



Achieving Change for Texans

Evaluation of the Texas Welfare Reform Waiver

REPORT 4 of 6

Final Impact Report

January 2003



Achieving Change for Texans Evaluation

Final Impact Report

Deanna T. Schexnayder
Daniel G. Schroeder
Jerome A. Olson
Hyunsub Kum

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Lyndon B. Johnson School of Public Affairs
The University of Texas at Austin
3001 Lake Austin Blvd., Suite 3.200 Austin, TX 78703 (512) 471-7891

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Major Highlights of Research Findings

The Achieving Change for Texans demonstration was first implemented in June 1996 and operated through March 2002. This final report on the impact evaluation includes net impacts of the demonstration from June 1996 through September 2001.

A total of 44,852 cases were assigned to either experimental or control groups for the Time Limits or Responsibilities, Employment, and Resources (RER) interventions during the study period. Effects on welfare and related programs, self-sufficiency outcomes, participation in workforce development services, and a number of family and child indicators were measured. Major highlights from findings are summarized below.

Time Limits

This experiment measured the effect of time-limiting benefits for TANF caretakers while holding all other policies constant. After over five years of operation, the time limits experiment produced statistically significant but small reductions in TANF receipt coupled with small increases in the use of Medicaid and transitional benefits. Employment rates increased slightly but self-sufficiency earnings declined slightly. Few impacts on workforce development participation or family and child indicators were observed. Reduced TANF use and employment and child support collections gains were greatest among those who were best prepared to enter the workforce (caretakers in Tiers 1 and 2, who had the most education and work history,) and those with short histories of welfare receipt.

- Two months in every year were spent in penalty status. Most penalties were imposed for failure to comply with Choices, Texas Health Steps and school attendance. Persons subject to time limits had slightly fewer penalties than other adult TANF recipients.
- By the end of September 2001, 739 Tier 1, 55 Tier 2, and 22 Tier 3 caretakers had exited TANF because of reaching their time limit. One year after being forced to leave TANF, half of time-limited caretakers were employed.

Responsibilities, Employment, and Resources

This experiment measures the effect of more generous TANF eligibility rules and a Personal Responsibility Agreement requiring cooperation with child support enforcement, Choices program participation, children's immunization and school attendance, among other requirements. In Choices research sites, experimental group caretakers were subject to both RER and time limits provisions while control group members adhered to neither. In Non-Choices sites, RER requirements applied to experimental group caretakers only while neither group was subject to time limits.

Choices Research Sites. Three of the four RER research sites in Choices counties produced significant but varying impacts on welfare dynamics, large increases in financial penalties, slight gains in employment rates and family earnings, small reductions in Choices participation, increased use of subsidized child care and collection of child support but no impacts on other family and child outcomes. Differences in impacts found among subgroups suggest that this experiment affected TANF caretakers with different characteristics and welfare history in very different ways.

- Caretakers subject to the PRA rules enrolled in TANF and Medicaid more often but their children used these benefits less often than control group members due to the manner in which PRA penalties affected caretakers' TANF and Medicaid eligibility. They also used food stamps slightly less often but transitional benefits more often than control group members did.
- By the end of the study, 286 Tier 1, 20 Tier 2 and seven Tier 3 caretakers exited TANF due to time limits. Outcomes one year following exit were similar to those observed in the time limits experiment.
- A larger number of very low income, two-parent, working families became eligible for TANF in the RER research site in El Paso's Clint office due to the expanded TANF eligibility rules. Clint produced differences in other outcomes as well.

Non-Choices Sites. After nearly five years of operation, the RER experiment across four rural offices in non-Choices counties produced no consistent effects on the use of TANF benefits, slightly increased Medicaid receipt and reduced the use of food stamps. Although no overall gains in either employment or earnings were measured, both increased for Tier 3 caretakers. While no differences were observed for most family

indicators, experimental caretakers used subsidized child care more often. In general, this experiment displayed stronger but different patterns of impacts from the other experiments, particularly among the hardest-to-serve recipients.

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Executive Summary

In 1995, the Texas Legislature enacted H. B. 1863, which formed the basis for Texas' waiver from existing federal laws governing the Aid to Families with Dependent Children (AFDC) program.¹ The goal of the Texas waiver, officially known as the Achieving Change for Texans (ACT) demonstration, was to assist participants to achieve independence from welfare through an increased emphasis on employment, training, temporary assistance and support services. The demonstration was designed to test a number of policy provisions to reduce dependence, encourage personal responsibility, and increase savings. The ACT demonstration was implemented beginning in June 1996 and operated through March 2002. The Texas Department of Human Services (DHS) was responsible for implementation and oversight of the ACT demonstration.

The Ray Marshall Center for the Study of Human Resources (RMC) of the LBJ School of Public Affairs at the University of Texas at Austin conducted an impact evaluation of two ACT components: Time-Limited and Transitional Benefits (TL) and Responsibilities, Employment and Resources (RER). The purpose of the impact analysis was to measure the net impact of the Time-Limited and Transitional Benefits (TL) and Responsibilities, Employment, and Resources (RER) components of the ACT demonstration on a number of measures of client, family and child well-being. To accomplish this objective, participants were randomly assigned to experimental and control groups in each of the research sites for the TL and RER demonstration components. Different sites were chosen to measure the effects of RER in sites operating a TANF workforce development program in 1996 (RER Choices) and sites without such programs (RER Non-Choices).²

This report summarizes net impacts of the ACT demonstration from its inception in June 1996 through September 2001, and describes impacts of the time limits and RER experiments on welfare dynamics, client self-sufficiency, participation in workforce

¹ After the passage of H.B. 1863, a new cash assistance program called Temporary Assistance for Needy Families (TANF) replaced AFDC. This report will use the term TANF to refer to Texas' cash assistance program.

development programs, and a number of family and child outcomes.³ Family outcomes include child support collections, paternity establishments and use of subsidized child care services. Child outcomes include their education, immunization, foster care placements and need for child protective services.

Demonstration Components Being Evaluated

Time-Limited and Transitional Benefits

This statewide initiative limits the number of months that able-bodied adult caretakers can receive TANF benefits. It provides 12 months of transitional Medicaid and child care for all persons reaching their time limits and 18 months to persons who voluntarily participate in the Choices program.

The Texas time limit placed on each caretaker's TANF benefits is based on his/her individual tier level, a classification system that quantifies work history and educational attainment. The most job-ready clients (Tier 1) are eligible for up to 12 months of cash assistance after notification of an opening in the Choices program. Less job-ready clients (Tier 2) may receive up to 24 months of benefits after Choices notification, and the least job-ready clients (Tier 3) may receive as many as 36 months of cash assistance.⁴

Under the Texas ACT provisions, certain groups of caretakers are exempt from mandatory participation in the Texas Choices program. Because the Texas time limits 'clock' does not begin ticking until a caretaker is required to participate in the Choices program, exempt experimental group members were not subject to Texas time limits. Under Texas time limits, adult clients who exhaust their time-limited benefits are disqualified from receiving TANF for five years.

² The Choices program replaced the Texas JOBS program as Texas' employment and training program for TANF recipients.

³ The TANF One-Time payment component is not included in the impact analysis because it was not implemented as a randomized experiment. The Incentives to Achieve Independence (IAI) portion of the waiver was cancelled, as described further in the process evaluation.

⁴ The 36-month 'clock' does not begin 'ticking' until twelve months after an in-depth assessment has been completed for Tier 3 individuals who are required to begin participating in the Texas Choices program.

During the course of the time limits experiment, *federal* time limits restricting families to five years of benefits were adopted as part of the PRWORA legislation. In Texas, federal time limit policies were applied to both the experimental and control groups beginning in December 1999. An analysis of outcomes for persons assigned prior to and following the adoption of federal time limits was conducted to determine whether this initiative changed the impact of Texas time limits.

The time limits experiment operated in Bexar County, which includes San Antonio, beginning in June 1996. Adult caretakers assigned to the experimental group were subject to both Texas time limits and RER provisions (detailed below), while the control group was subject only to the RER requirements.

Responsibilities, Employment, and Resources in Choices Counties

The RER experiment consisted of a combination of time limits policies with two additional provisions: more generous TANF eligibility requirements and adoption of a Personal Responsibility Agreement (PRA). The changes to TANF eligibility rules included:

- the disregard of children's earnings and resources in the calculation of family benefits,
- increased resource limits permitted for eligibility determination, and
- elimination of the work history requirement and 100-hour work rule for TANF-Unemployed Parent (TANF-UP) families.

The Personal Responsibility Agreement (PRA) is a central feature of RER that requires adult TANF applicants and recipients to comply with specific responsibilities as a condition of TANF eligibility. Responsibilities include:

- compliance with Choices program participation requirements;
- cooperation with child support and paternity establishment efforts;
- completion of regularly-scheduled Texas Health Steps screenings for children;⁵
- compliance with immunization requirements for pre-school children;
- compliance with school attendance policies for children; and
- participation in parenting skills training classes if referred.

⁵ Texas Health Steps (THSteps) is the Texas version of the Medicaid program known as Early and Periodic Screening, Diagnosis and Treatment (EPSDT).

Under the PRA, parents also must:

- not voluntarily quit a paying job of at least 30 hours per week; and
- refrain from selling or abusing illegal or controlled substances or abusing alcohol.

Clients who failed to comply with PRA requirements without good cause would receive financial penalties ranging from \$25 to \$75 per month, or up to \$125 for two-parent families. The RER experiment operated in four offices in Choices counties beginning in June 1996 (Beaumont; Odessa; Corpus Christi, Dillon office; and El Paso, Clint office⁶). Persons assigned to the experimental group had to comply with both the PRA and state time limits provisions, while neither was applicable to control group members.

Responsibilities, Employment, and Resources in Non-Choices Counties

Many rural counties in the state did not offer Choices services to TANF recipients during the period of this experiment. The RER experiment was implemented in January 1997 in four offices in such counties (Hondo, Huntsville, Lockhart, and Luling). RER provisions in these sites were identical to those described above except for those related to Choices participation. In these sites, experimental group members were subject to RER provisions while control group members were not. Further, because Texas time limits are tied to an offer of participation in the Choices program, neither group was subject to Texas time limits.⁷

Research Questions

The ACT policies described above were expected to influence welfare recipients' behavior in the areas of welfare dynamics, client self-sufficiency, participation in workforce development programs, paternity establishments and child support collections, education and immunization of children, and the use of subsidized child care and child

⁶ Because of differences from the other RER-Choices sites, the Clint office was analyzed as a separate experiment, as discussed below.

⁷ Although Walker County (in which Huntsville is located) began to offer Choices services in September 1998, state time limits did not apply there during this demonstration.

protective services. The expected net impacts of each experiment on these outcomes are summarized in Table ES-1.

**Table ES-1:
Summary of Expected Treatment Impacts for Outcomes**

Outcomes	Experiments			
	Time Limits	RER Choices	RER Clint	RER Non-Choices
Use of TANF	-	-	?	?
Use of food stamps	?	?	?	?
Use of Medicaid ⁸	+	+		
Family self-sufficiency	+	+	+	+
Participation in workforce development services	?	+	+	
Paternity establishment and child support collections		+	+	+
Use of subsidized child care	+	+		
Children's immunization rates		+	+	+
Children's school attendance		+	+	+
Use of child protective services	?	-	-	-

Key: "+" means the treatment is expected to increase the use of services measured by this outcome.
 "-" means the treatment is expected to decrease the use of services measured by this outcome.
 "?" means the treatment is expected to have an effect on the outcome, but the direction is ambiguous.
 Blank cell means the treatment is not expected to have an effect on the outcome.

Research Methods

The impact analysis utilized an experimental design with persons randomly assigned to an experimental or control group when they either applied or were re-certified for TANF benefits. Most analyses involved overall effects using data covering the entire experimental and control populations of each experiment. However, policy impacts can vary for different kinds of people, in different time frames, or under different contexts. To test for such *differential impacts*, analyses of twelve key variables⁹ were added for the following subgroups:

⁸ This analysis includes all categories of Medicaid except those for elderly or disabled recipients.

⁹ Subgroup analysis was limited to key outcomes to conserve space and minimize the number of statistical tests.

- **Four year outcomes** – To test whether the experiments had different effects for those with longer histories with the welfare system, four-year outcomes were computed separately for short-term and long-term TANF recipients¹⁰ assigned within the first six months of each experiment.
- **Before/after policy changes analysis** – To judge whether the experiments had different short-term effects under a new policy environment, one-year outcomes were compared for those assigned before and after several key policy changes implemented between October 1999 and March 2000. These include the imposition of federal time limits, an expansion of the earned income disregard, and a tightening of the ‘age of child’ exemption, and are referred to as ‘1999 Policy Changes’.
- **Tier group analysis** – To test whether the overall impacts varied for those with varying education and work experience, and with different time limits, impacts for members of Tiers 1, 2, and 3 were contrasted.

The research data sets for this evaluation were created by linking a number of administrative data files on program participation, demographic characteristics, and outcomes at the individual and case levels across agencies and programs, and over time. This report includes data from fourteen programs administered by seven Texas agencies. Data from most sources were collected from June 1994, two years prior to the beginning of the ACT demonstration, through September 2001.

Tests of random assignment were conducted to verify that any differences between the experimental and control groups occurred only by chance, both for the entire sample and for each subgroup. Once each experiment had passed the tests of random assignment, unadjusted net impacts were computed by comparing the differences between the means of the experimental and control groups. To improve the precision of impact estimates and reduce error, these results were statistically adjusted to account for the remaining slight demographic differences between the groups to produce adjusted net impacts.

Some of the factors that could limit the usefulness of this analysis include:

- Possible caretaker misunderstanding of treatments caused by caseworkers, by word of mouth or news reports, or by other agencies’ non-experimental treatments, and
- Changing TANF policies that occurred during the time period in which this experiment was in effect.

¹⁰ *Short-term* recipients have less than 30, and *long-term* recipients 30 or more months of prior welfare receipt as of random assignment.

Summary of Findings from Each Experiment

From June 1996 through September 2000, 44,852 cases were assigned to either the experimental or control group for one of the ACT experiments. Overall impact findings through September 2001 for each of the experiments are summarized in Table ES-2 and discussed below. The impacts for each subgroup analysis are discussed within the findings for each experiment and then summarized across all experiments (Tables ES-3, ES-4, and ES-5).

Time Limits

Descriptive Analysis

From June 1996 through September 2000, 29,795 cases were assigned to participate in the time limits experiment, with no significant differences in the sizes or demographic characteristics of the resulting experimental and control groups. Over half of these cases entered the experiment during its first six months of operation.

Descriptive analysis revealed two consistent trends in the TANF caseload: increasing contamination of the experimental treatments, and an increasing proportion of the caseload being composed of long-term welfare recipients.¹¹

By the end of September 2001, only 816 caretakers in Bexar County had exited TANF because of reaching their Texas time limits, with most of them in Tier 1. In the year after exiting:

- Nearly all affected Tier 1 and 2 families received at least some Medicaid and food stamps,
- Children in about 90 percent of these families continued to receive at least some TANF benefits, and
- More than 70 percent of caretakers were employed at some time in the year after their exit, but their earnings were low.

¹¹ Contamination could be due either to a move to or from an office participating in the experiment or the addition of someone to the TANF case with a different group assignment.

**Table ES-2:
Overall Adjusted Net Effects by Experiment**

	Time Limits	RER Choices	RER Clint	RER Non-Choices
Welfare Dynamics				
Percent of time spent on TANF by caretaker	-0.6%	1.5%		1.4%
Percent of time spent by caretaker in payee-only status	0.3%	-2.8%	-1.0%	-1.1%
Percent of time spent on TANF by any child	-0.3%	-1.1%	-1.0%	
Percent of time spent on TANF by any family member	-0.4%	-1.1%	-0.9%	
Average monthly TANF benefit	-\$1	-\$2		
Percent of months in child support penalty status		2.9%	1.2%	1.9%
Percent of months in Choices penalty status	-0.4%	1.9%	n.a.	n.a.
Average length of penalties in months		0.9		
Percent of time on Medicaid by caretaker	0.2%	2.6%	1.2%	1.9%
Percent of time on Medicaid by any child	0.3%		-1.0%	
Percent of time on food stamps		-0.6%		-3.2%
Percent of time on transitional Medicaid	0.8%	1.2%	0.9%	
Percent of time on transitional Child Care	0.1%	0.3%	0.1%	0.1%
Self-Sufficiency Outcomes				
Percent of quarters in which caretaker had wages of any amount	0.7%	0.8%		
Average quarterly caretaker wages				
Average quarterly family wages earned		\$27		
Percent of quarters in which caretaker wages exceeded 155% of poverty	-0.1%			
Percent of quarters in which family earnings exceeded 155% of poverty				
Average quarterly family earnings plus child support collections retained		\$30		
Percent of quarters in which earnings plus child support greater than poverty				
Workforce Development Participation				
Percent of months participating in Choices program		-0.4%		n.a.
Ever participated in Choices				
Average hours of Choices participation per month				n.a.
Percent ever participating in JTPA, WIA, or WtW				
Percent ever participating in post-secondary education				
Percent ever receiving post-secondary degree	-0.2%			
Family and Child Indicators				
Percent of families with an OAG child support case open				
Percent of families with an OAG case open experiencing new paternity establishment(s) monthly				
Average number of children for whom paternity established				
Percent of months in which any child support was collected	0.5%	1.0%		
Average monthly child support collections		\$2		-\$5
Percent of cases using subsidized child care (SCC) monthly		0.4%		0.5%
Average number of children using SCC monthly, of families receiving SCC	0.0	0.1		-0.3
Subsidy per child-month using SCC				
Percent of pre-school children with any immunizations reported in ImmTrac†	-1.8%			
Percent of pre-school children fully immunized as reported in ImmTrac†				
School attendance rate†				
School mobility†		-15%		
School dropout rate†				
TAAS reading: percent passed†				
TAAS mathematics: percent passed†				
Rate of foster care placement				
Rate of substantiated reports of abuse or neglect per month				

NOTE: Only statistically significant parameters ($p < .01$) are listed. † For confidentiality reasons, described fully in the Appendix, certain effects listed are unadjusted or repeated measures effects, rather than adjusted net effects.

One year following exit, 25 percent of children in these families were still receiving TANF, 80 percent of children were receiving Medicaid, four of ten families received food stamps, and approximately half of time-limited caretakers were employed.

Experimental Effects

Analysis of the time limits experiment in Bexar County after 63 months of operation revealed small reductions in TANF receipt coupled with small increases in the use of other benefits. Also observed were very small increases in rates of employment but slight declines in self-sufficiency, and few impacts on workforce development participation or family and child indicators. The reduced TANF use and employment and child support collection gains due to being subject to time limits were greatest among those best prepared to enter the workforce.

Welfare dynamics. Significant but small reductions in the use of TANF were observed for experimental group members and their children. These reductions tended to be more pronounced for Tier 2 caretakers, or those considered moderately employable.

About seventeen percent of the time on TANF after random assignment, or two out of every twelve case months, was spent in penalty status, with small but surprising reductions in the penalty rate for those subject to time limits. This reduced rate of penalization was attributable primarily to time-limited caretakers in Tier 1. Most penalties, averaging about four months in length, were imposed for failure to comply with PRA provisions related to Choices, Texas Health Steps and school attendance.

While both adults and children in families subject to time limits were significantly more likely to have used Medicaid than control group members, the sizes of these effects were very small. Adult short-term recipients subject to time limits spent significantly less time on Medicaid than did control group members. The imposition of time limit policies also led to increased usage of transitional benefits, including both Medicaid and subsidized child care, but had no impact on food stamp usage. Thus, on the whole the Texas time limits experiment had inconsistent impacts on Medicaid and Food Stamp participation of TANF families.

Other measures. The time limits experiment produced a very small increase in caretaker employment among those subject to time limits, but no effect on total earnings, and a slight *decrease* in the amount of time that experimental group caretakers earned self-sufficient wages (defined in this report as wages greater than 155 percent of poverty). Subgroup analyses revealed that employment gains for those subject to time limits occurred primarily among short-term TANF recipients, as well as among Tier 2 caretakers, or the moderately employable. Very few families generated enough income from sources measured here to become self-sufficient.

Overall rates of participation in Choices, other short-term workforce development programs, and post-secondary education were unaffected by Texas time limits. Those subject to time limits were, however, significantly less likely to achieve a post-secondary degree. The overall null workforce development effects masked interesting patterns in Choices participation, in which time limits caused both short-term recipients and those in Tier 1 to reduce their Choices participation, relative to controls.

The time limits experiment produced a slight increase in child support collections, but no differences in paternity establishment, child education outcomes, or need for child protective services. Child immunization rates were slightly lower among those subject to time limits. Subgroup analysis revealed that time limits led to greater use of subsidized child care after the 1999 policy changes were implemented.

RER Choices Experiment

Descriptive Analysis

From June 1996 through September 2000, 13,373 cases were assigned to participate in the RER Choices experiment.¹² Over 35 percent of these cases were already receiving TANF at the beginning of the experiment.

Three of the four RER sites in Choices counties showed no significant differences in the demographic characteristics of or the number of persons assigned to the experimental and control groups. In El Paso's Clint office, which included a higher concentration of Hispanic families than any other site, more persons were assigned to the

¹² El Paso's Clint office accounted for 2,888 of these cases.

experimental group. This group also contained a higher share of two-parent families and had higher rates of employment and earnings than did the control group. These entry effects resulted from the elimination of the 100-hour and work history rules for two-parent TANF families and the disregard of children's earnings, which allowed a larger number of working but very poor families onto the TANF rolls. Because of these and other circumstances of the Clint office, results for that location are reported separately (see main report for Clint results).

By the end of September 2001, 313 caretakers in the combined sites had exited TANF because of reaching their time limit, with most of them in Tier 1. In the year after their exit:

- Nearly all affected Tier 1 families continued to receive Medicaid and food stamps,
- Children in over 88 percent of these families continued to receive TANF benefits, and
- Caretaker earnings were below the poverty level, even for those working for the entire year after being forced to leave TANF.

One year after their forced exit, one third of children in these families were receiving TANF, 82 percent of children were receiving Medicaid and less than half of these families were receiving food stamps. Half of caretakers were employed but only six percent were receiving subsidized child care of any kind. Only 20 percent of these families were receiving child support.

Experimental Effects

Overall findings in the RER Choices experiment for the Beaumont, Corpus Christi, and Odessa sites produced significant but varying impacts on welfare dynamics, large increases in financial penalties, slight gains in employment and some measures of earnings, reductions in Choices participation, increased use of subsidized child care and collection of child support but no impacts on other family and child outcomes. However, a number of differences were found among impacts for the various subgroups, suggesting

that this experiment affected TANF caretakers with different characteristics and welfare histories in very different ways.

Welfare dynamics. Significant but very small reductions in the use of TANF were observed for children of experimental group members. However, because of rules allowing caretakers who received financial penalties to remain on the TANF rolls, the RER Choices experiment increased TANF receipt among adult caretakers. The value of the average monthly TANF grant was slightly lower for experimental group families. The impacts of the RER Choices experiment on TANF receipt varied by tier, with Tier 1 and 2 experimental group families receiving TANF less often than their control group counterparts.

Of families subject to both time limits and the PRA, over 29 percent received financial penalties, compared to only five percent of families in the control group sanctioned under the old rules. Caretakers in the experimental group received financial penalties 16 percent of the time that they were on TANF following random assignment. Most of these penalties were issued for not complying with PRA provisions related to Choices, Texas Health Steps program, child support, and school attendance. By comparison, control group members spent less than six percent of the time being sanctioned for failure to cooperate with the child support or Choices provisions in effect under the old AFDC rules. The average length of time caretakers remained in penalized status increased by almost a month for families subject to time limits and the PRA. Long-term recipients subject to RER Choices provisions experienced larger increases in penalties, relative to controls, than did short-term recipients for both child support and Choices penalties. Similar increased rates of penalization also occurred primarily among Tier 2 and 3 caretakers.

Medicaid usage was higher for experimental caretakers in RER Choices families because they automatically remained enrolled even while receiving financial penalties. These effects were particularly strong for long-term recipients and Tier 3 caretakers. There were no overall differences in Medicaid receipt among children in the two groups and small differences by tier. Although persons subject to RER Choices provisions were less likely to receive food stamps than controls, the impacts were very small. Caretakers

subject to RER Choices provisions used both transitional Medicaid and transitional child care 20 percent more of the time than did those in the control group.

Other measures. The RER Choices experiment produced small gains in rates of caretaker employment and total family earnings, but no overall impact on the ability of caretakers to earn higher wages nor of families to leave poverty through the combination of all measured income sources. Even these small impacts were driven primarily by four-year outcomes for short-term TANF recipients, with no differences in impacts measured for any of the other subgroups.

Overall, those who were subject to PRA and time limit provisions spent less time enrolled in the Choices program, and were far more likely to receive financial penalties for failure to comply with Choices participation. This pattern was reversed after the 1999 policy changes, when a strong increase in the rate of Choices participation occurred for experimental group caretakers. The overall pattern was also qualified by tier, as RER and time limit provisions reduced Choices participation among caretakers in Tier 1, while the opposite occurred in Tier 3. No effects were observed for participation in other workforce development services.

For the family and child indicators measured, the RERChoices experiment produced no differences in paternity establishments but small gains in the number of months in which child support was collected and the amount collected. However, these small impacts masked wide variation in impacts among certain subgroups. Four-year outcomes showed increased collection rates for long-term recipients but no impacts for short-term recipients subject to both time limits and the PRA. Increased collection rates were also observed for Tier 1 and Tier 2 caretakers, but not for Tier 3 caretakers. These differences may have been associated with the penalties imposed for failure to cooperate with child support collections and the long time needed to complete the process needed to collect child support.

Small increases in the use of subsidized child care by those subject to time limits and the PRA are partially attributable to higher usage of transitional child care by experimental group members. However, these small overall effects hide fairly large differences in impacts by subgroups. Large increases in the use of subsidized child care by experimental group members were observed for long-term recipients, caretakers

assigned following the 1999 policy changes, and Tier 3 caretakers, while reduced utilization occurred for experimental caretakers assigned prior to the 1999 policy changes.

A slight decrease in school mobility, but no other differences in school attendance or other education indicators were observed due to RER Choices, even though parents in the experimental group received significant financial penalties for failure to comply with the PRA's school attendance provisions. Immunization rates did not vary significantly between the two groups and very few children needed foster care or child protective services during the observed time period.

RER Non-Choices Experiment

Descriptive Analysis

The RER experiment in research sites not operating a Choices program was implemented in four rural offices in January 1997. By the end of September 2000, 1,684 cases were assigned to participate, with over 60 percent already receiving TANF at the beginning of the experiment. Tests of random assignment revealed only one minor difference in the demographic makeup of the experimental and control groups. Further descriptive analysis showed that as the study progressed, the active TANF caseloads in these sites became increasingly contaminated and increasingly composed of long-term welfare recipients.

Experimental Effects

Once families entered TANF, this experiment measured the impact of a personal responsibility agreement and its financial penalties for experimental group members against old AFDC sanction rules for control group members. After 57 months of operation, the RER Non-Choices experiment produced slightly increased TANF and Medicaid receipt but reduced usage of food stamps. Although the experiment produced no overall effects on employment and combined income measures, it did produce significant employment and earnings gains for caretakers in Tier 3. While no differences were observed for most family indicators, experimental caretakers used subsidized child

care more often, and education benefits were observed, but again only for those in Tier 3. Some of the patterns observed in this experiment differ markedly from those in the other experiments, particularly the impacts on the hardest-to-serve.

Welfare Dynamics. No overall effects of the PRA were observed on children's TANF usage nor on the amount of the TANF grant. Caretakers subject to the PRA spent more time on TANF but less time in 'payee only' status, due to the rules governing penalties and sanctions. The PRA slightly increased the percent of time on TANF for Tier 2 families, the moderately employable.

Experimental group members spent eleven percent of their time on TANF after random assignment in penalty status, most often due to non-compliance with Texas Health Steps. The average penalty spell lasted 4.6 months. Control group members received sanctions instead of penalties, and spent about one percent of the time following random assignment in sanctioned status for failure to cooperate with child support enforcement. Those subject to the PRA were penalized more for failure to cooperate with child support enforcement if they were short-term recipients, entered ACT before the 1999 policy changes, or were in Tier 3.

While caretakers in families subject to the PRA were more likely to receive Medicaid, the experiment had no overall impact on children's Medicaid receipt. Those subject to the PRA made less overall use of Food Stamp benefits. Subgroup analyses qualified these effects to some extent. No effects of RER Non-Choices were found on transitional Medicaid usage, while the increase in transitional child care usage was so small as to be practically insignificant.

Other measures. Overall, the RER Non-Choices experiment had no impact on earnings and combined income sources. These overall null findings were qualified, however, depending upon the tier level of the caretaker. Interestingly, those in Tier 3, the most disadvantaged in terms of education and employment history, showed substantial employment and earnings benefits when subject to the PRA.

Because of the rural locations of these sites, most offered no Choices program, and participation in other available workforce development programs was low.

No overall differences between the groups were found for school attendance rates, nor for most of the child support measures, with the exception being a small decline in the average amount of child support collected. These largely null differences occurred despite experimental group members receiving child support and school attendance penalties. Experimental group members were more likely to use subsidized child care, but for fewer children. Immunization rates and use of child protective services were similar for children in both groups.

All in all, the RER Non-Choices experiment displayed stronger but somewhat different patterns of impacts than the other experiments. In particular, unlike the other experiments, RER Non-Choices seemed to elicit the greatest employment and earnings gains among the most difficult to serve, caretakers in Tier 3. These surprising findings were paralleled by gains in school attendance and TAAS math scores, again only for those in Tier 3.

Variations in Impacts by Subgroup

Variation among the experimental effects for subgroups of ACT participants were measured for twelve key variables to test for differences in responses to ACT provisions that may have qualified the overall impacts. While subgroup differences were discussed previously, overall trends in the subgroup analyses that were apparent across all experiments are discussed briefly below.

Four-Year Impacts for Short and Long-Term Recipients

A large share of families who participated in the ACT Waiver demonstration was already receiving TANF when the experiment began or entered the TANF rolls soon thereafter. Four-year impacts were measured for this group as a whole and separately for short-term and long-term TANF recipients (those with less than 30, and 30 or more months of prior welfare receipt as of random assignment).

As displayed in Table ES-3, no consistent differences in impacts for long- and short-term recipients were observed for TANF or food stamp receipt across experiments. Two of the four experiments led to greater reductions in caretaker Medicaid use for short-

term recipients, relative to long-term recipients. This occurred in the two experiments in which only the experimental group was subject to time limits: the Time Limits and RER Choices experiments. In three of the four experiments, short-term recipients in the experimental groups were less likely than controls to incur child support penalties, relative to long-term recipients, a pattern directly opposite to the one observed in the rural RER Non-Choices sites. Patterns of impacts on child support collections varied, and they bore no clear relationship to child support penalties.

Both the TL and RER Choices experiments caused greater increases in employment among short-term recipients, and RER Choices led to increased wages, compared to the experimental effects on long-term recipients. The less frequent use of subsidized child care by short-term recipients, relative to long-term recipients, was concentrated in the RER Choices and Clint sites, suggesting that this effect was caused more by the PRA in Choices counties than the time limits provisions.

**Table ES-3:
Variation of Experimental Effects on Four-Year Outcomes
For Short and Long-Term Recipients**

	Time Limits	RER Choices	RER Clint	RER Non-Choices
Welfare Dynamics				
Percent of time spent on TANF by any family member				
Average monthly TANF benefit		-\$2.13		
Percent of months in child support penalty status	-0.17%	-0.90%	-1.07%	1.12%
Percent of months in Choices penalty status		-0.53%	0.21%	n.a.
Percent of time on Medicaid by caretaker	-0.7%	-3.3%		
Percent of time on Medicaid by any child			-2.1%	
Percent of time on food stamps			-4.2%	
Self-Sufficiency Outcomes				
Percent of quarters in which caretaker had wages of any amount	1.6%	1.8%		
Average quarterly caretaker wages		\$93		
Workforce Development Participation				
Percent of months participating in Choices program	-0.5%			n.a.
Family and Child Indicators				
Percent of months in which any child support was collected		-1.9%	1.3%	
Percent of cases using subsidized child care (SCC) monthly		-0.9%	-1.6%	

NOTE: Positive parameters indicate that the experimental effect was greater (more positive) among short-term than among long-term recipients. Only statistically significant parameters ($p < .01$) are listed

One-Year Impacts Before and After 1999 Policy Changes

One-year impacts were computed for persons assigned before and after several key policy changes occurring in the fall of 1999 and early spring of 2000 (including the imposition of federal time limits, an expansion of the earned income disregard, and a tightening of the ‘age of child’ exemption) to determine whether the impacts of the ACT demonstration would differ within the new policy environment. Insufficient time was available to measure impacts that would take more than one year to accrue.

As shown in Table ES-4, no systematic differences in impacts from any of the experiments occurred after the 1999 policy changes for the welfare dynamics or self-sufficiency measures. The relative boost in Choices participation among experimental group members was greater after the policy changes in all RER Choices sites. The greater use of subsidized child care due to experimental group provisions occurred in the time limits and RER Choices experiments (combined sites). This was probably due to the lowering of the ‘age of child’ exemption for experimental group members subject to time limits.

The few differences in impacts following the 1999 policy changes gives greater confidence that most of the impacts measured throughout the entire experimental period are still valid within the context of the newer TANF policies adopted at that time.

Impacts by Tier

The design of the ACT demonstration divided both experimental and control group members into three tiers based on prior educational attainment and work experience. Different lengths of Texas time limits apply to each group when they are subject to time limits.

As indicated in Table ES-5, experimental effects on many of the welfare dynamics measures varied considerably by tier. For most of these measures, the patterns of this variation depended on the specific rules governing each experiment. However, a few consistent patterns emerged. For example, reduced use of TANF was consistently observed for Tier 2 experimental group caretakers in the time limits and RER Choices experiments. Furthermore, the experimental group regime for all experiments caused

Tier 3 caretakers to be the most likely to receive penalties for failure to cooperate with child support collection. Unfortunately, this was accompanied by either insignificant or lower rates of child support collected for this subgroup. A related pattern appeared for Choices penalties, but only in the time limits and RER Choices experiments. In these sites, the experiments caused the greatest rates of Choices penalization as well as the greatest boost in Choices participation among those in Tier 3.

**Table ES-4:
Variation of Experimental Effects on One-Year Outcomes
After 1999 Policy Changes**

	Time Limits	RER Choices	RER Clint	RER Non-Choices
Welfare Dynamics				
Percent of time spent on TANF by any family member				
Average monthly TANF benefit	-\$16.02			
Percent of months in child support penalty status				-3.28%
Percent of months in Choices penalty status			2.44%	n.a.
Percent of time on Medicaid by caretaker				
Percent of time on Medicaid by any child			11.1%	
Percent of time on food stamps				
Self-Sufficiency Outcomes				
Percent of quarters in which caretaker had wages of any amount				
Average quarterly caretaker wages				
Workforce Development Participation				
Percent of months participating in Choices program		4.7%	3.3%	n.a.
Family and Child Indicators				
Percent of months in which any child support was collected				
Percent of cases using subsidized child care (SCC) monthly	2.8%	9.1%	-3.8%	

NOTE: Positive parameters indicate that the experimental effect was greater (more positive) after than before the policy changes were implemented. Only statistically significant parameters ($p < .01$) are listed.

Few differences in self-sufficiency impacts occurred by tier, except in the rural RER Non-Choices counties, the experiment for which most patterns were noticeably different. As noted earlier, the experiment in these rural sites produced increased employment and earnings for Tier 3 caretakers, who are generally considered the most difficult to employ. Interestingly, these effects were also paralleled by education gains among the children of Tier 3 experimental group members in RER Non-Choices sites

(see Appendix). While tier differences were observed in use of subsidized child care, the patterns varied across the experiments.

**Table ES-5:
Variation of Experimental Effects by Tier**

	Time Limits			RER Choices			RER Clint			RER Non-Choices		
	Tier1	Tier2	Tier3	Tier1	Tier2	Tier3	Tier1	Tier2	Tier3	Tier1	Tier2	Tier3
Welfare Dynamics												
Percent of time spent on TANF by any family member		-0.9%		-2.2%	-1.7%				-3.2%		2.5%	
Average monthly TANF benefit				-\$3.62	-\$3.35	-\$1.57						
Percent of months in child support penalty status	-0.14%	-0.16%		0.57%	1.64%	1.66%	0.28%	0.66%	0.66%	0.48%	0.57%	1.18%
Percent of months in Choices penalty status	-0.43%		0.22%		0.72%	1.68%				n.a.	n.a.	n.a.
Percent of time on Medicaid by caretaker				2.1%	1.3%	4.4%	2.1%				4.0%	1.8%
Percent of time on Medicaid by any child	0.7%				-1.2%	-0.8%		-3.2%	-2.7%			
Percent of time on food stamps		-0.7%		-1.1%	-1.7%					-3.7%		-3.9%
Self-Sufficiency Outcomes												
Percent of quarters in which caretaker had wages of any amount		1.5%						-3.9%				4.4%
Average quarterly caretaker wages												\$163
Workforce Development Participation												
Percent of months participating in Choices program	-0.2%		0.2%	-1.0%		0.4%	0.2%	0.5%	-0.3%	n.a.	n.a.	n.a.
Family and Child Indicators												
Percent of months in which any child support was collected	0.8%	1.0%	-0.3%	1.0%	1.2%			2.2%	-1.0%		1.9%	-4.5%
Percent of cases using subsidized child care (SCC) monthly						1.2%				0.8%	-0.7%	0.6%

NOTE: Experimental effects by tier are only listed for those cases in which 1) the overall experimental effect was found to vary significantly by tier, and 2) the effect within a given tier is significantly different from zero.

Chapter 1: Overview of Impact Evaluation

In 1995, the Texas Legislature enacted H. B. 1863, which formed the basis for Texas' waiver from existing federal laws governing the Aid to Families with Dependent Children (AFDC) program.¹ The goal of the Texas waiver, officially known as the Achieving Change for Texans (ACT) demonstration, was to assist participants to achieve independence from welfare through an increased emphasis on employment, training, temporary assistance and support services. The demonstration, designed to test a number of policy provisions to reduce dependence, encourage personal responsibility, and increase savings, originally included four primary components:

- Time-Limited and Transitional Benefits (TL)
- Responsibilities, Employment and Resources (RER)
- Incentives to Achieve Independence (IAI)
- TANF One-Time Payments

The ACT demonstration was first implemented in June 1996 and operated through March 2002. The Texas Department of Human Services (DHS) was responsible for implementation and oversight of the ACT demonstration.

The evaluation of the ACT demonstration consisted of three approaches: a process evaluation, conducted by the DHS Program Evaluation Unit; an impact analysis, conducted by the Ray Marshall Center for the Study of Human Resources (RMC) of the LBJ School of Public Affairs at the University of Texas at Austin; and follow-up interviews, conducted by the School of Social Work at the University of Texas at Austin, with persons who reached time limits and those who elected to receive TANF One Time.

The purpose of the impact analysis was to measure the net impact of the Time-Limited and Transitional Benefits (TL) and Responsibilities, Employment, and Resources (RER) components of the Achieving Change for Texans (ACT) demonstration on a number of measures of client, family and child well-being. To accomplish this objective,

¹ After the passage of H.B. 1863, a new cash assistance program called Temporary Assistance for Needy Families (TANF) replaced the AFDC program. This report will use the term, TANF, to refer to Texas' cash assistance program for welfare recipients.

participants were randomly assigned to experimental and control groups in each of the research sites for the TL and RER demonstration components. Different sites were chosen to measure the effects of RER in both Choices and Non-Choices locations.²

This report summarizes net impacts of the ACT demonstration from its inception in June 1996 through September 2001, and describes impacts of the time limits and RER experiments on welfare dynamics, client self-sufficiency, participation in workforce development programs, and a number of family and child outcomes.³ Family outcomes include child support collections, paternity establishments and use of subsidized child care services. Child outcomes include their education, immunization, foster care placements and need for child protective services.

Demonstration Components Being Evaluated

Time-Limited and Transitional Benefits

This statewide initiative limits the number of months that able-bodied adult caretakers can receive TANF benefits. It also provides 12 months of transitional Medicaid and child care for all persons reaching their time limits and 18 months to persons who voluntarily participate in the Choices program.

The Texas time limit placed on each caretaker's TANF benefits is based on his/her tier level, a classification system that quantifies prior work history and educational attainment. The most job-ready clients (Tier 1) are eligible for up to 12 months of cash assistance after notification of an opening in the Choices program. Less job-ready clients (Tier 2) may receive up to 24 months of benefits after Choices notification, and the least job-ready clients (Tier 3) may receive as many as 36 months of cash assistance.⁴

Under the Texas ACT provisions, certain groups of caretakers were exempt from mandatory participation in the Texas Choices program. The most common exemption

² The Choices program replaced the Texas JOBS program as Texas' employment and training program for TANF recipients.

³ The TANF One-Time payment component is not included in the impact analysis because it was not implemented as a randomized experiment. The Incentives to Achieve Independence (IAI) portion of the waiver was cancelled, as described further in the process evaluation.

⁴ The 36-month 'clock' does not begin 'ticking' until twelve months after an in-depth assessment has been completed for Tier 3 individuals who are required to begin participating in the Texas Choices program.

occurred for parents caring for young children. At the beginning of the experiment, parents with children under age five were exempt from participation. As of September 1997, the 'age of child' exemption was lowered to children under age four, with this definition continuing through December 1999. The 'age of child' exemption was lowered to children under the age of three in January 2000, and the age of two in September 2000. As of September 2001, the exemption is limited to caretakers with children under a year old.

Because the Texas time limits 'clock' does not begin ticking until a caretaker is required to participate in the Choices program, many exempt experimental group members were not subject to Texas time limits. Only mandatory TANF caretakers and those who volunteer for the Choices program were at risk of having their benefits time-limited.

Under Texas time limits, adult clients who exhaust their time-limited benefits are disqualified from receiving TANF for five years. For persons who have fulfilled all employment services requirements, exemptions to this freeze-out period are granted if local economic conditions or severe personal hardships exist which prevent the client from remaining independent of TANF.

Since the adoption of Texas time limits under the ACT waiver, federal time limits restricting families to five years of benefits have been adopted as part of the PRWORA legislation. In Texas, implementation of the federal TANF regulations governing time limits occurred in December 1999. Federal time limits applied to both the experimental and control groups in the ACT demonstration. An analysis of outcomes for persons assigned prior to and following the adoption of federal time limits was conducted to determine whether this initiative changed the impact of Texas time limits.

The time limits experiment operated in Bexar County. Adult caretakers in Bexar County assigned to the experimental group, like most of those in the remainder of the state, were subject to both Texas time limits and RER provisions (described in detail below). Control group members only needed to meet RER requirements. Implementation of this experiment began in June 1996. After the expiration of the ACT

waiver in April 2002, the Texas time limits policy that had applied to experimental group members was extended to families in the control group.

Responsibilities, Employment, and Resources in Choices Counties

The RER initiative consists of two major provisions: more generous TANF eligibility requirements for certain families and adoption of a Personal Responsibility Agreement (PRA). The changes to TANF eligibility rules include the disregard of children's earnings and resources in the calculation of family benefits, increased resource limits permitted for eligibility determination, and the elimination of the work history requirement and 100-hour work rule for TANF-Unemployed Parent (TANF-UP) families.

The Personal Responsibility Agreement (PRA) is a central feature of RER that requires adult TANF applicants and recipients to comply with specific responsibilities as a condition of TANF eligibility. Responsibilities include:

- compliance with Choices program participation requirements;
- cooperation with child support and paternity establishment efforts;
- completion of regularly-scheduled Texas Health Steps screenings for children;⁵
- compliance with immunization requirements for pre-school children;
- compliance with school attendance policies for children; and
- participation in parenting skills training classes if referred.

Under the PRA, parents also must:

- not voluntarily quit a paying job of at least 30 hours per week; and
- refrain from selling or abusing illegal or controlled substances or abusing alcohol.

Clients who fail to comply with PRA requirements without good cause receive a financial penalty. Failure to comply with Choices participation or child support cooperation requirements results in a \$78 penalty per month of non-compliance for single-parent families, and a \$125 per month penalty for two-parent families. Failure to comply with other PRA requirements carries a \$25 per month per non-compliance penalty, with a maximum penalty of \$75 per month.

⁵ Texas Health Steps (THSteps) is the Texas version of the Medicaid program known as Early and Periodic Screening, Diagnosis and Treatment (EPSDT).

The RER experiment operated in four offices in Choices counties (Beaumont, Odessa, the Dillon office in Corpus Christi, and the Clint office in El Paso).⁶ Persons in these locations who were assigned to the experimental group had to comply with both RER and state time limit provisions. Neither of these welfare reform provisions was applicable to control group members. RER in these sites was implemented in June 1996, with Texas time limits added in January 1997. Upon the expiration of the waiver in April 2002, provisions of the PRA were modified to conform to PRWORA requirements. PRA provisions and Texas time limits were extended to control group caretakers in the pilot sites.

Responsibilities, Employment, and Resources in Non-Choices Counties

Many rural counties in the state did not offer Choices services to TANF recipients during the period of this experiment. The RER experiment operated in four offices in such counties (Hondo, Huntsville, Lockhart and Luling). RER provisions in these locations were identical to those described above except for those related to Choices participation. In these sites, experimental group members were subject to RER provisions while control group members did not have to meet RER requirements. Because Texas time limits are tied to an offer of participation in the Choices program, neither group was subject to Texas time limits.⁷ RER in Non-Choices counties was implemented in January 1997. Upon expiration of the waiver in April 2002, provisions were modified to conform to PRWORA. PRA provisions were extended to all caretakers in control group families. Also, Texas time limits were extended to both experimental and control group members in the pilot sites that now offer Choices services.

⁶ While the Clint office is located in a Choices county, it did not offer Choices services until October 1998, due to remoteness. Because of this and other differences from other RER-Choices sites, the Clint office was analyzed as a separate experiment. The Clint office moved and was re-named Mission Valley in November 2001.

⁷ Although Walker County (in which Huntsville is located) began to offer Choices services in September 1998, state time limits did not apply there during this demonstration.

Research Questions

Each of the ACT policies described above was expected to influence welfare recipients' behavior in the areas of welfare dynamics, client self-sufficiency, participation in workforce development programs, paternity establishments and child support collections, education and immunization of children, and the use of subsidized child care and child protective services. The net impacts of each experiment on these outcomes were measured, with the expected directions of the impacts summarized in Table 1.

Table 1:
Summary of Expected Treatment Impacts for Outcomes

Outcomes	Experiments			
	Time Limits	RER Choices	RER Clint	RER Non-Choices
Use of TANF	-	-	?	?
Use of food stamps	?	?	?	?
Use of Medicaid ⁸	+	+		
Family self-sufficiency	+	+	+	+
Participation in workforce development services	?	+	+	
Paternity establishment and child support collections		+	+	+
Use of subsidized child care	+	+		
Children's immunization rates		+	+	+
Children's school attendance		+	+	+
Use of child protective services	?	-	-	-

Key: "+" means the treatment was expected to increase the use of services measured by this outcome.

"-" means the treatment was expected to decrease the use of services measured by this outcome.

"?" means the treatment was expected to have an effect on the outcome, but the direction is ambiguous.

Blank cell means the treatment was not expected to have an effect on the outcome.

Methodological Approaches

Specific Variables to be Analyzed and Data Sources Used

For each of the outcomes identified above, a set of variables was created from existing administrative data files to measure the effects of the ACT demonstration. These

are summarized in Table 2. Data from most sources were collected from June 1994, two years prior to the beginning of the ACT demonstration, through September 2001.⁹ Variables and data sources used to create them are described more fully in the Appendix.

**Table 2:
Specific Variables Analyzed**

Outcomes	Variables Analyzed	Data Source¹⁰
Welfare dynamics (use of TANF, food stamps, Medicaid, transitional benefits)	Use of TANF by caretakers and children, amount of TANF grant, Food Stamp and Medicaid participation, penalties, use of transitional benefits	DHS administrative data
Family self-sufficiency	Employment, caretaker earnings, total family earnings, child support collections	DHS administrative data, TWC UI wage data, OAG child support data
Participation in workforce development services	Choices participation hours; JTPA/WIA, Welfare-to-Work participation; post-secondary enrollment and completion	TWC ECC Data Mart, THECB data
Child support	Paternity establishments, child support orders and collections	OAG child support data
Subsidized child care	Subsidized child care participation and number of children covered	DHS AE data, TWC CCMS data
Education and immunization of children	School attendance, immunizations, penalties imposed for failure to comply with school attendance and immunization provisions.	DHS administrative data, TEA PEIMS data, TDH ImmTrac data
Foster care placement	Rates of foster care placement	Child Protective Services CAPS data
Child abuse and neglect	Rates of substantiated investigations by protective agency	Child Protective Services CAPS data

Statistical Methods

The impact analysis utilized an experimental research design in which persons were randomly assigned to experimental and control groups when they either began receiving TANF benefits or were re-certified for benefits. Most of the analyses were

⁸ This analysis included all categories of Medicaid except those for elderly or disabled recipients.

⁹ Child support data files were only available beginning in September 1997.

¹⁰ These data sources are described fully in the Appendix.

performed using data covering the entire experimental and control populations from the point of random assignment through September 2001. For some research questions, additional analyses were conducted for subgroups of the population, as described below.

In a random experiment, the characteristics of the experimental and control groups should differ only by chance.¹¹ Tests of random assignment were conducted to identify any statistically significant differences remaining in either the number of persons assigned to the experimental and control groups or the characteristics of persons in each group. Any differences between the groups were investigated for their potential for biasing statistical impacts.

After determining that each experiment passed the tests of random assignment, unadjusted net impacts were computed by comparing the differences between the means of the experimental and control groups. To improve the precision of impact estimates and reduce error, these results were statistically adjusted to account for the remaining slight demographic differences between the groups to produce adjusted net impacts.¹² See Appendix for further details.

Clients were randomly assigned to experimental and control groups during the application or re-certification process. Tracking of persons assigned to experimental and control groups began only when they were accepted into the TANF program. Thus, any impacts of the expanded TANF eligibility provisions in the RER experiments had to be inferred from demographic differences between these two groups. Any measurable demographic differences resulting from random assignment, referred to as RER ‘entry effects,’ were controlled for in the adjusted net effects. Thus, effects of other interventions in the RER experiments (specifically the PRA) were measured exclusive of the entry effects. A more complete description of the variables included in the adjusted net effect calculations is included in the Appendix.

¹¹ Statistical procedures were applied to determine whether observed differences between the control and experimental groups were large enough that they were not likely to have been due to chance alone. Such differences are said to be ‘statistically significant’ and are attributed to the experimental treatment. Because of the large sample sizes used in some of the experiments, some estimated differences might be ‘statistically significant’ but still be quite small. The reader is encouraged to ponder whether some of these effects are large enough to be of *practical* significance.

¹² The adjustment is accomplished by means of linear regression in which the independent variables consisted of a dummy variable for experimental group membership and a set of demographic descriptors such as age, race and education.

Analyses of Key Subgroups

Net impacts and adjusted net impacts for all variables were first computed for all months following random assignment for all persons assigned to each experiment. These values constitute the overall findings from the evaluation and are reported for each measured variable. However, it is possible that the results of these experiments could vary depending on the time period during which someone was assigned to the experiment, key personal characteristics of individuals at random assignment, or the total length of time available after random assignment available for observation. To test for these differences, analyses of twelve key variables¹³ from each experiment were conducted for the following subgroups:

- Four-year outcomes analysis – includes persons assigned early enough in the experiment so that four-year outcomes could be computed. This test was performed for all caretakers assigned within six months of the beginning of each experiment. Measures were also conducted separately for persons with less than 30 months of prior welfare receipt (short-term recipients) and 30 or more months of prior welfare receipt (long-term recipients) to determine if long-term recipients responded to the experiments differently from persons who had been on TANF for a shorter period of time at the point of random assignment.
- Before/after policy changes analysis - includes persons assigned before and after several key policy changes (including the imposition of federal time limits, an expansion of the earned income disregard, and a tightening of the ‘age of child’ exemption) that occurred from October 1999 through March 2000. These are referred to as ‘1999 Policy Changes.’ One-year outcomes were computed for recipients assigned prior to and following these key policy changes to judge whether these dramatic program changes affected members of the ACT waiver experimental and control groups differently.
- Tier group analysis for those with varying levels of education and recent work history – includes separate calculations of impacts for members of Tiers 1 (the most work-ready), 2, and 3 (least work-ready) and an inference of whether the combined impact for a particular measure varied by tier.

Subgroup analyses were conducted for the following variables: percent of time on TANF for any family member, average monthly TANF benefit, percent of months in child support penalty status, percent of months in Choices penalty status, percent of time on Medicaid both for caretaker and for any child, percent of time on food stamps, percent

of quarters of employment, average quarterly wages, percent of months of Choices participation, percent of months in which child support was collected, and percent of cases using subsidized child care each month. If differences were observed for any of these subgroups, they are presented and discussed following the discussion of overall impacts for that variable.

Potential Limitations of Analysis

Some of the factors that could limit the usefulness of this analysis include:

- Possible caretaker misunderstanding of treatments caused by caseworkers, by word of mouth or news reports, or by other agencies' non-experimental treatments, and
- Changing TANF policies that occurred during the time period in which this experiment was in effect.¹⁴

As noted in the process evaluation, caseworkers sometimes gave TANF recipients mixed messages as to whether Texas time limits applied to them or not. Also, a number of additional welfare and workforce reform measures were implemented after the beginning of this experiment. As these new interventions began, DHS worked to assure that they did not interfere with the structure of the experiments included in this study. As new and potentially contaminating events occurred, RMC researchers reviewed each of them to verify that any effects of these events fell equally upon experimental and control groups. Even so, these new policies sometimes complicate the interpretation of the net impacts from the waiver experiments.

Estimated Statistical Impacts

From June 1996 through September 2000, a total of 44,852 TANF cases were assigned to either the experimental or control group for one of the ACT components. Table 3 provides sample sizes for each group by experiment, as well as the sizes of relevant subgroups that were used to analyze certain research questions.

¹³ Subgroup analysis was limited to key outcomes to conserve space and minimize the number of statistical tests.

¹⁴ These limitations are discussed more fully in the Appendix.

Table 3:
Number of TANF Cases Assigned to ACT Demonstration

	Experiment				Total
	Time Limits	RER Choices	RER Clint	RER Non-Choices	
Time period of analysis	Jun 1996 - Sep 2000	Jun 1996 - Sep 2000	Jun 1996 - Sep 2000	Jan 1997 - Sep 2000	
Cases Assigned					
Experimental	14,818	5,390	1,509	853	22,570
Control	14,977	5,193	1,281	831	22,282
Total	29,795	10,583	2,790	1,684	44,852
Cases Assigned by Subgroup					
Four-Year Outcomes Analysis					
Short term experimental	3,640	1,885	676	249	6,450
Long term experimental	4,708	1,858	248	259	7,073
Total experimental	8,348	3,743	924	508	13,523
Short term control	3,811	1,769	565	270	6,415
Long term control	4,635	1,863	260	266	7,024
Total control	8,446	3,632	825	536	13,439
Total	16,794	7,375	1,749	1,044	26,962
Before/After Policy Changes Analysis					
Before experimental	688	213	115	48	1,064
After experimental	439	211	53	37	740
Total experimental	1,127	424	168	85	1,804
Before control	682	221	92	55	1,050
After control	456	221	52	45	774
Total control	1,138	442	144	100	1,824
Total	2,265	866	312	185	3,628
Tier 1					
Experimental	6,877	2,556	622	410	10,465
Control	6,969	2,395	496	404	10,264
Total	13,846	4,951	1,118	814	20,729
Tier 2					
Experimental	3,030	1,064	255	135	4,484
Control	3,113	1,119	243	132	4,607
Total	6,143	2,183	498	267	9,091
Tier 3					
Experimental	4,844	1,717	616	301	7,478
Control	4,828	1,610	527	288	7,253
Total	9,672	3,327	1,143	589	14,731

No statistically significant differences were observed in the total number of cases assigned to experimental and control groups or the demographic characteristics of group members except in the Clint (El Paso) office of the RER experiment. Because of several

unusual features of the Clint office, results for that experiment are analyzed and discussed separately from other RER sites.

Impacts for the Time Limits, RER-Choices and RER Non-Choices components of the ACT demonstration from June 1996 through September 2001 are summarized in the following three chapters.

Chapter 2: Time Limits Experiment

The time limits experiment was evaluated in Bexar County. Adult caretakers assigned to the experimental group were subject to both time limits and RER provisions while control group members were only required to meet RER requirements.

From June 1996 through September 2000, 29,795 cases were assigned to participate in the time limits experiment as either experimental or control group members. As illustrated in Figure 1, over half of the cases included in this analysis entered the experiment sometime during its first six months of operation. Most of these families were already receiving TANF in June 1996 and began participating in ACT on the date they were re-certified for TANF benefits.

Demographic characteristics of caretakers in the time limits experiment are reported in Table 4. As expected for an experiment occurring in and around the city of San Antonio, over 70 percent of caretakers were Hispanic. Five of every six caretakers had attended at least some high school and over sixty percent had been employed sometime in the year prior to random assignment. However, employment and earnings levels were rather low, with the average participant having been employed less than five of the prior twelve months and earning a total of approximately \$2,600 during that time.¹⁵ On average, clients received TANF for five of the twelve months prior to random assignment. Earlier research has shown that Texas TANF recipients tend to cycle between welfare and low levels of employment. The characteristics of recipients in this experiment appear similar to those observed in earlier studies.

Tests of random assignment revealed no statistically significant differences in either the number of persons assigned to experimental or control groups or in the demographic characteristics of the caretakers (Table 4). Thus, the time limits experiment passed all tests of random assignment.

¹⁵ Note that all dollar amounts herein are reported in year 2000 dollars.

Figure 1:
Number of Cases Assigned to Time Limits Experiment (by month)

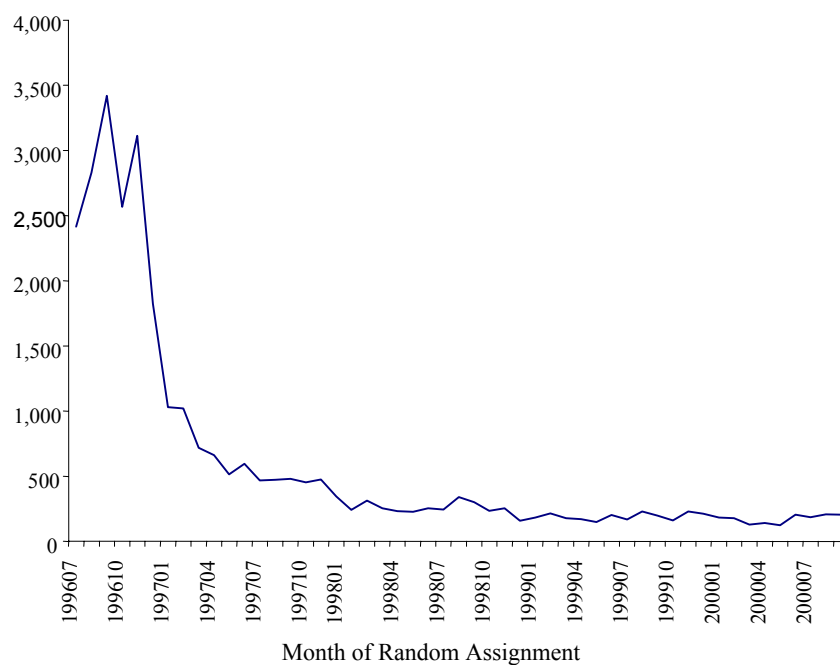


Table 4:
Time Limits Experiment: Characteristics of Experimental and Control Group Caretakers at Random Assignment

Variable	Experimental n=14,818	Control n=14,977	Difference
No high school	16.4%	16.6%	-0.2%
Male	5.6%	5.5%	0.1%
White	13.8%	14.2%	-0.4%
Black	13.8%	14.0%	-0.2%
Hispanic	72.0%	71.3%	0.7%
Other race	0.5%	0.6%	-0.1%
Age	28.7	28.7	0.0
Months on TANF in past year	5.4	5.4	0.0
Months employed in past year	4.4	4.5	-0.1
Percent employed in past year	60.7%	61.5%	-0.7%
Total wages in past year	\$2,568	\$2,590	-\$22
TANF Unemployed Parent program	4.7%	4.7%	0.1%

None of these differences were statistically significant.

Net impacts of the time limits experiment on welfare dynamics, family self-sufficiency, participation in workforce development services and a variety of family and child indicators are discussed below. Descriptions of how each statistical measure was calculated are included in the Appendix.

Welfare Dynamics

TANF Receipt

Overall. As shown in Table 5, adults in the control group received TANF benefits 31 percent of the time, or just under 4 months per year, after beginning their participation in this experiment. As expected, caretakers subject to time limits spent less time on TANF,¹⁶ although the differences were very small (0.6 percentage points, or about two fewer days per year).¹⁷ Children and families as a whole also received TANF significantly less of the time, though again the effects were small. The monthly TANF grant averaged \$62 for cases in the control group, while experimental group families received \$1.15 less per month.

Figure 2 shows that while the size of the overall TANF caseload decreased substantially over time, this trend affected the experimental and control groups almost equally. Some cases were removed from the experimental policy treatment because their participation was contaminated due either to a move to or from an office participating in the experiment or due to the addition of someone to the TANF case with a different experimental group assignment.¹⁸ About 19 percent of each group was contaminated by the end of the study period. Additional analyses (not shown) revealed that the caseload decline resulted in a greater percentage of the ongoing TANF caseload being composed of ‘long-term’ recipients.¹⁹ For example, at the beginning of the time limits experiment, 57 to 59 percent of active control and experimental time limits clients were long-term

¹⁶ Due to very large sample sizes for most comparisons, and the large number of statistical tests, only outcome effects that are significant at $p < .01$ will be discussed. The only exception, the tests of random assignment for which a conservative test is inappropriate, will consider $p < .05$ effects.

¹⁷ Discussion of adjusted net effects for variables measured in percents will refer to differences in terms of ‘percentage points’ to avoid confusing the reader.

¹⁸ Effects of contamination were controlled for in the adjusted net effects (see Appendix).

¹⁹ ‘Long-term’ is defined here and elsewhere as having received 30 or more months of lifetime (since 1967) AFDC/TANF benefits as a caretaker.

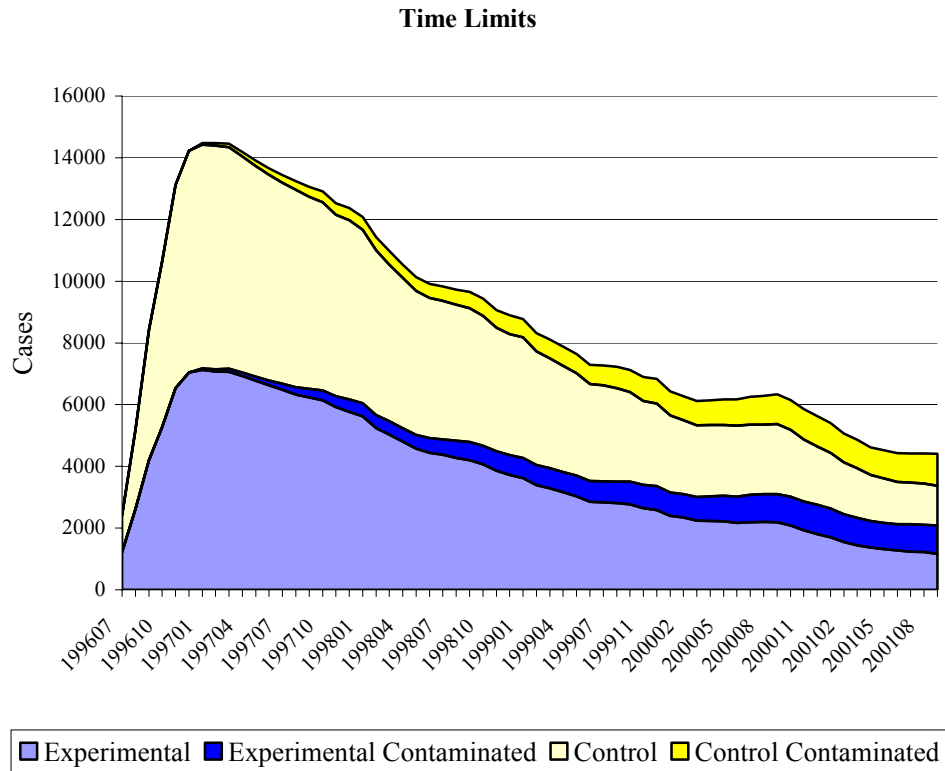
welfare recipients. By the end of the study period, this long-term proportion had grown to more than 75 percent of the active TANF caseload.

**Table 5:
TANF Receipt in Time Limits Experiment**

	Experimenta l Mean	Control Mean	Difference	Adjusted Net Effect	Percent Change
Full Sample					
Caretaker					
Percent of time spent on TANF out of maximum possible	31.1%	31.5%	-0.5%**	-0.6%**	-2.0%
Percent of time spent by caretaker in payee-only status	5.3%	4.9%	0.4%**	0.3%**	7.0%
Children					
Percent time spent on TANF by any child	35.7%	35.8%	-0.1%	-0.3%**	-1.0%
Caretaker and children					
Percent of time spent on TANF by any family member	36.8%	36.9%	-0.2%	-0.4%**	-1.0%
Average monthly TANF benefit	\$60.91	\$61.75	-\$0.85**	-\$1.15**	-1.9%
Subgroup Analysis					
Percent of time on TANF by any family member					
Tier**					
Tier 1	30.2%	30.3%	-0.1%	-0.2%	-0.6%
Tier 2	38.2%	39.0%	-0.8%**	-0.9%**	-2.4%
Tier 3	44.9%	44.7%	0.1%	-0.2%	-0.3%
Average monthly TANF benefit					
Before/after policy change (1 yr outcomes)					
Before	\$93.18	\$87.59	\$5.58**	\$5.37**	6.1%
After	\$51.09	\$61.97	-\$10.88**	-\$10.65**	-17.2%
After-before difference	-\$42.09**	-\$25.63**	-\$16.46**	-\$16.02**	

**Statistically significant at .01 level

**Figure 2:
TANF Caseload over Time: Time Limits Experiment**



Subgroups. The impact of time limits on TANF receipt by any family member was measured for various subgroups of the overall sample. Little information was gained from the analysis of four-year outcomes for those who entered the experiment near its beginning. Similarly, nothing new was revealed by the analysis of one-year outcomes for short-term recipients assigned before and after a number of policy changes were implemented in late 1999. The experimental effect was found to vary significantly by the caretaker's tier, with Tier 2 caretakers (i.e., those with intermediate education and work histories) who were subject to time limits showing the most significant reduction in TANF receipt.

Subgroup analysis was also done for the average monthly TANF benefit amount, and little of interest was revealed in four-year outcomes. One-year outcomes for short-

term recipients showed an interesting reversal, however, such that the time limits experiment caused a \$5 increase in benefit amounts before, but an \$11 decline in monthly benefits after the policy change. The effect of time limits on benefit amount did not vary by tier.

TANF Exits After Reaching Time Limits

In light of the small impacts of time limits on TANF receipt, a descriptive analysis was conducted to examine outcomes for experimental group caretakers actually forced off the TANF rolls due to expiration of their time limits. Because of the frequent cycling that typifies TANF families in Texas, and due to the design of Texas' time limits policy, relatively few caretakers actually accumulated enough months on their time-limit clocks to be forced to leave TANF. By September 2001, only 739 exits had occurred among Tier 1 clients who reached their time limit, while only 55 Tier 2 clients and 22 Tier 3 clients were forced to exit for this reason.

Even though the number of TANF caretakers who reached their state time limits was small, concern for the well being of these families has generated much interest among the Texas policy and advocacy communities. In its time limits legislation, the Texas legislature inserted several provisions to soften the effect of time limits for families who had not successfully left TANF for employment. These include:

- application of time limits only to the caretaker instead of the entire family;
- giving DHS caseworkers the leeway to maintain a family's TANF status if personal or economic hardship could be demonstrated; and
- giving caretakers who were forced to leave TANF because of time limits 12-18 months of transitional Medicaid and child care.

The outcomes for Tier 1 and Tier 2 caretakers forced to leave TANF due to time limits were analyzed for the first year following their exit.²⁰ As shown in Table 6, the children in about 90 percent of these families received TANF benefits sometime in the year following the parent's forced exit. However, less than 25 percent of these children were still receiving TANF a year later. Almost all families continued to receive

²⁰ Outcomes are not listed for Tier 3 clients because too few exited early enough to allow a twelve month follow-up.

Medicaid and food stamps immediately after a forced exit. While most families retained their Medicaid benefits a year later (80 percent of children and 65 percent of adults), only 41 percent of Tier 1 families and 46 percent of Tier 2 families were still receiving food stamps one year after the caretaker's forced exit.

Approximately three-fourths of caretakers were employed at some time in the year following exit but their average annual earnings were low. Employed Tier 1 caretakers earned \$6,548 during the year, while employed Tier 2 caretakers earned only \$5,169. Total annual earnings were better for the 20 to 25 percent who remained employed for the entire year, averaging \$11,358 and \$9,196 for Tiers 1 and 2, respectively. Roughly half of caretakers forced to exit TANF because of time limits were employed one year following exit.

Less than 30 percent of Tier 1 caretakers and almost 20 percent of Tier 2 caretakers received any type of subsidized child care in the year after their time limit-induced exit. Duration of care was short, averaging only two months or less. Thirty-seven to forty-six percent received some child support but the amount received averaged a total of only \$766 to \$1,093 over the year.

Penalties

Overall. In the time limits experiment, because experimental and control group members were both subject to financial penalties for failure to comply with provisions of the PRA, no differences were expected between the two groups. Table 7 indicates that approximately 17 percent, or two out of every twelve TANF case months, were spent in any penalty status. Surprisingly, this figure is slightly lower, by about one day per year, for those subject to time limits. Although the effects were generally small, experimental group members were less likely to be penalized overall, for Choices or parenting skills, and had shorter penalty spells when they were penalized for Choices. The average length of completed penalty spells was nearly four months.

Table 6:
Analysis of Caretakers Reaching Time Limits in Time Limits Experiment

	Tier 1	Tier 2
Number of caretakers reaching time limit		
Number of caretakers reaching time limit	739	55
Number of caretakers reaching time limit with at least 12 month followup†	428	26
Children remaining on TANF		
Percent of cases in which at least one child received any TANF	88.1%	92.3%
Average number of months at least one child was on TANF	5.4	6.0
Percent of cases in which any child received TANF in 12th month after exit	24.2%	24.0%
Medicaid receipt		
Percent of cases in which caretaker received any Medicaid	93.5%	92.3%
Average number of months in which caretaker received any Medicaid	9.3	8.9
Percent of cases in which caretaker received Medicaid in 12th month after exit	64.5%	65.4%
Percent of cases in which caretaker received any transitional Medicaid	88.1%	88.5%
Average number of months in which caretaker received transitional Medicaid	8.5	8.4
Percent of cases in which caretaker received transitional Medicaid in 12th month after exit	59.3%	61.5%
Percent of cases in which any child received Medicaid	98.1%	96.2%
Average number of months in which any child received Medicaid	10.4	10.3
Percent of cases in which any child received Medicaid in 12th month after exit	78.7%	80.0%
Food Stamp receipt		
Percent of cases in which household received any food stamps	93.2%	96.2%
Average number of months in which household received food stamps	6.6	6.9
Percent of cases in which household received food stamps in 12th month after exit	41.4%	46.2%
Employment and earnings		
Percent of cases in which caretaker was employed at all in 12 months	72.4%	76.9%
Average number of months in which caretaker was employed	6.1	6.5
Total wages earned in follow up period (among those who earned wages)	\$6,548	\$5,169
Percent of cases in which caretaker employed in 4 th quarter after exit	53.0%	50.0%
Percent of cases in which caretaker was employed for all four quarters after exit	25.5%	19.2%
Total wages earned in follow up period (among those employed all four quarters)	\$11,358	\$9,196
Child care		
Percent of cases in which caretaker received any subsidized child care	29.0%	19.2%
Average number of months in which caretaker received any subsidized child care	2.1	1.3
Percent of cases in which caretaker received subsidized child care in 12th month after exit	14.7%	3.8%
Percent of cases in which caretaker received any transitional child care	19.9%	11.5%
Average number of months in which caretaker received transitional child care	1.5	0.4
Percent of cases in which caretaker received transitional subsidized child care in 12th month after exit	11.7%	3.8%
Child support		
Percent of cases in which any child support was collected	36.9%	46.2%
Average number of months in which caretaker received child support	2.5	2.6
Total amount of child support received during follow-up period (among those who received child support)	\$1,093	\$766
Percent of cases in which any child support was collected in 12th month after exit	24.1%	30.8%

† Except for the first row, the population of this table is limited to caretakers who were forced to exit with at least twelve months available for follow up. All statistics except those in the first row are based on a twelve month follow-up period.

**Table 7:
Penalties Identified in Time Limits Experiment**

	Experimental Mean	Control Mean	Difference	Adjusted Net Effect	Percent Change
Full Sample					
Percent of months in penalty status					
Child support	3.25%	3.31%	-0.07%	-0.15%	-4.6%
Any Choices penalty or sanction	8.80%	9.11%	-0.32%**	-0.35%**	-3.9%
Drug abuse	0.09%	0.11%	-0.02%	-0.02%	-14.9%
Texas Health Steps	6.66%	6.57%	0.09%	-0.01%	-0.1%
Immunization	1.26%	1.27%	-0.01%	0.02%	1.5%
Parenting skills	0.10%	0.15%	-0.05%**	-0.04%**	-29.0%
School attendance	6.11%	6.07%	0.03%	0.12%	2.0%
Voluntary quit	0.06%	0.07%	-0.01%	0.00%	1.1%
Any penalty	16.89%	17.15%	-0.26%**	-0.33%**	-1.9%
Average length of penalties (in months)					
Child support	3.67	3.70	-0.03	-0.17	-4.7%
Any Choices penalty or sanction	3.01	3.12	-0.11**	-0.16**	-5.0%
Drug abuse	4.58	4.56	0.02	-0.44	-9.7%
Texas Health Steps	4.71	4.41	0.30	0.33	7.5%
Immunization	4.16	4.18	-0.02	-0.12	-2.9%
Parenting skills	4.96	5.84	-0.88	-1.51	-25.9%
School attendance	4.48	4.32	0.16	0.16	3.7%
Voluntary quit	1.93	2.24	-0.30	-0.34	-15.0%
Any penalty	3.87	3.86	0.01	-0.06	-1.5%
Percent of cases ever penalized					
No penalties	67.05%	67.32%	-0.27%	-0.08%	-0.1%
One penalty	17.18%	16.87%	0.31%	0.25%	1.5%
More than one penalty	15.74%	15.77%	-0.03%	-0.17%	-1.1%
Subgroup Analysis					
Percent of months in child support penalty status					
Tier**					
Tier 1	2.3%	2.6%	-0.3%**	-0.4%**	-14.4%
Tier 2	3.0%	3.1%	-0.1%	-0.1%	-4.6%
Tier 3	3.5%	3.3%	0.2%	0.0%	-0.9%
Percent of months in Choices penalty status					
Tier**					
Tier 1	6.2%	7.5%	-1.3%**	-1.2%**	-18.1%
Tier 2	8.8%	8.4%	0.4%	0.3%	4.1%
Tier 3	9.9%	9.6%	0.3%**	0.2%	1.6%

Note: The total percent of months in penalty status for individual offenses is greater than the total for all offenses because persons can receive penalties for more than one reason simultaneously.

**Statistically significant at .01 level

Subgroups. Subgroup analysis was done only for the measures of percent of months in child support and in Choices penalty status. The time limits effect on these measures was not found to vary in the analysis of four-year outcomes, nor for one-year outcomes before and after the change in the policy regime. The effect of time limits on

these penalties was found to vary by tier, however. For both measures, time limits caused a significant reduction in penalty rates only among those in Tier 1, those with the most education and work experience.

Receipt of Medicaid and Food Stamps

Overall. Although policy changes have recently been implemented to correct the trend, low rates of participation in Medicaid and Food Stamp programs by low-income families have generated much public attention. To measure the impact of Texas time limits on this phenomenon, rates of participation in these non-cash benefit programs were calculated for both TANF caretakers and their children. As shown in Table 8, caretakers in the control group received Medicaid during 42 percent of the months following random assignment, or about five months per year, and received food stamps about the same amount of time. Although experimental group members were more likely to receive Medicaid, the size of this difference was very small (.2 percentage points, or about 1 day per year). Children in these families received Medicaid 58 percent of the time following random assignment, or about seven months per year, and although this was significantly higher in the group subject to time limits, the experimental effect was again very small.

Subgroups. Subgroup analysis was done to check whether the time limit effect on Food Stamp and Medicaid receipt varied. Analysis of four-year outcomes found that the time limit effect on caretakers' receipt of Medicaid varied for long-term and short-term recipients. Short-term adult welfare recipients who were subject to time limits were less likely to receive Medicaid, but no difference was observed for long-term recipients. No variation was observed in the analysis of these one-year outcomes before or after the policy changes for adults. Furthermore, although the effects of time limits on two of these measures were found to vary significantly by tier, the differences were small and no consistent pattern emerged. Thus, the Texas time limit experiment has had little substantial or consistent impact on overall Medicaid or Food Stamp participation of TANF families.

**Table 8:
Receipt of Non-Cash Benefits in Time Limits Experiment**

	Experimental Mean	Control Mean	Difference	Adjusted Net Effect	Percent Change
Full Sample					
Percent of time on Medicaid of any kind					
Caretaker	42.0%	41.7%	0.3%**	0.2%**	0.6%
Children	58.3%	57.9%	0.4%**	0.3%**	0.5%
Percent of time on food stamps	44.0%	43.9%	0.1%	-0.1%	-0.2%
Percent of time on transitional Medicaid	8.1%	7.3%	0.8%**	0.8%**	11.4%
Percent of time on transitional child care	1.7%	1.7%	0.1%**	0.1%**	6.9%
Subgroup Analysis					
Percent of time on Medicaid--caretaker					
4-Year (on-at-beginning)					
All recipients	51.8%	51.7%	0.1%	0.0%	0.0%
Short term recipients	48.3%	48.9%	-0.7%**	-0.5%**	-1.0%
Long term recipients	54.6%	54.1%	0.5%**	0.2%	0.4%
Short-long difference	-6.3%**	-5.2%**	-1.2%**	-0.7%**	
Percent of time on Medicaid--any child					
Tier**					
Tier 1	53.5%	52.7%	0.8%**	0.7%**	1.1%
Tier 2	60.8%	61.1%	-0.3%	-0.4%	-0.6%
Tier 3	64.1%	64.1%	0.0%	-0.1%	-0.1%v
Percent of time on food stamps					
Tier**					
Tier 1	40.7%	40.5%	0.2%	0.2%	0.3%
Tier 2	46.3%	46.9%	-0.6%**	-0.7%**	-1.5%
Tier 3	51.1%	51.0%	0.1%	0.0%	0.0%

**Statistically significant at .01 level

Use of Transitional Benefits.

Overall. Under Texas' legislation, families leaving TANF due to employment or expiration of their time limits receive transitional Medicaid and transitional child care for 12-18 months. Analysis of the overall sample, shown in Table 8, indicates that caretakers subject to time limits used both transitional Medicaid and transitional child care to a greater extent than did those in the control group. The sizes of these impacts were small, however (0.8 and 0.1 percentage points). Subgroup analysis was not done for these transitional benefit measures.

Family Self-Sufficiency

Overall. As a measure of family self-sufficiency, caretaker employment rates and a variety of caretaker and family earnings and income measures were calculated.

Caretakers not subject to time limits were employed about 46 percent of the time after random assignment, or just under 6 months per year, and earned \$1,145 per quarter (zero earnings included in calculation). Earnings by all family members plus child support received averaged \$1,523 per calendar quarter. As shown in Table 9, the experimental group experienced slightly higher caretaker employment rates (0.7 percentage points, or almost 3 days per year), a difference that was statistically significant but small.

Interestingly, despite slightly higher employment, experimental caretakers earned a self-sufficient wage slightly less of the time. Rarely did caretakers in either group (less than four percent of the time) earn enough income to exceed 155 percent of poverty.

Subgroups. Subgroup analysis was done for the measures of percent of time employed and average quarterly wages. Analysis of four-year employment outcomes revealed that short-term recipients subject to time limits were employed a greater share of the time relative to controls (1 percentage point, or more than 3 days per year), but no such effect was observed for long-term TANF recipients. One-year outcome employment impacts did not vary before or after the policy changes. The effect of time limits on employment did vary by tier, however, with those subject to time limits in Tier 2 (moderately employable) showing the greatest employment gains (1.5 percentage points, or more than 5 days per year).

In the four-year outcome analysis, the effects of time limits on average quarterly wages did not vary for long-term or short-term TANF recipients, nor did it vary for one-year outcomes among short-term recipients before and after the policy changes. The impact of time limits on wage levels was found to vary by tier. In a similar pattern to that seen for employment, those in Tier 2 who were subject to time limits showed the greatest quarterly wage gains relative to their control group counterparts.

**Table 9:
Family Self-Sufficiency in Time Limits Experiment**

	Experimental Mean	Control Mean	Difference	Adjusted Net Effect	Percent Change
Full Sample					
Employment					
Percent of quarters in which caretaker had wages of any amount	46.2%	45.8%	0.5%**	0.7%**	1.4%
Earnings					
Average quarterly caretaker wages	\$1,148	\$1,145	\$3	\$3	0.2%
Average quarterly family wages earned	\$1,375	\$1,374	\$2	\$0	0.0%
Percent of quarters in which caretaker wages exceeded 155% of poverty	3.60%	3.70%	-0.10%	-0.13%**	-3.6%
Percent of quarters in which family earnings exceeded 155% of poverty	4.78%	4.85%	-0.07%	-0.09%	-1.8%
Combined income sources					
Average quarterly family wages earned plus child support collections retained by family	\$1,528	\$1,523	\$5	\$4	0.2%
Percent of quarters in which family wages plus child support was greater than 155% of poverty	5.61%	5.66%	-0.050%	-0.077%	-1.4%
Subgroup Analysis					
Employment					
4-Year (on-at-beginning)					
All recipients	44.7%	44.2%	0.5%	0.8%**	1.7%
Short term recipients	44.6%	43.8%	0.8%**	1.0%**	2.4%
Long term recipients	45.4%	46.4%	-1.0%	-0.5%	-1.1%
Short-long difference	-0.8%	-2.6%**	1.8%**	1.6%**	
Tier**					
Tier 1	54.3%	54.5%	-0.2%	0.3%	0.6%
Tier 2	49.5%	48.1%	1.3%**	1.5%**	3.1%
Tier 3	35.8%	35.3%	0.5%	0.6%	1.6%
Average quarterly wages					
Tier**					
Tier 1	\$1,534	\$1,550	-\$16	-\$14	-1.5%
Tier 2	\$1,031	\$999	\$31	\$26	2.6%
Tier 3	\$659	\$648	\$10	\$7	1.1%

**Statistically significant at .01 level

Participation in Workforce Development Services

Overall. Participation in the Choices program and other workforce development services (e.g., welfare-to-work programs, JTPA/WIA, and post-secondary education) was

analyzed to determine whether the treatments might have led to an increase in participation in workforce development services among the experimental group. As can be observed in Table 10, about 38 percent of TANF recipients had ever participated in the Choices program by the end of the study period, with approximately five percent of the total months following random assignment spent participating in Choices (or about 17 days per year). No statistically significant differences in Choices, Welfare-to-Work, JTPA/WIA, or post-secondary education participation were observed when comparing experimental and control group members. Although less than one percent of either group received a post-secondary degree during the study period, those subject to time limits were significantly less likely to achieve this outcome.²¹

Subgroups. Subgroup analysis was conducted only for the percent of time caretakers were participating in Choices. Although there was no overall time limits effect on Choices participation in the combined analysis, a number of interesting differences emerged from the subgroup analysis. Choices participation in the four years after random assignment, for example, was significantly reduced (0.4 percentage points or one day per year) among those subject to time limits for short-term but not for long-term recipients. One-year effects of time limits on Choices participation did not vary before or after the policy changes. The effect of time limits on Choices participation was found to vary by tier. Among those in Tier 1, who were judged most employable, those subject to time limits participated in Choices for a smaller percentage of the time. The opposite occurred for those in Tier 3, the least employable, as those subject to time limits spent a greater percent of time participating in Choices. The fact that these effects go in opposite directions for those in different tiers helps to explain why no overall effect of time limits on Choices participation was observed.

²¹ This very-low frequency effect was confirmed using Poisson regression, which also estimated a 29 percent reduction in the odds of getting a degree for those subject to time limits (see Analysis Details in Appendix).

**Table 10:
Workforce Development Participation in Time Limits Experiment**

	Experimental Mean	Control Mean	Difference	Adjusted Net Effect	Percent Change
Full Sample					
Percent of months participating in Choices program	4.6%	4.7%	-0.1%	-0.1%	-1.3%
Ever participated in Choices	37.7%	37.5%	0.1%	0.1%	0.2%
Average hours of Choices participation per month (among those who participated)	98.4	98.9	-0.6	-0.7	-0.7%
Percent ever participating in JTPA, WIA, or WtW	44.0%	44.2%	-0.2%	-0.2%	-0.4%
Percent ever participating in post-secondary education	8.1%	8.2%	-0.1%	0.0%	-0.5%
Percent ever receiving post-secondary degree	0.6%	0.8%	-0.2%**	-0.2%**	-30.3%
Subgroup Analysis					
Percent of months of Choices participation					
4-Year (on-at-beginning)					
All recipients	5.1%	5.3%	-0.2%**	-0.1%**	-2.7%
Short term recipients	4.7%	5.1%	-0.4%**	-0.4%**	-7.8%
Long term recipients	5.4%	5.4%	0.1%	0.1%	1.3%
Short-long difference	-0.7%**	-0.2%**	-0.5%**	-0.5%**	
Tier**					
Tier 1	4.2%	4.5%	-0.3%**	-0.2%**	-4.4%
Tier 2	5.1%	5.2%	0.0%	0.0%	-0.2%
Tier 3	5.8%	5.6%	0.2%**	0.2%**	2.9%

**Statistically significant at .01 level

Family and Child Indicators

Implicit in the ACT provisions is the goal of promoting families who can function independently of welfare assistance. In addition, the PRA provisions were designed to encourage both responsible behavior and good parenting. When possible, this evaluation measured the differences in family and child outcomes for both experimental and control group members so as to observe the effects of time limits and PRA provisions on various aspects of family life for TANF caretakers.

Areas in which comparable administrative data could be obtained for both groups include child support, use of subsidized child care, immunization of pre-school children,

education for school-aged children, and use of child protective services, including both foster care placements and rates of child abuse or neglect. Because experimental and control group members in the time limits experiments were all subject to PRA provisions, any differences observed in these measures are attributable to the time limits provisions of ACT.

Child Support and Paternity Establishment

The process of collecting child support for low-income families is often complex and time-consuming. First, a child support case must be opened with the Texas Office of the Attorney General (OAG), the entity responsible for collecting child support for low-income families in Texas. For children born out of wedlock, paternity must be established prior to child support orders being issued. Even after an order is established, collections for many families are often very low, erratic, or non-existent. At the time of this experiment, TANF families for whom child support was collected received a maximum of \$50 per month from those collections, with any remaining collections used to reimburse the state and federal governments for the cost of providing TANF benefits.

Overall. Several measures were used to determine whether the time limits experiment had any effect on either the process of collecting child support or the actual amount of collections. As shown in Table 11, the OAG Office of Child Support Enforcement had begun the process of collecting child support for 88 percent of families in the experiment. Child support was actually collected in seventeen percent of the months following random assignment, or about two months per year, with monthly collections averaging only \$56 (zeroes included in the calculation). Although families subject to time limits were slightly more likely to have child support collected on their behalf (0.5 percentage points), no other impacts of the time limits experiment were observed for the child support measures.

**Table 11:
Family and Child Indicators in Time Limits Experiment**

	Experimental Mean	Control Mean	Difference	Adjusted Net Effect	Percent Change
Full Sample					
Child support case status and paternity establishment†					
Proportion of families with an OAG child support case open	88.2%	87.8%	0.4%	0.5%	0.6%
Proportion of families with an OAG case open experiencing new paternity establishment(s) monthly	0.4%	0.4%	0.0%	0.0%	2.2%
Of families experiencing new paternity establishment(s), average number of children for whom paternity established	1.30	1.29	0.02	0.01	1.1%
Percent of months in which any child support was collected	16.8%	16.4%	0.4%**	0.5%**	3.3%
Average monthly child support collections	\$56	\$56	\$0	\$0	0.7%
Subsidized child care					
Percentage of cases using SCC monthly	7.7%	7.7%	0.1%	0.1%	1.0%
Average number of children using SCC monthly, of families receiving SCC	1.92	1.97	-0.05**	-0.05**	-2.3%
Subsidy per child-month using SCC	\$263	\$262	\$1.19	\$1.42	0.5%
Children's immunization					
Percent of pre-school children with any immunizations reported in ImmTrac	40.3%	42.1%	-1.8%**	n.a. (dis.)	-4.3%
Percent of pre-school children who are fully immunized (age-appropriate) as reported in ImmTrac	4.9%	5.2%	-0.3%	n.a. (dis.)	-6.6%
Children's education					
School attendance rate	92.0%	92.0%	0.0%	n.a. (dis.)	0.0%
School mobility	1.36	1.35	0.01	n.a. (dis.)	0.4%
School dropout rate	0.9%	1.0%	0.0%	n.a. (dis.)	-4.0%
TAAS reading: percent passed	65.5%	66.2%	-0.6%	n.a. (dis.)	-1.0%
TAAS mathematics: percent passed	64.1%	64.1%	0.0%	n.a. (dis.)	-0.1%
Child Protective Services					
Rate of foster care placement	0.054%	0.055%	-0.001%	0.000%	0.2%
Rate of substantiated reports of abuse or neglect per month	0.168%	0.167%	0.001%	0.003%	1.7%
Subgroup Analysis					
Percent of months in which child support was collected†					
Tier**					
Tier 1	16.6%	16.1%	0.5%**	0.8%**	5.8%
Tier 2	13.9%	13.2%	0.7%**	1.0%**	7.6%
Tier 3	13.2%	13.4%	-0.3%**	-0.3%**	-2.0%
Percent of cases using subsidized child care per month					
Before/after policy change (1 yr outcomes)					
Before	10.2%	9.2%	1.0%	1.2%	12.9%
After	20.5%	16.6%	3.9%**	4.0%**	23.9%
After-before difference	10.3%**	7.4%**	2.9%**	2.8%**	

n.a. (dis.) means the adjusted net effect could not be calculated for this measure because disclosure rules prevented children's education data from being linked to parents' demographic characteristics.

**Statistically significant at .01 level. †Child support data were not available from June 1996 through August 1997.

Subgroups. Subgroup analysis was done only for the measure of percent of months in which child support was collected. The experimental effect of time limits on child support collection did not vary when looking at four-year outcomes for short or long-term recipients, nor did it vary for one-year outcomes before or after the policy changes. The nature of the time limits effect on child support collection significantly depended on the tier level of the caretaker, however. Those subject to time limits in Tiers 1 and 2 were more likely to have child support collected on their behalf (0.8 and 1.0 percentage points) than their control group counterparts, while among the most difficult to employ, in Tier 3, those in the experimental group were less likely to receive support. Again, as with the Choices participation impacts cited above, stronger within-tier effects of opposite magnitude combined to produce a weak overall effect.

Use of Subsidized Child Care

Overall. Table 11 highlights the effects of time limits on the use of any types of subsidized child care (SCC).²² Families in both the control and experimental groups used SCC about eight percent of the time after random assignment, or about one month per year on average. Very small but statistically significant differences were observed in the number of children per family who used subsidies. Thus, it appears the time limits experiment had little consistent overall effect upon receipt of subsidized child care.

Subgroups. Subgroup analysis was done only for the measure of percent of months in which subsidized child care was received. The effect of time limits was not found to vary for long-term or short-term recipients in the analysis of four-year outcomes or the analysis by tier. There was a difference, however, in the effect of time limits on one-year outcomes before and after the policy changes. This effect was such that *after* the implementation of the policy changes, those subject to time limits had a 4 percentage point, or two weeks per year boost in subsidized child care receipt, relative to controls. No such difference was observed before the policy changes.

²² Subsidized child care (SCC) services are offered to eligible TANF and low-income families and operated by local Child Care Management Services (CCMS) contractors. In this section, all child care subsidies administered through the CCMS system have been included, regardless of eligibility type or funding source.

Children's Immunization

Texas children must receive all required immunizations prior to enrolling in public schools. Immunization for pre-school children, however, is much more difficult to enforce. All families in this experiment were required to have their pre-school children immunized as a condition of receiving TANF. Under PRA provisions, financial penalties were applied to those families who failed to meet this requirement. Immunizations for Texas pre-school children were reported to the Texas Department of Health and maintained in the ImmTrac database.

As of September 2001, 42 percent of pre-school children in control group families had at least one immunization reported in this database. Although the effect was small, significantly fewer children whose parents were subject to time limits had been immunized (1.8 percentage points).²³ Only about five percent of children in either group had been fully immunized. The low rates of immunizations reported in ImmTrac, coupled with relatively low rates of penalties for failure to comply with this PRA provision (1 percent of TANF case months following random assignment), suggest that many immunizations may not be recorded in the ImmTrac data system. Possible reasons for this seeming under-reporting are discussed in the Appendix.

Children's Education

Several measures of school performance were calculated for the children on TANF whose parents participated in the time limits experiment. These measures are commonly used in Texas to identify effective schools and have been associated in other studies with children's successful school completion. They include rates of school attendance, school mobility, and dropouts, as well as performance on the Texas Assessment of Academic Skills (TAAS), which is given to all Texas third through eighth grade students on an annual basis.²⁴

²³ Adjusted net effects could not be calculated for these measures because privacy laws prevented children's immunization data from being linked to parents' demographic characteristics.

²⁴ Adjusted net effects could not be calculated for these measures because privacy laws prevented children's education data from being linked to parents' demographic characteristics. See the Appendix, however, for discussion of repeated measures analysis of education measures.

TANF children in this experiment attended school 92 percent of the time in the years after their parents were randomly assigned and attended an average of 1.35 schools per year.²⁵ Less than one percent of students dropped out per year during the period being studied, which was probably influenced by the relatively young age of the children in TANF families (89 percent of children in TANF families are 13 years of age or younger). Approximately 66 percent of these children passed the reading portion of the TAAS, while 64 percent passed the TAAS math test over the three years studied. TAAS passing rates for these students were well below those for all economically disadvantaged students during the school years being studied.²⁶ No differences were observed in any of these education measures between the experimental and control groups.

Child Protective Services

Very few children of the families in the time limits experiment had a need for child protective services during the observed time period. Approximately 0.05 percent of these families had children placed in foster care in any given month, or about one in every 2000 families, while substantiated charges of abuse or neglect were report for 0.15 percent of families (three of every 2000 families) in the experiment each month. No significant differences were observed between the rates for experimental and control group children.

Summary of Time Limits Results

Analysis of the time limits experiment in Bexar County after 63 months of operation revealed small reductions in TANF receipt coupled with small increases in the use of other benefits. Also observed were very small increases in rates of employment no impacts on earnings, and few impacts on workforce development participation or family and child indicators. The reduced TANF use, and gains in employment and child support

²⁵ Average attendance rates for economically disadvantaged students throughout Texas for these school years were over 95 percent.

²⁶ Average TAAS passing rates for economically disadvantaged students for the 1996-97 through 2000-2001 school years were: reading 73.7%, 78.4%, 78.2%, 79.8%, and 82.3% and math 70.5%, 76.1%, 78.7%, 81.1% and 85.3% respectively.

collection when subject to time limits seemed to be greatest among those who were best prepared to enter the workforce: those in Tiers 1 and 2, and those who did not have long histories of welfare receipt.

Welfare dynamics. Significant but small reductions in the use of TANF were observed for experimental group members and their children. These reductions tended to be more pronounced for Tier 2 caretakers, or those considered moderately employable. Descriptive analysis revealed two consistent trends in the TANF caseload: increasing contamination of the experimental treatments (due either to a move to or from an office participating in the experiment or the addition of someone to the TANF case with a different experimental group assignment), and an increasing proportion of the caseload being composed of long-term welfare recipients.

By the end of September 2001, only 739 Tier 1 caretakers, 55 Tier 2 caretakers, and 22 Tier 3 caretakers in Bexar County had exited TANF because of reaching their Texas time limits. Nearly all affected Tier 1 and 2 families received at least some Medicaid and food stamps after exiting due to time limits, and the children in about 90 percent of these families continued to receive at least some TANF benefits. More than 70 percent were employed at some time in the year after their exit, but their earnings were low. One year following exit, 25 percent of children in these families were still receiving TANF and 80 percent received Medicaid. Four in ten families still received food stamps and approximately half of time-limited caretakers were employed.

About seventeen percent of the time on TANF after random assignment, or two out of every twelve case months, was spent in penalty status, with small but surprising reductions in the penalty rate for those subject to time limits. This reduced rate of penalties occurred primarily among time-limited caretakers in Tier 1. Most penalties, averaging about four months in length, were imposed for failure to comply with PRA provisions related to Choices, Texas Health Steps and school attendance.

While both adults and children in families subject to time limits were significantly more likely to have used Medicaid than control group members, the sizes of these effects were very small. Subgroup analysis, however, indicated that adult short-term recipients subject to time limits spent significantly less time on Medicaid than did control group members. The imposition of time limits on experimental group members also led to

increased usage of transitional benefits, including both Medicaid and subsidized child care, but had no impact on food stamp usage. Thus, on the whole the Texas time limits experiment had inconsistent impacts on Medicaid and Food Stamp participation for TANF families.

Other measures. The time limits experiment produced a very small increase in caretaker employment among those subject to time limits, no effect on total earnings, and a slight decrease in the amount of time that experimental group caretakers earned self-sufficient wages (defined in this report as wages greater than 155 percent of poverty). Subgroup analysis revealed the employment gains among those subject to time limits occurred primarily among short-term recipients, (i.e., persons with less than 30 months of prior TANF receipt at the point of random assignment), as well as among Tier 2 caretakers, or the moderately employable. Very few families generated enough income from sources measured here to become self-sufficient.

Overall rates of participation in Choices, other short-term workforce development programs, and post-secondary education were unaffected by Texas time limits. Those subject to time limits were, however, significantly less likely to achieve a post-secondary degree. The overall null workforce development effects masked interesting patterns in Choices participation, in which time limits caused both short-term recipients and those in Tier 1 to reduce their Choices participation, relative to controls.

For the family and child indicators measured, the time limits experiment produced a slight increase in child support collections, but no differences in paternity establishment, education outcomes, or need for child protective services. Child immunization rates were slightly lower among those subject to time limits. Subgroup analysis revealed that those subject to time limits made greater use of subsidized child care after the 1999 policy changes were implemented.

Chapter 3: RER Choices Experiment

The RER experiment in Choices counties (RER Choices) measured the combination of Texas time limits and RER provisions, which applied to the experimental group, against old AFDC rules without any of these provisions (control group). RER Choices was evaluated in four offices in Choices counties (Beaumont, Odessa, the Dillon office in Corpus Christi, and the Clint office in El Paso). RER in these sites was implemented in June 1996, with time limit provisions added in January 1997.

From June 1996 through September 2000, 13,373 cases were assigned to participate in RER Choices as either experimental or control group members.²⁷ Figure 3 shows the number of families enrolled in the experiment each month. Over 35 percent of these cases were already receiving TANF at the beginning of the experiment. All persons on TANF in the affected offices when the RER experiment began, who were already participating in the “Promoting Child Health in Texas” waiver, were automatically transferred into the RER experiment in June 1996.

Tests of Random Assignment and Entry Effects

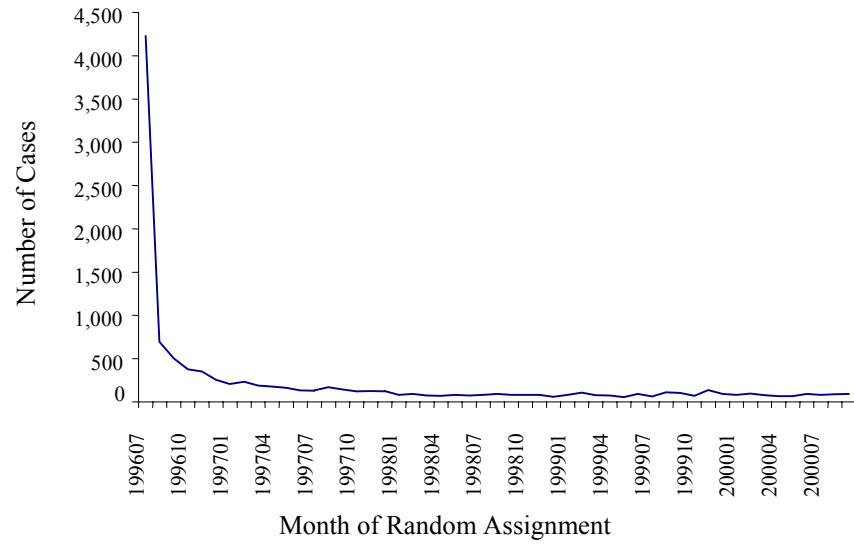
Tests of Random Assignment

Tests of random assignment revealed no statistically significant differences for three of the four sites in either the number of persons assigned to the experimental or control groups or in the demographic characteristics of the caretakers participating in the RER experiment in Choices counties (Table 12). Thus, for the time period included in this report, these RER sites in Choices counties passed all tests of random assignment.

²⁷ The combined RER offices in Beaumont, Corpus Christi, and Odessa accounted for 10,583 of these cases, while 2,790 cases were assigned to the experiment in the El Paso’s Clint office.

Figure 3:
Number of Cases Assigned to RER Choices Experiment (by month)

Combined Sites



Clint

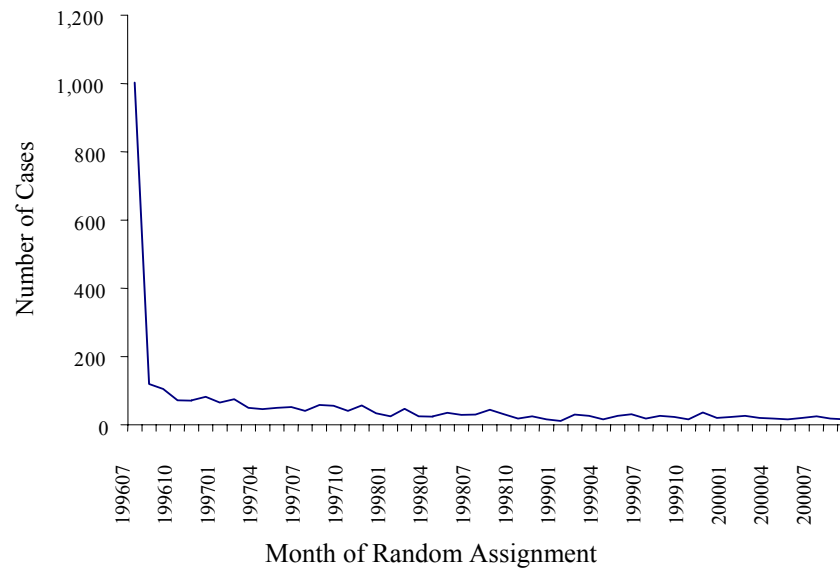


Table 12:
RER Choices Experiment: Characteristics of Experimental and
Control Group Caseheads at Random Assignment

All Offices Except Clint			
Variable	Experimental n=5,390	Control n=5,193	Difference
No high school	12.4%	11.8%	0.6%
Male	5.4%	4.9%	0.5%
White	23.5%	24.3%	-0.8%
Black	33.5%	33.8%	-0.3%
Hispanic	42.3%	41.2%	1.1%
Other race	0.7%	0.7%	0.0%
Age	28.6	28.5	0.2
Months on TANF in past year	4.9	5.0	-0.1
Months employed in past year	4.6	4.6	0.0
Percent employed in past year	61.7%	61.8%	-0.1%
Total wages in past year	\$2,441	\$2,488	-\$46
TANF Unemployed Parent program	4.4%	4.0%	0.4%

Clint Office Only			
Variable	Experimental n=1,509	Control n=1,281	Difference
No high school	33.1%	31.5%	1.7%
Male	11.1%	8.7%	2.4%*
White	2.3%	1.9%	0.4%
Black	0.1%	0.4%	-0.3%
Hispanic	97.3%	97.5%	-0.2%
Other race	0.3%	0.2%	0.0%
Age	30.7	30.5	0.2
Months on TANF in past year	4.3	4.8	-0.5**
Months employed in past year	3.2	2.8	0.4*
Percent employed in past year	45.3%	40.6%	4.7%*
Total wages in past year	\$2,088	\$1,752	\$337*
TANF Unemployed Parent program	18.4%	13.6%	4.8%**

**Statistically significant at .01 level, *Statistically significant at .05 level

In El Paso's Clint office, however, 54.1 percent of all individuals were assigned to the experimental group, a larger share than could be accounted for by chance. Also, the characteristics of the experimental and control groups differed demographically in several ways. This office had the highest share of two-parent TANF families of all the

sites in this experiment, and two-parent families comprised a significantly higher share of the experimental group (18.4 percent) than the control group (13.6 percent). Also, 45.3 percent of caretakers in experimental families were employed in the year prior to random assignment compared to 40.6 percent for control group caretakers. Finally, experimental caretakers in Clint earned \$337 more in the preceding year than did control group caretakers in this location.

In addition to the unequal distribution and characteristics of persons assigned to the experiment, the Clint office differed from other RER sites in other ways. Although located in a Choices county, it did not offer Choices services until October 1998, due to remoteness. Even after that date, many individuals continued to receive a remoteness exemption. Thus, Texas time limits, which are triggered by availability of Choices slots, did not apply to most experimental group members in Clint. Because of these differences from other RER Choices sites, results for the Clint office are reported separately.

Entry Effects

RER experiments (in both Choices and non-Choices counties) broadened TANF eligibility requirements for experimental group members by disregarding children's earnings and resources in the calculation of eligibility and benefits, increasing resource limits permitted for eligibility determination, and eliminating the work history requirement and 100-hour work rule for TANF-Unemployed Parent (TANF-UP) families. Under ideal research conditions, the approval rates of TANF applicants under two different sets of rules (which are called 'entry effects') could have been compared to measure the impacts of these TANF eligibility rule changes on the numbers and types of persons admitted into the TANF program. However, because random assignment occurred when persons enrolled in TANF rather than when they applied, tracking of persons assigned to experimental and control groups was possible only for persons who were *enrolled* in the TANF program. Thus, any impacts of the expanded TANF eligibility provisions in the RER experiments had to be inferred from demographic differences between the resulting groups rather than being measured directly from applicant data.

An analysis of the characteristics at random assignment of persons admitted into TANF in the RER Choices experiment revealed that most of the differences in the number and characteristics of the persons assigned to the experimental group in Clint were attributable to the differences in eligibility rules for the two groups. The primary factors contributing to these differences were the relaxation of the 100-hour and work history rules for two-parent TANF families. These rule changes allowed a larger number of working, but very poor, families onto the TANF rolls. In Texas, most such families are Hispanic. Although the rule changes applied to all RER sites, the high number of two-parent, Hispanic TANF families in the Clint office was large enough to produce an unequal number of persons in the experimental and control groups. The disregard of children's earnings also accounted for a small portion of the entry effects in Clint.

In the following statistics reported for this experiment, the 'adjusted net effects' calculation controls for any observed differences in the characteristics of the experimental and control groups resulting from entry effects. Thus, adjusted net effects should be interpreted as the impacts of other components of the RER Choices experiment (i.e., the combination of Texas time limits and the personal responsibility agreement) after adjusting for entry effects. Note that because the expanded eligibility rules resulted in entry effects, the adjusted net effect measure does not capture the effects of this eligibility change. A more complete discussion of entry effects and the formulas used to adjust for them are included in the Appendix.

The net impacts of the RER Choices experiment on welfare dynamics, self-sufficiency, participation in workforce development services and a variety of family and child indicators are discussed below.

Welfare Dynamics

TANF Receipt

Combined Sites

Overall. Adults in the control group received TANF benefits for 27 percent of the possible months after enrollment in the RER Choices experiment, or just over three months per year. Caretakers in the experimental group who were subject to both time limits and the PRA actually spent significantly *more* time on TANF than those in the control group, a difference of 1.5 percentage points, or about five additional days per year. While this finding seems counter-intuitive, it actually can be explained by the rules governing TANF status for caretakers who failed to comply with PRA provisions. Under H.B. 1863 rules, when experimental group caretakers received financial penalties for failing to adhere to PRA provisions, they still remained on the TANF grant. Under the old AFDC rules governing control group members, caretakers who failed to cooperate with child support or Choices participation requirements were actually removed from the grant and became ‘payees only’ on behalf of their children²⁸. In support of this, Table 13 shows that control group caretakers spent nine percent of the time following random assignment in ‘payee only’ status, compared to less than 7 percent for experimental group caretakers (a reduction of 2.8 percentage points for experimental group members). Overall TANF caseload trends are displayed in Figure 4.²⁹

²⁸ Note that throughout this report no distinction is made between ‘payees’ and those designated as ‘case-name-only,’ since both are caseheads whose needs are not counted in establishing the grant amount. For simplicity, both are referred to as ‘payee.’

²⁹ Participation could be contaminated due to a move to or from an office participating in the experiment or the addition of someone to the TANF case that had signed a PRA or had a different time limit status. This occurred for 25 percent of cases in the combined RER Choices sites and 24 percent of cases in Clint.

Table 13:
TANF Receipt in RER Choices Experiment

All Offices Except Clint					
	Experimental Mean	Control Mean	Difference	Adjusted Net Effect	Percent Change
Full Sample					
Caretaker					
Percent of time spent on TANF out of maximum possible	28.3%	27.4%	0.9%**	1.5%**	5.4%
Percent of time spent by caretaker in payee-only status	6.5%	8.8%	-2.3%**	-2.8%**	-31.9%
Children					
Percent time spent on TANF by any child	34.4%	35.6%	-1.2%**	-1.1%**	-3.1%
Caretaker and children					
Percent of time spent on TANF by any family member	35.3%	36.4%	-1.1%**	-1.1%**	-3.0%
Average monthly TANF benefit	\$54.27	\$56.74	-\$2.47**	-\$2.01**	-3.5%
Subgroup Analysis					
Percent of time on TANF by any family member					
Tier**					
Tier 1	29.3%	31.4%	-2.1%**	-2.2%**	-5.5%
Tier 2	37.9%	39.6%	-1.7%**	-1.7%**	-4.4%
Tier 3	41.2%	41.9%	-0.6%**	-0.5%	-1.1%
Average monthly TANF benefit					
4-Year (on-at-beginning)					
All recipients	\$70.93	\$73.44	-\$2.51**	-\$2.38**	-3.2%
Short term recipients	\$64.18	\$67.66	-\$3.48**	-\$3.35**	-4.9%
Long term recipients	\$77.78	\$78.92	-\$1.15	-\$1.21**	-1.5%
Short-long difference	-\$13.60**	-\$11.26**	-\$2.34**	-\$2.13**	
Tier**					
Tier 1	\$46.84	\$50.61	-\$3.77**	-\$3.62**	-5.6%
Tier 2	\$61.99	\$65.42	-\$3.43**	-\$3.35**	-5.1%
Tier 3	\$65.19	\$67.62	-\$2.43**	-\$1.57**	-2.3%

**Statistically significant at .01 level

Table 13: TANF Receipt in RER Choices Experiment (continued)

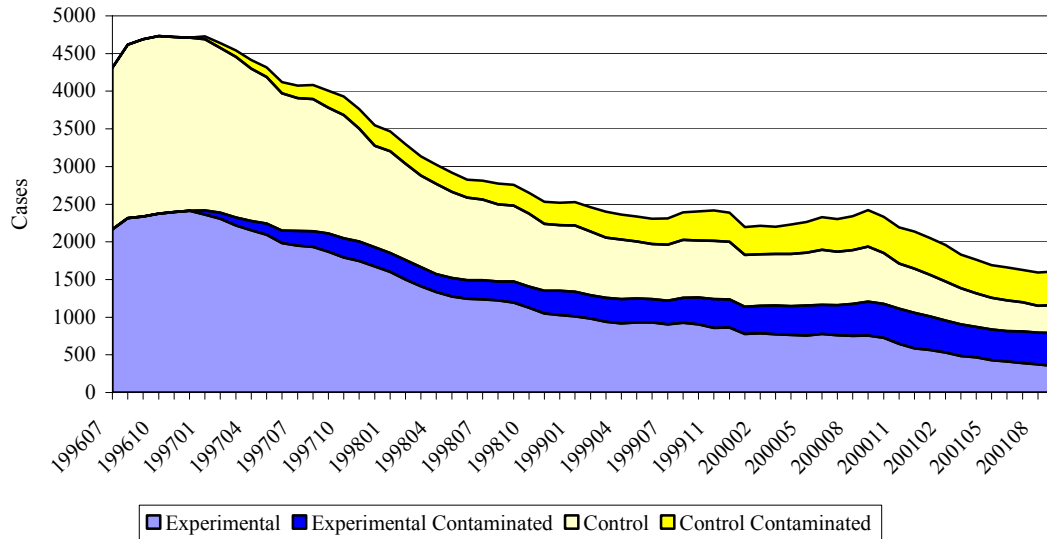
Clint Office Only					
	Experimental Mean	Control Mean	Difference	Adjusted Net Effect	Percent Change
Full Sample					
Caretaker					
Percent of time spent on TANF out of maximum possible	27.3%	27.7%	-0.5%	0.3%	0.9%
Percent of time spent by caretaker in payee-only status	8.5%	9.5%	-1.0%**	-1.0%**	-10.7%
Children					
Percent time spent on TANF by any child	35.6%	37.1%	-1.5%**	-1.0%**	-2.8%
Caretaker and children					
Percent of time spent on TANF by any family member	36.3%	37.7%	-1.4%**	-0.9%**	-2.3%
Average monthly TANF benefit	\$57.46	\$58.48	-\$1.01	-\$0.66	-1.1%
Subgroup Analysis					
Percent of time on TANF by any family member					
Tier**					
Tier 1	30.3%	31.4%	-1.1%**	-0.4%	-1.0%
Tier 2	36.3%	37.1%	-0.8%	-0.5%	-1.5%
Tier 3	38.2%	41.7%	-3.5%**	-3.2%**	-7.6%

**Statistically significant at .01 level

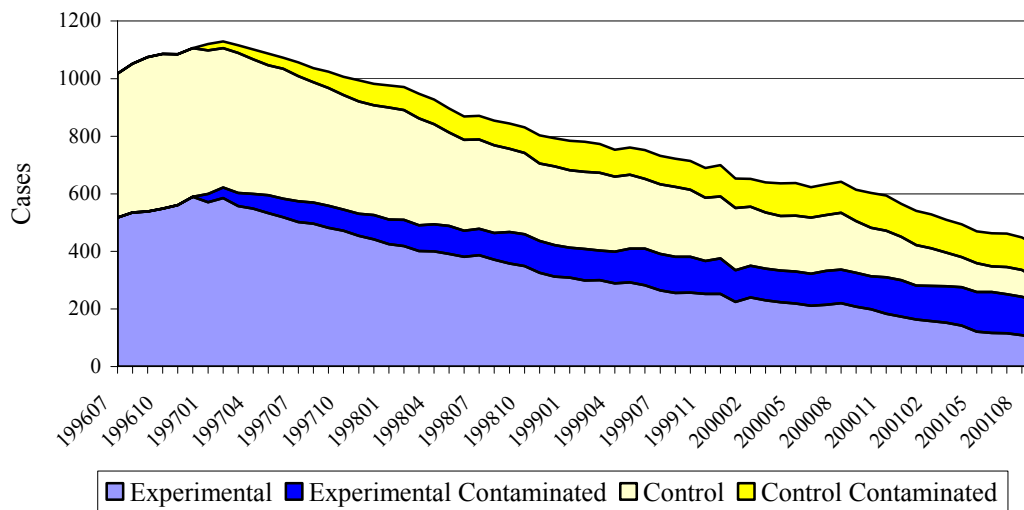
Children in control group families spent approximately 36 percent of the time after random assignment on TANF, or just over four months per year. Children in families subject to both time limits and the PRA received TANF for slightly less of the time (negative 1.1 percentage points, or four days less per year). In addition, the average monthly TANF grant was \$2.01 lower for families in the experimental group (zeroes included).

**Figure 4:
TANF Caseload over Time:
RER Experiment**

Combined Sites



Clint



Subgroups. A further analysis of the percent of time spent on TANF by any family member was conducted for the subgroups defined above. Four-year outcomes for persons assigned early in the experiment and one-year outcomes before and after key policy changes did not vary significantly for experimental and control group members. However, significant differences were noted by tier. While families in Tier 1 and Tier 2 experimental groups, as expected, spent significantly less time on TANF than their control group counterparts, this did not occur for Tier 3 families.

The largest reduction in monthly TANF benefit levels occurred for Tier 1 and Tier 2 families subject to both time limits and the PRA (-\$3.62 and -\$3.35, respectively), relative to Tier 3 families (-\$1.57). Likewise, in the analysis of four-year outcomes, short-term experimental TANF recipients showed greater declines in monthly benefit amounts, relative to controls, than did long-term recipients. On the whole, then, the combination of time limits and the PRA reduced TANF usage to a greater degree for those more employable and those with less welfare history.

Clint

Overall. Adults in the Clint control group remained on TANF 28 percent of the time after random assignment, or just over three months per year, with no differences observed between the experimental and control groups. However, Clint caretakers subject to RER provisions did spend slightly less time in ‘payee only’ status, relative to controls, and their children spent less time receiving TANF. Both of these effects, which remained significant after adjusting for entry effects, differed by one percentage point, or nearly four days per year. No significant differences in the amount of the average monthly TANF grant were observed.

Subgroups. In Clint, as in the other RER Choices sites, the percent of time spent on TANF varied by tier. However, unlike the other sites, all of this variation was attributable to significantly less time on TANF by Tier 3 caretakers subject to RER, a difference of 3.2 percentage points, or about twelve days per year. No other differences by subgroup were observed either for time on TANF or average monthly TANF benefit.

TANF Exits After Reaching Time Limits

A descriptive analysis was conducted to determine the degree to which experimental group caretakers in the RER Choices experiment had exhausted their time-limited benefits as of September 30, 2001. The results indicated that relatively few caretakers actually accumulated enough months on their time-limit clocks to be forced to leave TANF. By September 2001, only 286 exits occurred among Tier 1 clients who reached their time limit, while twenty Tier 2 clients, and seven Tier 3 clients were forced to exit TANF due to the expiration of their time limits.

In the first year following caretakers' forced exits due to reaching the state time limit, children in 88 percent of Tier 1 families received some TANF benefits (Table 14). Nearly 95 percent of families continued to receive Medicaid and food stamps immediately after the caretaker was forced to exit TANF. While 68 percent of Tier 1 caretakers were employed at some time in the year following exit, annual earnings for these employed caretakers averaged only \$5,250. The 26 percent of caretakers who remained employed for the entire year earned a total of only \$8,207. Twenty-two percent of these families received some subsidized child care but the duration only averaged 1.4 months. Thirty-five percent of caretakers forced to exit TANF received any child support and, on average, received a total of \$865 over the year.

A year following the caretakers' forced exit, one third of children in these families were receiving TANF and 82 percent received Medicaid. Two-thirds of adult caretakers received Medicaid but only 46 percent of these families were still receiving food stamps. Half of caretakers were employed and only six percent received subsidized child care of any kind. One in every five families received child support.

Table 14:
Analysis of Caretakers Reaching Time Limits in RER Choices Experiment

	Tier1
Number of caretakers reaching time limit	
Number of caretakers reaching time limit	286
Number of caretakers reaching time limit with at least 12 month followup†	156
Children remaining on TANF	
Percent of cases in which at least one child received any TANF	87.8%
Average number of months at least one child was on TANF	5.8
Percent of cases in which any child received TANF in 12th month after exit	32.9%
Medicaid receipt	
Percent of cases in which caretaker received any Medicaid	94.2%
Average number of months in which caretaker received any Medicaid	9.1
Percent of cases in which caretaker received Medicaid in 12th month after exit	62.8%
Percent of cases in which caretaker received any transitional Medicaid	89.1%
Average number of months in which caretaker received transitional Medicaid	8.0
Percent of cases in which caretaker received transitional Medicaid in 12th month after exit	51.3%
Percent of cases in which any child received Medicaid	98.1%
Average number of months in which any child received Medicaid	10.5
Percent of cases in which any child received Medicaid in 12th month after exit	81.6%
Food Stamp receipt	
Percent of cases in which household received any food stamps	94.2%
Average number of months in which household received food stamps	6.9
Percent of cases in which household received food stamps in 12th month after exit	45.5%
Employment and earnings	
Percent of cases in which caretaker was employed at all in 12 months	67.9%
Average number of months in which caretaker was employed	5.8
Total wages earned in follow up period (among those who earned wages)	\$5,250
Percent of cases in which caretaker employed in 4 th quarter after exit	50.0%
Percent of cases in which caretaker was employed for all four quarters after exit	26.3%
Total wages earned in follow up period (among those employed all four quarters)	\$8,207
Child care	
Percent of cases in which caretaker received any subsidized child care	22.4%
Average number of months in which caretaker received any subsidized child care	1.4
Percent of cases in which caretaker received subsidized child care in 12th month after exit	8.3%
Percent of cases in which caretaker received any transitional child care	14.1%
Average number of months in which caretaker received transitional child care	0.9
Percent of cases in which caretaker received transitional subsidized child care in 12th month after exit	6.4%
Child support	
Percent of cases in which any child support was collected	35.3%
Average number of months in which caretaker received child support	2.2
Total amount of child support received during follow-up period (among those who received child support)	\$865
Percent of cases in which any child support was collected in 12th month after exit	20.5%

† Except for the first row, the population of this table is limited to caretakers who were forced to exit with at least twelve months available for follow up. All statistics except those in the first row are based on a twelve month follow-up period.

Penalties and Sanctions

Combined Sites

In the RER experiment in Choices counties, experimental group members received financial penalties for failure to comply with the PRA provisions outlined in Table 15, while control group members were not subject to such penalties. Control group members were sanctioned under old AFDC rules for failure to cooperate with Choices participation requirements or efforts to collect child support. If sanctioned for one of these reasons, the caretaker in a control group case was removed from the TANF cash grant for a stated amount of time but their children were eligible to continue receiving TANF benefits. Experimental group caretakers remained on the TANF grant even when they were in penalty status.

Overall. As expected, given the range of new penalties added, the number of cases receiving financial penalties increased substantially as a result of this experiment (see Table 15). While less than five percent of control group members were financially sanctioned during the operation of this experiment, 29 percent of families subject to both the PRA and time limit provisions received at least one penalty for failure to comply with some PRA requirement. Approximately 16 percent of the months on TANF following random assignment, or about two months out of every year, were spent in penalty status for experimental group members, compared to only 6 percent of months in sanction status for control group members, or about twenty days per year of TANF receipt. Most penalties were issued for not complying with PRA provisions related to Choices (8.4 percent of case-months), Texas Health Steps program (6.3 percent), child support (4.4 percent), and school attendance (4.5 percent of case-months).

**Table 15:
Penalties/Sanctions in RER Choices Experiment**

All Offices Except Clint					
	Experimental Mean	Control Mean	Difference	Adjusted Net Effect	Percent Change
Percent of months in penalty status					
Child support	4.4%	1.0%	3.4%**	2.9%**	288.1%
Any Choices penalty or sanction	8.4%	4.7%	3.8%**	1.9%**	41.4%
Drug abuse	0.08%	No Control Group counterpart for these penalties			
Texas Health Steps	6.3%				
Immunization	1.8%				
Parenting skills	0.1%				
School attendance	4.5%				
Voluntary quit	0.06%				
Any penalty	16.2%	5.7%	10.6%**	7.9%**	140.3%
Average length of penalties (in months)					
Child support	3.4	2.6	0.7**	0.6**	23.7%
Any Choices penalty or sanction	2.9	2.7	0.2	0.3**	9.9%
Drug abuse	2.8	No Control Group counterpart for these penalties			
Texas Health Steps	3.9				
Immunization	4.2				
Parenting skills	4.1				
School attendance	4.2				
Voluntary quit	2.3				
Any penalty	3.6	2.7	0.8**	0.9**	34.1%
Percent of cases ever penalized					
No penalties	70.64%	95.66%	-25.02%**	-25.08%**	-26.2%
One penalty	15.54%	4.05%	11.49%**	11.51%**	284.0%
More than one penalty	13.81%	0.23%	13.59%**	13.62%**	5987.3%
Subgroup Analysis					
Percent of months in child support penalty status					
4-Year (on-at-beginning)					
All recipients	3.4%	0.5%	2.9%**	3.1%**	641.0%
Short term recipients	2.4%	0.3%	2.1%**	2.3%**	661.8%
Long term recipients	4.4%	0.6%	3.8%**	4.0%**	654.1%
Short-long difference	-2.0%**	-0.3%**	-1.7%**	-1.7%**	
Before/after policy change (1 yr outcomes)					
Before	3.3%	0.1%	3.2%**	2.9%**	4127.1%
After	5.2%	0.0%	5.2%**	5.4%**	
After-before difference	1.9%**	-0.1%	2.0%**	2.5%**	
Tier**					
Tier 1	3.2%	0.5%	2.7%**	2.9%**	-250.6%
Tier 2	5.0%	0.5%	4.4%**	4.7%**	863.6%
Tier 3	4.8%	1.0%	3.8%**	4.2%**	403.3%

** Statistically significant at .01 level.

Table 15: Penalties/Sanctions in RER Choices Experiment (continued)

	Experimental Mean	Control Mean	Difference	Adjusted Net Effect	Percent Change
All Offices Except Clint (continued)					
Percent of months in Choices penalty status					
4-Year (on-at-beginning)					
All recipients	5.9%	1.4%	4.5%**	5.3%**	364.8%
Short term recipients	3.9%	1.1%	2.8%**	3.5%**	316.2%
Long term recipients	7.9%	1.7%	6.2%**	7.0%**	404.6%
Short-long difference	-4.0%**	-0.6%**	-3.4%**	-3.5%**	
Tier**					
Tier 1	6.8%	1.6%	5.3%**	6.3%**	210.2%
Tier 2	7.0%	2.4%	4.6%**	5.9%**	248.1%
Tier 3	10.2%	3.4%	6.8%**	8.3%**	243.9%
Clint Office Only					
Percent of months in penalty status					
Child support	2.1%	0.5%	1.7%**	1.2%**	257.4%
Drug abuse	0.07%	No Control Group counterpart for these penalties			
Texas Health Steps	1.8%				
Immunization	0.4%				
Parenting skills	0.0%				
School attendance	1.3%				
Voluntary quit	0.04%				
Any penalty	4.0%	0.5%	3.6%**	2.6%**	563.6%
Average length of penalties (in months)					
Child support	3.3	3.3	-0.1	0.13	3.9%
Drug abuse	6.0	No Control Group counterpart for these penalties			
Texas Health Steps	3.4				
Immunization	3.8				
Parenting skills	5.0				
School attendance	3.8				
Voluntary quit	2.2				
Any penalty	3.5	3.3	0.2	0.1	2.8%
Percent of cases ever penalized					
No penalties	90.50%	98.63%	-8.13%**	-8.43%**	-8.5%
One penalty	7.13%	1.32%	5.82%**	6.00%**	455.5%
More than one penalty	2.32%	0.05%	2.27%**	2.38%**	4702.4%
Subgroup Analysis					
Percent of months in child support penalty status					
4-Year (on-at-beginning)					
All recipients	1.2%	0.3%	0.9%**	1.0%**	400.8%
Short term recipients	0.6%	0.3%	0.2%	0.4%**	121.9%
Long term recipients	2.9%	0.1%	2.8%**	2.8%**	2581.8%
Short-long difference	-2.3%**	0.2%	-2.5%**	-2.5%**	

Note: The total percent of months in penalty status for individual offenses is greater than the total for all offenses because persons can receive penalties for more than one reason simultaneously.

**Statistically significant at .01 level

The length of time caretakers subject to both the PRA and time limits remained in a penalized state also increased significantly. While the average sanction for control group members lasted 2.7 months, experimental group penalties averaged 3.6 months in length, an increase of 34 percent. Some of these differences can be explained because experimental group members could be penalized for a wider variety of undesired behaviors. Even so, significant increases in both the percentage of time in penalties and the average length of the penalties also were measured for compliance with child support and Choices participation requirements, conditions that affected both experimental and control group caretakers.

In comparing these overall penalty effects to the findings for overall TANF receipt cited above, one might be tempted to conclude that the increased penalties were the sole cause of the observed TANF caseload effects. However, such a conclusion does not appear to be warranted. The replacement of penalties with sanctions could account for the increased TANF receipt by caretakers, and for the corresponding decreases in the average monthly benefit amount and the share of caretakers in payee status. The increased penalty rate does not, however, directly explain the reduced TANF receipt by children nor by any family member. For these effects to occur, the combination of PRA and time limit policies must have had a deterrent effect on TANF receipt in addition to the simple mechanical effects of substituting penalties for sanctions.

Subgroups. An analysis of the percent of time spent in penalty/sanction status for failure to comply with child support or Choices PRA provisions was conducted to determine if the experimental effect varied by subgroup. Among the caretakers who were receiving TANF near the beginning of the experiment, impacts for long-term recipients in the experimental group were greater than for short-term recipients, both for child support and Choices penalties. Similarly, the impacts of these penalties for Tier 2 and Tier 3 caretakers in the experimental group were stronger than for Tier 1 caretakers. Finally, for the child support penalty measure, the increased rate of penalties due to RER and time limits was greater after than before the 1999 policy changes.

Clint

Overall. Far fewer penalties were assessed in Clint than in other RER Choices sites, with only four percent of TANF months spent in penalty status for experimental group caretakers and only 10 percent of these caretakers receiving any penalties at all. While the absence of a Choices program until October 1998 accounts for some of this difference, penalty rates were lower in most other categories as well. Even so, by all measures of penalty rates, persons subject to the PRA and time limits in Clint were penalized to a greater extent than controls.

Subgroups. While the sizes of the impacts for selected subgroups were smaller in Clint, as expected, the only effect that emerged was the same pattern as in the other RER Choices sites. Long-term recipients subject to RER were penalized at the greatest rates.

Receipt of Medicaid and Food Stamps

Combined Sites

Overall. In the combined RER Choices sites, caretakers in the control group received Medicaid 36 percent of the time after random assignment, or just over four months per year, compared to 38 percent of time on Medicaid for caretakers subject to the PRA plus time limits (Table 16). Most of this positive net effect on Medicaid enrollments (2.6 percentage points, or about ten days per year) results from variations in the penalty and sanction policies discussed above. Experimental group caretakers continued to receive Medicaid even when they were in penalty status because they were still enrolled in TANF. In the control group, however, sanctioned caretakers were removed from the TANF grant, with many also losing their automatic Medicaid coverage. Children in these families received Medicaid approximately 56 percent of the time following random assignment, or nearly seven months per year, with no significant differences between the two groups.

Table 16:
Receipt of Non-Cash Benefits in RER Choices Experiment

All Offices Except Clint					
	Experimental Mean	Control Mean	Difference	Adjusted Net Effect	Percent Change
Full Sample					
Percent of time on Medicaid of any kind					
Caretaker	38.3%	36.4%	1.9%**	2.6%**	7.2%
Children	56.3%	56.4%	-0.1%	0.1%	0.1%
Percent of time on food stamps	43.5%	44.5%	-1.0%**	-0.6%**	-1.4%
Percent of time on transitional Medicaid	6.9%	5.8%	1.1%**	1.2%**	20.9%
Percent of time on transitional child care	1.4%	1.2%	0.2%**	0.3%**	21.4%
Subgroup analysis					
Percent of time on Medicaid—Caretaker					
4-Year (on-at-beginning)					
All recipients	44.0%	42.0%	2.0%**	2.7%**	6.4%
Short term recipients	39.2%	38.9%	0.3%	1.1%**	2.7%
Long term recipients	48.9%	44.9%	4.0%**	4.4%**	9.7%
Short-long difference	-9.7%**	-6.0%**	-3.7%**	-3.3%**	
Tier**					
Tier 1	37.2%	35.5%	1.7%**	2.1%**	4.8%
Tier 2	43.7%	42.9%	0.8%**	1.3%**	3.1%
Tier 3	44.9%	42.0%	2.9%**	4.4%**	10.6%
Percent of time on Medicaid—any child					
Tier**					
Tier 1	53.2%	53.1%	0.1%	0.1%	0.1%
Tier 2	59.2%	60.5%	-1.3%**	-1.2%**	-2.0%
Tier 3	58.9%	60.3%	-1.4%**	-0.8%**	-1.3%
Percent of time on food stamps					
Tier**					
Tier 1	41.8%	43.0%	-1.2%**	-1.1%**	-2.1%
Tier 2	47.2%	49.1%	-1.9%**	-1.7%**	-3.5%
Tier 3	48.6%	49.3%	-0.8%**	-0.3%	-0.6%

**Statistically significant at .01 level

Table 16: Receipt of Non-Cash Benefits in RER Choices Experiment (continued)

Clint Office Only					
	Experimental Mean	Control Mean	Difference	Adjusted Net Effect	Percent Change
Full Sample					
Percent of time on Medicaid of any kind					
Caretaker	36.2%	35.2%	1.0%**	1.2%**	3.3%
Children	58.1%	58.2%	-0.2%	-1.0%**	-1.6%
Percent of time on food stamps	38.9%	39.4%	-0.5%	-0.3%	-0.8%
Percent of time on transitional Medicaid	5.7%	4.5%	1.2%**	0.9%**	20.5%
Percent of time on transitional child care	0.5%	0.3%	0.1%**	0.1%**	29.1%
Subgroup Analysis					
Percent of time on Medicaid—caretaker					
Tier**					
Tier 1	40.1%	38.6%	1.5%**	2.1%**	4.7%
Tier 2	44.1%	43.0%	1.1%	0.9%	2.2%
Tier 3	44.1%	44.2%	-0.1%	0.1%	0.2%
Percent of time on Medicaid—any child					
4-Year (on-at-beginning)					
All recipients	63.4%	64.2%	-0.9%**	-1.9%**	-3.0%
Short term recipients	61.9%	63.4%	-1.5%**	-2.4%**	-3.7%
Long term recipients	67.2%	66.0%	1.2%	-0.2%	-0.4%
Short-long difference	-5.3%**	-2.6%**	-2.7%**	-2.1%**	
Before/after policy change (1 yr outcomes)					
Before	68.2%	74.6%	-6.4%**	-5.0%**	-6.7%
After	81.1%	76.4%	4.7%	6.1%	7.9%
After-before difference	12.9%**	1.8%	11.1%**	11.1%**	
Tier**					
Tier 1	57.7%	56.1%	1.6%**	0.9%	1.5%
Tier 2	57.9%	60.0%	-2.1%**	-3.2%**	-5.3%
Tier 3	59.3%	61.3%	-2.0%**	-2.7%**	-4.4%
Percent of time on food stamps					
4-Year (on-at-beginning)					
All recipients	45.8%	48.1%	-2.2%**	-1.5%**	-3.1%
Short term recipients	41.1%	43.7%	-2.5%**	-2.2%**	-5.1%
Long term recipients	58.7%	57.7%	1.0%	2.0%**	3.4%
Short-long difference	-17.6%**	-14.0%**	-3.6%**	-4.2%**	

**Statistically significant at .01 level

Control group families received food stamps about 45 percent of the time following random assignment, or more than five months per year. Although

experimental group families were significantly less likely to use food stamps, the size of the impact (minus 0.6 percentage points, or about two days per year) was very small.

Subgroups. The four-year impacts of Medicaid participation for adult caretakers varied significantly between long-term and short-term recipients. Although those subject to the combination of the PRA and time limits in both groups were significantly more likely to receive Medicaid than control group members, the magnitude of this impact was far greater for long-term recipients (4.4 percentage points, or 16 days per year) than for short-term recipients (1.1 percentage points). Similar patterns were found in the analysis by tier, in which Tier 3 caretakers in the experimental group accounted for the largest increases in Medicaid receipt (again, 4.4 percentage points). Both of these patterns of impacts most likely occurred because of the greater length of time that the more disadvantaged caretakers remained on the TANF rolls, thus giving them a longer time period in which to be subject to sanctions or penalties.

The only subgroup differences noted for participation in the children's Medicaid and the Food Stamp programs occurred in the analysis by tier groups. However, although these differences are statistically significant, they are very small.

Clint

Adult Medicaid participation in Clint, like in the other RER Choices sites, increased slightly among experimental group members. Children in families subject to RER provisions were enrolled in Medicaid for less of the time, but the difference was quite small (one percentage point, or about four days per year).

In Clint, impacts on caretakers' Medicaid participation only varied by tier, while those for children's Medicaid receipt varied for all three tested subgroups. Unlike the other sites, the overall impacts of Food Stamp participation in Clint masked differences in the magnitude and direction of these impacts between short-term and long-term recipients.

Use of Transitional Benefits

Under Texas' legislation, families leaving TANF due to employment or expiration of their time limits receive transitional Medicaid and transitional child care for 12-18 months. Although transitional benefits are only available to adults who are not receiving TANF, this measure was computed from the point of random assignment forward.³⁰ In the combined RER Choices sites, adults subject to RER provisions used transitional benefits significantly more often than did other adults in the experiment (Table 16). Rates of transitional Medicaid and transitional child care usage were 21 percent higher for adults in the experimental group.

Transitional benefits were used somewhat less often in Clint than in other RER sites, which is probably related to the lower employment rates in this location and the late start of the Choices program in this. However, the nature of the differences between the experimental and control groups were similar to those in other RER sites.

Family Self-Sufficiency

Combined Sites

Overall. In the combined RER Choices sites, caretakers not subject to RER provisions and time limits were employed 46 percent of the time after random assignment, or less than 6 months per year, and earned \$1,060 per quarter (zero earnings included in calculation). Earnings by all family members plus child support received averaged \$1,428 per calendar quarter. Less than six percent of the time did these families received enough income to exceed 155 percent of poverty. As shown in Table 17, caretakers in the experimental group were employed slightly more often (0.8 percentage points, or about three days more per year) and families earned slightly higher wages (\$27 per quarter) than control group members. This elevated rate of employment among those subject to RER provisions might help to explain their elevated use of transitional Medicaid and subsidized child care benefits cited in the previous section. No differences

³⁰ This deflates the absolute percentage of time calculation but produces the most accurate measurement of the impact of the experiment on this measure.

between the two groups were observed in their ability to earn self-sufficiency wages nor their ability to leave poverty when combining all measured income sources.

Table 17:
Family Self-Sufficiency in RER Choices Experiment

All Offices Except Clint						
		Experimental Mean	Control Mean	Difference	Adjusted Net Effect	Percent Change
Full Sample						
Employment						
	Percent of quarters in which caretaker had wages of any amount	46.2%	45.7%	0.4%	0.8%**	1.8%
Earnings						
	Average quarterly caretaker wages	\$1,085	\$1,060	\$25**	\$20	1.8%
	Average quarterly family wages earned	\$1,306	\$1,274	\$32**	\$27**	2.1%
	Percent of quarters in which caretaker wages exceeded 155% of poverty	3.44%	3.51%	-0.1%	-0.2%	-4.9%
	Percent of quarters in which family earnings exceeded 155% of poverty	4.63%	4.65%	-0.02%	-0.12%	-2.6%
Combined income sources						
	Average quarterly family wages earned plus child support collections retained by family	\$1,464	\$1,428	\$36**	\$30**	2.1%
	Percent of quarters in which family wages plus child support was greater than 155% of poverty	5.46%	5.48%	-0.02%	-0.16%	-2.9%
Subgroup Analysis						
Employment						
4-Year (on-at-beginning)						
	All recipients	43.5%	43.3%	0.2%	0.5%	1.3%
	Short term recipients	41.9%	40.9%	1.0%**	1.2%**	3.0%
	Long term recipients	46.2%	47.1%	-0.9%	-0.6%	-1.3%
	Short-long difference	-4.3%**	-6.2%**	1.9%**	1.8%**	
Average quarterly wages						
4-Year (on-at-beginning)						
	All recipients	\$963	\$925	\$38**	\$33**	3.5%
	Short term recipients	\$991	\$909	\$81**	\$67**	7.4%
	Long term recipients	\$914	\$950	-\$36	-\$26	-2.7%
	Short-long difference	\$77**	-\$41**	\$118**	\$93**	

**Statistically significant at .01 level

Table 17: Family Self-Sufficiency in RER Choices Experiment (continued)

Clint Office Only						
	Experimental Mean	Control Mean	Difference	Adjusted Net Effect	Percent Change	
Full Sample						
Employment						
Percent of quarters in which caretaker had wages of any amount	31.2%	30.2%	1.0%**	-0.7%	-2.2%	
Earnings						
Average quarterly caretaker wages	\$817	\$752	\$65**	\$5	0.7%	
Average quarterly family wages earned	\$1,012	\$977	\$35	-\$16	-1.6%	
Percent of quarters in which caretaker wages exceeded 155% of poverty	2.18%	1.87%	0.3%**	0.0%	2.3%	
Percent of quarters in which family earnings exceeded 155% of poverty	3.13%	2.89%	0.2%	0.0%	1.3%	
Combined income sources						
Average quarterly family wages earned plus child support collections retained by family	\$1,130	\$1,090	\$40	-\$12	-1.1%	
Percent of quarters in which family wages plus child support was greater than 155% of poverty	3.71%	3.42%	0.3%	0.1%	2.3%	
Subgroup Analysis						
Employment						
Tier**						
Tier 1	47.4%	45.7%	1.8%**	-0.4%	-1.0%	
Tier 2	33.8%	35.2%	-1.4%	-3.9%**	-10.9%	
Tier 3	23.6%	24.4%	-0.7%	-1.5%	-6.3%	

**Statistically significant at .01 level

Subgroups. The analysis of persons who were assigned to the RER Choices experiment early enough for four-year outcomes to be computed revealed some differences in employment and earnings patterns among long-term and short-term recipients. Short-term recipients subject to RER provisions had slightly higher rates of employment (1.2 percentage points) and earnings (\$67 per quarter) than similar adults in the control group. However, no significant differences were found for either of these measures for persons with 30 or more months of prior TANF receipt at the point of random assignment. No significant differences in employment or earnings impacts were observed in either the before-after analysis of one-year outcomes or the tier analysis.

Clint

Overall. The 30 percent employment rate, amounting to less than four months of employment per year, and quarterly wages of \$752 in Clint were lower than in the other RER sites, which can probably be explained by El Paso's proximity to the Mexican border and Clint's semi-rural nature. Although uncorrected differences between control and experimental groups were all significant, all of these differences were attributable to the entry effects of allowing more two-parent, but very poor families onto the TANF rolls under RER policies. After controlling for these baseline characteristics, no difference in employment rates or earnings remained between the groups. Less than four percent of families from either group received enough income to exceed 155 percent of poverty.

Subgroups. Employment impacts in Clint varied significantly by tier. Although no impacts were observed for Tier 1 and 3 caretakers, Tier 2 experimental caretakers were significantly less likely to be employed (3.9 percentage points, or two fewer weeks per year) than those in the control group. No significant variation in earnings impacts was found in any of the subgroup analyses in Clint.

Participation in Workforce Development Services

In the RER experiment in Choices counties, a caretaker's state time limit clock was activated when she was offered an opening in the Choices program. These clocks ticked regardless of whether an individual chose to participate in Choices or was placed in penalty status for failure to participate. Members of the control group, although not subject to time limits, were removed from the TANF grant (sanctioned) for failure to comply with Choices participation requirements.

The RER Clint site did not begin operating a Choices program until October 1998, so a shorter period was available for observing Choices participation in that site.

Combined Sites

Overall. Table 18 shows that about 35 percent of TANF adults in the control group participated in the Choices program at some point after random assignment, a higher rate (by 1.8 percentage points) than the Choices participation rate for persons

subject to both time limits and the PRA. Non-participants included those persons not yet called into a local workforce development center, those exempt from participation, those who opted to accept a penalty or sanction instead of participating, and those who left TANF prior to being required to participate. Similarly, persons in the control group spent 4.7 percent of their time (about 17 days per year) after random assignment participating in the Choices program, a figure 0.4 percentage points (less than 2 days per year) higher than the rate for adults subject to the PRA and time limits. Choices participants in both groups averaged approximately 104 hours per month in the Choices program. Thus, while those subject to the PRA and time limits spent significantly less time participating in Choices, as noted above, they were far more likely to be punished financially for failure to comply with Choices participation requirements than were caretakers in the control group.

Experimental and control group members participated in other workforce development programs equally. Forty-three percent of control group members participated in other programs run by the local workforce centers (JTPA, WIA, and WtW), while nine percent participated in post-secondary education. Very few members of either group (approximately one percent) received a post-secondary degree in the observed time period.

Subgroups. The percent of time spent participating in Choices varied significantly both before and after the 1999 policy changes and by tier. Prior to the 1999 policy changes, experimental and control group members participated in Choices at equal rates. In the year following this change, however, experimental group members were significantly more likely to participate in Choices than control group members. The impacts were strong for this later group of enrollees (3.7 percentage points, or an additional two weeks per year).

The experimental impacts on percent of time spent in Choices also varied by tier. Tier 1 caretakers subject to RER provisions spent significantly less time in Choices than did control group members, a pattern which was reversed for Tier 3 recipients.

Table 18:
Workforce Development Participation in RER Choices Experiment

	Experimental Mean	Control Mean	Difference	Adjusted Net Effect	Percent Change
All Offices Except Clint					
Full Sample					
Percent of months participating in Choices program	4.2%	4.7%	-0.5%**	-0.4%**	-7.7%
Ever participated in Choices	33.3%	35.3%	-2.0%	-1.8%	-5.1%
Average hours of Choices participation per month (among those who participated)	103.8	103.5	0.3	0.1	0.1%
Percent ever participating in JTPA, WIA, or WtW	41.5%	43.3%	-1.8%	-1.6%	-3.7%
Percent ever participating in post-secondary education	8.6%	9.3%	-0.7%	-0.6%	-6.3%
Percent ever receiving post-secondary degree	1.0%	1.2%	-0.3%	-0.2%	-19.1%
Subgroup Analysis					
Percent of months of Choices participation					
Before/after policy change (1 yr outcomes)					
Before	5.0%	5.6%	-0.6%	-1.1%	-18.7%
After	14.4%	10.9%	3.5%**	3.7%**	33.7%
After-before difference	9.4%**	5.2%**	4.1%**	4.7%**	
Tier**					
Tier 1	4.3%	5.3%	-1.1%**	-1.0%**	-22.8%
Tier 2	4.9%	5.1%	-0.2%	-0.1%	-2.1%
Tier 3	4.7%	4.5%	0.1%	0.4%**	8.7%
Clint Office Only					
Full Sample					
Percent of months participating in Choices program	1.0%	1.0%	-0.07%	0.07%	6.9%
Ever participated in Choices	9.9%	8.5%	1.38%	1.42%	16.7%
Average hours of Choices participation per month (among those who participated)	110.2	113.0	-2.8	3.3	2.9%
Percent ever participating in JTPA, WIA, or WtW	25.9%	22.8%	3.07%	2.34%	10.3%
Percent ever participating in post-secondary education	6.3%	7.9%	-1.53%	-1.47%	-18.7%
Percent ever receiving post-secondary degree	0.4%	0.5%	-0.07%	-0.05%	-10.9%
Subgroup Analysis					
Percent of months of Choices participation					
Tier**					
Tier 1	1.3%	1.3%	0.0%	0.2%**	33.1%
Tier 2	1.3%	1.0%	0.3%	0.5%**	48.6%
Tier 3	1.0%	1.4%	-0.4%**	-0.3%**	-22.0%

**Statistically significant at .01 level

Clint

In the combined results, no effects of RER on participation in any workforce development programs were observed. As noted earlier, the Choices program in this site did not begin its operations until October 1998. Thus, the percent of time spent in Choices could only be computed after that date. As shown in Table 18, although there was no overall effect, the effect of RER on Choices participation in Clint also varied by tier. While Tier 3 experimental caretakers were less likely than controls to participate in Choices, the opposite pattern was observed for Tiers 1 and 2 caretakers.

Family and Child Indicators

Family and child indicators being studied included: child support and paternity establishment, use of subsidized child care, immunization of pre-school children, education for school-aged children, and use of child protective services, including both foster care placements and rates of abuse or neglect. Because experimental group members were subject to both time limits and PRA provisions while control group members were subject to neither, any differences observed in these measures are attributable to the combined effects of the time limits and PRA provisions of ACT. When data were available, rates of PRA penalties for experimental group members were compared to actual behavioral changes in the area penalized. Such comparisons were possible for child support, immunization, and education indicators.

Child Support and Paternity Establishment

Combined Sites

Overall. Several child support statistics were used to determine whether the RER experiment had any effect on either the process of collecting child support or actual collections.³¹ As shown in Table 19, the OAG Office of Child Support Enforcement began the process of collecting child support by opening cases for 87 percent of families in the experiment. New paternity establishments were obtained for 0.5 percent of these

³¹ These are described more fully in the time limits section of this report.

families per month, usually for one child. Child support was actually collected in 17 percent of the months following random assignment, or about two months out of every year, with monthly collections averaging only \$58 (zeroes included in the calculation). For most of the child support measures, no differences were found between members of the experimental and control groups. However, child support was collected for experimental group members significantly more often, and in greater amounts, than for members of the control group. Although the magnitude of these differences was small (1 percentage point, or about 4 additional days of collection per year, and an additional \$2 per month), these effects may have been due to the imposition of penalties for failure to cooperate with child support. As noted above, experimental group members received financial penalties during 4.4 percent of their months on TANF for failure to cooperate with child support officials, compared to only one percent of months spent in sanctioned status for control group members.

Subgroups. The analysis of four-year outcomes indicated that the overall results masked quite different impacts for short- and long-term TANF recipients. Among persons who had received TANF for 30 or more months, those subject to RER Choices provisions collected child support a greater share of the time. The adjusted net impact of 1.5 percentage points represented an eleven percent increase in the proportion of months in which child support was collected. No such effect was observed among short-term recipients. This pattern probably was observed because of the lengthy legal process required to collect child support and the priority given to TANF cases in child support collection. The longer that families were on TANF, the more time the OAG had to complete this process. Also, long-term TANF recipients had far greater rates of child support penalties than did short-term recipients.

Significant differences in the effect of time limits and the PRA on child support collections were also observed by tier. While Tiers 1 and 2 experimental caretakers experienced greater collections than controls did, no effects were observed for Tier 3 caretakers. No differences in child support impacts occurred as a result of the 1999 policy changes.

Table 19:
Family and Child Indicators in RER Choices Experiment

	Experimental Mean	Control Mean	Difference	Adjusted Net Effect	Percent Change
All Offices Except Clint					
Full Sample					
Child support case status and paternity establishment†					
Proportion of families with an OAG child support case open	85.8%	86.7%	-0.9%	-0.6%	-0.6%
Proportion of families with an OAG case open experiencing new paternity establishment(s) monthly	0.4%	0.5%	0.0%	0.0%	-3.3%
Of families experiencing new paternity establishment(s), average number of children for whom paternity established	1.23	1.26	-0.03	-0.03	-2.2%
Percent of months in which any child support was collected	17.6%	17.2%	0.3%**	1.0%**	5.6%
Average monthly child support collections	\$59	\$58	\$0	\$2**	3.7%
Subsidized child care					
Percentage of cases using SCC monthly	8.1%	7.9%	0.2%**	0.4%**	4.8%
Average number of children using SCC monthly, of families receiving SCC	1.97	1.91	0.06**	0.09**	4.6%
Subsidy per child-month using SCC	\$230	\$231	-\$1.45	\$0.23	0.1%
Children's immunization					
Percent of pre-school children with any immunizations reported in ImmTrac	46.6%	47.5%	-0.9%	n.a. (dis.)	-1.8%
Percent of pre-school children who are fully immunized (age-appropriate) as reported in ImmTrac	6.5%	6.2%	0.3%	n.a. (dis.)	4.4%
Children's education					
School attendance rate	92.1%	92.1%	0.0%	n.a. (dis.)	0.0%
School mobility	1.27	1.28	-0.01	n.a. (dis.)	-1.0%
School dropout rate	1.0%	1.0%	0.0%	n.a. (dis.)	1.5%
TAAS reading: percent passed	71.2%	72.4%	-1.2%	n.a. (dis.)	-1.7%
TAAS mathematics: percent passed	71.5%	69.7%	1.7%	n.a. (dis.)	2.5%
Child Protective Services					
Rate of foster care placement per month	0.037%	0.049%	-0.01%	-0.01%	-17.6%
Rate of substantiated reports of abuse or neglect per month	0.165%	0.166%	-0.0010%	-0.0002%	-0.1%

Table 19: Family and Child Indicators in RER Choices Experiment (continued)

	Experimental Mean	Control Mean	Difference	Adjusted Net Effect	Percent Change
All Offices Except Clint (continued)					
Subgroup Analysis					
Percent of months in which child support was collected†					
4-Year (on-at-beginning)					
All recipients	12.8%	12.6%	0.2%	0.5%**	4.3%
Short term recipients	9.8%	10.6%	-0.8%**	-0.3%	-3.2%
Long term recipients	15.8%	14.4%	1.4%**	1.5%**	10.6%
Short-long difference	-6.0%**	-3.8%**	-2.2%**	-1.9%**	
Tier**					
Tier 1	17.7%	17.1%	0.6%**	1.0%**	7.3%
Tier 2	13.9%	13.4%	0.5%	1.2%**	8.7%
Tier 3	12.8%	13.3%	-0.5%**	0.1%	0.6%
Percent of cases using subsidized child care per month					
4-Year (on-at-beginning)					
All recipients	7.7%	7.6%	0.1%	0.2%	2.1%
Short term recipients	6.6%	7.1%	-0.5%**	-0.3%	-4.2%
Long term recipients	8.9%	8.1%	0.8%**	0.6%**	7.4%
Short-long difference	-2.3%**	-1.0%**	-1.3%**	-0.9%**	
Before/after policy change (1 yr outcomes)					
Before	7.5%	9.5%	-2.1%	-2.4%**	-25.5%
After	18.2%	12.6%	5.5%**	6.7%**	52.9%
After-before difference	10.7%**	3.1%**	7.6%**	9.1%**	
Tier**					
Tier 1	10.0%	9.8%	0.2%	0.1%	1.5%
Tier 2	7.8%	8.0%	-0.2%	-0.1%	-0.8%
Tier 3	6.5%	5.9%	0.5%**	1.2%**	20.7%
Clint Office Only					
Full Sample					
Child support case status and paternity establishment†					
Proportion of families with an OAG child support case open	65.1%	69.0%	-3.9%	-1.4%	-2.0%
Proportion of families with an OAG case open experiencing new paternity establishment(s) monthly	0.2%	0.2%	0.0%	0.0%	1.9%
Of families experiencing new paternity establishment(s), average number of children for whom paternity established	1.26	1.30	-0.03	-0.07	-5.3%
Percent of months in which any child support was collected	7.9%	8.5%	-0.6%**	0.1%	1.3%
Average monthly child support collections	\$28	\$29	-\$1.16	\$1.14	3.9%

Table 19: Family and Child Indicators in RER Choices Experiment (continued)

	Experimental Mean	Control Mean	Difference	Adjusted Net Effect	Percent Change
Full Sample (continued)					
Subsidized child care					
Percentage of cases using SCC monthly	3.2%	3.2%	0.0%	-0.2%	-5.9%
Average number of children using SCC monthly, of families receiving SCC	2.05	1.97	0.08**	-0.05	-2.8%
Subsidy per child-month using SCC	\$209	\$216	-\$6.77**	-\$6.53	-3.0%
Children's immunization					
Percent of pre-school children with any immunizations reported in ImmTrac	62.8%	59.3%	3.5%	n.a. (dis.)	5.8%
Percent of pre-school children who are fully immunized (age-appropriate) as reported in ImmTrac	9.6%	10.0%	-0.3%	n.a. (dis.)	-3.3%
Children's education					
School attendance rate	94.3%	93.8%	0.5%**	n.a. (dis.)	0.6%
School mobility	1.14	1.15	-0.01	n.a. (dis.)	-0.9%
School dropout rate	0.5%	0.6%	-0.1%	n.a. (dis.)	-21.1%
TAAS reading: percent passed	73.5%	68.0%	5.5%**	n.a. (dis.)	8.1%
TAAS mathematics: percent passed	73.5%	70.5%	3.0%	n.a. (dis.)	4.2%
Child Protective Services					
Rate of foster care placement per month	0.002%	0.009%	-0.01%	-0.01%	-72.6%
Rate of substantiated reports of abuse or neglect per month	0.043%	0.057%	-0.01%	-0.01%	-17.7%
Subgroup Analysis					
Percent of months in which child support was collected†					
4-Year (on-at-beginning)					
All recipients	6.1%	7.0%	-0.9%**	-0.4%	-5.3%
Short term recipients	5.3%	5.7%	-0.4%	0.1%	1.0%
Long term recipients	8.3%	9.9%	-1.7%**	-1.2%**	-12.3%
Short-long difference	-3.0%**	-4.2%**	1.3%**	1.3%**	
Tier**					
Tier 1	10.5%	11.6%	-1.1%**	-0.3%	-6.6%
Tier 2	8.9%	7.3%	1.7%**	2.2%**	30.5%
Tier 3	4.4%	6.2%	-1.8%**	-1.0%**	-16.9%
Percent of cases using subsidized child care per month					
4-Year (on-at-beginning)					
All recipients	2.8%	2.2%	0.6%**	0.0%	-1.3%
Short term recipients	2.2%	2.2%	0.0%	-0.5%**	-20.5%
Long term recipients	4.5%	2.3%	2.2%**	1.2%**	50.0%
Short-long difference	-2.3%**	-0.1%	-2.3%**	-1.6%**	
Before/after policy change (1 yr outcomes)					
Before	1.6%	3.9%	-2.3%**	-2.2%**	-57.3%
After	5.2%	11.2%	-6.0%**	-6.0%**	-53.8%
After-before difference	3.6%**	7.3%**	-3.7%**	-3.8%**	

n.a. (dis.) means the adjusted net effect could not be calculated for this measure because disclosure rules prevented children's education data from being linked to parents' demographic characteristics.

**Statistically significant at .01 level.

†Child support data were not available from June 1996 through August 1997.

Clint

Overall. Because of the high proportion of two-parent families in the Clint experiment, less than 70 percent of control group families had open child support cases with the OAG. Paternity was established for less than one percent of families each month and child support was collected less often and in lower amounts than in other RER Choices sites. No significant differences were observed for any of the child support measures. However, as seen in Table 15, over two percent of total months on TANF were spent in penalty status for failure to cooperate with child support compared to only 0.5 percent of months in sanction status for control group members.

Subgroups. As with the other RER sites, differences in child support impacts varied significantly both among short and long-term caretakers and by tier. However, the direction of the impact for some subgroups was contrary to the findings in other sites. For example, reduced child support collections, relative to controls, were observed for long-term recipients and Tier 3 caretakers in Clint, two groups for whom different results were measured in the other RER sites. The reasons for different patterns in this site are not clear.

Use of Subsidized Child Care

Combined sites

Overall. As shown in Table 19, nearly eight percent of control group families used subsidized child care each month, or about one month of receipt per year per family, with an average of nearly two children in care per subsidized family. Although experimental group members made greater use of subsidized child care than control group members, the differences are small, both in terms of rates (0.4 percentage points, or an additional 2 days per year), and number of children per subsidized family (.09 additional children). No differences between the two groups were observed in the average subsidy of approximately \$230 per child-month.

Subgroups. The combined results masked differences within each of the subgroup analyses. Among caretakers who had received at least 30 months of TANF prior to random assignment, those subject to RER Choices provisions were significantly

more likely to use subsidized child care than were controls. No such effect occurred among persons with less TANF experience.

Prior to the 1999 policy changes, adults in the experimental groups used of subsidized child care less often than controls (by 2.4 percentage points, or about nine fewer days of SCC receipt per year). However, once the new policy changes went into effect, that pattern reversed itself. In the later time period, experimental group members were much more likely to use child care (6.7 percentage points, or about 24 more days per year). It is difficult to isolate the exact reason for this change because of the number of policy changes that occurred around this time (e.g., imposition of federal time limits, expansion of earned income disregard, lowering of 'age of child' exemption). Similar differences in impacts by time period were noted in Choices participation, which at least partially explains why more families were using subsidized child care.

Use of subsidized child care also varied significantly by tier, with experimental caretakers in Tier 3 significantly more likely to use this service than control group members. No impacts were observed for either Tier 1 or Tier 2 caretakers.

Clint

Overall. About three percent of families in Clint used subsidized child care in any given month. This low rate was probably due to the lack of a Choices program prior to October 1998, lower overall rates of employment for these families, and a higher percentage of two-parent families who may have had alternatives to formal paid child care. Monthly subsidies averaged \$216 for control group families, which did not differ from the average spent subsidizing experimental group families.

Subgroups. As in the other RER Choices sites, the use of subsidized child care varied significantly by subgroup. In the four-year analysis, as in the other sites, among long-term recipients, those subject to RER provisions were more likely to use child care than were controls. Unlike in the other sites, among short-term recipients this pattern was significantly reversed, with experimental members receiving less subsidized child care.

Also puzzling was the before-after policy change analysis, in which the changing impact of RER on Choices participation in Clint was the reverse of that in the other sites.

Those subject to RER Choices provisions in Clint became even less likely than controls to use subsidized child care after the policy changes. No differences in use of child care were observed by tier. Some of these differences in findings between Clint and the other RER Choices sites are probably attributable to the late start of the Choices program in Clint but it is not immediately obvious how the numerous changes in policy in this site combined to produce these statistical results.

Children's Immunization

Approximately 48 percent of pre-school children in families in the combined sites received at least one immunization that was reported in ImmTrac, while only six percent had been fully immunized. No significant differences occurred between the experimental and control groups.³² The low rates of immunizations reported in ImmTrac, coupled with relatively low rates of penalties for failure to comply with this PRA provision (less than two percent of TANF case months following random assignment), suggest that many immunizations may not have been recorded in the ImmTrac data system. Reasons for this seeming discrepancy are discussed more fully in the Appendix.

In Clint, 59-63 percent of pre-school children received at least one immunization, while approximately 10 percent of them were fully immunized. Penalties were rarely imposed (0.4 percent of TANF case months following random assignment) for failure to get children immunized.

Children's Education

Education measures include rates of school attendance, school mobility, and dropouts, as well as performance on the Texas Assessment of Academic Skills (TAAS), which is given to all Texas third through eighth grade students on an annual basis.³³

³² Adjusted net effects could not be calculated for these measures because privacy laws prevented children's immunization data from being linked to parents' demographic characteristics. Thus, any differences in parents' attributes at random assignment are not accounted for in these calculations.

³³ Adjusted net effects could not be calculated for these measures because privacy laws prevented children's education data from being linked to parents' demographic characteristics. Thus, any differences in parents' attributes at random assignment are not accounted for in these calculations.

Combined sites. In the combined sites, children in this experiment attended school 92 percent of the time following random assignment and attended an average of 1.3 schools per year.³⁴ Only one percent of students dropped out per year during the period being studied, which was probably influenced by the relatively young age of the children in TANF families. Approximately 72 percent of these children passed the reading portion of the TAAS, while 70-72 percent passed the TAAS math tests over the five years studied. TAAS passing rates for these students were well below those for economically disadvantaged students during the school years being studied.³⁵ No effects of the PRA plus time limits were observed on any of these measures. However, a repeated measures analysis described more fully in the Appendix found an effect on school mobility. When controlling for mobility levels before random assignment, the children of those subject to RER Choices provisions had 15 percent smaller odds of changing schools during the school year. On the whole, despite the fact that parents in the experimental group received financial penalties for 4.5 percent of total months on TANF after random assignment for failure to comply with school attendance provisions of the PRA, few differences in educational indicators were observed between the experimental and control groups.

Clint. Children in Clint generally performed better in school than children in other RER sites. Children in control group families attended school 94 percent of possible time and attended an average of 1.1 schools per year in the five years studied. 68-74 percent passed TAAS reading tests and approximately 71-74 percent passed TAAS math tests. Although small differences were observed between experimental and control groups, these are probably attributable to entry effects, which could not be calculated for the education indicators. The repeated measures analysis confirmed that the observed differences in TAAS scores and attendance rates were present at the point of random assignment. Experimental group members spent only 0.5 percent of total months in penalty status for the RER school attendance provision. This may have occurred because

³⁴ Average attendance rates for economically disadvantaged students throughout Texas for these school years were over 95 percent.

³⁵ Average TAAS passing rates for economically disadvantaged students for the 1996-97 through 2000-2001 school years were: reading 73.7%, 78.4%, 78.2%, 79.8%, and 82.3% and math 70.5%, 76.1%, 78.7%, 81.1% and 85.3% respectively.

caseworkers called the school to verify attendance rather than relying on parents to provide this documentation.

Use of Child Protective Services

Very few children of the families in this experiment used protective services during the observed time period. Approximately 0.05 percent of all control group children (or 1 in every 2000) were placed in foster care in any given month. Substantiated charges of abuse or neglect were reported for only 0.16 percent of children (or 3 of every 2000) in the experiment each month, with no differences observed between the two groups on either of these measures.

Rates of foster care placements and substantiated abuse or neglect were even lower in Clint than in other RER sites. No differences were found between experimental and control group families.

Summary of RER Choices Results

Three of the four RER sites in Choices counties revealed no significant differences in the number of persons assigned to the experimental and control groups or the demographic characteristics of the families in the two groups. In El Paso's Clint office, however, more persons were assigned to the experimental group. The Clint experimental group also contained a higher share of two-parent families and had higher rates of employment and earnings than control group members. Further analysis revealed that most of the differences in the number and characteristics of the persons assigned to the experimental group in Clint were attributable to entry effects resulting from the elimination of the 100-hour and work history rules for two-parent TANF families. The disregard of children's earnings also accounted for a small portion of the entry effects in Clint. These rule changes allowed a larger number of working, but very poor, families onto the TANF rolls. Because of these and other differences of the Clint office, results for that location are reported separately.

Combined Sites

Overall findings in the RER experiment in Choices counties for the Beaumont, Corpus Christi and Odessa sites produced significant but varying impacts on welfare dynamics, large increases in financial penalties, slight gains in employment and some measures of earnings, reductions in Choices participation, increased use of subsidized child care and collection of child support but no impacts on other family and child outcomes. However, a number of differences were found among the various subgroups measured, suggesting that this experiment affected TANF caretakers with different characteristics and welfare history in very different ways.

Welfare dynamics. Significant but very small reductions in the use of TANF were observed for children of experimental group members. However, because of rules allowing caretakers who received financial penalties to remain on the TANF rolls, the RER experiment increased TANF receipt among adult caretakers. The value of the average monthly TANF grant was slightly lower for experimental group families. The impacts of the RER experiment on TANF receipt varied by tier, with only Tier 1 and 2 experimental group families receiving TANF less often than their control group counterparts.

By the end of September 2001, 286 Tier 1, 20 Tier 2, and seven Tier 3 caretakers in the combined sites had exited TANF because of reaching their time limit. Nearly all affected Tier 1 families initially continued to receive Medicaid and food stamps, while the children in over 88 percent of these families continued to receive TANF benefits. Caretaker earnings were below the poverty level, even for those working for the entire year after being forced to leave TANF. One year later, one third of children in these families received TANF while 82 percent received Medicaid. However, less than half of these families received food stamps. Half of caretakers were employed and only six percent received subsidized child care of any kind. Only 20 percent were receiving child support.

Over 29 percent of families subject to the RER provisions received financial penalties, compared to only five percent of families in the control group sanctioned under the old rules. Caretakers in the experimental group received financial penalties for

failure to comply with PRA provisions 16 percent of the time they were on TANF following random assignment. Most of these penalties were issued for not complying with PRA provisions related to Choices, Texas Health Steps program, child support, and school attendance. By comparison, control group members spent less than six percent of the time being sanctioned for failure to cooperate with the child support or Choices provisions in effect under the pre-ACT rules. The average length of time caretakers remained in penalized status increased by almost a month when families were subject to both time limits and the PRA. Among the caretakers who were receiving TANF near the beginning of the experiment, long-term recipients subject to RER Choices provisions experienced larger increases in penalties, relative to controls, than did short-term recipients for both child support and Choices penalties. Similarly, the increased rate of penalization was generally stronger among Tier 2 and 3 caretakers in the experimental group than for Tier 1 caretakers.

Medicaid usage was higher for experimental caretakers in RER families because they automatically remained enrolled even while receiving financial penalties. Among subgroups, these effects were particularly strong for long-term recipients and Tier 3 caretakers. There were no overall differences in Medicaid receipt among children in the two groups and small differences by tier. Although persons subject to RER Choices provisions were less likely to receive food stamps than control group families, the impacts were very small.

Caretakers subject to RER Choices provisions used both transitional Medicaid and transitional child care 20 percent more of the time than did those in the control group.

Other measures. The RER Choices experiment produced small gains in rates of caretaker employment and total family earnings, but had no impact on the ability of caretakers to earn higher wages nor of families to leave poverty through the combination of all measured income sources. Even these small impacts were driven primarily by four-year outcomes for short-term TANF recipients, with no differences in impacts measured for any of the other subgroups.

While about 35 percent of both experimental and control group caretakers participated in the Choices program, those who were subject to PRA and time limit

provisions spent a smaller percent of time enrolled in this program, and were far more likely to receive financial penalties for failure to comply with Choices participation. This pattern was reversed when a strong increase in the rate of Choices participation occurred for experimental group caretakers following the 1999 policy changes. Tier 1 caretakers subject to RER and time limit provisions spent less time in Choices than did control group members, while those in Tier 3 did the opposite. No differences were observed in experimental and control group participation in other workforce development services.

For the family and child indicators measured, the RER experiment produced no differences in paternity establishments but small gains in the number of months in which child support was collected and the amount collected. However, these small impacts masked wide variation in impacts among certain subgroups. Four-year outcomes produced increased collection rates for long-term recipients but no impacts for short-term recipients subject to RER. Increased collection rates were also observed for Tier 1 and 2 caretakers, but not for Tier 3 caretakers. These differences may have been associated with the penalties imposed for failure to cooperate with child support collections and the long time needed to complete the process needed to collect child support.

Small increases in the use of subsidized child care by those subject to both time limits and the PRA were partially attributable to higher usage of transitional child care by experimental group members. However, these small overall effects hide fairly large differences in impacts by subgroups. Large increases in the use of subsidized child care by experimental group members were observed for long-term recipients, caretakers assigned following the 1999 policy changes and Tier 3 caretakers while reduced utilization occurred for experimental caretakers assigned prior to the 1999 policy changes.

A slight decrease in school mobility, but no other differences in school attendance or other education indicators were observed between the experimental and control groups, even though parents in the experimental group received financial penalties during approximately two percent of total time on TANF for failure to comply with the PRA's school attendance provisions. Immunization rates did not vary significantly between the two groups and very few children needed foster care or child protective services during the observed time period.

Clint

Of all the sites in the experiment, the Clint office was the most affected by the expanded TANF eligibility rules for certain very low-income, working families. This occurred because of Clint's high share of two-parent Hispanic families, the group most affected by these rules changes. Due to the impact of these rule changes on the demographic characteristics of families enrolling in the experiment, appropriate statistical adjustments were applied to compensate for demographic differences that resulted from these entry effects prior to measuring other program impacts. This often resulted in smaller adjusted net effects between the two groups than the actual observed effects.

Welfare dynamics. No impacts were observed on the rates of TANF usage by adults. While children in the experimental group used TANF significantly less often, differences between the groups were quite small. Tier 3 caretakers subject to RER rules spent less time on TANF than did control group members.

Far fewer penalties for failure to comply with PRA provisions were imposed in Clint than in other sites, with only 10 percent of caretakers receiving any penalty and only four percent of time on TANF spent in penalty status. While these lower rates are partially accounted for by the absence of a Choices program until October 1998, penalties were lower in other categories as well. Even so, all of the experimental-control differences in Clint were statistically significant and rather large. Long-term recipients experienced the greatest penalty rates, relative to controls.

Overall patterns of adult Medicaid usage in Clint were similar to those in other RER Choices sites but children subject to RER provisions received Medicaid less often than control group members. Impacts on caretakers' Medicaid participation only varied by tier, while those for children's Medicaid receipt varied for all three tested subgroups. Although there was no overall effect, the magnitude and direction of food stamp impacts varied for short-term and long-term recipients, with short-term recipients subject to the PRA and time limits less likely to receive this benefit and long-term recipients more likely to do so. Although the overall use of transitional benefits was somewhat lower in Clint, the experimental group used these benefits more often than control group members did. Transitional child care usage was very low for both groups.

Other measures. Caretakers in Clint were employed 30 percent of the time following random assignment, the lowest of all the sites and most likely a result of the poor economy in that region. After controlling for entry effects, no differences in overall employment rates were observed between the groups. However, Tier 2 experimental caretakers were less likely to be employed than those in the control group. The overall findings revealed no differences in earnings between the experimental and control groups. Less than four percent of either group of these families received enough income to exceed 155 percent of poverty.

No impacts on Choices participation were present in the overall findings. Tier 3 caretakers subject to the PRA and time limits were less likely to participate in Choices than control group caretakers, an opposite pattern than observed for Tiers 1 and 2 caretakers. Participation in other workforce development programs was low, with no differences between the two groups.

Less than 70 percent of Clint caretakers had open child support cases (a lower rate than in the other RER sites), which probably resulted from the higher proportion of two-parent TANF families in this location. No overall impacts were observed for any of the child support measures. However, child support was collected more often both for long-term recipients and for caretakers in Tiers 1 and 2 who were subject to RER and time limit provisions. The direction of the impacts for some subgroups was contrary to the findings in other RER sites.

The small reductions in the usage of subsidized child care due to RER provisions in Clint masked larger differences in direction and magnitude by subgroup. Long-term recipients subject to RER rules were more likely to use child care while short-term recipients were less likely to use this service. Contrary to the findings in other RER sites, persons assigned after the 1999 policy changes became even less likely to use child care than families assigned earlier in the experiment.

Children in Clint performed better on several education indicators than children in other sites. No significant differences were observed for education, immunization, or child protective services measures.

Chapter 4: RER Non-Choices Experiment

A variant of the RER experiment was evaluated in four offices in rural counties that did not offer Choices services to TANF recipients. This is referred to as the RER Non-Choices experiment, and the sites included offices in Hondo, Huntsville, Lockhart, and Luling. Experimental group members at these sites were subject to RER provisions (expanded TANF eligibility rule and the PRA) while the old AFDC rules applied to control group members. Because Texas time limits are tied to an offer of participation in the Choices program, neither group was subject to time limit provisions.³⁶

The RER experiment in Non-Choices sites was implemented in January 1997. By the end of September 2000, 1684 cases were assigned to participate in the RER Non-Choices experiment as either experimental or control group members. Persons already receiving TANF in January 1997 were enrolled in this experiment at their first re-certification after that date, and new TANF applicants were enrolled when they were first certified to receive TANF. Figure 5 displays the number of families entering the experiment each month. Over 60 percent of families participating in RER Non-Choices by the end of September 2000 entered the experiment near its beginning.

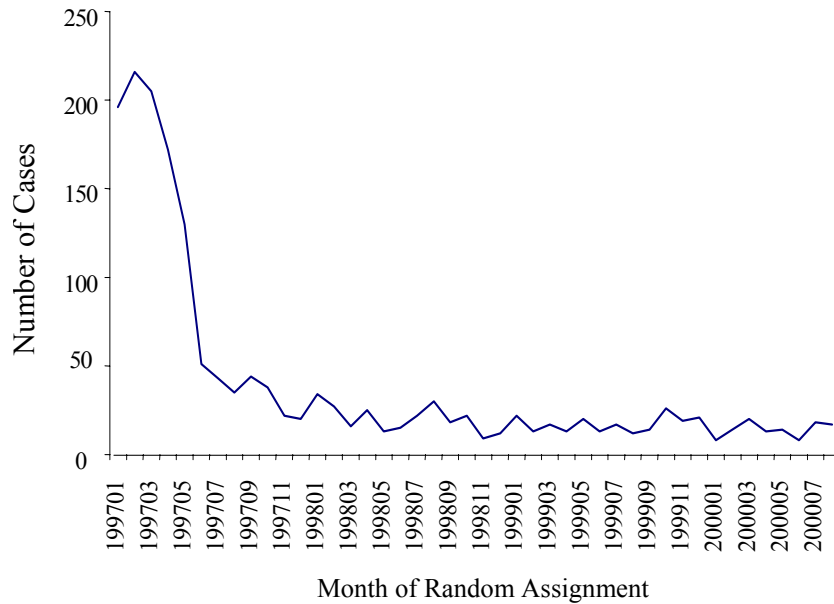
Demographic characteristics of caretakers in the RER Non-Choices experiment are reported in Table 20. About two fifths of caretakers were Hispanic, about one third were White, and about one-fourth were Black. About 87 percent of caretakers had attended some high school, and more than sixty percent had been employed sometime in the year prior to random assignment. However, recent employment and earnings levels were rather low, with the average participant having been employed just over four of the prior twelve months and having earned approximately \$2,800 during that time. On average, participants had received TANF for five of the twelve months prior to random assignment.

Tests of random assignment revealed no statistically significant differences in the number of persons assigned to the experimental and control groups and only one

³⁶ Although Walker County (in which Huntsville is located) began to offer Choices services in September 1998, state time limits did not apply to experimental group members there during this experiment.

difference in the demographic characteristics of the caretakers.³⁷ If there were any entry effects due to the broader eligibility rules for experimental group members, they were too small to cause numerous significant differences in either the size or the characteristics of the two groups.³⁸ Thus, there is little or no statistical evidence to indicate that the cases in the RER experiment in Non-Choices counties were not randomly assigned. The RER Non-Choices experiment passed the tests of random assignment.

Figure 5:
Number of Cases Assigned to RER Non-Choices Experiment (by month)



³⁷ Occasional differences between the two groups can be expected due to chance alone. See discussion in the Appendix.

³⁸ Small differences in demographic characteristics that result from entry effects are controlled for in the 'adjusted net effect' calculations for other statistical measures.

Table 20:
RER Non-Choices Experiment: Characteristics of Experimental and Control Group Members at Random Assignment

Variable	Experimental n=853	Control n=831	Difference
No high school	11.1%	13.7%	-2.6%
Male	7.0%	7.1%	-0.1%
White	34.7%	31.9%	2.8%
Black	23.1%	22.9%	0.2%
Hispanic	42.0%	44.9%	-2.9%
Other race	0.2%	0.4%	-0.1%
Age	29.2	30.4	-1.1*
Months on TANF in past year	5.0	5.1	-0.1
Months employed in past year	4.4	4.4	0.0
Percent employed in past year	60.3%	61.4%	-1.1%
Total wages in past year	\$2,781	\$2,838	-\$57
TANF Unemployed Parent program	8.6%	7.8%	0.7%

None of these differences were statistically significant.

Net impacts of the RER Non-Choices experiment on welfare dynamics, family self-sufficiency, participation in workforce development services and a variety of other family and child indicators are discussed below. Because RER's expanded eligibility provisions occurred prior to clients' assignment to either experimental or control groups, these results measure the impact of the PRA alone.

Welfare Dynamics

TANF Receipt

Overall. In the period following random assignment, TANF caretakers in the control group spent about 29 percent of the months following random assignment on the TANF rolls, or more than three months out of each year (see Table 21). By comparison, caretakers subject to the PRA spent significantly more time receiving TANF (1.4 percentage points, or 5 additional days per year), and less time in 'payee only' status (negative 1.1 percentage points). As in the previous experiment, this pattern of effects is probably explained by the replacement of the sanction policy with a penalty policy that

reduced the grant amount but kept the caretaker on the grant. Children in both groups used TANF at equal rates and generally received TANF for about 35 percent of the time after random assignment, or about 4 months per year. Monthly TANF benefits averaged \$56 for all groups.

**Table 21:
TANF Receipt in RER Non-Choices Experiment**

	Experimental Mean	Control Mean	Difference	Adjusted Net Effect	Percent Change
Full Sample					
Caretaker					
Percent of time spent on TANF out of maximum possible	30.1%	29.0%	1.1%**	1.4%**	4.8%
Percent of time spent by caretaker in payee-only status	5.5%	7.6%	-2.1%**	-1.1%**	-14.1%
Children					
Percent time spent on TANF by any child	35.2%	36.0%	-0.8%	0.5%	1.4%
Caretaker and children					
Percent of time spent on TANF by any family member	35.8%	36.8%	-1.0%**	0.3%	0.7%
Average monthly TANF benefit	\$55.41	\$56.87	-\$1.46	-\$0.36	-0.6%
Subgroup analysis					
Percent of time on TANF by any family member					
Tier**					
Tier 1	29.7%	31.8%	-2.2%**	-1.1%	-3.0%
Tier 2	40.2%	39.2%	1.0%	2.5%**	6.4%
Tier 3	44.4%	44.6%	-0.2%	0.8%	1.7%

**Statistically significant at .01 level

As shown in Figure 6, the overall size of the TANF caseload declined over time for both groups. By the end of the study period, 26 percent of the participants had become contaminated by exposure to different treatments.³⁹ Additional analysis, not shown, demonstrated that an increasing proportion of the RER Non-Choices caseload was composed of long-term recipients over the course of the study period. Near the beginning of the RER Non-Choices experiment, 54 to 59 percent were long-term welfare

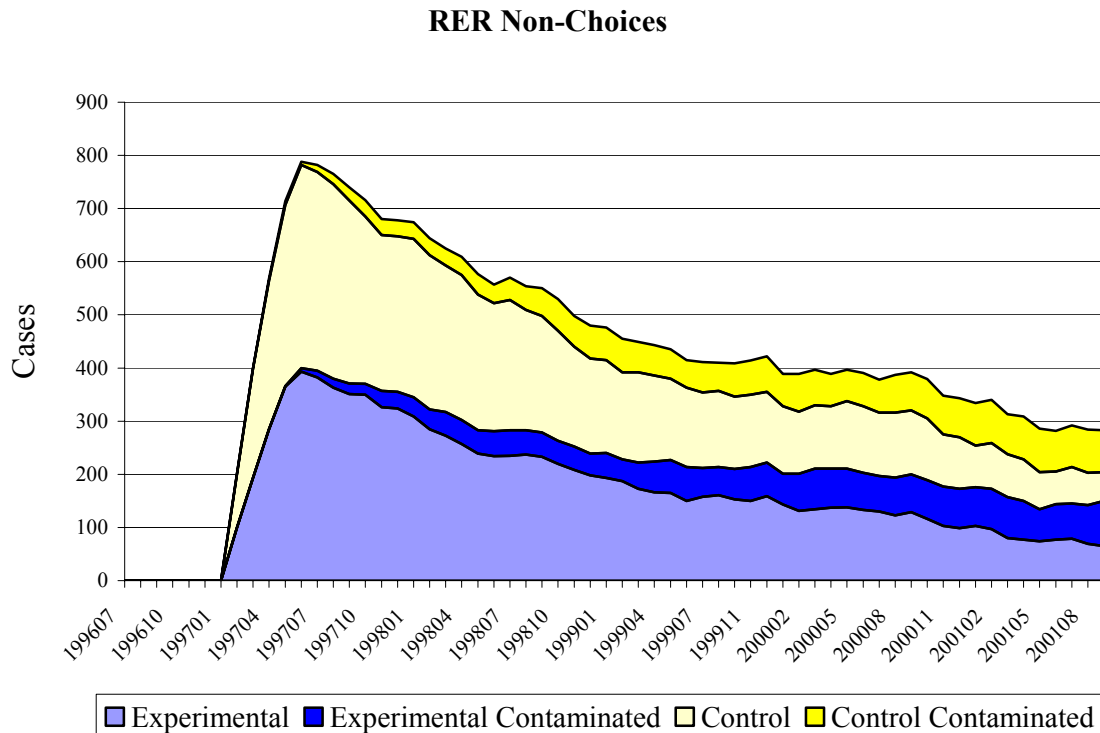
³⁹ Participants could be contaminated due to a move to or from an office participating in the experiment or the addition of someone to the TANF case who had signed a PRA.

recipients, while at the end of the study, 66 to 69 percent of the active TANF caseload were long-term recipients.

Subgroups. Researchers also analyzed experimental effects for subgroups of the overall sample on TANF receipt by any family member. Analysis of four-year outcomes for those entering the experiment at the beginning revealed nothing of interest, nor did the analysis of one-year outcomes for short-term recipients randomly assigned before and after the policy changes implemented in late 1999. The effect of RER Non-Choices on TANF receipt by any family member was found to vary significantly by tier, with those subject to RER in Tier 2, the moderately employable, showing a slight increase in TANF receipt relative to controls, but no effect of the PRA on those in the other tiers.

Subgroup analysis on the average monthly TANF benefit amount found no variation in experimental impacts due to subgroup membership.

**Figure 6:
TANF Caseload over Time: RER Non-Choices Experiment**



Penalties

In the RER experiment in Non-Choices counties, experimental group members received financial penalties for failure to comply with the PRA provisions outlined in Table 22, while control group members were not subject to such penalties. Instead, control group members were sanctioned and removed from the TANF grant, as they had been under pre-reform rules, when they failed to cooperate with child support collection efforts.

Overall. Table 22 indicates that 18 percent of experimental group caretakers received at least one penalty for failure to comply with PRA provisions while only three percent of caretakers were sanctioned under the old rules. Experimental group members through September 2001 spent eleven percent of the total case-months, or about two months per year of TANF receipt, in penalty status. Most penalties were imposed for failure to cooperate with provisions of Texas Health Steps (9.4 percent of possible months), school attendance (3.5 percent), and child support (3.5 percent).⁴⁰ Experimental group caretakers were significantly more likely to be punished financially for failure to comply with child support than control group members (a difference of 1.9 percentage points) but the magnitudes for both groups are rather small. The length of completed penalty spells for experimental group members averaged 4.6 months in duration. The lower overall rates of penalties in this experiment can be attributed to the absence of Choices-related penalties in these Non-Choices offices.

Subgroups. Subgroup analysis was done for the outcome measuring the percent of time spent in child support penalty status. Analysis of four-year outcomes found that the elevation in penalty rates among those subject to PRA provisions, relative to controls, was significantly greater among short-term recipients. Somewhat surprisingly, the analysis of one-year outcomes showed that a significantly elevated rate of penalization among experimental group members before policy changes was transformed into no effect after the policy changes were implemented. Furthermore, the child support penalty

⁴⁰ The total percent of months in penalty status for individual offenses is greater than the total for all offenses because persons can receive penalties for more than one reason simultaneously.

differential was found to vary by tier level, with those subject to RER provisions in Tiers 1 and 3 experiencing the highest penalty rates relative to their control group counterparts.

**Table 22:
Penalties/Sanctions Identified in RER Non-Choices Experiment**

	Experimental Mean	Control Mean	Difference	Adjusted Net Effect	Percent Change
Percent of months in penalty status					
Child support	3.5%	1.1%	2.4%**	1.9%**	176.1%
Drug abuse	0.04%	No Control Group counterpart for these penalties			
Texas Health Steps	9.4%				
Immunization	0.9%				
Parenting skills	0.5%				
School attendance	3.5%				
Voluntary quit	0.2%				
Any penalty	10.7%	1.1%	9.6%**	8.1%**	758.7%
Average length of penalties (in months)					
Child support	4.5	3.3	1.1	0.8	23.1%
Drug abuse	3.5	No Control Group counterpart for these penalties			
Texas Health Steps	4.5				
Immunization	3.7				
Parenting skills	6.7				
School attendance	4.5				
Voluntary quit	2.5				
Any penalty	4.6	3.3	1.3	1.0	30.2%
Percent of cases ever penalized					
No penalties	81.92%	97.11%	-15.19%**	-15.11%**	-15.6%
One penalty	11.42%	2.61%	8.81%**	8.72%**	333.5%
More than one penalty	6.56%	0.27%	6.29%**	6.29%**	2325.4%
Subgroup Analysis					
Percent of months in child support penalty status					
4-Year (on-at-beginning)					
All recipients	3.0%	1.0%	2.0%**	2.9%**	299.8%
Short term recipients	4.1%	0.5%	3.6%**	4.4%**	925.5%
Long term recipients	2.0%	1.4%	0.6%	1.6%**	112.6%
Short-long difference	2.1%**	-1.0%**	3.1%**	2.7%**	
Before/after policy change (1 yr outcomes)					
Before	56.2%	52.0%	4.3%**	5.4%**	10.5%
After	38.8%	38.8%	0.0%	0.2%	0.6%
After-before difference	-17.4%**	-13.2%	-4.3%**	-5.2%**	
Tier**					
Tier 1	2.6%	0.2%	2.4%**	3.2%**	88.5%
Tier 2	2.7%	2.0%	0.7%	1.4%**	72.4%
Tier 3	3.9%	1.5%	2.4%**	2.9%**	191.2%

Note: The total percent of months in penalty status for individual offenses is greater than the total for all offenses because persons can receive penalties for more than one reason simultaneously.

**Statistically significant at .01 level

Receipt of Medicaid and Food Stamps

Overall. Caretakers in control group families received Medicaid for 37 percent of the time following random assignment or over four months per year (see Table 23). Caretakers in the experimental group received Medicaid significantly more of the time than control group families, but the differences were small (1.9 percentage points, or one additional week per year). This difference probably occurred because experimental group caretakers automatically retained their Medicaid while in penalty status while sanctioned caretakers in the control group were eligible for other forms of Medicaid but may not have been enrolled. Children in control group families received Medicaid 55 percent of the time, while children of caretakers subject to RER provisions received this benefit less of the time (0.8 percentage points, or three fewer days per year). Larger differences between the groups were observed for rates of food stamp usage, with control group families receiving food stamps 43 percent of the time, more than five months per year, which was 3.2 percentage points higher, or 12 days per year more than the rate for families subject to the PRA provisions. Thus, the RER experiment in Non-Choices counties increased caretakers' Medicaid receipt, but decreased the usage of food stamps and children's Medicaid.

Subgroups. Subgroup analysis indicated that the effect of the PRA provisions on receipt of Medicaid by the caretaker did not vary when looking at four-year outcomes for short-term and long-term recipients, nor did it vary when looking at one-year outcomes before and after the policy changes. However, impacts did vary by tier. Those caretakers in Tiers 2 and 3 who were subject to RER provisions received Medicaid a greater proportion of the time than their control group counterparts. No differences were found for Tier 1 caretakers. None of the subgroup analyses for receipt of Medicaid by children produced any findings of interest. However, the overall effect of the PRA on food stamp usage was found to vary by tier, such that the pattern of lesser use among experimental group members, relative to controls, held for all groups except those in Tier 2. Nothing

of interest was found in the four-year or the one-year analysis of PRA effects on food stamp usage.

Table 23:
Receipt of Non-Cash Benefits In RER Non-Choices Experiment

	Experimental Mean	Control Mean	Difference	Adjusted Net Effect	Percent Change
Full Sample					
Percent of time on Medicaid of any kind					
Caretaker	39.0%	37.2%	1.7%**	1.9%**	5.0%
Children	53.8%	55.3%	-1.5%**	-0.8%	-1.5%
Percent of time on food stamps	39.8%	43.4%	-3.6%**	-3.2%**	-7.4%
Percent of time on transitional Medicaid	6.1%	5.8%	0.4%	0.3%	5.7%
Percent of time on transitional child care	0.43%	0.38%	0.04%	0.15%**	38.2%
Subgroup Analysis					
Percent of time on Medicaid—caretaker					
Tier**					
Tier 1	36.8%	36.2%	0.6%	0.6%	1.4%
Tier 2	46.0%	43.0%	3.0%**	4.0%**	9.3%
Tier 3	46.8%	45.7%	1.1%	1.8%**	4.0%
Percent of time on food stamps					
Tier**					
Tier 1	36.0%	40.3%	-4.3%**	-3.7%**	-8.6%
Tier 2	47.7%	47.5%	0.2%	0.7%	1.5%
Tier 3	47.1%	51.4%	-4.3%**	-3.9%**	-7.6%

**Statistically significant at .01 level

Use of Transitional Benefits

Because Texas time limits do not apply to either group in this experiment, caretakers in both groups are only entitled to 12 months of transitional benefits when they leave TANF for employment. There were no differences in the proportion of time that control and experimental group members spent receiving transitional Medicaid. There was a significant impact on use of transitional child care, but with the use of this benefit being so low in these sites, (less than one percent of the time for either group) the size of the effect has little practical significance. Subgroup analysis was not done for these transitional benefit measures.

Table 24:
Family Self-Sufficiency in RER Non-Choices Experiment

	Experimental Mean	Control Mean	Difference	Adjusted Net Effect	Percent Change
Full Sample					
Employment					
Percent of quarters in which caretaker had wages of any amount	45.1%	43.6%	1.5%	0.5%	1.1%
Earnings					
Average quarterly caretaker wages	\$1,210	\$1,203	\$8	\$29	2.4%
Average quarterly family wages earned	\$1,443	\$1,466	-\$23	-\$2	-0.2%
Percent of quarters in which caretaker wages exceeded 155% of poverty	5.38%	5.17%	0.2%	0.7%	12.9%
Percent of quarters in which family earnings exceeded 155% of poverty	6.45%	6.90%	-0.4%	0.0%	-0.2%
Combined income sources					
Average quarterly family wages earned plus child support collections retained by family	\$1,530	\$1,559	-\$29	-\$9	-0.6%
Percent of quarters in which family wages plus child support was greater than 155% of poverty	7.04%	7.48%	-0.4%	0.0%	0.5%
Subgroup Analysis					
Employment					
Tier**					
Tier 1	54.0%	53.1%	1.0%	-0.4%	-0.8%
Tier 2	40.0%	43.0%	-3.0%	-2.4%	-5.5%
Tier 3	33.3%	28.7%	4.6%**	4.4%**	15.2%
Average quarterly wages					
Tier**					
Tier 1	\$1,624	\$1,622	\$2	\$16	1.6%
Tier 2	\$763	\$872	-\$109	-\$77	-8.8%
Tier 3	\$633	\$548	\$85	\$163**	29.7%

**Statistically significant at .01 level

Family Self-Sufficiency

Overall. As shown in Table 24, caretakers not subject to the PRA provisions worked 44 percent of the time following random assignment, or just over five months per year, but earned only \$1,203 per quarter (zeroes included in calculation). Once the earnings of all family members were included, the average increased to \$1,466 per quarter. After adding funds collected from child support, families in this group averaged \$1,559 per quarter in earnings and child support. This income level was high enough to move families above 155 percent of poverty only about seven percent of the time. The earnings and combined income sources of experimental group caretakers subject to the PRA were not significantly different from that of control group members for any of these measures.

Subgroups. Subgroup analysis, which was done for the measures of employment and earnings, revealed nothing of interest when looking at four-year outcomes for those entering the experiment near the beginning, nor for one-year outcomes for short-term recipients assigned before or after the policy changes. However, the effect of RER in Non-Choices counties on both of these measures was found to vary by tier. For both measures, the experimental group members in Tier 3, the most disadvantaged, showed the greatest employment and earnings gains, relative to controls, from being subjected to RER provisions. This group experienced a 4.4 percentage point increase in employment, or an additional 16 days of work per year, and a \$163 increase in quarterly wages, relative to Tier 3 members of the control group.

Participation in Workforce Development Services

While the Choices program was not available to most participants in the RER Non-Choices experiment, they could participate in JTPA/WIA or Welfare-to-Work activities to enhance their workforce skills. Results through September 2001 indicate that only 17 percent of control group members participated in such activities (see Table 25). Only four percent of persons ever participated in post-secondary education, and only 1.4 percent received a post-secondary degree. No significant differences for any of

these measures were found between the two groups. No subgroup analysis was done for any of these measures.

Table 25:
Workforce Development Participation in RER Non-Choices Experiment

	Experimental Mean	Control Mean	Difference	Adjusted Net Effect	Percent Change
Full Sample					
Percent ever participating in JTPA, WIA, or WtW	16.3%	16.6%	-0.4%	-1.2%	-7.2%
Percent ever participating in post-secondary education	5.1%	4.1%	1.0%	0.6%	15.7%
Percent ever receiving post-secondary degree	1.1%	1.4%	-0.3%	-0.4%	-31.4%

There is no subgroup table for RER Non-Choices because there were no Choices services to report.

NOTE: None of the differences were statistically significant.

Family and Child Indicators

The effect of RER provisions in Non-Choices counties, in the absence of Texas time limits, was measured for a number of family and child indicators. These include: child support and paternity establishment, use of subsidized child care, immunization for pre-school children, education for school-age children, and child protective services. Results for these measures are summarized in Table 26.

Table 26:
Family and Child Indicators in RER Non-Choices Experiment

	Experimental Mean	Control Mean	Difference	Adjusted Net Effect	Percent Change
Full Sample					
Child support case status and paternity establishment†					
Proportion of families with an OAG child support case open	86.1%	85.7%	0.4%	0.6%	0.6%
Proportion of families with an OAG case open experiencing new paternity establishment(s) monthly	0.3%	0.3%	0.0%	0.0%	-6.5%
Of families experiencing new paternity establishment(s), average number of children for whom paternity established	1.24	1.24	0.01	0.04	2.9%
Percent of months in which any child support was collected	13.4%	14.0%	-0.6%**	-0.4%	-2.8%
Average monthly child support collections	\$42	\$48	-\$6**	-\$5**	-10.9%
Subsidized child care					
Percentage of cases using SCC monthly	2.7%	2.3%	0.4%**	0.5%**	20.4%
Average number of children using SCC monthly, of families receiving SCC	1.90	2.11	-0.22**	-0.34**	-16.1%
Subsidy per child-month using SCC	\$265	\$246	\$19.18**	\$13.17	5.4%
Children's immunization					
Percent of pre-school children with any immunizations reported in ImmTrac	51.9%	50.4%	1.5%	n.a. (dis.)	2.9%
Percent of pre-school children who are fully immunized (age-appropriate) as reported in ImmTrac	4.7%	5.7%	-1.0%	n.a. (dis.)	-17.4%
Children's education					
School attendance rate	92.3%	92.1%	0.2%	n.a. (dis.)	0.2%
School mobility	1.21	1.17	0.04**	n.a. (dis.)	3.3%
School dropout rate	0.8%	0.8%	0.0%	n.a. (dis.)	3.4%
TAAS reading: percent passed	70.1%	71.3%	-1.2%	n.a. (dis.)	-1.7%
TAAS mathematics: percent passed	70.9%	71.2%	-0.2%	n.a. (dis.)	-0.3%
Child Protective Services					
Rate of foster care placement per month	0.049%	0.040%	0.01%	0.00%	-0.2%
Rate of substantiated reports of abuse or neglect per month	0.147%	0.141%	0.01%	-0.01%	-8.2%
Subgroup Analysis					
Percent of months in which child support was collected					
Tier**					
Tier 1	14.1%	13.9%	0.2%	0.5%	3.8%
Tier 2	15.2%	13.6%	1.6%**	1.9%**	14.3%
Tier 3	9.2%	14.1%	-4.9%**	-4.5%**	-32.1%
Percent of cases using subsidized child care per month					
Tier**					
Tier 1	3.6%	2.8%	0.8%**	0.8%**	17.3%
Tier 2	1.8%	2.9%	-1.1%**	-0.7%**	-25.5%
Tier 3	1.8%	1.3%	0.6%	0.6%**	49.3%

n.a. (dis.) means the adjusted net effect could not be calculated for this measure because disclosure rules prevented children's education data from being linked to parents' demographic characteristics.

**Statistically significant at .01 level.

†Child support data were not available from June 1996 through August 1997.

Child Support and Paternity Establishment

Overall. By September 2001, the OAG Office of Child Support Enforcement had begun the process of collecting child support for 86 percent of families not subject to RER provisions. New paternity establishments were obtained for less than one percent of these families each month, usually for one child. Child support was actually collected in fourteen percent of the months following random assignment, or less than two months per year, with monthly collections averaging only \$48 (zeroes included in calculation). Of these child support measures, only the average monthly collections amount was significantly affected by the experiment, with those subject to the PRA collecting \$5 less per month than the control group. Thus, although experimental group members spent more time than controls in penalty status for failure to cooperate with child support enforcement, no benefit was realized in their child support outcomes.

Subgroups. Subgroup analysis was done for the percent of time in which any child support collections were made, and revealed nothing of interest for either the four-year or one-year outcomes. The effect of PRA provisions on child support collection did vary by tier, however, with those subject to the PRA in Tier 2 showing slight gains in collection, but those in Tier 3 showing an inexplicable decline.

Use of Subsidized Child Care

Overall. Families in the control group received subsidized child care only 2.3 percent of the time after random assignment, or an average of only eight days per year. Experimental group members used subsidized child care significantly more (0.5 percentage points, or two days per year) than the members of the control group, but it is difficult to draw conclusions from these differences given the extremely low rates of child care usage. Interestingly, control group members who received subsidized child care did so for a greater number of children than did their experimental group counterparts (2.1 vs. 1.9). Average subsidy amounts for these two groups ranged from \$246 to \$265 per child-month of subsidized care receipt.

Subgroups. Subgroup analysis on the percent receiving subsidized child care each month found no variation among four-year outcomes for short-term and long-term recipients or for one-year outcomes before and after the major policy changes. The effect of RER did vary by tier, however, with those subject to the PRA in Tiers 1 and 3 showing increased use of subsidized child care, relative to controls, and those in Tier 2 showing reduced use of this benefit.

Children's Immunization

As of September 30, 2001, about one half of pre-school children in families not subject to RER had received at least one immunization that was reported in ImmTrac, but only six percent had been fully immunized. No significant differences occurred between the experimental and control groups for these measures.⁴¹ As was true in the other RER sites, low rates of reported immunizations coupled with low rates of PRA penalties for failing to get pre-school children immunized (0.9 percent of total TANF months following random assignment, see Table 22), suggest that many immunizations may not be recorded in the ImmTrac data system.

Children's Education

TANF children in the RER Non-Choices control group attended school 92 percent of the time after random assignment and attended an average of 1.2 schools per year.⁴² Less than one percent of students dropped out per year during the period being studied. Approximately 71 percent of these children passed the reading portion of the TAAS, and 71 percent passed the TAAS math test. TAAS passing rates for these students were well below those for all Texas economically disadvantaged students during the school years being studied. Of these findings, the only one showing a significant effect of the PRA was the number of schools attended per year, a measure of mobility. For that measure, although it might appear that RER provisions led to increased mobility, a repeated

⁴¹ Adjusted net effects could not be calculated for these measures because privacy laws prevented children's immunization data from being linked to parents' demographic characteristics. Thus, any differences in parents' attributes at random assignment are not accounted for in these calculations.

⁴² Average attendance rates for economically disadvantaged students throughout Texas for these school years were over 95 percent.

measures analysis indicated this effect was probably due to differences that existed at random assignment (see Appendix for details). Interesting patterns were revealed, however, in a subgroup analysis testing whether the RER effect on repeated education measurements varied by tier. This analysis revealed that TAAS math scores (by 9.5 points) and attendance (by 4.8 percent) increased due to the PRA, but only for those in Tier 3.⁴³

Child Protective Services

In the average month, only 0.4 percent of families (or 1 in every 2,500) had a child who entered foster care during the time following random assignment, while monthly child abuse investigations averaged 0.14 percent (about 3 in 2,500). No differences between the two groups were found for these measures.

Summary of RER Non-Choices Results

The RER experiment in Non-Choices research sites was implemented in January 1997. By the end of September 2000, 1,734 cases were assigned to participate in the RER Non-Choices experiment as either experimental or control group members. Over 60 percent of families participating in RER Non-Choices were already receiving TANF at the beginning of the experiment. Tests of random assignment revealed no statistically significant differences in the number of persons assigned to experimental or control groups and only one minor difference in the demographic characteristics of the caretakers. Thus, the TANF expanded eligibility had no effect on persons enrolled in TANF in these sites.

After 57 months of operation, the RER experiment across four rural offices in Non-Choices counties produced slightly increased TANF and Medicaid receipt but reduced usage of food stamps. Although the experiment produced no overall effects on employment and combined income measures, it did produce significant employment and earnings gains for caretakers in Tier 3. While no differences were observed for most

⁴³ Adjusted net effects could not be calculated for these measures because privacy laws prevented children's education data from being linked to parents' demographic characteristics.

family indicators, experimental caretakers used subsidized child care more often, and education benefits were observed, but again only for those in Tier 3. Some of the patterns observed in this experiment differ markedly from those in the other experiments, particularly the impacts on the hardest-to-serve.

Welfare Dynamics. No differences in overall TANF usage of experimental and control groups were observed for children or the amount of the TANF grant. Caretakers subject to the PRA spent more overall time on TANF but less time in ‘payee only’ status, due to the rules governing penalties and sanctions. Moreover, subgroup analysis indicated that PRA provisions slightly increased the percent of time on TANF for Tier 2 families, the moderately employable. Descriptive analysis showed that the active TANF caseloads in these sites became increasingly contaminated, and increasingly composed of long-term welfare recipients, as the study progressed.

Experimental group members spent eleven percent of their time on TANF after random assignment in penalty status, most often due to non-compliance with Texas Health Steps. The average penalty lasted 4.6 months in duration. Control group members received sanctions instead of penalties, and spent about one percent of the time following random assignment in sanctioned status for failure to cooperate with child support enforcement. Subgroup analyses revealed that the tendency for those subject to PRA provisions to be penalized more for failure to cooperate with child support enforcement was greatest among short-term recipients, before the 1999 policy changes, and among those in Tiers 1 and 3.

While caretakers in families subject to RER provisions were more likely to receive Medicaid, the experiment had no overall impact on children’s Medicaid receipt. These same families made less overall use of food stamp benefits. Subgroup analyses qualified these effects to some extent. No effects of the PRA were found on transitional Medicaid usage, while the increase in transitional child care usage was so small as to be practically insignificant.

Other measures. Overall, the PRA had no impact on earnings and combined income sources. These overall null findings were qualified, however, by the tier level of the caretaker. Interestingly, those in Tier 3, the most disadvantaged in terms of education

and employment history, showed substantial employment and earnings benefits when subject to RER provisions.

Because of the rural locations of these sites, most offered no Choices program. Participation in other available workforce development programs was low, with no differences measured in overall rates of participation.

No overall differences between the groups were found for school attendance rates, nor for most of the child support measures, with the exception being a small decline in the average amount of child support collected. These largely null differences occurred despite experimental group members receiving PRA child support and school attendance penalties. Experimental group members were more likely to use subsidized child care, but for fewer children. Immunization rates and use of child protective services were similar for children in both groups.

All in all, the RER experiment in Non-Choices counties displayed stronger but somewhat different patterns of impacts than the other experiments. In particular, unlike the other experiments, RER provisions in Non-Choices sites seemed to elicit the greatest employment and earnings gains among the most difficult to serve — caretakers in Tier 3. These surprising findings were paralleled by gains in school attendance and TAAS math scores, again only for those in Tier 3.

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