91%	2%	41%
Transitional Year	0%		9%	18%	13%
Basic Sliding Fee	0%		0%	80%	46%
Providers**					
Legal non-licensed	75%		41%	34%	38%
Licensed child care center	0%		30%	32%	30%
Licensed family home	25%		24%	27%	26%
License-exempt child care center	0%		5%	5%	5%
Registered relative	0%		0%	2%	1%
CCA subsidies					
Mean	\$743		\$1,062	\$816	\$909
Median	\$349		\$885	\$673	\$709
Range	\$280-\$2000		\$210-\$3,200	\$30-\$2,600	\$30-\$3,200
CCA copayments					
Mean	\$17		\$32	\$74	\$56
Median	\$13		\$43	\$53	\$45
Range	\$0-\$43		\$0-\$100	\$0-\$410	\$0-\$410
Authorized hours					
Mean	131		161	152	155
Median	147		160	151	160
Range	29-200		40-250	28-240	28-250

Note: there were missing cases on the CCA item.

* Data from here to end of table supplied by individual counties that provided child care assistance.

** Percentages of all providers. Some families used multiple providers, sometimes of more than one type.

Eighteen percent of all *Recipients* surveyed received child care assistance in Minnesota and a few families in other states. Employed participants, especially those on MFIP, were the most likely to have received assistance for child care costs. Thirty-four percent were not receiving it (28 percent had applied and 6 percent had not), including five percent getting free care, typically from a friend or relative.

Those who were working and off MFIP paid the highest average amount for child care in month 48, \$202 per month compared to \$89 and \$61 for the groups on MFIP. Twenty-nine percent of all *Recipients* had evening or weekend hours for work or work-related activities, including over 40 percent of each employed outcome group.

Counties provided information on the Child Care Assistance Program use for most of the cases receiving it. Everyone on MFIP qualifies for this program, and some get an additional year after exit in the Transition Year program. The Basic Sliding Fee program covering other Minnesotans has a waiting list in some counties. Overall, the MFIP (41 percent) and Basic Sliding Fee (46 percent) programs served similar percentages. Children were most often in licensed care, either a licensed child care center (30 percent) or a licensed family home (26 percent). Legal nonlicensed providers were the choice 38 percent of the time. The median copay (\$45) was considerably less than the median subsidy (\$709). Copays were higher, on average, for employed leavers, and average hours of child care used were lowest for the group not working and on MFIP.

Adolescent Children’s Well-Being

Table 22 lists risk behaviors during the past year that participants reported about their children ages 10 to 17 years. Employed participants on MFIP were the most likely to report at least one of their children ages 10 to 17 had been suspended or expelled from school, had trouble with the police, had a problem with alcohol or drugs, did something illegal to get money, or dropped out of school (51 percent).

Table 22. Adolescent children’s risk behaviors during the past year

Behaviors of adolescents ages 10 to 17	Not working/ On MFIP	Not working/ Off MFIP	Working/ On MFIP	Working/ Off MFIP	All Surveyed
Count of families with adolescents	55	56	49	135	295
Any of following risk behaviors	38%	23%	51%	39%	38%
Suspended or expelled from school	33%	21%	41%	32%	32%
Trouble with police	11%	9%	27%	20%	17%
Problem with alcohol or drugs	4%	4%	12%	9%	7%
Doing something illegal to get money	4%	0%	10%	6%	5%
Dropping out of school	4%	5%	6%	4%	4%
Getting pregnant / getting someone else pregnant	5%	0%	4%	2%	3%

Planning by MFIP Participants at Time of Interview

Welfare reform brought a 60-month lifetime limit on family assistance (with some exemptions and extensions). One-fourth of participants surveyed were on MFIP and had fewer than 60 counted months as of their interview date. Table 23 lists potential activities to get ready for the MFIP time limit and the percentage of participants reporting each activity. Over 40 percent of this group said they were worried about losing their cash assistance and a similar proportion said they had done a lot or some thinking and planning about what they might do when their 60 months were up.

Table 23. Activities to get ready for MFIP time limit

Activities to get ready for after month 60	Not working	Working	All on MFIP less than 60 months
On MFIP with less than 60 counted months Count of surveyed	79	63	142
Very or somewhat worried	48%	33%	42%
A lot of time thinking or planning	47%	43%	45%
Applied for or getting housing assistance	67%	71%	69%
Found out about services after MFIP	71%	60%	66%
Found out about social services to help get off MFIP	61%	33%	49%
Spoke with job counselor about help to get off MFIP	46%	44%	45%
Completed a budget	39%	46%	42%
Spoke with job counselor about continuing MFIP	46%	24%	36%
Spoke with financial worker about help to get off MFIP	43%	22%	34%
Spoke with financial worker about continuing MFIP	42%	17%	31%
Thought about moving in with friends or family	22%	11%	17%
Others (added by participants)			
Looking for/applied for jobs/got job/getting more hours	20%	21%	20%
School or GED	15%	13%	14%
Applied for SSI/RSDI	6%	2%	4%
Getting married	3%	2%	2%
Other	3%	5%	4%
No activities	3%	6%	4%
On MFIP and employed at time of interview Count of surveyed		43	
Looking for higher paying job		63%	
Looked for job with more hours		44%	
Asked employer about more hours		44%	
Asked about better paying job within my company		33%	

For participants with six or fewer MFIP months remaining, applying for housing assistance and finding out about services after MFIP were the most frequent activities to get ready for reaching the time limit. Unemployed *Recipients* were more likely to indicate that they had found out about social services to help get off MFIP (61 percent), spoken with a job counselor about continuing MFIP (46 percent), or spoken with a financial worker about help to get off MFIP (43 percent) or continuing MFIP (42 percent).

About three-fifths of employed workers said they had looked for a higher paying job. Forty-four percent had looked for a job with more hours or had asked their employer about more hours. One-third had asked about a better paying job within their company.

Fewer than five percent reported no activities to get ready for reaching the 60-month limit.

Table 24 summarizes budget activities related to the 60-month time limit. Almost 80 percent of respondents said that they knew how much money they would need to make ends meet each month. The amounts reported for nonworking participants ranged from \$100 to \$3,000 per month compared to a range of \$300 to \$3,000 per month for working *Recipients*. The mean amount for working *Recipients* (\$1,363) was significantly higher than the mean amount reported for nonworking participants (\$1,093). The amount they thought they would need to make ends meet was between 10 percent and 3,000 percent of their current family income. The ratio of the amount needed compared to actual monthly income was significantly higher for unemployed *Recipients* than for those who were working.

Table 24. Planning for after month 60

Budget planning for after month 60		Not working	Working	All on MFIP less than 60 months
On MFIP with less than 60 counted months	Count	79	63	142
Knew amount needed each month		72%	84%	77%
Had plan for living expenses after MFIP		52%	73%	61%
Believed definitely or probably would get off MFIP		48%	65%	56%
Considered stopping cash grant		37%	63%	49%
Knew someone who would help after MFIP		41%	44%	42%
	Parents	15%	19%	17%
	Partner / boyfriend / fiancé	11%	6%	9%
	Extended family	6%	6%	6%
	Friends	3%	3%	3%
	Siblings	3%	2%	2%
	Husband	1%	3%	2%
	Children	0%	3%	1%
	Children's father	3%	0%	1%
	Other	3%	5%	4%

Workers were more likely to say they had taken budget-related steps to plan for life after month 60 compared to nonworkers. Workers were also more likely to know the amount of money they needed each month, to have a plan for living expenses after MFIP, to believe they would get off MFIP, and to have considered stopping the cash grant. Over 40 percent of each group said they knew someone who would help them after MFIP, including parents (17 percent), partner or husband (12 percent), or other family members.

More employed *Recipients* (68 percent) believed they had the right education or training to get a job that would get them off MFIP than those who were unemployed (48 percent).

Interviewer Ratings of Planning and Preparation by Active MFIP Recipients

In addition to gathering participant's perceptions of their planning for life after MFIP, the interviewers were asked to rate participant's understanding of the 60 month limit, categories for extension, and the process for getting an extension among those who were

on MFIP and had less than 60 counted months. Interviewers used for the MFIP Longitudinal Study were state employees with extensive policy knowledge and client contact experience. They rated participant’s level of planning for life after MFIP and their level of actions taken to prepare for life after MFIP. Table 25 reports their judgments.

Table 25. Interviewer ratings of planning and preparation

Interviewer rated planning and preparation	Not working	Working	All Surveyed
Count of surveyed on MFIP and less than 60 counted months as of interview date	79	63	142
Percent of surveyed	38%	18%	26%
Participant seemed to have a good understanding of:			
60-month time limit	89%	95%	92%
Categories for extension	37%	25%	32%
Process for getting an extension	30%	21%	26%
Well thought-out plan	8%	22%	14%
Some plans	39%	38%	39%
Started to think about it	35%	25%	31%
Little or no planning	15%	11%	13%
Well prepared	6%	30%	17%
One or more steps taken	71%	57%	65%
No action	20%	10%	15%

Almost all participants who were on MFIP had a good understanding of the 60-month time limit according to interviewers (92 percent). Interviewers rated considerably fewer as having a good understanding of categories for extension (32 percent) or the process of getting an extension (26 percent). Consistent with the self-reported data, MFIP interviewers were more likely to rate working participants as well prepared compared to nonworking participants, but the levels were low for both groups (30 percent versus 6 percent).

Possible MFIP Extension Situations for Long-Term Recipients

Eight percent of *Recipients* surveyed had more than 54 months of counted assistance. Table 26 reports which MFIP 60-month extension categories they said applied to their current situation. Seventy-four percent thought they had a case for getting an extension. Being unable to get or keep a job because of the combined reason¹⁹ of learning disability, mental illness, or IQ below 80 was the most common reason (40 percent). The next most common reasons were being ill or incapacitated for 30 days and taking care of a family member who was ill or incapacitated (33 percent and 19 percent, respectively). Nine percent said they were employed 30 hours or more a week and cooperating with MFIP requirements.

Participants were asked if there were other reasons they thought they might qualify for a MFIP extension. *Recipients* cited situations that they thought merited an extension, like family member needs, need for training or education, being unable to find a good job, and

¹⁹ This MFIP extension category was later divided into separate categories.

following MFIP rules. Current policies did not allow an extension for any of these reasons.

Table 26. Reasons people thought they might qualify for an MFIP extension

Possible reasons qualifying participants for an MFIP extension	More than 54 months counted assistance
Count of surveyed with more than 54 months of counted assistance	43
Percent of surveyed	8%
No proposed reason for MFIP extension at present	26%
MFIP extension categories	
Learning disability / mental illness / IQ below 80	40%
Ill or incapacitated for 30 days or more	33%
Taking care of someone who is ill or incapacitated	19%
Working 30 hrs or more and cooperating	9%
Complying with family violence safety plan	5%
Working at least 25 hours plus 5 hours work activity and cooperating	0%
Not MFIP extension categories	
Family member needs	14%
Need education / training / attending school	12%
Hardship / in need	9%
Cannot find job / needs time to find good job	7%
Cooperating / following rules	5%
Pregnant / new baby / children	5%

MFIP Leavers Rate Life at Time of Interview

Life was better after MFIP according to the majority of leavers (62 percent), as reported in Table 27. However, there were significant differences by employment status. Seventy percent of working *Recipients* said life was better after MFIP compared to 36 percent of those who were not working. Unemployed leavers were more likely to say that life was the same (52 percent). Only seven percent of leavers said life was worse after MFIP.

Table 27. Life off MFIP compared to life on MFIP

Life off MFIP compared to life on MFIP	Life off MFIP compared to life on MFIP		All Leavers
	Not working	Working	
Count of MFIP leavers surveyed	85	275	360
Percent of surveyed	41%	81%	66%
Better	36%	70%	62%
About the same	52%	24%	31%
Worse	12%	6%	7%

Sixty-six percent of *Recipients* were off MFIP as of their interview date. Table 28 summarizes reasons for exiting. Getting a job and earning enough to make it on their own was the most likely reason for leaving MFIP even for those who had since lost that job. Seventy-three percent of employed *Recipients* and 42 percent of unemployed *Recipients* said they left MFIP because of increased job earnings. “My partner got a job and we were making enough money” was the next most important reason for leaving cited by unemployed participants (24 percent).

Table 28. Reasons for leaving MFIP

Reasons for leaving MFIP			All
	Not working	Working	Leavers
Count of MFIP leavers surveyed	74	269	343
Percent of surveyed	36%	79%	63%
Got job and was making enough money to make it on my own	42%	73%	66%
Wanted to save months on assistance	15%	18%	17%
County closed case and I did not re-apply	16%	16%	16%
Partner got job and we were making enough money	24%	8%	12%
Began to receive other income	9%	8%	8%
Moved out of Minnesota	16%	6%	8%
No longer had kids under 18 at home	11%	6%	7%
Wanted independence, did not want welfare	1%	7%	6%
Got married, partner working, reunited with husband	4%	2%	2%
Other	1%	1%	1%

Employment and Outcomes for Demographic Groups

Table 29 compares demographic groups within the *Recipient* sample on six outcome measures. The demographic groups were age at the start of the study and 48-month values for educational level; immigration/citizenship; family structure, including presence of second parent in home, number of minor children, and age of youngest child; and region of residence (Hennepin County including Minneapolis, Ramsey County including St. Paul, the nine Twin Cities suburban counties, or greater Minnesota – the other 76 counties). Outcome measures shown in Table 29 for month 48 include employment status, welfare status, mean family income, poverty level, median participant hourly wage, and mean participant earnings.

Recipients who were in their twenties at baseline reported the highest hourly wages and family income; the group over age 30 had the lowest. In previous reports at 24 and 36 months, *Recipient* teens had the lowest family income among the three age groups. Some of the differences in family income reported in month 48 were due to the contribution of second parents. Participants who were thirty or over at baseline were least likely to say there was a second parent in the household. The average earnings for the second parent was over three times higher for those who were in their teens and twenties (\$380 and \$333, respectively) during baseline compared to participants who were over thirty (\$105).

Completion of high school, whether by diploma or GED, continued to be related to all of these outcomes. Those with a high school education were more likely to be working; more likely to be an MFIP leaver; had higher family income, hourly wages, and participant earnings; and had a lower poverty level. Individual characteristics related both to finishing high school and attaining better outcomes may be the cause of better outcomes rather than high school completion itself.

Table 29. Employment and welfare outcomes for demographic groups in month 48

Outcomes of demographic groups after fourth year of study	Percent of all surveyed	Working month 48	Leaver month 48	Family income	Below FPG	Participant hourly wage	Participant earnings
Percent or mean of all surveyed	100%	62%	65%	\$1,614	44%	\$9.57	\$863
Age at baseline		ns	ns	**	ns	*	ns
Teens	11%	62%	57%	\$1,757	38%	\$9.50	\$817
Twenties	46%	64%	64%	\$1,753	41%	\$10.02	\$934
Thirty or over	43%	61%	67%	\$1,431	49%	\$9.21	\$800
Education		***	***	***	***	***	***
HS / GED	77%	67%	69%	\$1,738	40%	\$10.57	\$968
Less than HS	23%	48%	52%	\$1,211	57%	\$8.58	\$519
Immigration and citizenship		ns	***	*	***	ns	ns
Immigrant noncitizens	5%	50%	58%	\$1,462	73%	\$9.05	\$638
Nonwhite citizens	42%	61%	53%	\$1,478	50%	\$10.00	\$807
White citizens	53%	65%	75%	\$1,737	37%	\$9.48	\$928
Second parent in home		ns	**	***	***	ns	ns
Yes	17%	59%	79%	\$2,777	23%	\$9.43	\$861
No	83%	63%	62%	\$1,375	49%	\$9.57	\$863
Number of minor children		ns	ns	***	ns	ns	ns
None in home	10%	54%	See note	\$1,198	50%	\$9.50	\$670
One	26%	61%	69%	\$1,470	38%	\$9.49	\$850
Two	32%	69%	62%	\$1,646	42%	\$9.57	\$931
Three or more	32%	59%	58%	\$1,834	50%	\$10.00	\$868
Age of youngest child		ns	ns	*	ns	ns	ns
Under 6	48%	60%	59%	\$1,749	44%	\$10.00	\$825
6 or over	43%	66%	66%	\$1,547	43%	\$9.50	\$932
Region of residence		ns	***	ns	ns	ns	ns
Greater Minnesota	40%	61%	72%	\$1,638	41%	\$8.85	\$833
Metro suburban	9%	59%	69%	\$1,553	41%	\$10.00	\$933
Hennepin County	25%	66%	55%	\$1,692	43%	\$10.50	\$938
Ramsey County	19%	62%	50%	\$1,485	48%	\$9.95	\$784
Moved out of state	7%	58%	See note	\$1,639	55%	\$9.06	\$898

* Chi-square or F significant at p=.05 level. **Significant at p=.01 level. ***Significant at p=.001 level. ns=not significant. Notes: Sometimes percentages of a whole add up to 101% or 99% because of rounding. All demographic variables were as of month 48 of the study except age, which was as of the start of the study. Cases with no minor children and those that have moved out of state are MFIP ineligible and automatically closed, so they were dropped from the comparisons of leaver rates for number of minor children and regional groups.

Combined immigration and citizenship status was used to divide participants into three groups: immigrant noncitizens, nonwhite citizens, and white citizens. White citizens had the best outcomes on welfare status, family income, and poverty rate. Immigrant noncitizens had the worst outcomes on two of these measures, but were intermediate on percentage of MFIP leavers.

A second parent in the home was not related to participant employment or earnings. Participants with a second parent in the home were more likely to be MFIP leavers and had higher family income and a lower poverty rate, on the average.

The number of minor children in the home was related to family income. One reason was that the MFIP grant size increased with family size.

Average reported family income was higher, although average participant earnings were lower, among *Recipients* whose youngest child was under age six. Some of this difference was due to the presence and financial contribution of second parents. The average monthly second parent earnings for participants whose youngest child was under

six was \$390 compared to \$86 for participants whose youngest child was six or over. None of the other outcome variables showed significant differences.

The proportion of leavers was higher in metro suburban counties and nonmetro counties than in the two core urban counties. Education level, and immigration/citizenship status varied across the regions. Almost 30 percent of participants residing in Hennepin and Ramsey Counties had not completed high school compared to lower proportions in suburban counties (12 percent) and nonmetro counties (18 percent). Fewer than 30 percent of the participants residing in Hennepin and Ramsey Counties were white citizens compared to 82 percent of *Recipients* in the metro suburban counties and 75 percent in nonmetro counties.

Appendix A. Cases Not Surveyed

Sixty-five percent of the total *Recipient* sample originally selected in 1998 responded to the survey at year four. (The 985 *Applicants* were not surveyed.) Table A1 reports the reasons *Recipients* did not complete the survey. Seventeen percent of the original 843 *Recipients* were dropped from the sample by the time of the four-year follow-up, usually because of missing two consecutive surveys or a previous refusal to participate. The response rate for attempted surveys was 79 percent. Some participants could not be contacted even though their location was known, some refused the survey, and some could not be located. The interviews, each of which discussed the month between May and October 2002 that was four years after the month the person was selected for the study, were conducted between June 2002 and June 2003.

Table A1. Survey response rates and reasons not surveyed

Cases surveyed and reasons not surveyed	Count	Percent
Total original sample	843	100%
Cases dropped prior to month 48	146	17%
Cases to survey at month 48	697	83%
Surveyed (response rate)	548	65%
Unable to contact	85	10%
Unable to locate	21	2%
Refused survey	37	4%
Other	5	1%
Percent of attempted surveys completed	548 / 697	79%

Table A2 compares surveyed and non-surveyed *Recipients*. Respondents and non-respondents were equally likely to be MFIP leavers. There were only two significant differences between the two groups in baseline demographic characteristics. Surveyed *Recipients* were more likely to be white compared than those not surveyed, and men were less likely to be surveyed than women. There were no differences in baseline education, residence, age, citizenship, or marital status. Neither did the two groups differ in mean wages in the quarter including month 48, according to Minnesota Unemployment Insurance records.

Table A2. Comparison of surveyed and nonsurveyed Recipients

Month 48 welfare status and quarterly wages and baseline demographic characteristics of Recipients surveyed and not surveyed at month 48		Surveyed	Not surveyed
MFIP status in month 48	On MFIP	35%	31%
	Off MFIP	65%	69%
Race / ethnicity*	American Indian	8%	13%
	Asian	4%	6%
	Black	30%	31%
	Hispanic	5%	6%
	White	54%	44%
Gender*	Female	97%	94%
	Male	3%	6%
Education	HS / GED	64%	63%
	Less than HS	36%	37%
Region of residence	Greater Minnesota	39%	38%
	Metro Suburban	12%	12%
	Hennepin County	28%	35%
	Ramsey County	21%	15%
Age	Teens	11%	11%
	Twenties	45%	44%
	Thirty or over	43%	45%
Citizenship	U.S. Citizen	93%	89%
	Non-citizen	7%	11%
Marital status	Never married	66%	66%
	Married, living apart	18%	20%
	Married, living with spouse	1%	1%
	Legally separated	0%	0%
	Divorced	14%	12%
	Widowed	1%	1%
Wages of Minnesota workers	Quarterly mean	\$12,391	\$11,102

*Probability (chi-square) = .05 or less.

Appendix B. 2002 FPG and Maximum MFIP Grants by Family Size²⁰

Family size	Federal Poverty Guideline (FPG)		Maximum MFIP monthly grant
	Annual income	Monthly income	
1	\$8,860	\$738	\$370
2	\$11,940	\$995	\$658
3	\$15,020	\$1,252	\$844
4	\$18,100	\$1,508	\$998
5	\$21,180	\$1,765	\$1,135
6	\$24,260	\$2,022	\$1,296
7	\$27,340	\$2,278	\$1,414
8	\$30,420	\$2,535	\$1,558
9	\$33,500	\$2,792	\$1,700
10	\$36,580	\$3,048	\$1,836

²⁰ Sources are DHS Bulletin #02-69-02

(http://www.dhs.state.mn.us/main/groups/publications/documents/pub/DHS_id_004033.pdf) for the FPG and DHS Bulletin #02-11-10

(http://www.dhs.state.mn.us/main/groups/publications/documents/pub/DHS_id_003776.pdf) for the MFIP grant amounts.

Contributors

The following staff contributed their efforts to make this report possible.

- Ramona Scarpace Director, Program Assessment & Integrity Division
- Karen Green Jung Manager, Longitudinal Study Project (retired)
Sue Wruck Manager, Statistical Analysis & Quality Control
Scott Chazdon Manager, Client Outcomes and County Performance
- Leslie Crichton. Project Team Leader, Co-Author
Vania A. Meyer. Senior Research Analyst, Co-Author
- Jeanne McGovern Acuña. . . . Coordinator of survey design, second party reviews, and training
Connie Freed. Coordinator of survey implementation and instruction
- Joan Glander Development of database and data entry system
Ralph Yehle
- Sharen Johnson. Case tracking, data collection from county child care offices, case tracking for issuance of gift certificates for study participants
- Judy Howe. Data entry and verification

Staff who conducted surveys and administrative file reviews for purposes of this report:

- | | |
|-------------------|------------------|
| Gail Beckman | Connie Freed |
| Melissa Hansen | Dorie Hofmeister |
| Pat Saari | Mary Springborn |
| Barbara Tollefson | Steve Zauhar |

Administrative data were extracted from the DHS data warehouse.