

Barriers to Employment Among TANF Applicants and Their Consequences for Self-Sufficiency

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ABSTRACT

This article examines the prevalence of potential barriers to employment using data from a longitudinal study of 1,075 Milwaukee County parents who applied for assistance from Wisconsin's TANF program in 1999. It also examines whether those potential barriers were related to their subsequent employment and earnings. We find that many of these TANF applicants faced significant and often multiple barriers to employment. Moreover, these potential barriers were associated with both a reduction in their likelihood of being employed and lower earnings when they worked. The implications of these findings for welfare policy and practice are discussed.

The Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) of 1996 marked a fundamental change in welfare policy. It eliminated Aid to Families with Dependent Children (AFDC), which was a federal entitlement, created the Temporary Assistance to Needy Families (TANF) block grant, and allowed states to design their own welfare programs within certain constraints (Coven, 2005; Greenberg & Savner, 1996a; Super, Parrott, Steinmetz, & Mann, 1996). A central goal of PRWORA was to reduce welfare dependency, and based on this criterion, welfare reform could be viewed as a great success. Since 1996, state cash assistance caseloads have declined dramatically both because families are receiving cash assistance for shorter periods of time and because fewer families are becoming recipients (U.S. Department of Health and Human Services, 2005). However, reducing dependency was only one of PRWORA's stated goals; another was to increase self-sufficiency. This meant helping parents become and remain employed.

There was a significant increase in employment among single mothers following the 1996 legislation, and the largest increases were among those with the least job skills or education (Lerman, 2001a; Lerman, 2001b; Congressional Budget Office, 2002). Moreover, although their employment did decline during the recession of 2001 and the weak recovery that followed, it remained well above pre-PRWORA levels (Lerman, 2005). Just how much of this increase can be attributed to changes in welfare policy and how much can be attributed to the exceptionally tight labor market and booming economy of the late 1990s or an expansion of the earned income tax credit in 1993 is still a matter of debate (Blank, 2002). Nevertheless, it seems safe to say that many of these single mothers either had been welfare recipients or would have become welfare recipients had the federal reforms not been enacted.

This substantial increase in employment notwithstanding, the transition from welfare to work was often not successful. Acs and Loprest (2001) reviewed the findings of 15 federally-funded studies of TANF leavers (i.e., former

recipients whose families had exited welfare). On average, 71% of the TANF leavers were ever employed during the first 4 quarters after exiting; nearly one-third never worked at all. Moreover, most of those who worked did not have stable employment; on average, only 57% were employed in a given quarter, and just 37% were employed in all four quarters. Loprest (2001) also analyzed data from former welfare recipients in the Urban Institute's 1997 and 1999 National Survey of America's Families (NSAF). Sixty-one percent of the 1997 former welfare recipients and 64% of the 1999 former recipients reported that they were currently employed. In other words, nearly 40% of the pre-TANF welfare leavers and more than a third of the post-TANF welfare leavers did not have a job.

As these findings suggest, many TANF recipients have not been able to become and remain employed. Why this has been the case is the subject of a growing body of research. This article contributes to that literature by examining the prevalence of potential barriers to employment among a sample of parents from Milwaukee County, Wisconsin, who applied for TANF assistance in 1999 as well as the relationship between those potential barriers and subsequent employment and earnings. We find that many of these TANF applicants faced significant and often multiple potential barriers to employment and that these potential barriers were related to their employment and earnings. We believe that our findings have implications for welfare policy and practice. Before turning to our study, we review the prior research on barriers to employment among welfare recipients.

Prior Research on Potential Barriers to Employment

Much has been written about the prevalence of potential barriers to employment among current and former TANF recipients. For example, Huaun and Douglas (2004) synthesized the results of TANF caseload studies in five states (i.e., Colorado, Illinois, Maryland, South Carolina, and Missouri) plus the District of Columbia. Across the six studies, the most common barriers were not having a high school diploma or GED (40%), child care problems (34%), mental health problems (31%), caring for a child with special needs (29%), and transportation problems (27%). Limited work experience (22%), unstable housing (22%), and physical health problems (21%) were also fairly common.

Other studies have also examined the prevalence of potential barriers to employment among TANF recipients and leavers. The most common barriers include not having a high school diploma or GED, limited or no prior work experience, physical or mental health problems, and having a child with special needs (Danziger et al., 2000; Polit, London, & Martinez, 2001; Rangarajan & Wood, 1999; Zedlewski, 1999; Zedlewski & Alderson, 2001a; Zedlewski

& Alderson, 2001b; Zedlewski, 2003). Just how prevalent these barriers are is difficult to know. Estimates vary depending on the population that was studied and the measures that were used (e.g., yes/no questions, standardized instruments).¹ What is clear from this research is that many current or former TANF recipients face at least one significant barrier to employment and that many face two or more (Danziger et al., 2000; Loprest & Zedlewski, 1999; Polit, London, & Martinez, 2001; Zedlewski, 1999; Zedlewski, 2003; Zedlewski & Alderson, 2001a; Zedlewski & Alderson, 2001b).

Of course, what ultimately matters is not the prevalence of these potential barriers, but whether they have real consequences for employment. Some studies have addressed this question by examining the relationship between the number of barriers recipients faced and their likelihood of being employed. For example, both Loprest and Zedlewski (1999) and Danziger et al. (2000) found that current and former welfare recipients were less likely to be employed the more barriers they faced.

Other studies have looked at the relationship between specific barriers to employment and the likelihood that TANF recipients would be employed. The evidence is strongest in the case of human capital. Both Huaun and Douglas (2004) and Danziger et al. (2000) reported that TANF recipients were more likely to be working if they had a high school diploma or GED, if they had recent work experience, or if they had performed a number of common tasks at a prior job. There is also evidence that TANF recipients who have problems with their physical or mental health are less likely to be employed than those without health problems (Huaun & Douglas, 2004; Danziger et al., 2000). By contrast, studies have generally not found significant differences in employment related to other potential barriers.

Some studies have used multivariate models to look at the effects of specific barriers to employment after controlling for the effects of other barriers (as well as other factors that might be related to employment). Using this approach, Huaun and Douglas (2004) found negative relationships between employment and four barriers: low levels of education, limited work experience, physical (but not mental) health problems, and problems with child care. Danziger et al. (2000) used a similar approach and found that eight of the barriers they measured reduced the likelihood of being employed at least 20 hours per week: no high school diploma, little work experience, few job skills, perceived discrimination, transportation problems, depression, drug dependence and poor health.

Like both of these earlier studies, we analyze the relationship between potential barriers and actual employment. However, our analysis is different in three important respects. First, we look at the ability of potential barriers to predict subsequent rather than current employment, thereby making our findings potentially more relevant to

program administrators. Second, we examine the relationship between potential barriers to employment and earnings among those who were employed.

And third, whereas other studies of potential barriers to employment have been based on data from samples of current or former recipients of TANF, we based the current analysis on data from a sample of TANF applicants. An applicant sample represents a somewhat broader population because not all of those who seek help eventually receive it. Although it is not the only sample of TANF applicants that has been studied (e.g., Administration for Children and Families, 2003; U.S. Department of Health and Human Services, 2003), information about the prevalence of potential barriers to employment among those other applicant samples has generally not been reported.²

There is good reason to hypothesize that barriers to employment would be particularly prevalent among a TANF applicant sample. Faced with PRWORA's more stringent work requirements and new benefit time limits, some parents who might have applied for assistance in the past may have chosen to forgo work-based welfare and found jobs on their own instead. This would help explain both the significant increase in employment among low-skilled single mothers and the substantial reductions in state cash assistance caseloads that were observed after the enactment of welfare reform. It would also mean that parents with significant and/or multiple barriers to employment would increasingly comprise the pool of applicants who were left behind.

Nowhere was this likely to be more true than in Wisconsin. One reason is that Wisconsin is generally regarded as having a more stringent work-based TANF program than almost any other state. Consistent with the program's strong "work-first" orientation, parents are expected to become employed as soon as they are able, and are not eligible for cash assistance if they are deemed "job ready." Those not yet ready for unsubsidized employment are assigned to community service jobs and other activities to prepare them for work. Failure to participate in these activities without "good cause" can result in a sanction. Only parents of newborns younger than 12 weeks old are exempt from these requirements.

Another reason is that Wisconsin had experienced a far larger decline in its cash assistance caseload than most states early on. Much of this reduction actually occurred before PRWORA became law due to a series of waivers that were approved under Section 1115 of the Social Security Act. These waivers had allowed the state to experiment with its AFDC program since the late 1980's (Corbett, 1995). The state's cash assistance caseload continued to decline even after the implementation of TANF was complete. As a result, by the time the Milwaukee TANF Applicant Study began in 1999, Wisconsin's caseload was less than 20% of what it had been when the first waivers were approved (Administration for Children and Families, Office of Family Assistance, 2006).

The Milwaukee TANF Applicant Study

The Milwaukee TANF Applicant Study was a longitudinal investigation that tracked the experiences of 1,075 Milwaukee County parents who sought assistance from Wisconsin's TANF program between March and August 1999. Parents who visited any one of the six Milwaukee County TANF agency sites that were in existence at the time were informed about the study if (a) they were deemed likely to be eligible for assistance based on an initial assessment by an agency worker, and (b) an interviewer was at the agency and available to conduct an interview after their assessment was completed. Less than 2% of those who were informed about the study declined to participate.³

That baseline interview covered a variety of domains, including individual and family demographics, employment and earnings, child care, education and training, housing, government program participation, economic hardships, and parenting. Child and parent well-being were also assessed. Seventy-nine percent of these applicants ($n = 850$) were re-interviewed between July 2000 and May 2001 (Wave 2) and 77% ($n = 832$) were re-interviewed between March and December 2002 (Wave 3). The two follow-up surveys were similar in content to the first.

The applicants were predominantly female (95.9%) and African American (81.5%). Most had never been married (79.5%) and all were caring for at least one child when the baseline data were collected. Although implementation of Wisconsin's program did not begin until September 1997, just over half (51%) had been TANF recipients before.

The survey data collected from the applicants was supplemented with state administrative data, including records from Wisconsin's Unemployment Insurance Wage Reporting system for the years 1999 through 2003.

Measures

We focused on 10 potential barriers to employment among these Milwaukee County TANF applicants. All were measured using the baseline survey data. With but one exception, applicants were identified as having a particular barrier if they responded "yes" to a single question. The nine potential barriers that were measured in this way were having a disability; caring for a child or other family member with a disability; having a child under the age of 1 year; being in fair or poor health; having a mental health problem; having a problem with alcohol or other drugs; not having a high school diploma or GED; never having held a job; and being involved in an unsafe or abusive relationship.

The one exception was our measure of depression. Depression was assessed using the 20-item Center for Epidemiological Studies Depression scale (CES-D). The CES-D measures the frequency of depressive symptoms

TABLE 1. Prevalence of 10 Potential Barriers to Employment at Time of Application

POTENTIAL BARRIER	FREQUENCY	%
Own disability	220	20.9
Caring for a child or other family member with a disability	84	7.9
Child under 1 year old	219	20.4
Poor or fair health	267	25.0
Alcohol or other drug problem during the past year	60	5.6
Never held a job	100	9.3
No high school diploma or GED	607	56.5
Involved in "unsafe" or abusive relationship during the past year	156	14.6
Mental health problem during the past year	223	22.0
Categorized as depressed based on CES-D score	510	47.4
Any barrier	955	88.8

during the past week, and scores can range from 0 to 60. Although the CES-D was not designed to diagnose clinical depression, correlations have consistently been found between clinical depression and CES-D scores (Ensel, 1986; Roberts & Vernon, 1983). Thus, we categorized applicants as depressed if they scored above 16 on the CES-D, the conventional cutoff point (Radloff & Locke, 1986).

We had originally planned to treat having a mental health problem and being categorized as depressed as a single barrier. However, some preliminary analysis suggested that they should be treated as distinct. Not only was the overlap between them far from perfect, but, in addition, they did not follow the same trend. Among the 706 applicants who completed all three interviews, the percentage of applicants who were categorized as depressed declined over time whereas the percentage who reported a mental health problem gradually increased.⁴

Our measures of employment and earnings were based on the Unemployment Insurance wage reports. We focused on the first 4 quarters after the baseline data were collected. Because the baseline interviews rarely coincided with the beginning of a quarter (i.e., January 1, April 1, July 1, or October 1), the following strategy was used. If the baseline interview occurred during the first half of the quarter, we counted that quarter as one of the first four. If the baseline interview occurred during the second half of the quarter, the next quarter was treated as the first.

Findings

How Prevalent Were Potential Barriers to Employment Among Milwaukee County TANF Applicants?

The vast majority of the TANF applicants who participated in our study reported at least 1 of the 10 potential barriers to employment during their baseline interview, and more than half reported at least 2. The mean number of potential barriers they reported was 2.8 and over one-

TABLE 2. Number of Potential Barriers Reported at Time of Application

NUMBER	FREQUENCY	%
0	120	11.2
1	190	17.7
2	192	17.9
3	185	17.2
4	179	16.7
5	124	11.5
6 or more	85	7.9

third reported 4 or more (see Table 1). Thus, multiple barriers were more the norm than the exception.

Some of these potential barriers were far more prevalent than others. This can be seen in Table 2, which shows the relative frequency with which each of the potential barriers was reported.

By far, the two most common barriers were not having a high school diploma or GED and being categorized as depressed. That nearly half of these applicants exhibited symptoms indicative of depression could reflect the fact that they were at a particularly low point in their lives when they sought assistance from the TANF agency. There was some support for this explanation. Specifically, among the 706 TANF applicants who completed all three interviews, the percentage who were categorized as depressed declined by nearly half, from 47.5% to 24.4%. By contrast, the percentage who did not have a high school diploma or GED fell just 4.1 percentage points over the same period of time.

What Was the Relationship Between Potential Barriers and Subsequent Employment Among These TANF Applicants?

It could be argued that the prevalence of these potential barriers only matters in so far as they have consequences for subsequent employment. In order to determine if this was, in fact, the case, we began by looking at the bivariate relationship between each potential barrier and employment during the first 4 quarters after the baseline interview (see Table 3). In general, applicants were less likely to have been employed if they reported a barrier than if they did not, and half of those differences were statistically significant. Not having a high school diploma or GED, having fair or poor health, having no prior work experience, having a disability, and being categorized as depressed were all associated with a decreased likelihood of being employed.

We also examined the relationship between the number of potential barriers applicants reported and the mean number of quarters in which they were employed during the first 4 quarters following their baseline interview (see Table 4). There was an inverse relationship between the two. Applicants who reported more barriers were generally employed in fewer quarters. The one exception was that applicants who reported three barriers were employed, on

TABLE 3. Percentage of Applicants Ever Employed During Their First 4 Post-Application Quarters

	BARRIER	NO BARRIER
Ability to work limited by a disability	70.0*	79.6
Caring for a child or other family member with a disability	71.4	78.3
Child not yet 1 year old	78.1	77.7
Poor or fair health	68.9*	80.7
Alcohol or other drug problem during the past year	68.4	78.3
Never held a job	54.0*	80.2
No high school diploma or GED	74.5*	82.1
Involved in "unsafe" or abusive relationship during the past year	80.8	77.5
Mental health problem during the past year	76.4	78.3
Categorized as depressed based on CES-D score	75.1*	80.2

* $p < .05$.

TABLE 4. Relationship Between Number of Potential Barriers and the Mean Number of Quarters Employed During Their First 4 Post-Application Quarters

NUMBER OF POTENTIAL BARRIERS	MEAN NUMBER OF QUARTERS EMPLOYED
0	2.93
1	2.39
2	2.24
3	2.24
4	2.19
5	1.85
6 or more	1.60

average, in the same number of quarters as those who reported only two.

Of course, the relationships we observed between potential barriers and subsequent employment could reflect other differences between the applicants who reported barriers and those who did not rather than independent effects. We tested this possibility by estimating two logistic regression models. Both models predicted employment during the first 4 quarters following the baseline interview. The first model included 10 dummy variables representing each of the potential barriers to employment as well as controls for gender, race/ethnicity, age, marital status, and number of children in the household whom the applicant was related to and responsible for. In the second model, we replaced the dummy variables with a single variable indicating the total number of potential barriers reported.

We converted the parameter estimates from these models into odds ratios which are shown in Table 5. These odds ratios can be interpreted as the multiplicative increase (in the case of values greater than 1) or decrease (in the case of values less than 1) in the estimated odds of being employed.

The results of the first model were generally consistent with the relationships shown in Table 3. Four of the

TABLE 5. Estimate Odds Ratios From Logistic Regression Model Predicting Employment During Their First 4 Post-Application Quarters

	MODEL 1 ODDS RATIO	MODEL 2 ODDS RATIO
<i>Male</i>		
Female	0.829	0.931
<i>African American</i>		
Hispanic	0.766	0.651
White	0.707	0.856
Other	0.872	1.021
<i>Not married</i>		
Married	0.853	0.881
Age	0.986	0.988
Number of children	0.906	0.911
Ability to work limited by a disability	0.669*	
Caring for a child or other family member with a disability	0.875	
Child not yet 1 year old	0.944	
Poor or fair health	0.630*	
Alcohol or other drug problem during the past year	0.653	
Never held a job	0.292*	
No high school diploma or GED	0.701*	
Unsafe or abusive relationship during the past year	1.312	
Mental health problem during the past year	1.318	
Categorized as depressed based on CES-D score	0.824	
Total number of barriers reported		0.847*

Note. Italicized categories are the comparison group.

* $p < .05$.

potential barriers were associated with a reduction in the estimated odds of being employed: All else being equal, the estimated odds of being employed were 71% lower for applicants who had no prior work experience as compared with those who had. The estimated odds of being employed were also significantly lower for applicants who had no high school diploma or GED (30%), for those who had a disability (33%), and for those whose health was fair or poor (37%). Although most of the other odds ratios were in the expected direction, two—being involved in an unsafe or abusive relationship and having a mental health problem—were not. However, neither of those relationships was statistically significant.

The results of the second model were also consistent with what we observed at the bivariate level. There was a negative relationship between employment and the number of barriers reported such that each additional barrier applicants reported reduced their estimated odds of being employed by 15%.

Finally, in neither model did we find any evidence of a relationship between employment and any of the demographic characteristics we included as controls.

TABLE 6. Mean Quarterly Earnings of TANF Applicants During Their First 4 Post-Application Quarters^a

	BARRIER	NO BARRIER
Ability to work limited by a disability	\$1,663.2	\$1,774.5
Caring for a child or other family member with a disability	\$1,161.7	\$1,800.1*
Child not yet one year old	\$1,613.1	\$1,796.2
Poor or fair health	\$1,742.4	\$1,753.6
Alcohol or other drug problem during the past year	\$1,367.8	\$1,767.6
Never held a job	\$1,143.6	\$1,801.2*
No high school diploma or GED	\$1,325.6	\$2,268.6*
Involved in "unsafe" or abusive relationship during the past year	\$1,632.3	\$1,769.8
Mental health problem during the past year	\$1,727.7	\$1,753.2
Categorized as depressed based on CES-D score	\$1,755.9	\$1,761.2

^aQuarters with employment only.
**p* < .05.

What Was the Relationship Between Potential Barriers and Subsequent Earnings Among These TANF Applicants?

As already noted, one of the questions previous studies have not addressed is whether potential barriers to employment also affect the earnings of those who are employed. We began to address this question by comparing the mean quarterly earnings of the applicants who reported a particular barrier to the mean quarterly earnings of those who did not in each quarter they were employed (see Table 6). Although barriers were generally associated with lower earnings, only three of the differences were statistically significant.

By far, the barrier associated with the largest difference was not having a high school diploma or GED. Applicants who had a high school diploma or GED earned, on average, \$943 more in each quarter they were employed than applicants who had neither. The other two barriers that were associated with lower mean earnings were caring for a child or other family member with a disability (a difference of \$638) and no prior work experience (a difference of \$658). There was also a \$400 difference in mean earnings between applicants who reported having an alcohol or other drug problem and applicants who did not. However, this difference was not statistically significant, perhaps because so few applicants reported having a problem with alcohol or other drugs.

Next we examined whether there was a relationship between quarterly earnings and the number of potential barriers reported (see Table 7). Although the relationship was not perfectly linear, applicants who reported fewer barriers tended to earn more in the quarters they were employed. In fact, applicants who did not report any of the barriers we measured earned more than twice as much per quarter as those who reported six or more.

TABLE 7. Relationship Between Number of Potential Barriers and Median Quarterly Earnings During Their First 4 Post-Application Quarters^a

NUMBER OF POTENTIAL BARRIERS	MEDIAN QUARTERLY EARNINGS
0	\$1,961.67
1	\$1,503.00
2	\$1,376.00
3	\$1,218.50
4	\$1,282.75
5	\$929.67
6 or more	\$980.33

^aQuarters with employment only.

Because the relationships we observed between potential barriers and the earnings of those who worked could reflect other differences between the applicants who reported barriers and those who did not, we also estimated two linear regression models. The dependent variable in both models was mean quarterly earnings for each of the first four quarters after the baseline interview in which applicants were employed. Once again, the first model included 10 dummy variables representing each of the potential barriers to employment as well as controls for gender, race/ethnicity, age, marital status, and number of children in the household whom the applicant was related to and responsible for. In the second model, the dummy variables were replaced by a single variable indicating the total number of potential barriers reported. The parameter estimates from both models are shown in Table 8.

The results of the first model were consistent with our bivariate results. There were negative and statistically significant relationships between mean quarterly earnings and four of the barriers we measured. Compared to applicants who had a high school diploma or GED, those who had neither earned, on average, \$865 less in each quarter they were employed, all else being equal. The three other barriers were associated with somewhat smaller effects. Mean quarterly earnings were, on average, \$523 lower for applicants who reported a problem with alcohol or other drugs, \$459 lower for those who were caring for a child or other family member with a disability, and \$446 lower for those who had no prior work experience.

The results of the second model were also consistent with what we found at the bivariate level. There was a negative relationship between the number of barriers reported and mean quarterly earnings. Applicants earned \$136 less per quarter worked for each additional barrier they reported, all other things being equal.

Finally, although the focus of our analyses was on the effects of the potential barriers we measured, both regression models revealed a positive relationship between earnings and age. This could reflect that fact that age is often a proxy for work experience. However, testing that hypothesis is well beyond the scope of this article.

TABLE 8. *Parameter Estimates From Regression Model Predicting Mean Quarterly Earnings During Their First 4 Post-Interview Quarters^a*

	MODEL 1 BETA	MODEL 2 BETA
<i>Male</i>		
Female	-338.37	-102.34
<i>African American</i>		
Hispanic	198.52	155.65
White	147.09	182.11
Other	58.95	103.88
<i>Not married</i>		
Married	156.25	168.94
Age	26.56*	35.34*
Number of children	-17.03	-63.78
Ability to work limited by a disability	-150.01	
Caring for a child or other family member with a disability	-459.44*	
Child not yet one year old	113.64	
Poor or fair health	-27.79	
Alcohol or other drug problem during the past year	-523.14*	
Never held a job	-446.40*	
No high school diploma or GED	-864.67*	
Unsafe or physically abusive relationship during the past year	-143.04	
Mental health problem during the past year	56.75	
Categorized as depressed based on CES-D score	65.26	
Total number of barriers reported		-136.08*

Note. Italicized categories are the comparison group.

^aQuarters with employment only. * $p < .05$.

Discussion

Courtney and Dworsky (2006) reported that the vast majority of parents who participated in the Milwaukee TANF Applicant Study who participated were still not economically self-sufficient more than 4 years after they sought assistance from Wisconsin's TANF program. The percentage employed during a given year fell over time, from a high of nearly 79% in 1999 to a low of 59.5% in 2003, and many of those who were employed worked sporadically. On average, only one-third were employed in at least part of all four quarters in any calendar year. Moreover, although the median earnings of those who worked rose 39% over those 5 years, from \$5,202 in 1999 to \$7,210 in 2003, the vast majority were still not earning enough to escape poverty.

This article sheds some light on why it was so difficult for many of these TANF applicants to become and remain employed at a job that paid a living wage. Almost 90% reported at least one potential barrier to employment during their baseline interview, and many reported two or more. Although comparing across studies can be problematic because of differences in the populations studied and the ways in which potential barriers have been defined, the prevalence of potential barriers to employment among our TANF applicant sample was, in general, either similar to or higher than what other studies have found.

Even more important than the prevalence of those potential barriers was the relationship to subsequent labor market outcomes. Consistent with what other studies have found, applicants with barriers were less likely to be employed than those without those barriers. They also tended to have had lower earnings when they worked. Although these differences were not always statistically significant, when statistically significant differences were found, they typically persisted even after other factors were taken into account. Among the potential barriers that appeared to matter most were human capital deficits—that is, not having a high school diploma or GED and lacking prior work experience.

The number of potential barriers applicants reported also seemed to make a difference. The more barriers they reported, the less likely they were to be working and the less they earned when they had a job. Again, these findings are generally consistent with the results of other research (e.g., Danzinger et al., 2000; Zedlewski, 1999).

Limitations

Any discussion of these findings would be incomplete without acknowledging some of the major limitations of our analyses and the measures that we used. The first relates to how we measured labor market outcomes. Wisconsin's Unemployment Insurance Wage Reporting system does not capture earnings from employment in jobs not covered under the state's Unemployment Insurance laws or from jobs located in other states. This means that we may have underestimated both the percentage of applicants who were employed and what they earned when they had work. This is primarily a problem for our analyses if applicants with potential barriers to employment were either more or less likely to be employed in jobs that were not covered or in jobs outside the state than those without potential barriers.

The second limitation concerns the 10 potential barriers on which we chose to focus. Focusing on these potential barriers necessarily excluded other factors that might have limited the ability of these TANF applicants to work and earn enough to support their families. For example, a more comprehensive list might also have included being homeless or precariously housed, not having a telephone, having child care or transportation problems, having a criminal record, and experiencing discrimination by potential employers. Although we cannot rule out the possibility that including other barriers in our analyses would lead to different results, the barriers we selected were comparable to those that other studies have examined and could be measured using data from our baseline interviews.

Finally, an obvious question one might ask given our findings is whether potential barriers to employment were more prevalent among applicants for assistance after PRWORA became law. The dramatic reductions in state

cash assistance caseloads combined with much more stringent work requirements might lead one to predict that this would be the case.⁵ Unfortunately, this is an empirical question that our study cannot address in the absence of comparable data from a sample of parents who applied for AFDC.

Policy and Practice Implications

Among the clearest implications of our findings is the need for routine assessments to identify individual or family problems that could make it difficult for TANF recipients to work or achieve self-sufficiency. Assessment should begin at the time of application, but should continue as long as families receive assistance from the TANF agency. Case managers should remain alert to warnings signs of potential barriers, such as noncompliance with program requirements, that may have escaped detection during earlier assessments or that develop over time (Parrott et al., 2007). Although some preliminary screening could be done by case managers, more thorough assessments should be conducted by trained professionals who may or may not be employed by the TANF agency.

Of course, doing thorough assessments is only the first step. TANF agencies must also ensure that TANF recipients have access to services that will address their employment barriers. Some of those services can probably be provided by the agencies themselves. However, in other cases, it may be more expedient for agency to contract with private, not-for-profit service providers in the community that have staff with greater expertise.

Another straightforward implication of our results is the need for TANF agencies to make the educational needs of TANF recipients more of a priority. One way for TANF agencies to address this barrier would be to increase participation in educational activities among recipients who have neither a high school diploma nor the equivalent. Those activities could include whatever combination of adult basic education, English-as-a-second-language, or high school equivalency classes recipients might need to improve their skills and attain their GED.

Although not having a high school diploma or GED was a significant barrier to employment among the applicants in our study, other research suggests that a GED, by itself, will have fairly limited direct effects on labor market outcomes. Rather, the real benefit of a GED may be indirect. That is, a GED increases access to postsecondary education and training, which, in turn, can lead to higher-paying jobs (Boesel, Alsalam, & Smith, 1998). This, of course, assumes recipients can take advantage of postsecondary education and training programs once they have their GED credential—a rather questionable assumption for reasons discussed below.

Although doing more to identify and address potential barriers to employment could lead to better labor market outcomes and increased self-sufficiency in the long run, it would be inconsistent with the “work-first” approach that

many states adopted when they designed their TANF programs. Some of those states have already moved away from this approach (Parrot et al., 2007). Whether others would be willing to do so in order to implement these changes remains to be seen.

An even greater challenge may be the changes that were made when TANF was reauthorized as part of the Deficit Reduction Act (DRA) of 2005. Under PRWORA, states were required to have at least 50% of their single-parent family caseload and 90% of their two-parent family caseload working or engaged in work activities by 2002. However, those work participation requirements were reduced by one percentage point for each percentage-point decline in a state’s TANF caseload since 1995. As a result of these caseload reduction credits, most states were able to meet their work participation requirements quite easily (Parrott et al., 2006).

Moving forward, states will only be given caseload reduction credits for the percentage by which their caseloads have dropped since 2005. Because most of the large TANF caseload declines had already occurred by then, the practical effect of this policy change is to increase the work participation requirements that states must meet to receive their TANF funds.

States will also have considerably less leeway when it comes to deciding what to count as work activities. PRWORA listed 12 categories of activities that states could count toward their work participation rates, but states were essentially free to define those categories as they saw fit. As a result of a directive contained in the DRA, the U.S. Department of Health and Human Services issued regulations June 29, 2006, that define those categories and specify not only which activities can be counted, but also for how long.

Importantly, the new definitions are much more narrow than the ones states had been using. As a result, some activities that states had previously counted toward their work participation rates, including those intended to address barriers to employment, either cannot be counted or can only be counted for a limited period of time. For example, treatment for mental health or substance use problems, which is now included in the category of job readiness activities, can be counted toward work participation rates for a maximum of 6 weeks per year. Likewise, under the new regulations, job skills training, education directly related to employment, and secondary school/GED classes can only be counted toward a state’s work participation rates if the TANF recipient is also working or engaged in other so-called “core activities” for at least 20 hours per week. There is also a 12-month lifetime limit on vocational training that can be counted toward the state’s work participation rates.⁶

As a result of these more narrow definitions, it may be difficult for some recipients who face significant barriers to employment to engage in activities that states can count as work. However, assigning those recipients to activities that

would address their barriers will make it more difficult for states to meet the higher work participation rates that the DRA established. In effect, the DRA provisions may prohibit or at the very least discourage states from using their TANF dollars in ways that would ultimately help recipients move toward self-sufficiency.

What, then, are states to do? One option would be for states to address the needs of recipients with significant and multiple barriers to employment through a separate, exclusively state-funded program—that is, a program that does not use any TANF or maintenance-of-effort (MOE) funds. Case managers could work more intensively with these recipients and assign them to activities specifically tailored to their needs.

The advantage of this approach is that recipients in a separate, exclusively state-funded program would be excluded from the calculation of the state's work participation rates. The disadvantage is that states may not have the financial resources to support such a program, particularly if, as our findings suggest, TANF recipients with significant and multiple barriers comprise a large share of the caseload. As it is, many states are already struggling to pay for important public services and benefits like education and health care.

Another option would be for states to seek waivers from the federal government that would allow them to count a broader range of activities toward their work participation rates. The 1996 federal reform law granted states the option of continuing waivers that were approved under Section 1115 of the Social Security Act and that were in effect on the date PRWORA was enacted. This meant that states did not need to comply with provisions in PRWORA that were inconsistent with their waivers until their expiration date. Many states took advantage of this opportunity, but those waivers have since expired (Greenberg & Savner, 1996b).

By contrast, a strategy based on waivers is not likely to be viable at this point in time. For one thing, the DRA contains no provisions that would give the Department of Health and Human Services authority to permit a state to delay implementing or to ignore any of the new regulations related to work participation (Administration for Children and Families, Office of Family Assistance, 2007). For another, one of the issues that arose during the debate over TANF reauthorization was the perception that states were not doing enough to engage their TANF recipients in work activities that would prepare them for self-sufficiency.

Just how states will deal with current and future TANF recipients who face significant and often multiple barriers to employment in light of the new regulations remains to be seen. Different states may respond very differently. This could in turn create some interesting opportunities for future research involving cross-state comparisons of different strategies.

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Endnotes

¹ See Appendix A for a description of how potential barriers to employment were defined in different studies. These include the synthesis of findings from the ASPE leavers grants (Acs & Loprest, 2001), the Women's Employment Study (Danziger et al., 2000), the Work First New Jersey study (Rangarajan & Wood, 1999), the National Survey of America's Families (Loprest & Zedlewski, 1999) and the Project on Devolution and Urban Change (Polit et al., 2001).

² See <http://aspe.hhs.gov/HSP/leavers99/rpts-apps.htm> for links to reports from a number of federally-funded investigations of TANF applicants.

³ A more detailed description of the sampling method can be found in Piliavin, Dworsky, and Courtney (2003).

⁴ For example, more than a third of the applicants who were categorized as depressed did not report having a mental health problem.

⁵ Although researchers from the Urban Institute found little evidence that the prevalence of potential barriers to employment among current recipients (Zedlewski & Alderson, 2001; Zedlewski, 2003) or former recipients (Loprest, 2001) had increased over time, the data they analyzed were not from applicant samples.

⁶ The new regulations also prohibit states from counting recipients in bachelor's degree programs toward the participation rates under the category of "vocational educational training."

APPENDIX A. Definitions of Potential Barriers to Employment Used in Prior Research

	SYNTHESIS (ACS & LOPREST, 2001)	WES (DANZIGER ET AL., 2000)	WFNJ (RANGARAJAN & WOOD, 1999)	NSAF (LOPREST & ZEDLEWSKI, 1999)	PDUUC (POLIT ET AL., 2001)
Alcohol or other drug problem	Met DSM criteria for alcohol or drug dependence as measured using SF-CID	Met DSM criteria for alcohol or drug dependence as measured using SF-CID	Sought treatment for substance abuse problem during past year	Used a hard drug (heroin, cocaine) during past month	
Mental health problem	Met criteria for major depression during past year as measured using SF-CIDI or had experienced serious psychological distress within the past 30 days as measured using the K-6	Met DSM-IVIR criteria for major depression, posttraumatic stress disorder (PTSD), or generalized anxiety disorder as measured using SF-CIDI	Sought treatment for a mental health problem during past year	Scored in "poor" or "very poor" range on a 5-item measure that assesses mental health along 4 dimensions: anxiety, depression, loss of emotional control, and psychological well-being	Scored above 15 on CES-D
Physical health problem	Rated health as fair or poor and scored in the lowest age-specific quartile of physical functioning on the SF-36	Rated health as poor, reported being seriously ill during past year, or said health problem limits ability to work	Rated health as poor, reported being seriously ill during past year, or said health problem limits ability to work	Rated health as poor	Scored less than 40 on physical component of the SF-12 Classified as morbidly obese (BMI > 40)
Domestic violence	Experienced severe physical abuse during past 12 months as measured using CTS	Physically abused during past year	Physically abused during past year	Physically abused during past year	Physically abused during past year
Limited work experience	Worked in < 50% of years since age 18	Worked in < 20% of years since age 18	No work during 2 years prior to TANF entry	No work during past 3 years	Never worked for pay
Child health problem or disability	Any child has special health or behavioral need	Any child has physical, learning, or emotional problem that limits activity		Child receiving SSI	Caring for child with illness or disability that affects employment
Young child		Child under age 3	Child under age 3	Child under age 1	Child under age 3

SF-CIDI: Short form of the Composite International Diagnostic Inventory is set of structured scales developed from the CIDI that can be used to screen for the most commonly occurring psychiatric disorders (Kessler et al., 1998).
 CTS: Conflict Tactics Scale has been used to evaluate violence within families and intimate relationships (Strauss & Gelles, 1990).
 SF-12: Short-Form Health Survey is a 12-item scale providing a multidimensional measure of physical and mental health status (Ware et al., 1996).
 SF-36: A 36-item measure constructed to survey health status in the medical outcomes study (Ware et al., 1993).
 The NSAF mental health measure was adapted from a 5-item scale (MH-5) used in the Medical Outcomes Study (Erhle & Moore, 1999).
 K6: This 6-item scale measures the frequency of commonly occurring symptoms of psychological distress over a 30-day recall period (Kessler et al., 2002).
 CES-D: The 20-item Center for Epidemiological Studies Depression scale measures the frequency of depressive symptoms during the previous week and can be used to assess risk for depression (Radloff & Locke, 1986).