

**The Los Angeles Jobs-First GAIN Evaluation:
Final Report on a Work First Program
in a Major Urban Center**

**Stephen Freedman
Jean Tansey Knab
Lisa A. Gennetian
David Navarro**

Manpower Demonstration Research Corporation



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Preface

As welfare rolls have gone down in recent years, welfare recipients have become increasingly concentrated in large urban areas. There, the challenges of reform are great: Unemployment rates typically exceed the national average; welfare recipients (many of them people of color and recent immigrants) often live far from available jobs and face other barriers to employment, including discrimination in the labor market; and welfare systems are operated by large bureaucracies that can be difficult to change. To meet these challenges, program administrators and policymakers need reliable information on effective approaches to helping people find employment and reducing welfare dependency.

Over the past decade, studies of welfare programs in Los Angeles County, the most populous in the nation, have helped meet this need. Since the late 1980s, administrators of the county's Department of Public Social Services (DPSS) have implemented several different strategies for boosting employment and reducing welfare and have, to an unusual extent, sought to have the effectiveness of their efforts rigorously evaluated. This commitment to knowledge development has created an important legacy for the county and for the nation.

This report concludes MDRC's study of an important stage in the evolution of welfare reform in Los Angeles County. In the mid-1990s, DPSS transformed its Greater Avenues for Independence (GAIN) program, which sent most welfare recipients to school to learn basic skills, into Jobs-First GAIN, a Work First program that assigned most welfare recipients to job search and attempted to move welfare recipients as quickly as possible into employment. Jobs-First GAIN's main features included: (1) an unusually intensive program orientation; (2) high-quality job clubs, which combined instruction in job-finding skills with activities aimed at boosting participants' self-esteem and motivation to work; (3) job development activities; (4) strong encouragement to take entry-level jobs and combine work and welfare in the short term; and (5) relatively tough, enforcement-oriented case management.

DPSS administrators contracted with MDRC to evaluate the program using a particularly reliable random assignment design. The evaluation began in 1996 and included nearly 21,000 single parents and members of two-parent households. This unusual study was made possible by funding from DPSS, the Administration for Children and Families at the U.S. Department of Health and Human Services, and the Ford Foundation.

This is the third and final report from the evaluation. The first described how DPSS restructured its GAIN program and concluded that it is possible to change a large, urban, basic-education-focused welfare-to-work program into a work-focused one. The second showed the substantial gains in employment and reductions in welfare receipt during the first year after people entered Jobs-First GAIN. The current report finds that Jobs-First GAIN sustained these results into a second year, producing employment gains for many types of welfare recipients. It also shows that the increase in single mothers' working did not seem to result in clear gains or losses for their children. Finally, the report concludes that the program increased welfare recipients' employment and earnings to a greater extent and was more cost-effective from the standpoint of government budgets than the GAIN program that had preceded it. These are notable achievements for a large urban welfare-to-work program.

However, at the end of the two-year follow-up period, many people were still jobless or employed in jobs that paid relatively little and offered few benefits, and there was little change in participants' total income. These findings demonstrate not only that a well-designed and innovative Work First strategy can achieve positive results in a large urban area but also that there are no easy answers.

In April 1998, DPSS replaced Jobs-First GAIN with CalWORKs, California's welfare-to-work program under the TANF provisions of the 1996 federal welfare reform law. The new program retained Jobs-First GAIN's Work First services and messages but added time limits on welfare eligibility (although only for adult recipients), somewhat stronger financial incentives to work, post-employment services aimed at increasing job retention and advancement, extended child care assistance and medical coverage for people who leave welfare for employment, and special services for victims of domestic violence and recipients with mental health or substance abuse problems. It remains for future studies to determine whether CalWORKs' more comprehensive approach to promoting self-sufficiency does better than programs like Jobs-First GAIN, which focused on helping welfare recipients find a job.

Judith M. Gueron
President

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MDRC has received strong support from many additional DPSS administrators and staff over the course of the evaluation. John Martinelli, the former GAIN Program Division Chief, merits special recognition for helping to frame the research questions and design. His dedication and enthusiasm fostered a sense of partnership that permeated the agency, ensuring the county's interest in and support of the evaluation. Eddy Tanaka, the former Director of DPSS, was also instrumental in developing the research design. In addition, MDRC was fortunate to work with GAIN Program Managers Pat Knauss and Jackie Mizell-Burt and with Human Services Administrators Brenda Rosenfeld and Carlos Hernandez, who ably served as liaisons to MDRC. These administrators worked with MDRC staff to implement random assignment, collect and interpret data, and review drafts of earlier reports and papers.

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At MDRC, Judith Gueron, Gordon Berlin, Judith Greissman, John Wallace, and Barbara Goldman reviewed earlier drafts of this report and improved the quality of the analysis and presentation. John Wallace also worked with DPSS administrators to launch the evaluation and performed important liaison work with county, state, and federal administrators. Evan Weissman conducted most of the initial fieldwork and helped implement the random assignment design. Daniel Friedlander designed and supervised the impact analysis for the evaluation.

Joel Gordon designed and monitored the automated random assignment process; oversaw the collection of data on sample members' characteristics, program tracking, and supportive service payments; prepared analysis files; and served as a key liaison with DPSS management information administrators, staff, and subcontractors. Margarita Agudelo managed the acquisition of welfare and Food Stamp payment records. Debra Romm supervised the design and ongoing processing of the databases for these records and for Unemployment Insurance earnings records. Natasha Piatnitskaia prepared and processed these data and performed data quality checks. Ngan Yee Lee assisted in several data processing tasks and maintained the data library. Greg Hoerz managed the survey effort. Adria Gallup-Black led the work of preparing the survey instrument and monitored the interviews.

Anna Gassman-Pines programmed the survey and administrative records analysis files and ably coordinated the production and editing of report tables, figures, and text. Electra Small prepared the program tracking and supportive services analysis files and programmed the outcome measures. Marisa Mitchell performed many key programming and technical tasks for the impact analysis. Diane Singer created tables and figures and assisted in report coordination. Diana Adams-Ciardullo, Diane Singer, and Tracey Hoy fact-checked the tables and text. Valerie Chase edited the report with the assistance of Robert Weber, and Stephanie Cowell did the word processing.

The Authors

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Table 2.3

Rates of Participation and Status Among AFDC-FG Experimental Group Members
Within Two Years of Orientation, by Region and Subgroup

Region or Subgroup	Sample Size	Participated (%)			Sanctioned (%)	Deregistered (%)
		Any Activity	Job Club	Any Education and Training		
San Fernando Valley (Region 2)	2,021	33.3	31.0	6.2	26.5	94.1
San Gabriel Valley (Region 3)	2,847	36.2	32.8	8.1	26.2	94.8
Central (Region 4)	1,962	50.6	44.1	14.8	36.7	92.4
Southern (Region 5) ^a	2,538	42.5	37.3	10.3	32.9	94.8
Southeastern (Region 6)	2,153	49.9	42.7	15.1	31.5	92.5
Male	834	38.5	35.7	6.3	29.4	91.8
Female	10,687	42.1	37.2	10.9	30.5	94.0
White	1,977	31.5	28.4	7.1	29.7	92.9
African-American	3,606	46.0	39.8	12.2	36.6	94.0
Hispanic	5,235	45.5	40.7	11.6	28.3	94.1
Asian	671	23.5	21.0	4.9	15.5	94.1
Proficient in English ^b	9,172	42.9	37.5	11.1	33.4	93.8
White	1,773	33.6	30.4	7.6	31.1	92.9
Hispanic	3,574	45.5	39.5	12.3	32.6	94.2
Asian	274	31.7	28.9	5.8	18.2	91.7
Not proficient in English ^b	2,349	37.7	35.3	8.6	18.7	94.2
White	204	13.4	11.0	3.3	18.0	93.2
Hispanic	1,661	45.4	43.2	10.1	18.8	93.7
Asian	397	17.9	15.6	4.2	13.6	95.6

(continued)

Table 2.3 (continued)

Region or Subgroup	Sample Size	Participated (%)			Sanctioned (%)	Deregistered (%)
		Any Activity	Job Club	Any Education and Training		
Has a high school diploma or GED	5,232	40.4	34.9	10.0	29.5	93.3
Does not have a high school diploma or GED	6,289	43.1	38.9	11.1	31.2	94.4
Applicant	2,069	43.9	37.8	11.8	30.3	93.8
Short-term recipient	2,370	39.5	34.5	9.7	29.2	93.4
Long-term recipient	7,082	42.0	37.7	10.5	30.8	94.0
Employed in year prior to random assignment	4,145	40.5	35.2	9.3	28.8	94.9
Not employed in year prior to random assignment	7,376	42.6	38.2	11.3	31.3	93.3
Most disadvantaged ^c	2,910	43.0	39.8	11.0	31.5	93.9

SOURCES: MDRC calculations from the GAIN Employment Activity and Reporting System (GEARS), California Employment Development Department Unemployment Insurance earnings records, and LA DPSS Integrated Benefit Payment System AFDC/TANF payment records.

NOTES: Full sample means and percentages are weighted averages of results for regular and early enrollees.

Measure = (regular enrollee result x percent of experimental and control group regular enrollees in AFDC-FG sample) + (early enrollee result x percent of experimental and control group early enrollees in AFDC-FG sample).

Subgroup sample sizes may not sum to the total sample size because of missing data.

^aThis region serves the low-income communities of Watts, Compton, and North Long Beach.

^bIncludes outcomes for African-Americans and Native Americans/Alaskan natives.

^cThe "most disadvantaged" subgroup consists of long-term recipients who did not have a high school diploma or GED certificate at random assignment and who did not work for pay in the year prior to random assignment.

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Table 2.4

Two-Year Impacts on Rates and Total Hours of Participation in Jobs-First GAIN and non-Jobs-First GAIN Activities for AFDC-FGs

Outcome	Participated (%) ^a			Hours of Participation			<i>Hours of Participation Among Participants</i>		
	Experimental	Control	Difference	Experimental	Control	Difference	<i>Experimental</i>	<i>Control</i>	<i>Difference</i>
	Group	Group	(Impact)	Group	Group	(Impact)	<i>Group</i>	<i>Group</i>	<i>(Impact)</i>
Any Activity ^b	61.8	44.1	17.6	n/a	n/a	n/a	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>
Job search	44.6	13.5	31.1	53.2	13.1	40.1	<i>119.3</i>	<i>97.5</i>	<i>21.8</i>
Basic education	10.7	11.2	-0.4	62.1	106.9	-44.8	<i>578.1</i>	<i>957.3</i>	<i>-379.1</i>
ESL	5.9	7.6	-1.7	29.5	65.6	-36.0	<i>501.3</i>	<i>858.6</i>	<i>-357.3</i>
ABE-GED	4.8	6.6	-1.8	32.5	41.3	-8.7	<i>671.8</i>	<i>621.4</i>	<i>50.4</i>
Vocational training/post-secondary	30.8	32.8	-2.1	296.2	314.5	-18.2	<i>962.9</i>	<i>958.2</i>	<i>4.6</i>
Vocational training	17.7	18.2	-0.5	143.4	155.6	-12.2	<i>810.1</i>	<i>856.5</i>	<i>-46.4</i>
Post-secondary education	20.1	18.5	1.6	152.8	158.8	-6.1	<i>760.2</i>	<i>858.2</i>	<i>-98.1</i>
Work experience/OJT	7.6	2.3	5.3	n/a	n/a	n/a	<i>n/a</i>	<i>n/a</i>	
Work experience	6.0	1.4	4.6	n/a	n/a	n/a	<i>n/a</i>	<i>n/a</i>	
OJT	2.6	1.6	1.0	n/a	n/a	n/a	<i>n/a</i>	<i>n/a</i>	
Sample size	372	374		372	374		<i>(varies)</i>	<i>(varies)</i>	

SOURCES: MDRC calculations from the GAIN Employment Activity and Reporting System (GEARS) and from the Two-Year Client Survey.

NOTES: Full sample means and percentages are weighted averages of results for regular and early enrollees.

Measure = (regular enrollee result x percent of experimental and control group regular enrollees in AFDC-FG sample) + (early enrollee result x percent of experimental and control group early enrollees in AFDC-FG sample).

Tests of statistical significance were not performed.

Italicized estimates pertain only to sample members who participated in at least one activity. Therefore, the italicized differences between the experimental and control groups are not true experimental comparisons.

Some subgroup percentages sum to more than the corresponding group percentages because some sample members participated in more than one activity.

N/a = not available or applicable.

^aParticipation rates include participation for at least one day in Jobs-First GAIN activities or in activities outside of the program.

^b"Any activity" includes all activities listed.

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Table 2.6

Rates of Participation and Status Among AFDC-U Experimental Group Members
Within Two Years of Orientation, by Region and Subgroup

Region or Subgroup	Sample Size	Participated (%)			Sanctioned (%)	Deregistered (%)
		Any Activity	Job Club	Any Education and Training		
San Fernando Valley (Region 2)	1,209	21.8	20.3	2.0	19.4	92.1
San Gabriel Valley (Region 3)	1,095	32.9	31.4	2.9	20.7	93.2
Central (Region 4)	472	34.7	31.4	6.1	27.3	92.2
Southern (Region 5) ^a	481	40.3	37.6	7.9	25.8	92.9
Southeastern (Region 6)	782	51.9	48.6	9.2	29.7	91.9
Male	2,118	36.5	34.8	4.1	26.1	95.0
Female	1,921	32.0	29.2	5.6	20.6	89.6
White	1,149	18.0	16.0	3.0	18.5	91.5
African-American	212	43.4	42.0	7.1	35.4	87.7
Hispanic	1,906	46.7	44.2	6.1	28.0	93.0
Asian	766	25.8	23.6	3.7	16.4	93.9
Proficient in English ^b	1,947	40.0	37.2	5.8	29.4	91.2
White	574	28.6	26.7	3.3	25.8	89.2
Hispanic	963	47.0	43.2	7.3	31.8	92.8
Asian	206	36.4	34.5	4.4	22.3	93.2
Not proficient in English ^b	2,092	29.1	27.4	4.0	17.9	93.6
White	575	7.5	5.4	2.8	11.3	93.7
Hispanic	943	46.3	45.3	4.9	24.1	93.2
Asian	560	22.0	19.6	3.4	14.3	94.1

(continued)

Table 2.6 (continued)

Region or Subgroup	Sample Size	Participated (%)			Sanctioned (%)	Deregistered (%)
		Any Activity	Job Club	Any Education and Training		
Has a high school diploma or GED	1,650	28.3	25.8	4.7	22.4	91.0
Does not have a high school diploma or GED	2,389	38.6	36.5	4.9	24.2	93.5
Applicant	446	41.0	38.8	7.2	24.0	91.3
Short-term recipient	1,226	39.6	36.8	6.3	25.6	90.7
Long-term recipient	2,367	30.4	28.5	3.6	22.2	93.6
Employed in year prior to random assignment	1,406	37.3	34.5	5.8	24.2	93.4
Not employed in year prior to random assignment	2,633	32.8	30.9	4.3	23.1	91.9
Most disadvantaged ^c	1,021	36.1	34.8	3.4	24.4	94.8

SOURCES: MDRC calculations from the GAIN Employment Activity and Reporting System (GEARS), California Employment Development Department Unemployment Insurance earnings records, and LA DPSS Integrated Benefit Payment System AFDC/TANF payment records.

NOTES: Subgroup sample sizes may not sum to the total sample size because of missing data.

^aThis region serves the low-income communities of Watts, Compton, and North Long Beach.

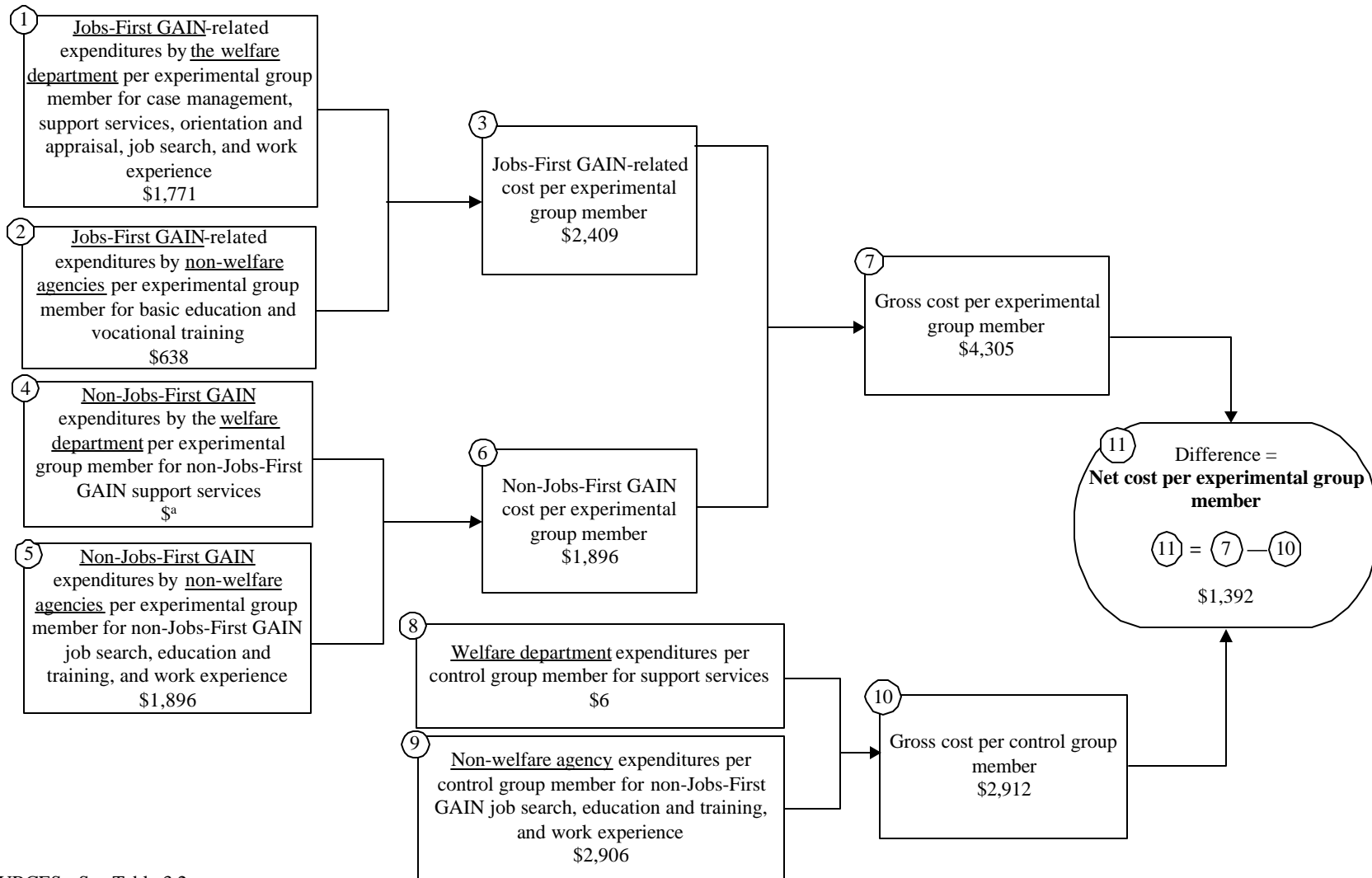
^bIncludes outcomes for African-Americans and Native Americans/Alaskan natives.

^cThe "most disadvantaged" subgroup consists of long-term recipients who did not have a high school diploma or GED certificate at random assignment and who did not work for pay in the year prior to random assignment.

Los Angeles Jobs-First GAIN Evaluation

Figure 3.1

Major Components of Gross and Net Costs for AFDC-FGs (in 1998 Dollars)



SOURCES: See Table 3.2.

NOTES: Rounding may cause slight discrepancies in calculating sums and differences.

^aDollar value is unavailable, but likely to be near \$0.

Los Angeles Jobs-First GAIN Evaluation

Table 3.1
Estimated Unit Costs of Employment-Related Activities per AFDC-FG Experimental and Control Group Member (in 1998 Dollars)

Activity	Experimental Group Members		Control Group Members	
	<u>Welfare Department Unit Cost (\$)</u>	<u>Non-Welfare Agency Unit Cost (\$)</u>	<u>Non-Welfare Agency Unit Cost (\$)</u>	
	Average per Participant-Month	Average per Appraisal	Average per ADA	Average per Participant-Month
Orientation, appraisal, and assessment		572		
Job search	611			152
Basic education	317		2,342	2,334
Vocational training/ post-secondary education	178		3,580	3,639
Work experience/OJT	565			565

SOURCES: Unit cost estimates for Los Angeles GAIN from Riccio et al., Table 3.1, pp. 72-73, and for Riverside LFA from Hamilton et al., 1997, Table 7.1, p. 168.

NOTES: Unit costs from the source tables were converted from 1993 into 1998 dollars.

"ADA" is a unit of Average Daily Attendance, a measure used by California community colleges and adult schools that is defined as a block of 525 hours of attendance. (One ADA unit equals the total course time for a full-time student during a normal academic year.)

Los Angeles Jobs-First GAIN Evaluation

**Table 3.2
Estimated Costs per AFDC-FG Experimental and Control Group Member
Within Two Years of Orientation, by Agency (in 1998 Dollars)**

Activity	Jobs-First GAIN Cost per Experimental Group Member (\$)			Non-Jobs-First GAIN Cost per Experimental Group Member (\$)			Gross Cost per Experimental Group Member
	Welfare Department Cost	Non-Welfare Agency Cost	Total Jobs- First GAIN Cost	Welfare Department Cost	Non-Welfare Agency Cost	Total non-Jobs- First GAIN Cost	
	Orientation and assessment	656	0	656	0	0	
Job search	460	0	460	0	23	23	483
Basic education	106	114	220	0	170	170	390
Vocational training/post- secondary education	119	524	643	0	1,597	1,597	2,240
Work experience/OJT	101	0	101	0	105	105	206
Subtotal (operating)	1,442	638	2,080	0	1,896	1,896	3,975
Child care ^a	258	0	258	n/a	n/a	n/a	258
Other support services	71	0	71	n/a	n/a	n/a	71
Total	1,771	638	2,409	0	1,896	1,896	4,305

Activity	Jobs-First GAIN Cost per Control Group Member (\$)			Non-Jobs-First GAIN Cost per Control Group Member (\$)			Gross Cost per Control Group Member
	Welfare Department Cost	Non-Welfare Agency Cost	Total Jobs- First GAIN Cost	Welfare Department Cost	Non-Welfare Agency Cost	Total non-Jobs- First GAIN Cost	
	Orientation and assessment	0	0	0	0	0	
Job search	0	0	0	0	40	40	40
Basic education	0	0	0	0	507	507	507
Vocational training/post- secondary education	0	0	0	0	2,290	2,290	2,290
Work experience/OJT	0	0	0	0	70	70	70
Subtotal (operating)	0	0	0	0	2,906	2,906	2,906
Child care ^a	0	0	0	6	n/a	6	6
Other support services	0	0	0	0	n/a	n/a	0
Total	0	0	0	6	2,906	2,912	2,912

(continued)

Table 3.2 (continued)

SOURCES: MDRC calculations from the GAIN Employment Activity and Reporting System (GEARS) and from the Two-Year Client Survey, based on unit cost estimates from Riccio et al., 1994, Table 3.1, pp. 72-73, and from Hamilton et al., 1997, Table 7.1, p. 168.

NOTES: Rounding may cause slight discrepancies in calculating sums.

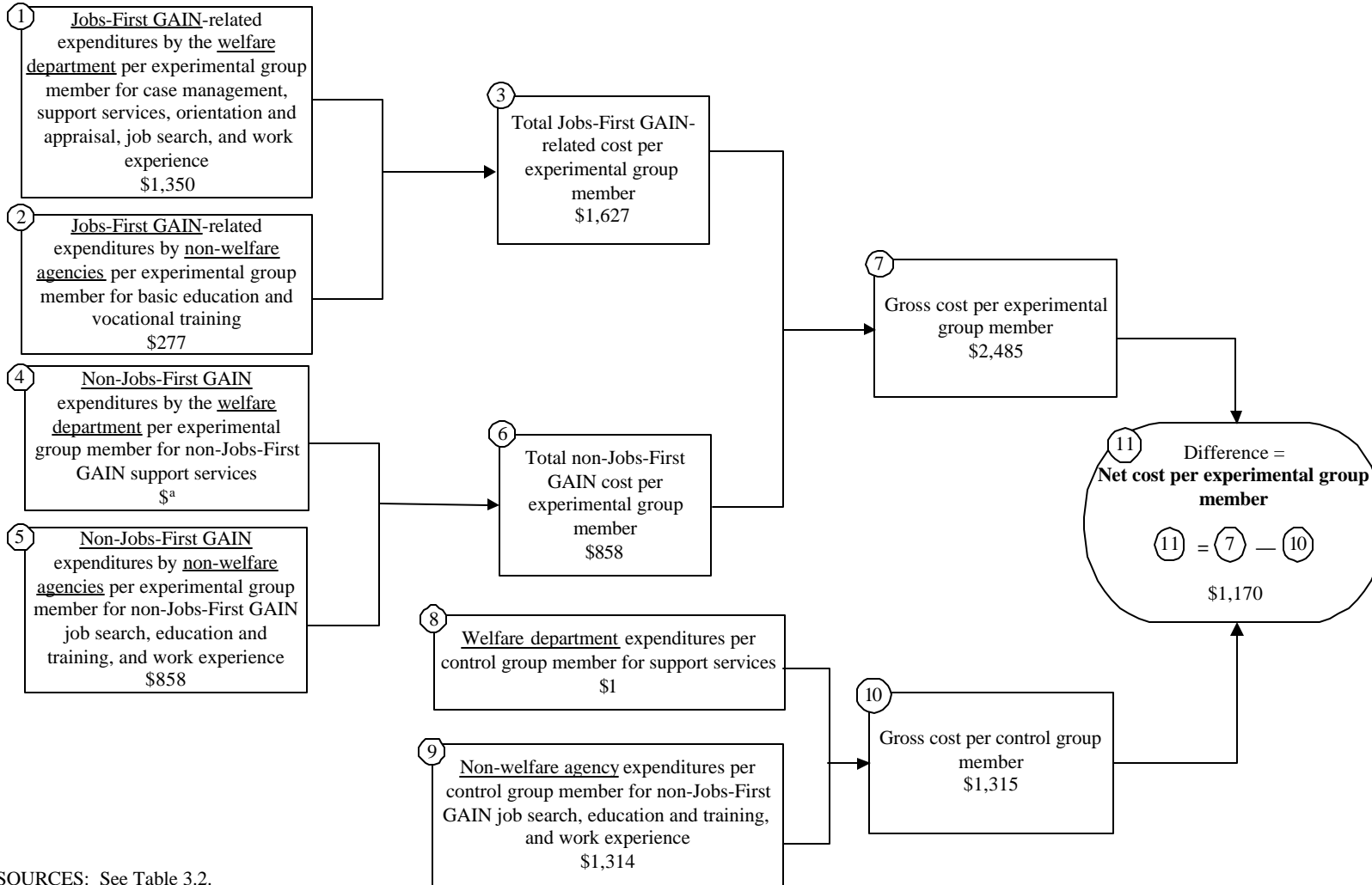
N/a = not available or applicable.

^aIncludes \$31 in CalWORKs child care assistance for employment for the experimental group and \$2 in CalWORKs child care assistance for employment for the control group.

Los Angeles Jobs-Fist GAIN Evaluation

Figure 3.2

Major Components of Gross and Net Costs for AFDC-Us (in 1998 Dollars)



SOURCES: See Table 3.2.

NOTES: Rounding may cause slight discrepancies in calculating sums and differences.

^aDollar value is unavailable, but likely to be near \$0.

Los Angeles Jobs-First GAIN Evaluation

**Table 3.3
Estimated Costs per AFDC-U Experimental and Control Group Member
Within Two Years of Orientation, by Agency (in 1998 Dollars)**

Activity	Jobs-First GAIN Cost per Experimental Group Member (\$)			Non-Jobs-First GAIN Cost per Experimental Group Member (\$)			Gross Cost per Experimental Group Member
	Welfare Department Cost	Non-Welfare Agency Cost	Total Jobs- First GAIN Cost	Welfare Department Cost	Non-Welfare Agency Cost	Total non-Jobs- First GAIN Cost	
	Orientation and assessment	611	0	611	0	0	
Job search	409	0	409	0	20	20	429
Basic education	60	65	126	0	97	97	223
Vocational training/post- secondary education	48	212	260	0	646	646	906
Work experience/OJT	90	0	90	0	94	94	185
Subtotal (operating)	1,219	277	1,496	0	858	858	2,354
Child care ^a	84	0	84	n/a	n/a	n/a	84
Other support services	47	0	47	n/a	n/a	n/a	47
Total	1,350	277	1,627	0	858	858	2,485

Activity	Jobs-First GAIN Cost per Control Group Member (\$)			Non-Jobs-First GAIN Cost per Control Group Member (\$)			Gross Cost per Control Group Member
	Welfare Department Cost	Non-Welfare Agency Cost	Total Jobs- First GAIN Cost	Welfare Department Cost	Non-Welfare Agency Cost	Total non-Jobs- First GAIN Cost	
	Orientation and assessment	0	0	0	0	0	
Job search	0	0	0	0	35	35	35
Basic education	0	0	0	0	290	290	290
Vocational training/post- secondary education	0	0	0	0	926	926	926
Work experience/OJT	0	0	0	0	63	63	63
Subtotal (operating)	0	0	0	0	1,314	1,314	1,314
Child care	0	0	0	0	n/a	0	0
Other support services	0	0	0	1	n/a	1	1
Total	0	0	0	1	1,314	1,315	1,315

(continued)

Table 3.3 (continued)

SOURCES: MDRC calculations from the GAIN Employment Activity and Reporting System (GEARS) and from the Two-Year Client Survey, based on unit cost estimates from Riccio et al., 1994, Table 3.1, pp. 72-73, and from Hamilton et al., 1997, Table 7.1, p. 168.

NOTES: Rounding may cause slight discrepancies in calculating sums.

N/a = not available or applicable.

^aIncludes \$9 in CalWORKs child care assistance for employment.

GAIN meant that AFDC-U's in both research groups participated less often in activities outside the program as well.

The factor by which the non-welfare agency cost estimates were adjusted was the following: AFDC-U experimental group members' average number of months of participation in Jobs-First GAIN activities divided by AFDC-FG experimental group members' average number of months of participation in Jobs-First GAIN activities. For example, based on DPSS's automated program tracking records, AFDC-U experimental group members averaged 0.19 month of participation in Jobs-First GAIN basic education classes, whereas AFDC-FG experimental group members averaged 0.33 month. It was estimated (from survey responses) that AFDC-FG experimental group members attended basic education classes outside Jobs-First GAIN for an average of about 38 hours. Using the above formula, the average number of hours of attendance in basic education outside Jobs-First GAIN for AFDC-U's was calculated by multiplying 38 hours by $(0.19/0.33)$, which equals about 22 hours. This average was then multiplied by the non-welfare department unit cost of basic education to obtain an estimated gross cost of basic education outside Jobs-First GAIN for AFDC-U experimental group members of \$97. A similar procedure was used to estimate costs for AFDC-U control group members.¹²

According to the same formula, outside providers spent an average of \$277 per AFDC-U experimental group member to provide basic education and vocational training. The combined cost of Jobs-First GAIN activities and support services came to \$1,627, about a third less than that for AFDC-FG experimental group members. AFDC-U experimental group members required an additional \$858 from outside providers for participation in non-Jobs-First GAIN activities, bringing their average gross cost up to \$2,485 per experimental group member. The average gross cost for AFDC-U control group members was \$1,315. Therefore, the net cost of Jobs-First GAIN for AFDC-U's was \$2,485 minus \$1,315, or \$1,170.

¹²For AFDC-U control group members, estimates of total months or hours of participation for AFDC-FG control group members were used in the calculations. For example, the AFDC-U control group's average for basic education was estimated to be 114 hours (for AFDC-FGs) $\times (0.19/0.33)$, or about 66 hours.

