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**Iowa's Family Investment
Program:
Two -Year Impacts**

Executive Summary

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The Authors

HOW TO GET THE FULL REPORT

For a copy of the full report on which this executive summary is based, please send a check for \$15.00 (to cover copying, shipping, and handling) made payable to Mathematica Policy Research, Inc., to:

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Refer to publication PR98-61. The report is 101 pages in length, not counting appendices. Ms. Watterworth's telephone number is (609) 275-2334.

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EXECUTIVE SUMMARY

In advance of implementing new welfare policies, Iowa changed the name of the program that provides cash assistance to families with dependent children from the “Aid to Families with Dependent Children (AFDC) Program” to the “Family Investment Program (FIP)” on July 1, 1993. Three months later, on October 1, 1993, acting under waivers of certain federal regulations, Iowa replaced the policies that had formerly governed the provision of assistance to low-income families with a new set of policies.¹ The new policies almost immediately came to be referred to as “FIP.”

Relative to AFDC policies, FIP policies place less emphasis on maintaining the incomes of client families and more emphasis on increasing their participation in employment and training. To reinforce these incentives, Iowa implemented complementary reforms to the Food Stamp Program that also provide enhanced incentives for employment and training. FIP and the welfare-reform Food Stamp Program anticipated the fundamental shift in welfare policy nationwide away from long-term income maintenance and toward temporary assistance leading to employment that culminated in the passage of the federal Personal Responsibility and Work Opportunity Act of 1996.

The interim research findings presented in this report show that FIP increased employment among welfare recipients during the first two years of the program’s existence, suggesting that the state’s early implementation of the reforms imbedded in FIP may facilitate achievement of the work requirements in the 1996 Act. While there is no evidence from the first two years of data that the reforms have reduced participation in FIP, there is some evidence of a reduction in FIP benefits in the second year.

THE GOALS AND PROVISIONS OF IOWA’S WELFARE REFORM

FIP relies on a comprehensive package of incentives, services, and sanctions to encourage clients to engage in behaviors that facilitate their achievement of self-sufficiency. While self-sufficiency is the program’s long-run goal, state welfare policy makers established three more immediate goals for FIP.

Making Work Pay. The former AFDC program imposed a high “tax” on earnings, thereby discouraging welfare recipients from working. In most circumstances, the tax on earnings is lower under FIP than under AFDC, thus allowing a family to achieve a higher level of income at a given level of earnings under welfare reform. FIP provides a four-month Work Transition Period (WTP)

¹In August 1993, acting under Section 1115 of the Social Security Act, the U.S. Department of Health and Human Services granted Iowa waivers from certain regulations governing the AFDC program. At that same time, acting under Section 17(b) of the Food Stamp Act, the U.S. Department of Agriculture granted the state waivers from certain regulations governing the Food Stamp Program. These waivers gave Iowa the legal authority to implement welfare-reform FIP and its welfare-reform Food Stamp Program, and to operate those reforms programs for a period of five years.

to families without significant income from employment in the previous year. During this period, current earnings do not affect the amount of the FIP cash benefit. If a family is not eligible for the WTP, or if its four-month period of WTP eligibility has expired, then FIP provides several earnings disregards that jointly imply a 40 percent tax rate on earnings, in contrast to a rate of between 67 percent and 100 percent under AFDC. Together, the WTP and the earned-income disregards mean that FIP families benefit substantially more from employment and earnings than did AFDC families.

Responsibility with Consequences. FIP was designed to shift much of the responsibility for the long-run economic well-being of low-income families from the state to the parents in those families. To ensure that parents understand this responsibility, FIP requires them to develop and sign a Family Investment Agreement (FIA). The FIA is a contract specifying the steps that the parents will take to achieve economic self-sufficiency and the financial assistance and services that the state will provide to facilitate that process. Failure to develop and sign an FIA, or abandonment of an existing FIA, results in a client family being assigned to the Limited Benefit Plan (LBP), under which its cash grant is first reduced for three months and then eliminated for the succeeding six months.

The FIA process occurs under the auspices of the PROMISE JOBS program, which provides employment and training opportunities for welfare recipients in Iowa. Exemptions from the requirement to participate in PROMISE JOBS are significantly restricted under FIP relative to AFDC. PROMISE JOBS offers a menu of services and opportunities similar to those offered by JOBS programs in other states, including orientation and assessment, group and individual job search, and education and training. FIP clients who fail to participate in these activities at the levels specified in their FIAs are considered to have abandoned their FIAs and are subject to assignment to the LBP.

Family Stability. The designers of FIP regarded stable two-parent families as a key to achieving family self-sufficiency and building strong communities. They also believed that many AFDC policies undermined the formation and maintenance of two-parent families by restricting these families' access to public assistance. In response, they designed FIP to promote and support family stability by making it easier for two-parent families to qualify for cash assistance. For example, FIP eliminates several AFDC requirements that restrict eligibility for two-parent families, thus making it easier for these families to qualify for assistance and reducing the unintended incentive for parents to split up to qualify for assistance.

THE DESIGN OF THE WELFARE REFORM EVALUATION

The terms and conditions of the federal waivers that authorized Iowa to implement welfare reform required the state to evaluate the reform program and specified key features of the evaluation design. Foremost among the federal specifications was that the evaluation have an experimental design, with random assignment of ongoing and applicant cases to treatment (reform) or control (pre-reform) status. The federal specifications also directed DHS to construct four research samples:

(1) ongoing welfare cases (cases active in FIP in September 1993),² (2) ongoing Food Stamp-only cases, (3) applicants for FIP assistance after September 1993, and (4) applicants for Food Stamps only after September 1993. Within each sample, cases were randomly assigned to treatment or control status in a two-to-one ratio. Administrative data on individual cases in each of the research samples were to be collected throughout the five-year operation of the welfare reform program. In addition, survey data were to be collected from a sample of research cases to supplement the administrative data.

DHS purposefully selected nine of its ninety-nine counties to be research counties. It did this with attention to the capacity of the local DHS and PROMISE JOBS offices to administer the reform and pre-reform programs concurrently, to the need for a mix of urban and rural counties, and to the desirability of representing each of DHS's five administrative regions. Because the research counties were not randomly selected, one cannot generalize from findings based on the research sample to the statewide welfare caseload. However, the random assignment of individual research cases to treatment and control status means that one can generalize from the research sample results to the full welfare caseload in the nine research counties.

The design for the welfare reform evaluation was fully implemented during the initial two and one-half years of FIP. Ongoing FIP and Food Stamp-only cases were randomly assigned to treatment or control status just prior to October 1, 1993. The research sample of ongoing FIP cases contains approximately 5,000 treatment cases and 2,500 control cases. Applicant FIP cases were randomly assigned during the 30 months between October 1993 and March 1996. The sample of applicant FIP cases contains approximately 6,150 treatment cases and 3,170 control cases. Smaller samples of ongoing and applicant Food Stamp-only cases were also randomly assigned to treatment or control status. The integrity of the random assignment process has been established by statistical comparisons of the treatment and control samples, review of county sampling logs for applicant cases, and on-site observations of the applicant sampling process. Through September 1998, administrative data on sampled cases are periodically being extracted from state automated systems to provide a total of five years of data for ongoing cases and between two and one-half years and five years of data for applicant cases.

The Iowa welfare reform evaluation comprises seven major research components:

1. Process study
2. Impact study
3. Cost-benefit study
4. Client survey
5. Calculation of federal cost neutrality
6. Client focus group discussions and customer satisfaction survey
7. Special studies (e.g., the study of Iowa's Limited Benefit Plan)

²Cases that were active in FIP in September 1993 were receiving assistance under pre-reform policies. Some of these ongoing FIP cases were randomly selected to continue receiving benefits under pre-reform policies beginning on October 1, 1993 (treatment cases), and some were randomly selected to begin receiving benefits under reform policies (control cases).

Reports on each of these evaluation components except the client survey have been prepared. The reports on the first three components (the process, impact, and cost-benefit studies) are based on data collected during the first two years of welfare reform (October 1993 through September 1995). This report--the report on two-year impacts--is the first of these three to be publicly released; the process and cost-benefit reports will be released early in 1999. In addition, a final report on the impact study, based on data collected during five years of welfare reform (October 1993 through September 1998), is scheduled to be released in the summer of 1999. The client survey is being conducted in mid-1998 through early 1999 and findings from the analysis of the resultant data will be presented in a report that is scheduled to be released in the fall of 1999.

THE OBJECTIVES OF THE IMPACT STUDY

As explained in the preceding section, the impact study is just one component of a comprehensive evaluation of welfare reform in Iowa. The objectives of the overall evaluation are much broader than those of the impact study. Furthermore, this particular report--on impacts over the first two years of welfare reform--addresses only a subset of the objectives that have been established for the impact study. This report presents methodologically rigorous estimates of the impacts of welfare reform on participation in employment-related activities offered through the PROMISE JOBS program, on employment and earnings, on FIP and food stamp participation and benefits, and on combining work with welfare. Subsequent reports will present estimates of impacts on these outcomes over longer time periods--up to five years following the implementation of welfare reform--as well as on a broader set of outcomes. The broader set of outcomes will include the imposition of sanctions under FIP, cooperation with child support enforcement, measures of family structure and functioning, expanded measures of employment, as well as other outcomes.

THE DESIGN AND METHODS OF THE IMPACT STUDY

Attainment of the objectives of the impact study is complicated by the fact that there have been many changes in Iowa since the implementation of welfare reform in October 1993 that are incidental to the reform program but that may have affected the state's welfare caseload. These include demographic changes and changes in the economic climate. Simple comparisons of caseload statistics before and after October 1993 may reflect the influences of these incidental factors as well as the influence of welfare reform. For example, the FIP caseload declined 5 percent during the two years following the implementation of welfare reform, from 36,404 cases in September 1993 to 34,692 cases in September 1995. While this drop in the FIP caseload coincided with the introduction of welfare reform, it is also true that Iowa's economy was expanding robustly during this period. Therefore, the gross reduction in the welfare caseload during this period almost certainly overstates the true impact of the reform.

The impact study uses the evaluation's experimental design--the random assignment of ongoing and applicant cases to treatment or control status--to identify and estimate the *net* effects of welfare reform; that is, the changes in the welfare caseload that are strictly due to the reform program. Random assignment ensures that treatment and control cases are, on average, alike in their characteristics and are equally subject to the influence of external factors, such as Iowa's economic

expansion. The key difference between these two groups is that the treatment cases are subject to the welfare reform provisions but the control cases are not. Thus, differences between these two groups in the mean value of an outcome measure must be due not to external factors or to differences in characteristics, but rather to welfare reform. Reiterating a key point, because the economic expansion equally affects treatment and control cases, its effect is neutralized by the experimental design.

This report presents impact estimates that are based on administrative data from several state automated systems pertaining to the first two years following the implementation of welfare reform on October 1, 1993. The basic unit of time for the impact analysis is the calendar quarter. When necessary, we transformed the data so that all values that are measured over time are expressed as quarterly amounts. Our analysis of impacts on ongoing research cases is based on eight quarters of data; whereas our analysis of impacts on applicant cases is based on just four quarters of data. Fewer quarters of data were available to us on applicant cases because those cases entered the research sample gradually during the two-and-one-half years following the implementation of welfare reform. By restricting the analysis of applicants to just those cases that applied for assistance during the first year of the reform period, we ensured that a minimum of four quarters of follow-up data were available on each applicant case. In order to maintain a constant sample size for the analysis of applicants, we did not attempt to analyze any more than four quarters of data. Subsequent reports under this evaluation will present impact estimates for both applicant and ongoing cases that will be based on additional quarters of data.

THE IMPACTS OF IOWA'S WELFARE REFORM

The impacts of Iowa's welfare reform were estimated separately for the evaluation's four samples: applicant FIP cases, ongoing FIP cases, applicant Food Stamp-only cases, and ongoing Food Stamp-only cases. Virtually none of the impact estimates based on the two samples of Food Stamp-only cases are statistically significant. Therefore, this summary focuses on key findings for the two FIP samples. Estimates of the impact of Iowa's welfare reform are presented for four types of outcomes:

1. Participation in employment-related activities through PROMISE JOBS
2. Employment and earnings
3. Program participation (FIP and Food Stamps) and benefits
4. Combining work and welfare

For a subset of these outcomes, we attempt to identify the impact of specific components of the reform package.

Participation in Employment-Related Activities (Table S.1). Iowa's welfare reform relies on FIP financial incentives and PROMISE JOBS training and job search services to bring about increases in employment and to reduce welfare participation and benefits. The rate of participation in PROMISE JOBS is a measure of the state's success in delivering training and job search services

TABLE S.1

IMPACTS OF WELFARE REFORM ON PARTICIPATION IN PROMISE JOBS EMPLOYMENT-RELATED ACTIVITIES

Activity (Post-Random Assignment)	Adults in Ongoing Cases (Quarters 1-8)				Adults in Applicant Cases (Quarters 1-4)			
	Treatment Group	Control Group	Rel. Dif. (%) [(T-C)/C]	Signif.	Treatment Group	Control Group	Rel. Dif. (%) [(T-C)/C]	Signif.
Any Employment-Related Activity (%)	58.1	49.5	+17.4	***	27.2	16.0	+70.0	***
Orientation and Assessment (%)	45.8	36.6	+25.4	***	25.7	14.5	+77.2	***
Job Search (%)								
Job club	11.1	10.2	+8.8		2.3	1.6	+43.8	
Individual job search	9.0	4.7	+93.6	***	2.2	0.9	+144.4	**
Education and Training (%)								
Basic education	9.9	7.3	+35.6	***	3.5	2.1	+66.7	**
Postsecondary training	11.3	9.9	+14.1	**	2.5	1.8	+38.9	*
Waiting list (postsecondary)	15.3	11.7	+30.8	***	8.9	4.7	+89.4	***
Monitored Employment (%)	25.5	13.6	+87.5	***	10.1	3.8	+166.6	***

SOURCE: IABC and PROMISE JOBS administrative data, 9/93 through 9/95.

NOTES: The sample includes all individuals age 18 and older in ongoing FIP research cases as of 10/1/93 and in research cases that applied for FIP assistance (including those whose applications were denied) during the period 10/1/93 through 9/30/95. *Stars* designating levels of statistical significance are based on absolute difference between treatment and control cases.

*Significant at the .10 level.

**Significant at the .05 level.

***Significant at the .01 level.

to FIP cases. If this rate were no higher under welfare reform policies than under pre-reform policies, then there would be little reason to expect those services to have any greater impact on employment and welfare outcomes under reform policies than under pre-reform policies.

Table S.1 shows that rates of participation in PROMISE JOBS after random assignment, both overall (any activity in any PROMISE JOBS component) and in six of seven major training components, are higher among the treatment cases in the evaluation's research sample than among the control cases. There is strong evidence of increases in PROMISE JOBS participation for both applicant cases and ongoing cases, but when measured on a percentage basis, the increases are generally two to three times larger for applicants. These results confirm that welfare reform has brought about an increase in participation in employment-related activities through PROMISE JOBS.

Employment and Earnings (Table S.2). Iowa's welfare reform has generated increases in both employment and earnings. Among ongoing cases, these effects were stronger during the second year of welfare reform than during the first year. In the second year, welfare reform led to 3 percent higher employment and 8 percent higher earnings among ongoing cases (although only the latter effect is statistically significant). Welfare reform had relatively large impacts on applicant cases, even in the first year following application. In that year, welfare reform increased applicant cases' employment by 6 percent and their earnings by 12 percent.

Program Participation and Benefits (Table S.3). The positive impacts of welfare reform on employment and earnings have not been accompanied by reductions in FIP participation--at least, not during the first two years of welfare reform. Follow-up analyses might reveal such an impact later in the reform period. Although FIP participation was unaffected by welfare reform during the first two years, the average FIP benefit was 4 percent lower in the second year for ongoing cases exposed to reform policies. This is consistent with our finding of higher earnings among these cases in the second year of reform.

Welfare reform has led to reductions in Food Stamp participation and benefits for ongoing cases. Significant reductions were achieved in both the first and second year of reform, with larger reductions in the second year. In that year, receipt of Food Stamps by ongoing cases was down by 3 percent as a consequence of the reforms and their average Food Stamp benefit was 7 percent lower. The reduction in Food Stamp participation was concentrated among cases that had left FIP--those that were subject to reform policies were more likely to also leave Food Stamps, whereas those that were subject to control policies were more likely to remain on Food Stamps. The reduction in the average Food Stamp benefit can be attributed to both the reduction in Food Stamp participation and the increase in cash income from higher earnings or FIP benefits. The results for applicant cases do not support a finding that welfare reform reduced Food Stamp participation or benefits in the first year following application.

TABLE S.2
 IMPACTS OF WELFARE REFORM ON EMPLOYMENT AND EARNINGS

Outcome and Follow-Up Period	Ongoing Cases (Quarters 1-8)				Applicant Cases (Quarters 1-4)			
	Treatment Group	Control Group	Rel. Dif. (%) [(T-C)/C]	Signif.	Treatment Group	Control Group	Rel. Dif. (%) [(T-C)/C]	Signif.
Any Employment (%)								
Year 1	62.6	61.9	+1.1		77.3	72.9	+6.0	**
Year 2	72.3	70.4	+2.7		NA	NA	NA	
Last observed quarter	57.2	55.7	+2.7		61.7	55.8	+10.6	***
Total Earnings (\$)								
Year 1	2,923	2,714	+7.7	**	6,828	6,126	+11.5	**
Year 2	4,955	4,583	+8.1	**	NA	NA	NA	
Last observed quarter	1,400	1,331	+5.1		1,903	1,689	+12.6	**

SOURCE: IABC administrative data, 9/93 through 9/95, and DES wage data, 10/92 through 12/95.

NOTES: "Stars" designating statistical significance are based on absolute difference between treatment and control cases. NA = not applicable.

*Significant at the .10 level.

**Significant at the .05 level.

***Significant at the .01 level.

TABLE S.3

IMPACTS OF WELFARE REFORM ON PROGRAM PARTICIPATION AND BENEFITS

Outcome and Follow-Up Period	Ongoing Cases (Quarters 1-8)			Applicant Cases (Quarters 1-4)				
	Treatment Group	Control Group	Rel. Dif. (%) [(T-C)/C]	Signif.	Treatment Group	Control Group	Rel. Dif. (%) [(T-C)/C]	Signif.
Family Investment Program (FIP)								
Any FIP Benefits Received (%)								
Year 1	97.3	97.7	-0.4		67.0	64.0	+4.7	
Year 2	75.8	74.4	+1.9		NA	NA	NA	
Last observed quarter	57.3	56.5	+1.4		37.6	35.0	+7.4	
Total FIP Benefits Received (\$)								
Year 1	3,627	3,628	+0.0		1,664	1,597	+4.2	
Year 2	2,468	2,568	-3.9	*	NA	NA	NA	
Last observed quarter	531	570	-6.7	***	324	319	+1.6	
Food Stamp Program (FSP)								
Any Food Stamps Received (%)								
Year 1	91.6	92.8	-1.3	**	74.6	72.0	+3.6	
Year 2	77.9	80.3	-3.0	**	NA	NA	NA	
Last observed quarter	63.9	66.0	-3.2	*	44.7	44.9	-0.4	
Total Value of Food Stamps (\$)								
Year 1	2,004	2,114	-5.2	***	1,134	1,189	-4.7	
Year 2	1,618	1,741	-7.1	***	NA	NA	NA	
Last observed quarter	366	400	-8.5	***	234	246	-4.8	

SOURCE: IABC administrative data, 9/93 through 9/95.

NOTES: "Stars" designating statistical significance are based on absolute difference between treatment and control cases. NA = not applicable.

*Significant at the .10 level.

**Significant at the .05 level.

***Significant at the .01 level.

Combining Work and Welfare (Table S.4). The findings presented in Table S.4 document that the previously-discussed increases in employment among ongoing and applicant FIP cases due to welfare reform are a consequence of reform-induced increases in employment while on welfare. This table shows welfare reform led to relatively large increases in the percentages of ongoing and applicant cases that combine work with welfare.

Among ongoing cases, the increase in cases combining work with welfare is offset by reductions in both (1) receiving welfare but not working, and (2) working but not receiving welfare. These findings from the first two years of welfare reform indicate that the reform program encourages ongoing cases that remain on welfare to obtain jobs and also discourages working cases from leaving welfare.

Among applicant cases, the increase in cases combining work with welfare is offset by a reduction in the percentage of cases that are not working. These results indicate that Iowa's welfare reform is effective in encouraging applicant cases to work during their initial year following FIP application. However, they provide no evidence that the reform program induces applicants to reject welfare in favor of work during that year.

The Effects of Specific Reform Components. The FIP evaluation was designed to produce estimates of the impacts of the full welfare-reform program in Iowa. The design is not one that will permit us to estimate with full confidence the impacts of specific components of the reform program. However, because certain identifiable segments of the FIP caseload are more likely than others to be affected by specific components or combinations of components, we can obtain empirical evidence that may be suggestive of the impacts of those components. Ongoing and applicant cases with young children were especially likely to demonstrate reform-induced increases in employment and earnings. These cases were likely to be subject to expanded PROMISE JOBS participation requirements under welfare reform.

Among all ongoing cases, the most significant impacts of welfare reform on employment and earnings were for those cases with young children but without recent earnings. Among all applicant cases, the most significant impacts on employment and earnings were for those cases with young children and with recent earnings. Cases without recent earnings were more likely to be eligible for the Work Transition Period than cases with recent earnings. Consequently, this pattern of impacts suggests, but does not prove conclusively, that the WTP, when combined with expanded PROMISE JOBS participation requirements, was more effective at promoting employment and earnings for ongoing cases than for applicant cases.

TABLE S.4

IMPACTS OF WELFARE REFORM ON COMBINING WORK AND WELFARE

Outcome and Follow-Up Period	Ongoing Cases (Quarters 1-8)				Applicant Cases (Quarters 1-4)			
	Treatment Group	Control Group	Rel. Dif. (%) [(T-C)/C]	Signif.	Treatment Group	Control Group	Rel. Dif. (%) [(T-C)/C]	Signif.
On Welfare During Follow-Up Period								
On Welfare, Working (%)								
Year 1	61.8	60.9	+1.5		51.5	44.7	+15.2	***
Year 2	56.1	51.3	+9.4	***	NA	NA	NA	
Last observed quarter	31.6	27.5	+14.9	***	20.9	14.9	+40.3	***
On Welfare, Not Working (%)								
Year 1	36.9	37.7	-2.1		15.0	18.9	-20.6	**
Year 2	20.7	23.2	-10.8	**	NA	NA	NA	
Last observed quarter	26.6	29.2	-8.9	**	16.0	19.4	-17.5	**
Not on Welfare During Follow-Up Period								
Off Welfare, Working (%)								
Year 1	0.8	1.1	-27.3		25.8	28.2	-8.5	
Year 2	16.2	19.1	-15.2	***	NA	NA	NA	
Last observed quarter	25.6	28.3	-9.5	**	40.8	40.8	+0.0	
Off Welfare, Not Working (%)								
Year 1	0.5	0.4	+25.0		7.7	8.2	-6.1	
Year 2	7.0	6.4	+9.4		NA	NA	NA	
Last observed quarter	16.3	15.1	+7.9		22.3	24.9	-10.4	

SOURCE: IABC administrative data and DES wage data, 9/93 through 9/95.

NOTES: "Stars" designating statistical significance are based on absolute difference between treatment and control cases. NA = not applicable.

*Significant at the .10 level.

**Significant at the .05 level.

***Significant at the .01 level.

DISCUSSION OF THE IMPACT ESTIMATES

Welfare reform in Iowa has increased participation in the PROMISE JOBS employment and training program. Further, the PROMISE JOBS services and sanctions, combined with the incentives to work provided by the FIP eligibility and benefit schedules, have resulted in modest increases in employment and earnings among ongoing and applicant FIP cases. These increases, however, were not accompanied by reductions in FIP participation during the first two years of welfare reform. Rather, the higher earnings disregards under welfare reform enabled some families with employment to qualify for assistance and other families already on assistance to obtain employment without losing their FIP eligibility. However, the higher earnings among ongoing reform cases was reflected in a lower average FIP benefit in the second year of reform.

While reducing the welfare caseloads is a goal of Iowa's welfare reform, the lack of a reduction in FIP participation in the initial reform period is not a surprise to the designers of the reform program. Our analysis of the net federal cost of Iowa's welfare reform suggests that reform-induced reductions in FIP participation may be evidenced in the longer run. That analysis, which is based on three years of data (rather than the two years of data underlying this impact analysis), shows that the federal government experienced net costs of welfare reform during the first six quarters following program implementation, but experienced net savings in five of the subsequent six quarters. Whether reductions in FIP participation (along with reductions in the average FIP benefit and other factors) contributed to that reduction in federal costs remains to be seen as we extend the impact analysis into the third year of welfare reform and beyond.

We found large net impacts of welfare reform on the employment and earnings of families with young children--a group of families very likely to be affected by the reform's expanded requirements for participation in PROMISE JOBS. The design of the FIP evaluation does not allow firm conclusions to be drawn regarding the impacts of these, or other, specific reform components or sets of components. However, these findings suggest that the PROMISE JOBS expansions, combined with welfare reform's work-oriented financial incentives, may be effective at increasing employment and earnings.