

Place, Race and Work: The Dynamics of Welfare Reform in Metropolitan Detroit

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“...welfare-to-work efforts must respond to differences across place in recipient characteristics and employment opportunities.”

Findings

An analysis of data on welfare recipients and employment opportunities in the Detroit metropolitan area in the late 1990s finds that:

- **Welfare caseloads in the Detroit metropolitan area fell 75 percent between 1992 and 2000, while the region's adult welfare recipients remained concentrated in the city of Detroit.** Over three-quarters of the area's adult recipients, and over 90 percent of its non-white recipients, lived in the central city in 2000.
- **Adult welfare recipients living in suburban neighborhoods had significantly greater access to employment opportunities than recipients living in city of Detroit.** Welfare recipients in suburban Wayne County just outside of Detroit had access to 30 percent more low-skill job opportunities than welfare recipients living in the city of Detroit.
- **A considerable share of recipients in the city of Detroit and its suburbs had not been receiving welfare one year before.** Over half of Detroit area welfare recipients in February 2000 had joined or returned to the rolls within the previous year, a 37 percent increase since 1998.
- **Adult recipients who lived closer to employment opportunities were more likely to report work earnings in 2000, all else equal.** Better geographical access to jobs was associated with larger gains in the share of non-white recipients with earnings than the share of white recipients with earnings.
- **The percentage of Detroit area welfare recipients reporting earnings increased between 1996 and 2000, but still varied by place and race across the region.** For example, while the share of recipients in the city of Detroit that worked increased nearly 60 percent between 1996 and 2000, recipients in the suburbs of the metropolitan area continued to work at higher rates overall.





I. Introduction

Analyses of the current national welfare caseload indicate that a larger percentage of welfare recipients reside in major urban centers today than in the mid-1990s.² Figures from the 2000 Census indicate that, despite positive trends in many metropolitan areas since 1990, our urban centers continue to be highly segregated by race and class.³ Moreover, there is mounting evidence that job growth has occurred at a quicker pace in suburban than in central city areas.⁴ Combined, these trends suggest that welfare recipients in the inner city, particularly racial and ethnic minorities, may be at a disadvantage in accessing jobs and making the transition from welfare to self-sufficiency. Recent studies find that welfare recipients tend to live farther from low-skill job opportunities than non-recipients,⁵ resulting in lower earnings rates among welfare recipients.⁶

To understand the relationship between spatial factors and the work outcomes of welfare recipients, this report analyzes unique data on changes in welfare caseloads, caseload characteristics and employment opportunities within the Detroit metropolitan area in the 1990s. The significant reduction in the number of welfare recipients nationwide and in the Detroit area since the early 1990s suggests that policymakers considering welfare reform in 2002 may be confronted with programmatic concerns very different from those in 1996. In addition to discerning how variation in access to jobs affects work outcomes among welfare recipients, it is also important to understand whether there are differences in the characteristics of welfare recipients across metro areas that may further complicate efforts to link central city recipients to metro-wide employment opportunities. This report describes changes in welfare caseloads in Detroit metropolitan area between 1992 and 2000, reinforcing

that welfare-to-work efforts must respond to differences across place in recipient characteristics and employment opportunities. The study concludes by discussing potential policy responses to the issues created by shifting welfare caseloads and labor market opportunities in our nation's urban centers.

II. Methodology

Using unique administrative data on welfare receipt in the Detroit metropolitan area from 1992 to 2000 and data from an employer survey conducted by Harry Holzer in the Detroit metropolitan area in 1997, this survey offers new information on the spatial dynamics of caseload decline, caseload characteristics and employment outcomes for welfare recipients.⁷ Administrative data files from the State of Michigan Family Independence Agency (FIA) for June 1992, June 1996, June 1998, and February 2000 provide a picture of how patterns of welfare receipt have varied by race and geography in the three-county Detroit metropolitan area since the passage of welfare reform. Further, the administrative data supply insights into the changing characteristics of adult welfare recipients from 1996 to 2000, including how long they had been on the rolls, their household size and whether they were working. With information on the location of recipients, it is possible to analyze how these changes relate to the spatial distribution of the welfare caseload.

The Holzer employer survey contains information for each firm surveyed on the total number of jobs in 1997, new jobs added between 1996–97, and low-skill jobs in 1997. These data are used to create employment access measures that describe the proximity of welfare recipients to all jobs, to job growth, and to low-skill jobs. (See Appendix A for further detail on how these access measures were constructed and for further back-

ground on the data sources used.) Using these measures, this study examines whether greater geographic access to employment corresponds with higher employment rates for welfare recipients.

Background on the Detroit Metro Area

The Detroit metropolitan area includes three Michigan counties: Macomb, Oakland and Wayne. The city of Detroit rests in the eastern corner of Wayne County (see Figure 1), with the largely suburban counties of Oakland and Macomb lying to the northwest and northeast, respectively, of Wayne County.⁸ Metropolitan Detroit is typical of many older, Rust Belt industrial areas with a high-poverty, racially segregated central city and a low-poverty suburban ring. Female unemployment in 1998 in the city of Detroit was 7.2 percent, nearly twice the rate for the Detroit metropolitan area overall (3.8 percent).⁹ The mean poverty rate in Wayne County in 1997 was 18.0 percent, compared to 5.9 percent in Macomb, and 6.0 percent in Oakland.¹⁰ Recent research indicates that among metropolitan areas, segregation in the Detroit region was the highest in the nation in 2000.¹¹ In that year, 81 percent of the city's residents were African-American, while only 7 percent of suburban Detroit's residents were.¹²

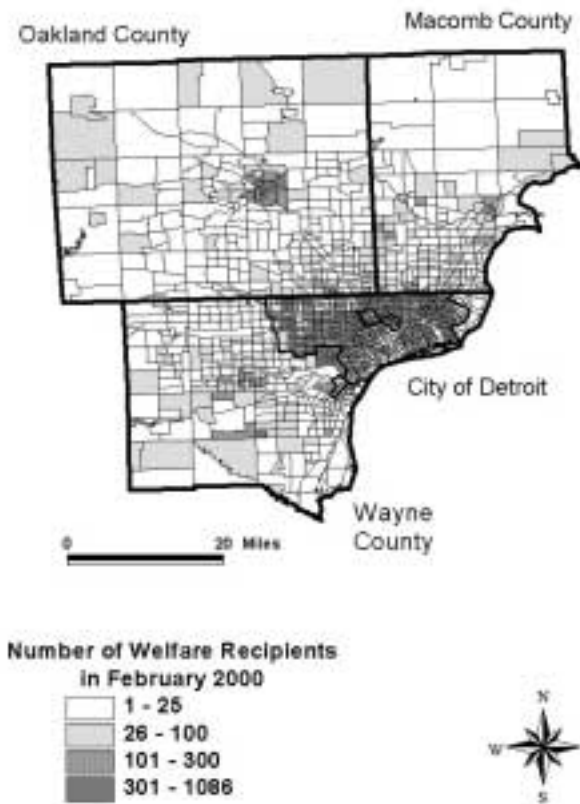
III. Findings

A. Welfare caseloads in the Detroit metropolitan area fell 75 percent between 1992 and 2000, while the region's adult welfare recipients remained concentrated in the city of Detroit.

The number of adults receiving welfare in the Detroit metropolitan area fell dramatically during the 1990s.¹³ In June 1992 there were 107,869 adults receiving AFDC in the three-county Detroit metropolitan area, but by February 2000 the



Figure 1. Detroit Area Welfare Recipients by Census Tract, February 2000



number of adults receiving TANF in the area had fallen to 24,752—a 77 percent reduction in less than eight years.¹⁴ Of this decline, more than three-fifths (50,892 of the 83,117 case reduction) occurred prior to June 1996, two months before federal welfare reform was enacted into law. The bottom panel of Table 1 tracks the reduction in the number of adult recipients in the suburban and central city areas of Detroit since 1992. While percentage declines in welfare receipt were considerable across the metropolitan area, the decline was somewhat higher in suburban Wayne and Oakland counties than in the city of Detroit.¹⁵

Despite a significant metro-wide reduction in the number of adults on welfare, there was not a dramatic shift in the percentage of adult recipients living in suburban versus central city areas. Table 1 shows that the percentage of the region’s adult recipients living in central city Detroit increased slightly between June 1992 and February 2000, from 73 percent of all AFDC cases to 77 percent of TANF cases. In February 2000, about 12 percent of all welfare households

Table 1. Welfare Caseload Trends in Detroit Area by County: 1992 to 2000

	Detroit Metropolitan Area	Oakland County	Macomb County	Wayne County	City of Detroit
Number of Welfare Recipients, June 1992	107,869	10,404	4,954	12,959	76,746
Percentage of Metro Area Caseload, June 1992	--	9.9	4.7	12.3	73.0
Number of Welfare Recipients, February 2000	24,752	1,731	1,255	2,686	18,690
Percentage of Metro Area Caseload, February 2000	--	7.1	5.2	11.0	76.7
Percentage Change in Caseload June 1992 to February 2000	-77.1	-83.4	-74.7	-79.3	-75.6

Wayne County excludes the city of Detroit.

Sources: June 1992 and February 2000 Administrative Data from the State of Michigan Family Independence Agency.



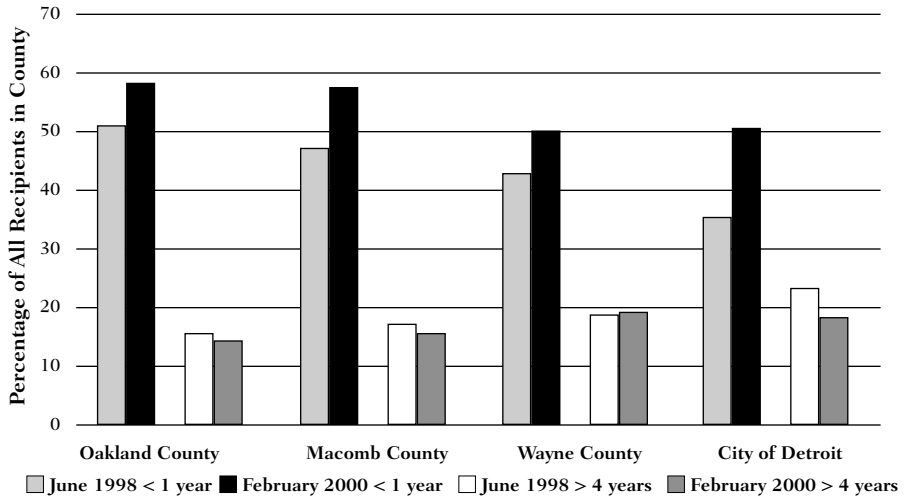
lived in the largely suburban counties of Oakland and Macomb, and 11 percent lived in suburban Wayne County. Figure 1 displays graphically the concentration of welfare recipients in central city Detroit.

While the overall racial composition of the Detroit area caseload did not change substantially during the late 1990s, minority recipients continued to be concentrated in the central city. Across the Detroit metropolitan area, the overall percentage of adult welfare recipients who were non-white increased only slightly in the late 1990s, from 78.5 percent to 80.2 percent of the caseload between June 1996 and February 2000.¹⁶ In Oakland County, Macomb County and suburban Wayne County, there were slight increases between 1996 and 2000 in the proportion of the caseload that was non-white. However, given the much larger size of the city of Detroit's caseload, and the fact that nearly 94 percent of recipients living in the city were non-white, Detroit was home to about 90 percent of the metropolitan area's non-white adult welfare recipients in February 2000 (17,467 of 19,544 non-white adult recipients).

B. A considerable share of recipients in the city of Detroit and its suburbs had not been receiving welfare one year before.

Along with caseload declines, there were important changes in the characteristics of adult recipients in the Detroit area in the late 1990s. Most notably, the share of adult recipients with active case files of less than one year increased from 37.5 percent of the three-county caseload in June 1998 to 51.2 percent in February 2000. Over one-half of all adult recipients in February 2000, therefore, were new entrants or returners to welfare. Long-term continuous welfare receipt in the Detroit region actually declined modestly in the late 1990s; 18.3 percent of all recipients in February

Figure 2. Short-Term and Long-Term Detroit Area Welfare Receipt by County, June 1998 and February 2000



Wayne County figures exclude the city of Detroit.

Source: June 1998, February 2000 Administrative Data from the State of Michigan Family Independence Agency

2000 had an active case file of more than four years in length, down from 22.3 percent in June 1998. These findings run counter to the notion that most individuals currently on the welfare rolls are “long-stayers.” To the extent that some of these recipients returned to the rolls after a short time in the labor market, however, this growth in new cases may signal that former recipients had difficulty remaining employed.

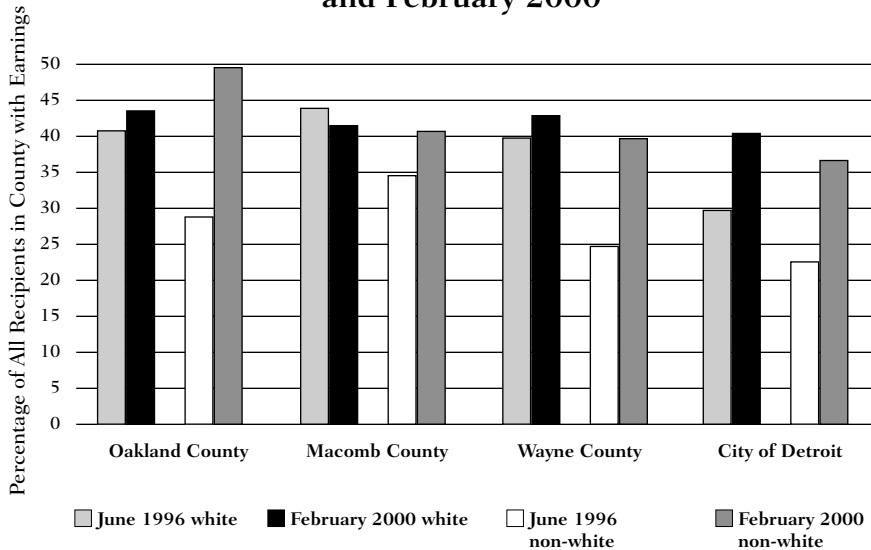
Although Figure 2 shows that the increase in the percentage of case files open for a year or less was most pronounced in the city of Detroit (a 15.2 percentage point increase between June 1998 and February 2000), significant increases occurred in suburban areas as well—seven percentage points in Oakland and suburban Wayne counties, and ten percentage points in Macomb County. Figure 2 also indicates that slightly higher percentages of adult recipients in suburban Wayne County and the city of Detroit were long-term contin-

uous welfare recipients than in Oakland or Macomb counties. Although the gap between these jurisdictions in long-term welfare receipt narrowed in recent years, nearly 80 percent of metropolitan area adult recipients on assistance for four or more years in February 2000 (3,105 of 3,965 recipients) resided in the central city.

Administrative data also show that the average size of Detroit area households receiving assistance increased after the passage of welfare reform. In June 1996, 21 percent of adult welfare recipients came from households with six or more individuals; less than four years later, 29 percent of recipients came from such households. In February 2000, nearly one-third of adult recipients residing in Wayne County and in the city of Detroit were from households with six or more individuals, while around one-quarter of adult recipients in Oakland and Macomb counties were from households of that size. This trend towards



Figure 3. Earnings Rates Among Detroit Area Welfare Recipients by Race and County, June 1996 and February 2000



Wayne County figures exclude the city of Detroit.

Source: June 1996, February 2000 Administrative Data from the State of Michigan Family Independence Agency

larger recipient households is likely due in part to the challenges associated with finding and retaining work while managing a household with a large number of dependents. It may also be related to the fact that larger families receive larger TANF grants, and can therefore earn more than smaller families before losing eligibility for cash benefits.

C. The percentage of Detroit area welfare recipients reporting earnings increased between 1996 and 2000, but still varied by place and race across the region.

Between June 1996 and February 2000, the percentage of adult recipients in the Detroit metropolitan area reporting earnings from work increased from 26.7 percent to 38.5 percent.¹⁷ Although there was greater parity in recipient earnings rates across counties in 2000 than in 1996, Figure 3 shows that rates remained higher in suburban counties than in the central city. In the city of Detroit, the percentage of recipients

reporting earnings increased from 23.5 percent to 37.1 percent between June 1996 and February 2000, a 60 percent jump. Yet this was still about five to ten percentage points behind earnings rates for recipients living in suburban Wayne (42.0 percent), Oakland (46.9 percent), and Macomb (41.6 percent) counties.

Differences in earnings rates between city and suburb held for minorities as well, as suburban non-whites receiving welfare had higher earnings rates than those living in the city of Detroit. For instance, Figure 3 shows that 49.7 percent of non-white recipients in Oakland County reported work earnings in February 2000 (up from 29.3 percent in June 1996), while 36.9 percent of non-white recipients in the city of Detroit reported work earnings in the same month (up from 23.0 percent in June 1996).

D. Adult welfare recipients living in suburban neighborhoods had significantly greater access to employment opportunities than recipients living in city of Detroit.

Using information from the Detroit employer survey, three measures of job accessibility were calculated for each residential census tract in the Detroit metropolitan area: access to all jobs in 1997; access to job growth between 1996 and 1997; and access to low-skill employment opportunities in 1997. Each accessibility measure controls for labor market competition in the low-skill labor market by dividing recipients' proximity to jobs by their proximity to adults with a high school degree or less. (See Appendix A for further detail.) For ease of interpretation, each tract access score is divided by the overall metropolitan mean score for that particular access measure. Thus, a tract with an access score of 1.10 is in proximity to 10 percent more jobs per job-seeker than the mean tract; a tract with an access score of 0.90 is in proximity to 10 percent fewer jobs per job-seeker than the mean tract.

Figure 4 and Table 2 reflect striking differences in access to jobs across the Detroit metropolitan area. Darker areas of the map in Figure 4 indicate tracts with access to jobs above the metropolitan mean, while lighter areas reflect tracts with access to jobs below the metropolitan mean. The figure shows that a substantial share of overall employment opportunity exists in the suburban areas, particularly the western suburbs of Detroit.¹⁸ With increasing distance from the central city comes increasing access to employment opportunity.

Table 2 indicates that in June 1998, there were consistent differences between suburban and central city areas in access to all job opportunities, job growth, and low-skill job opportunities. Looking first at job growth in 1997, welfare recipients living in Oakland County in June 1998 had access to about 10 percent more new

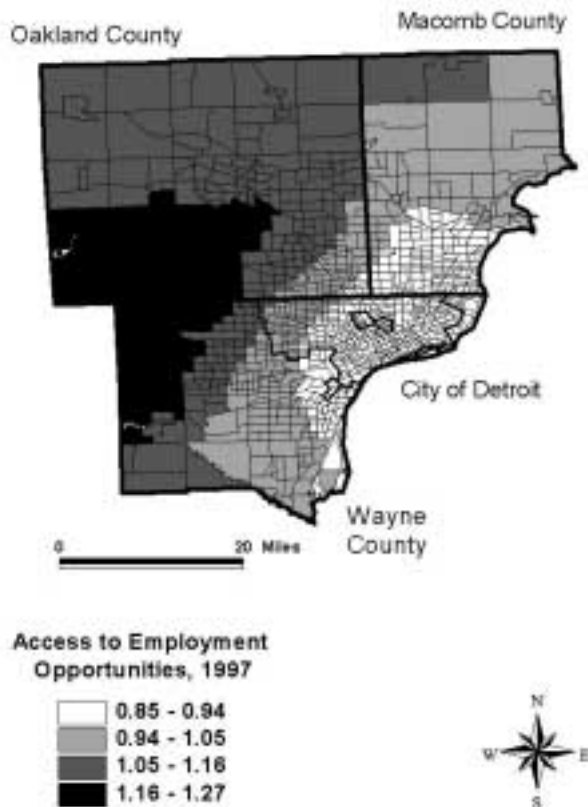
Table 2. Detroit Area Welfare Recipients' Access to Job Opportunities by County, June 1998

	Oakland County	Macomb County	Wayne County	City of Detroit
Mean Access to Job Growth	1.129	0.726	1.023	1.007
Mean Access to Low-Skill Jobs	0.982	0.742	1.218	0.883
Mean Access to All Jobs	1.107	0.922	1.002	0.906

Wayne County figures exclude the city of Detroit.

Source: June 1998 Administrative data from the State of Michigan Family Independence Agency, 1997 Holzer employment survey.

Figure 4. Access to Employment Opportunities in the Detroit Area, 1997



job opportunities per job-seeker than recipients in suburban Wayne County, and to 12 percent more new jobs per job-seeker than recipients living in the city of Detroit. Recipients living in suburban Macomb County to the northeast of Detroit were in proximity to considerably fewer job opportunities than recipients living in other

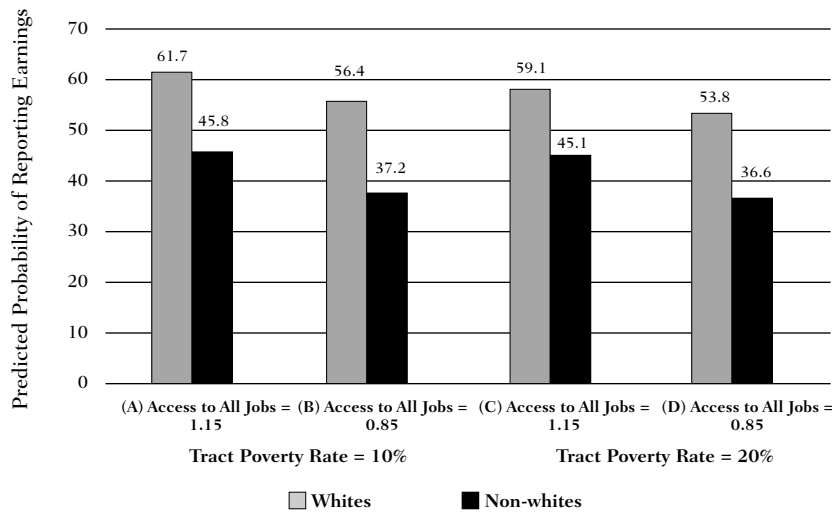
suburban areas or in the city of Detroit. For instance, recipients living in suburban Macomb County had access to about 40 percent fewer new job opportunities in June 1998 per job-seeker than recipients in Oakland County, and to about 30 percent fewer new jobs per job-seeker than recipients in suburban Wayne County.

The differences between counties in their relative proximity to all low-skill jobs were similarly large. Welfare recipients living in suburban Wayne County had access to about 40 percent more low-skill jobs in June 1998 per job-seeker than recipients living in the city of Detroit, and access to roughly 20 percent more low-skill jobs per job-seeker than recipients living in suburban Oakland County. This finding reflects the substantial expansion of low-skill job opportunities in western Wayne County during the 1990s. Examining access to the total stock of jobs, we see that recipients in the city of Detroit and in Macomb County had similar level of access, and that recipients in suburban Wayne and Oakland counties had access to 10 percent and 20 percent, respectively, more jobs per job-seeker. Thus, regardless of the measure of job access used, it is clear that geographic access to employment for welfare recipients is considerably greater in the western portion of the Detroit region than in the central city and Macomb County.

E. Adult recipients who lived closer to employment opportunities were more likely to report work earnings in 2000, all else equal.

Do these differences in welfare recipients' access to jobs and job growth within the Detroit metro area affect employment outcomes? To answer this question, econometric models were used to assess the impact that welfare

Figure 5. Predicted Probability of Reporting Work Earnings Among Detroit Area Welfare Recipients, June 1998



Predicted probabilities based on a 25 to 34 year-old recipient with no more than two dependents who has been on the rolls for one to four years. Source: June 1998 Administrative Data from the State of Michigan Family Independence Agency, 1997 Holzer employment survey

recipient characteristics and geographical proximity to jobs had on the likelihood that a recipient reported earnings from work in June 1998. In estimating the effect of job access on earnings rates, the models controlled for other recipient characteristics including age, household size, length of current welfare spell, and census tract poverty level.¹⁹ (See Appendix A for further detail.)

The results indicate that proximity to jobs had a significant impact on the work outcomes of both white and non-white recipients, all else being equal, and that the magnitude of that impact was greater for non-white recipients. Welfare recipients living near more jobs per job-seeker in 1997 were more likely to report earnings in June 1998 than recipients living near fewer such opportunities.²⁰ Figure 5 reflects the impact of access to all jobs in 1997 on the predicted probability that a welfare recipient reported work earnings in June 1998, based on estimates from the econometric models. Columns A and B indicate that living in a 10 percent poverty census tract with

access to 15 percent more job opportunities per job-seeker than the mean metropolitan tract increased the probability of work by more than 5 percentage points for white recipients, compared to living in a tract with access to 15 percent fewer job opportunities per job-seeker than the mean metropolitan tract. For non-white recipients, this increase in job access was associated with a 9 percentage point increase in the probability of reporting earnings. There was about a 16 percentage point difference overall between white and non-white recipients in their likelihood of reporting earnings in a job-rich area, reflecting the racial differences in earnings rates shown in Figure 3. These findings suggest that some of that racial difference in earnings rates may be attributable to the concentration of non-white recipients in the city of Detroit, where access to jobs is below average.²¹

IV. Conclusion

As was true nationwide, the three-county Detroit metropolitan area experienced a significant decline in the number of adults receiving welfare between 1992 and 2000, as well as a steady increase in the percentage of adult recipients who reported earnings from work. The findings presented here also indicate that the current caseload in the Detroit area is not composed solely of long-term recipients; roughly 50 percent of adult recipients in February 2000 (nearly 11,000 households) were either new entrants or individuals cycling back onto welfare.

These aggregate metropolitan data on welfare caseloads, however, mask important variation in welfare receipt and work within the Detroit metropolitan area. Welfare receipt remains largely a central city phenomenon; disproportionate numbers of long-term continuous adult recipients, non-white recipients, and recipients from large households reside within the city of Detroit. This study reveals striking disparities in access to jobs between welfare recipients living in the central city and inner-tier suburbs, and shows that greater access to employment opportunities is associated with higher earnings rates among recipients. Although this investigation was limited to the Detroit area, the findings likely hold across a number of metropolitan areas that in recent years have experienced employment decentralization and increasing concentration of welfare receipt in the region's core.

Much of the debate around welfare reform reauthorization is likely to focus on how government should continue to encourage and support work among welfare recipients. The Detroit example highlights how place can impose important constraints on the ability of low-income households to find and retain work. Policymakers debating TANF reauthorization should thus promote solutions sensitive to the



spatial realities of welfare and urban labor markets, by providing additional flexibility in the administration of welfare-to-work programs, and by devoting new resources aimed at connecting isolated central city residents to the broader metropolitan labor market.

First, the complex characteristics and needs of the current welfare caseload suggest that administrators should have greater discretion over time limits, exemptions, and approved work activities. Even though more states may join Michigan in providing assistance to families after the five-year federal time limit, the federal government should not shy away from a commitment to ensuring that low-income families have a reasonable opportunity to achieve self-sufficiency. Particularly in central cities where a significant portion of the caseload could reach time limits, exemptions should be granted to those “playing by the rules” and continuing to search for work. In situations where significant barriers to employment are involved, states should be given the flexibility to postpone work requirements and emphasize treatment or training that would facilitate better long-term outcomes for recipients.

Second, as demonstrated here, state administrative data can be an effective tool for the planning, tracking, coordination and evaluation of welfare reform. Any expansion of state or local discretion, therefore, should be accompanied by incentives to use administrative data to assess program activity and to develop performance standards. Not only can such data be useful in measuring the impact of welfare-to-work programs over time, but also their use can balance the flexibility given to states and localities with accountability for the outcomes of those programs.

Third, with welfare caseloads concentrated in urban cores, policies that can enhance mobility and access to job opportunities—particularly low-skill opportunities in outlying suburban areas—are increasingly important for achieving welfare-to-work goals. For those recipients with limited mobility due to poor access to public or automobile transportation, policy-makers should think about how to ease the burden of complex commutes to and from these isolated central city areas. Depending on the nature of the spatial isolation, these solutions may involve expanding access to public transportation or private automobiles.

Finally, there are preliminary indications that in addition to employment, health care, mental health, and substance abuse service providers may be increasingly locating to areas outside of central cities.²² It is important for states seeking to support work among welfare recipients to ensure that service providers, as well as jobs, remain geographically accessible to inner-city residents.

As the reauthorization of TANF approaches, policymakers should pursue programs that better link people seeking work to places with job opportunities. Enhancing access and mobility could help to mitigate the negative effects that persistent economic and spatial isolation have on the work outcomes of low-income households in urban America.

Appendix A. Detailed Methodology

Data

This study makes use of two primary data sources: administrative data from the state of Michigan on the characteristics of Detroit area adult welfare recipients from 1992 to 2000; and a survey of Detroit area employers conducted by Harry Holzer in 1997.

Under a research agreement between the State of Michigan Family Independence Agency (FIA) and the Poverty Research and Training Center at the University of Michigan, the author received administrative data on the universe of single mother welfare recipients in Wayne, Oakland and Macomb counties in June 1992, June 1996, June 1998, and February 2000. For each case in June 1992, only address information was provided for each recipient. For each case in 1996, 1998, and 2000, information was provided on start date of case file, age, race, earnings from work reported for the previous month, and education level. In each file, the recipient addresses were geocoded with census tract identifiers and then aggregated to the tract-level.

The Holzer employer data is useful for assessing access to jobs, as it is a random sample of employers and is a representative picture of employer demand for workers in the Detroit metro area labor market. The data were used to create measures of access to job growth from 1996 to 1997, and access to the total stock of jobs, at the census tract and county levels. Further, the 1997 survey asked each firm, “How many of your employees are in jobs that do not require any particular skills, education, previous training, or experience when they are hired?”, providing a measure of recipient access to low-skill job opportunities.





Constructing Access Measures

To generate tract-level measures of access to employment opportunity, the author weighted distances between residential tracts *i* and employment tracts *j* by the employment opportunities in each tract *j*. The method outlined below controls both for the number of jobs and their distance from welfare recipients, by weighting larger numbers of jobs and employment opportunities near a welfare recipient greater than jobs that are fewer in number and/or farther away.²³

The first step in creating these measures was to calculate the distances between all tracts *i* and *j*:

$$\text{Distance}_{ij} = (\sqrt{(\text{HH}_{xi} - E_{xj})^2 + (\text{HH}_{yi} - E_{yj})^2}) - 0.0145$$

Where *HH_{xi}* is the latitude coordinate for the centroid of the household tract; *HH_{yi}* is the longitude coordinate for the centroid of household tract; *E_{xj}* is the latitude coordinate for the centroid of the employer tract; and *E_{yj}* is the longitude coordinate for the centroid of the employer tract. If the household and employer were in the same tract, the area of the tract was used to generate a radius for the inter-tract distance:

$$\text{Distance}_i = (\sqrt{(\text{area}_i - 8.1367)}) - \sqrt{2}$$

To control for labor market competition, similar inter-tract distances between all residential tracts were estimated in the same manner.

With distances calculated between each residential tract and each tract containing an employer, the following distance decay function was used to estimate access to employment opportunity:

$$\text{Access}_i = (\sum X_j (e^{ld_{ij}})) - (\sum LC_k (e^{ld_{ik}}))$$

Where *X_j* is a measure of job opportunity in employer tract *j* (number of jobs in 1997, number of low-skill jobs in 1997, number of employees added between 1996 and 1997); *l* is the distance decay parameter (in this case -0.092); *d_{ij}* is the distance of the household tract to the job tract in miles; *LC_k* is the measure of labor market competition in residential tract *k*; and *d_{ik}* is the distance in miles of the household tract to the residential tract containing competing workers. The measure of labor market competition is the percentage of all persons in the metropolitan area with an educational achievement level of high school degree or less residing in a given tract, according to 1990 Census data.

Estimating the Impact of Access on Earnings Rates

To assess the impact of access to jobs and welfare recipient characteristics on the likelihood that a recipient reports earnings from work in a given month, the author estimated two probit models—one model for white recipients and one model for non-white recipients—each with a dependent variable of whether the recipient reported earnings in June 1998. In addition to access to all job opportunities in 1997, the probability of reporting work earnings was estimated to be a function of: age of the recipient; the number of individuals in the household; the length of time the active case file has been open; and tract poverty level. Accurate information on the educational attainment of welfare recipients was not available from administrative data in June 1998, but analyses of work outcomes in June 1996 suggest that those recipients without a high school degree were less likely to report work earnings than recipients with a high school degree (see Allard and Danziger (2000)).



Endnotes

- 1 Scott W. Allard is an Assistant Professor of Public Administration and a Senior Research Associate in the Center for Policy Research at Syracuse University, Maxwell School of Citizenship and Public Affairs. This research was supported by a grant from The Brookings Institution.
- 2 See Katherine Allen and Maria Kirby, "Unfinished Business: Why Cities Matter to Welfare Reform," Center on Urban and Metropolitan Policy, The Brookings Institution, July 2000.
- 3 See Edward L. Glaeser and Jacob L. Vigdor, "Racial Segregation in the 2000 Census: Promising News," Center on Urban and Metropolitan Policy, The Brookings Institution, April 2001; "Ethnic Diversity Grows, Neighborhood Integration Is at a Standstill," Lewis Mumford Center, State University of New York at Albany, April 3, 2001.
- 4 See John Brennan and Edward W. Hill, "Where Are The Jobs?: Cities, Suburbs, and the Competition for Employment," Center on Urban and Metropolitan Policy, The Brookings Institution, November 1999; "Job Sprawl: Employment Location in U.S. Metropolitan Areas," Center on Urban and Metropolitan Policy, The Brookings Institution, July 2001.
- 5 See Paul Ong and Evelyn Blumenberg, "Job Accessibility and Welfare Usage: Evidence from Los Angeles," *Journal of Policy Analysis and Management*, 17(4): 639–57, 1998.
- 6 The term "earnings rate" is used in this paper to refer to the share of a given group that reports earnings from work. See Scott W. Allard and Sheldon Danziger, "Proximity and Opportunity: How Residence and Race Affect Welfare Recipients." Paper presented at The Journey to Work: UCLA Symposium on Welfare Reform and Transportation, 6–7 April 2000, Los Angeles, CA.
- 7 The author thanks the State of Michigan Family Independence Agency for making administrative data available and Harry Holzer for providing access to data from his Detroit employer survey.
- 8 For an excellent account of race and economics in the Detroit metropolitan area, see Reynolds Farley, Sheldon Danziger, and Harry J. Holzer, "Detroit Divided," Russell Sage Foundation, New York, 2000.
- 9 See U.S. Census Bureau, Bureau of Labor Statistics, "Geographic Profile of Employment and Unemployment, 1998," Bulletin 2524, <http://www.bls.gov/opub/gp/laugp.htm>.
- 10 See U.S. Census Bureau, "1997 Small Area Income and Poverty Estimates," <http://www.census.gov/hhes/www/saie/estimatetoc.html>.
- 11 See Glaeser and Vigdor (2001).
- 12 Census 2000 Redistricting Data (P.L. 94–171) Summary File, accessed via <http://factfinder.census.gov>.
- 12 Michigan began implementing a "Work First" program in 1994 before the passage of federal welfare reform in 1996, but did not implement the program statewide until after 1996. Titled the Family Independence Program (FIP), the state's Temporary Assistance for Needy Families (TANF) program emphasizes job search and placement, allowing recipients to keep the first \$200 of their earnings and 20 percent of all additional earnings without a reduction in their grant. The maximum FIP benefit for a family of three in Wayne County is \$459. For more detail on the evolution of FIP in Michigan and its implementation in the Detroit metropolitan area, see Kristin S. Seefeldt, Jacob Leos-Urbel, Patricia McMahon, and Kathleen Snyder, "Recent Changes in Michigan Welfare and Work, Childcare, and Child Welfare Systems," Urban Institute, forthcoming 2001.
- 13 The data include all female-headed one-parent families receiving welfare assistance in the given month. The numbers presented here represent cases with valid administrative data fields. For each year, over 97 percent of the adult recipient addresses were successfully geocoded, and corresponding census tract identifiers were appended to the address lists. Subsequent analyses making use of these geographic identifiers, therefore, will report slightly smaller sample sizes.
- 14 While the data here describe single parents receiving assistance, nearly identical numbers are generated when looking at the total caseload—parents and children. These rates of reduction in and around Detroit are comparable to statewide figures. The total number of Michigan households receiving welfare declined from 168,677 in June 1996 to 52,261 in February 2000, a 69.0 percent reduction. See State of Michigan, Department of Social Services, "Monthly Assistance Payments Statistics," May 1996; and State of Michigan, Family Independence Agency, "Monthly Assistance Payments Statistics," February 2000.
- 15 "Non-white" as it is used here includes individuals who are Hispanic, who may be of any race. Of those non-whites receiving welfare in June 1996, 96.7 percent were African American, 0.2 percent were Native American, and 2.1 percent were Hispanic. In February 2000, 94.5 percent of those non-whites receiving assistance were African-American, 0.1 percent were Native American, and 2.2 percent were Hispanic.
- 16 There has been no change in the state of Michigan's earnings disregard since 1996.
- 17 Similar results were generated with an access measure that was based simply on straight distance to each employer in the Holzer survey without weighting for number of jobs.

- 18 One criticism of research on “spatial mismatches” between welfare recipients and jobs is that there may be a sorting process, where those individuals most likely to work will locate near employment centers, thus overstating the impact of job access on labor market outcomes. While it is possible that the findings here overstate the impact of access, there are a few reasons to believe that the size of the bias is not very large. First, welfare recipients can afford housing in only a very limited area, making it less likely that they could relocate to employment centers in the suburbs. Second, there is no evidence that recipients living right at the edge of the central city boundaries work at higher rates than recipients living slightly further from the edge.
- 19 Very similar findings emerged from probit models that used proximity to low-skill job opportunities and job growth as measures of employment access.
- 20 The impacts of differences in recipient and neighborhood characteristics on the likelihood of reporting earnings were as might be expected. Recipients whose current welfare spell was more than one year in length were more likely to work than those whose current spell was less than one year. This is consistent with the fact that recipients who are on the rolls for a longer period of time are more likely to be exposed to the program’s job search and work activity requirements. Recipients under the age of 25 were less likely to report earnings than recipients over the age of 25, who on average have more labor market experience. Recipients living in high poverty neighborhoods were less likely to report earnings than recipients living in lower poverty areas, suggesting that neighborhood effects may create

greater obstacles to work for the former group. Figure 5 indicates, for instance, that moving from a neighborhood of 10 percent poverty (Columns A and B) to one of 20 percent poverty (Columns C and D) reduced the probability of reporting work earnings slightly, but by a smaller amount than the decrease in job accessibility implied by the two panels.

- 21 See Scott W. Allard, Danny Rosen, and Richard M. Tolman, “Linking the Spatial Distribution of Social Service Providers to Service Utilization Rates.” Paper to be presented at the 2001 APPAM Fall Research Conference, 1–3 November 2001, Washington, D.C.
- 22 See Rucker Johnson, “Landing a Job in Urban Space/Spatial Job Search and Unemployment Duration: A Study of the Extent and Effects of Spatial Mismatch,” Ph.D. dissertation, Department of Economics. Ann Arbor, MI: University of Michigan, 2001; Ted Mouw, “Job Relocation and the Racial Gap in Unemployment in Detroit 1980–1990,” Ph.D. dissertation, Department of Economics. Ann Arbor, MI: University of Michigan, 1998; and Steven Raphael, “The Spatial Mismatch Hypothesis and Black Youth Joblessness: Evidence From the San Francisco Bay Area,” *Journal of Urban Economics*, 43: 79–111, 1998, for further discussion of employment accessibility measures.

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