

Welfare, Housing, and Employment Learning from the Jobs-Plus Demonstration



If you are a welfare recipient living in public housing, are you less likely than other recipients to succeed in the labor market or to benefit from government welfare-to-work programs? Recent research by the Manpower Demonstration Research Corporation (MDRC) indicates that while recipients in public housing may be a more difficult-to-employ group in some locales, they may also benefit the most from mainstream welfare-to-work programs. This policy brief examines the evidence and its implications for policymakers.¹

The Link Between Employment and Housing Among Welfare Recipients Is Not Well Understood

Many low-income people in the United States both receive welfare and live in government-subsidized housing. Until fairly recently, however, welfare policies designed to promote work have typically ignored recipients' housing status, and job programs for residents of subsidized housing have usually not focused on those tenants who are welfare recipients.

Major changes in both welfare and housing policies have increased the urgency of moving public housing welfare recipients into employment. The landmark 1996 federal welfare law set five-year limits on most families' receipt of federal welfare payments. It is widely assumed that a large proportion of people who will reach this time limit live in public housing and that this is because they are among the hardest to employ. If they reach the welfare time limit, they

may lose their welfare income and find themselves unable to pay rent. In cities where welfare recipients make up a majority of public housing tenants, this could pose an enormous problem — for both the recipients and the public housing authorities, which depend on income-based rent payments.

The Quality Housing and Work Responsibility Act of 1998 provides another strong impetus to help welfare recipients in public housing succeed in the labor market. Several provisions are intended to promote residents' self-sufficiency and achieve more mixed-income public housing communities. In cities where welfare families make up a major share of public housing tenants, these goals may not be achieved unless tenants are better able to move from welfare to work.

Hence, a central question is: Are public housing residents who are also welfare recipients really harder to employ? This issue has not been studied extensively. Recent MDRC research, however, provides some new evidence.²

In Some Cities, Welfare Recipients Living in Public Housing Are Indeed Harder to Employ Than Other Recipients — But Not Everywhere

Important information on this issue comes from a study of 5,700 single-parent welfare recipients who were part of an evaluation of a mainstream welfare-to-work program in Fulton County (Atlanta), Georgia, operating

in the 1990s.³ The study randomly assigned recipients either to the program or to a non-program (i.e., control) group. It then classified recipients according to their housing status: (1) public housing, (2) Section 8 housing,⁴ or (3) unsubsidized private housing.⁵

Does housing status matter for employability? And did being in the program make a difference? Looking first at recipients who were not in the program (i.e., the control group), here's what the study found:

- *Welfare recipients in public housing were indeed the most likely to have substantial employment barriers, while those in unsubsidized private housing were the least likely.* Recipients of Section 8 subsidies fell between these two groups. For example, before entering the study, 58 percent of public housing residents, 50 percent of the Section 8 group, and just 27 percent of the unsubsidized group had been on welfare for five years or more. In addition, welfare recipients in public housing were the most likely to have been unemployed for a year or more, to lack a high school diploma or GED, and to have grown up in a household on welfare.
- This same pattern holds up when looking at the subsequent employment and welfare experience of the non-program (control) group. *Those in public housing developments or Section 8 subsidized housing fared worse in finding jobs and leaving welfare than recipients living in unsubsidized*

private housing (see Figure 1). Furthermore, these differences may have had more to do with the residents' characteristics than with the nature of public housing.

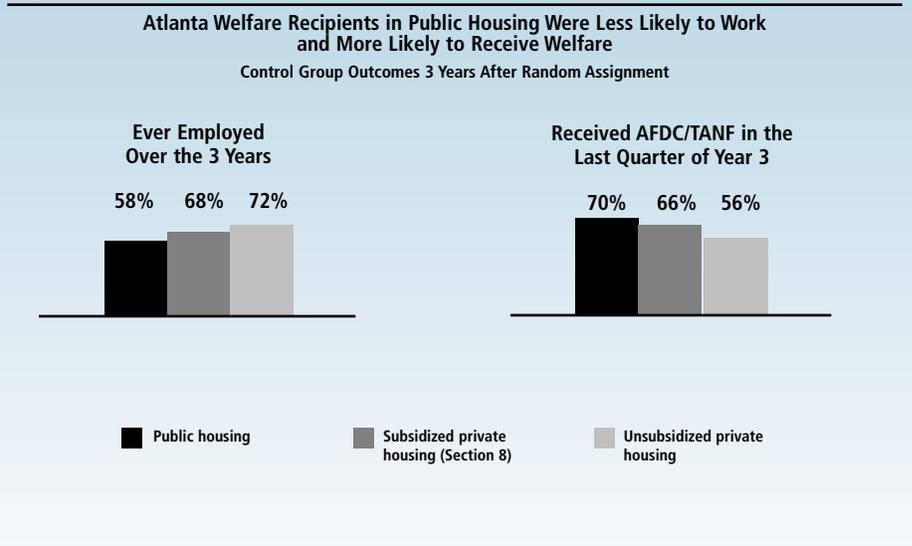
- However, while these Atlanta results raise concerns about the particularly severe employment difficulties confronted by public housing residents on welfare, *findings from other cities show that this state of affairs is not true everywhere*. In two other locations studied — Columbus, Ohio, and three urban counties in Minnesota — differences in employability by housing status were small and inconsistent.⁶

Welfare-to-Work Programs Can Be More Effective for Recipients in Public Housing Than for Those in Other Types of Housing

The Atlanta study also examined the effectiveness of Atlanta's welfare-to-work program in *changing* the normal employment and welfare experiences of recipients living in different types of housing. It looked at two different strategies used for helping recipients move from welfare to work. The *labor force attachment* strategy encouraged people to find and take jobs quickly, while the *human capital development* strategy stressed participating in education and training before seeking work, in the hope that this would help people get better jobs.⁷ Participation in the program was mandatory for those deemed eligible.

- *The program's success varied by housing status: Its effects (impacts) on employment, earnings, and welfare were consistently larger for welfare recipients living in public housing — and to some extent for recipients with Section 8 subsidies — than for recipients with no housing subsidies.* The results for the labor force attachment

Figure 1.



strategy are illustrated in Figure 2. Similar patterns were found for the human capital development strategy.

- *This pattern of differences in effects by housing status was not limited to Atlanta.* Results of similar analyses from the Columbus and Minnesota studies reinforce the picture of better impacts for residents of government-assisted housing.⁸

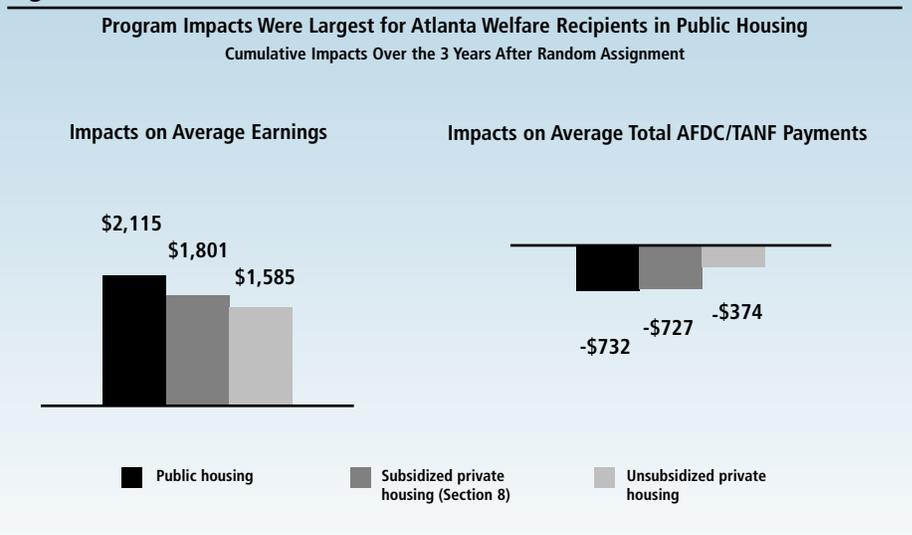
The effect of those programs was to narrow the gap in employment, earnings, and welfare between welfare recipients in government-assisted housing and those in unsubsidized

housing. While this is impressive, the fact that the latter benefited *least* from these programs is noteworthy because this group accounts for about three-quarters of the welfare caseload nationwide.

Policymakers Should Look Beyond Mainstream Welfare-to-Work Programs to Help Recipients in Public Housing Succeed More in the Labor Market

Notwithstanding the positive results that the mainstream welfare-to-work programs had on public housing resi-

Figure 2.



dents in all three locations, it is important to recognize that — as is often true for such programs — the effects were modest, leaving many recipients without steady work, with low incomes, and reliant on welfare.

- In Atlanta, for example, only about 40 percent of public housing residents assigned to the program group were employed during the last quarter of the three-year follow-up period. Even more troubling, only 24 percent of individuals in this group were employed in all four quarters of the third year of follow-up. In other words, *steady work was the exception, not the rule.*

Jobs-Plus: An Employment Program Aimed at Urban Public Housing Residents

In a five-city research demonstration known as the *Jobs-Plus Community Revitalization Initiative for Public Housing Families* (or Jobs-Plus),⁹ MDRC is currently studying the possibility that a specially designed employment program could do more for public housing residents than mainstream programs targeted without respect to housing status. The ambitious goal of Jobs-Plus is to target *all* working-age residents in selected public housing developments in order to help them increase their employment and earnings and to help transform the housing developments themselves into high-work, low-welfare communities.

Jobs-Plus uses a three-pronged strategy that combines: (1) *employment-related activities* for residents who are not working as well as for those who are employed, (2) *enhanced financial incentives to work* (most notably, reducing the amount by which rent increases as earnings grow), and (3) *community supports for work* — for example, neighbor-to-neighbor outreach, information-

sharing, peer support, and mutual aid in support of work. Extensive research is under way to study the program's feasibility and effectiveness. Over the next two years, we will learn whether Jobs-Plus is a more powerful way to improve the employment outcomes — and quality of life — of welfare recipients and other residents of public housing than the mainstream employment interventions that have been used with those populations.

Conclusion

These findings open questions that need further exploration, but they strongly suggest that public officials ought to make housing status a key consideration in developing strategies to strengthen mainstream welfare-to-work programs. They also indicate that special efforts may be required in order to promote *big* improvements in the self-sufficiency of welfare recipients in public housing.

Notes

¹ This policy brief was written by Susan Blank and James Riccio. It is based on James Riccio and Alan Orenstein, "Are Welfare Recipients in Public Housing Really Harder to Employ?" unpublished MDRC paper, 2000. The study was supported by a grant from the Fannie Mae Foundation and the resources provided by the funders of the Jobs-Plus demonstration, which are listed in note 9. This brief is one of a series on findings from the demonstration and related research.

² The few other studies on this topic examined whether living in public housing was itself a barrier to employment. They did not find substantial evidence that it was. See, e.g., Paul

Ong, "Subsidized Housing and Work Among Welfare Recipients," *Housing Policy Debate* (Washington, D.C.: Fannie Mae Foundation, 1998); Gary Painter, "Low Income Housing Assistance: Its Impacts on Labor Force and Housing Program Participation," unpublished paper (University of Southern California, School of Public Administration, 1997); and David A. Reingold, "Does Inner City Public Housing Exacerbate the Employment Problems of Tenants?" *Journal of Urban Affairs*, Vol. 19, No. 4 (1997).

³ The Atlanta data are from the National Evaluation of Welfare-to-Work Strategies (NEWWS), which is being conducted by MDRC. The evaluation was initiated and is funded by the U.S. Department of Health and Human Services (HHS), with support from the U.S. Department of Education (ED). For more information on the Atlanta site, see Gayle Hamilton, Thomas Brock, Mary Farrell, Daniel Friedlander, and Kristen Harknett, *Evaluating Two Welfare-to-Work Program Approaches: Two-Year Findings on the Labor Force Attachment and Human Capital Development Programs in Three Sites* (HHS/ED, 1997).

⁴ Section 8 subsidies include both tenant-based assistance (rent vouchers or certificates that a tenant can use in the private rental market) and project-based assistance (subsidies attached to specific privately owned housing units).

⁵ One analysis showed that, nationwide, 66 percent of welfare recipients who were in government-subsidized housing received Section 8 subsidies and that the rest lived in public housing developments. See Jill Khadduri, Mark Shroder, and Barry Steffen, "Welfare Reform and HUD-Assisted Housing: Measuring the Extent of Needs and Opportunities," draft paper (Washington, D.C.: Fannie Mae Foundation, 1998).

⁶ The data on Columbus are from the NEWWS Evaluation. For more information, see Susan Scrivener and Johanna Walter, *Evaluating Two Approaches to Case Management: Implementation, Participation Patterns, Costs, and Three-Year Impacts of the Columbus Welfare-to-Work Program* (HHS/ED, forthcoming, 2001). The Minnesota analysis was part of MDRC's research on the pilot version of the Minnesota Family Investment Program (MFIP). See Cynthia Miller, "Explaining MFIP's Impacts by Housing Status," unpublished MDRC paper, 1998. As in the case of Atlanta, both the Columbus and Minnesota programs mandated work efforts for welfare recipients and provided job search assistance, education, and training. However, the Minnesota program limited its mandate to long-term welfare recipients and included financial incentives to work.

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⁷ To determine whether either of these strategies made a difference, the researchers examined the labor market and welfare outcomes for recipients in each housing category and asked whether the program group did better than the control group. The differences in outcomes between the program and control groups signify the effects (or “impacts”) of the program.

⁸ For example, in Columbus, the three-year impact on average earnings for welfare recipients in public housing was \$2,819, whereas it was only \$140 for residents of unsubsidized private housing. Furthermore, impacts for the participants in the MFIP study were concentrated among those long-term recipients living in public or Section 8 housing.

⁹ This demonstration is sponsored mainly by the U.S. Department of Housing and Urban Development and The Rockefeller Foundation, with additional support from the U.S. Departments of Health and Human Services and Labor; the Joyce, James Irvine, Surdna, Northwest Area, Annie E. Casey, Stuart, and Washington Mutual Foundations; and BP. For background on the demonstration, see James A. Riccio, *Mobilizing Public Housing Communities for Work: Origins and Early Accomplishments of the Jobs-Plus Demonstration* (New York: MDRC, 1999).

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MDRC Policy Brief

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