



Minnesota Department of Human Services

Measuring Minnesota Family Investment Program Performance for Racial/Ethnic and Immigrant Groups

Welfare Reform Outcomes of Racial/Ethnic And Immigrant Groups in Minnesota

This is the seventh in a series of reports issued by the Minnesota Department of Human Services (DHS) on welfare reform outcomes of racial/ethnic and immigrant groups in Minnesota. These reports are intended to inform policy makers, agencies, and charitable organizations about current trends in public assistance as they assist participants in the Minnesota Family Investment Program (MFIP) move toward self-sufficiency.

Background

Since the implementation of MFIP in 1998, administrators have observed differences in program outcomes by race/ethnicity and immigrant status. For example, 27 percent of active MFIP cases with white applicants in January of 1998 were still active in June 2001 compared with 46 percent for African Americans, 47 percent for American Indians, 54 percent for Hmong, and 63 percent for Somali.¹ This mirrored a nationwide trend in which whites achieved greater success in welfare-to-work efforts than participants of color.

According to Myers (2003)², bias exists only if it can be shown that *identically situated* clients from various racial/ethnic and immigrant groups are treated differently. Disparities in outcomes among various racial/ethnic and immigrant groups do not indicate bias if they can be explained by other factors such as educational level, age of any children present in the household, or previous work experience. The analyses reported in this study brief show there are disparities in MFIP outcomes by racial/ethnic and immigrant status. African American, American Indian, Somali, and other black immigrant participant outcomes based on the “Self-support Index” were lower than those of other racial/ethnic and immigrant groups. When controlling for several individual demographic and county economic characteristics, the actual outcomes for these groups were lower than expected. Further analysis is necessary to determine how much of the disparity can be explained by these factors and how much can be attributed to bias.

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¹ Results exclude eligible adult cases that were converted to child only cases.

² Myers, S.L. (2003, Spring). Why are Children of Color Overrepresented in Reports to Child Protective Services? *The APSAC Advisor*, 15(2), pp. 10-11.

During the 2001 session, the legislature requested that DHS develop new measures for county performance management of MFIP (Minn. Stat. Sec. 256J.751, Subd. 4). The mandate specified that DHS was to consider the appropriateness of services provided to minority groups. In response, DHS undertook three initiatives to document the experience of various groups with MFIP, and to gather evidence that will improve our understanding of potential racial disparities in MFIP outcomes:

1. Focus group discussions with current and former MFIP participants from the African American, American Indian, Hmong and Somali communities. These four communities have experienced the lowest exit rates from MFIP. Wilder Research Center conducted this study with support from the Office of the Assistant Secretary for Planning and Evaluation, U.S. Department of Health and Human Services (ASPE) as well as DHS. The final report, *The issues behind the outcomes for Somali, Hmong, American Indian, and African American welfare participants in Minnesota*, is available at <http://www.wilder.org/research/reports.html?summary=1021>.
2. Continued in-depth quantitative analysis of statewide outcomes among major racial/ethnic and immigrant groups in the state. The *December 2002 Characteristics of Racial/Ethnic and Immigrant Groups in the Minnesota Family Investment Program Report*, fifth in the *Welfare Reform Outcomes of Racial/Ethnic and Immigrant Groups in Minnesota* (REIS) series, provides the latest information for the overall caseload and is available at <http://edocs.dhs.state.mn.us/live/DM-0039-ENG.pdf>.
3. Focus group discussions with employment services providers and financial workers serving the African American, American Indian, Hmong, and Somali communities. Many of the employment services providers belonged to one of the four communities studied. The final report for this project, sixth in the REIS series, *Provider Perspectives on the Issues Behind the Outcomes*, is available at <http://edocs.dhs.state.mn.us/live/DM-0039F-ENG.pdf>.

This report continues the in-depth quantitative analysis of statewide outcomes and summarizes the findings from an effort to apply a new procedure that analyzes outcomes for racial/ethnic and immigrant groups while controlling for client demographic characteristics and county economic conditions. This methodology was developed and used to compare MFIP outcomes by county.³ Taken together these initiatives will help provide information on the existence of differences in outcomes among racial/ethnic and immigrant groups and why differences in outcomes exist. These results further focus attention on the need to identify ways to reduce potential disparities in outcomes, including improving the way MFIP services are provided to black and American Indian welfare participants in Minnesota.

³ An Evaluation Note entitled *Leveling the Playing Field: Measuring County MFIP Performance using Logistic Regression* summarizes the procedure used and provides results of the analysis from the MFIP Management Indicators Report, October through December 2002. The report can be found at <http://edocs.dhs.state.mn.us/live/DM-01571-ENG.pdf>.

The need to account for differences among racial/ethnic and immigrant groups

DHS developed a performance measure called the “Self-support Index” to measure welfare outcomes.⁴ The Self-support Index tracks whether adults are either (1) working an average of 30 or more hours per week or (2) no longer receiving MFIP cash payments.⁵ Clients who meet either of these criteria are considered a “success.” Participants who leave MFIP due to the 60-month limit are not counted as meeting the criteria for success on this measure unless they also worked 30 or more hours per week during the measurement quarter. The measure is calculated for all MFIP participants in a given baseline quarter at follow-up points of one, two and three years.

The three-year Self-support Index for the cohort of adults who were MFIP recipients during October through December 1999 classified 69.1 percent as meeting either of the criteria for success on the Self-support Index. Differences in the three-year Self-support Index by racial/ethnic and immigrant status were noted. For example, the Self-support Index was 77.0 percent for Hmong, 75.0 percent for whites, and 74.1 percent for Hispanics, compared to 68.4 percent for Somali, 57.9 percent for American Indian, and 56.9 percent for African Americans. *However, it is possible that these different outcomes are not disparities.* They may result from the varying characteristics of participants in the various racial/ethnic and immigrant groups, or differences between the counties they lived in.

As shown in Appendix A, the racial/ethnic and immigrant groups differed on characteristics that could increase or decrease the probability of success on the Self-support Index. For example, 57 percent of the October through December 1999 cohort had a high school education or more. White participants (68 percent) were more likely than members of other racial/ethnic and immigrant groups to have at least a high school education. Values for the other groups were African American (58 percent), American Indian (55 percent), Somali (37 percent), Hispanic (35 percent), and Hmong (17 percent).

Appendix A also gives data on some of the county economic characteristics that could account for the observed differences in outcomes. Overall, 48 percent of participants resided in Hennepin County or Ramsey County. However, 86 percent of African American participants resided in those two counties compared to 25 percent of white participants. The ratio of the number of adults on MFIP to the number of low wage jobs available in participants’ county of residence also varied by racial/ethnic and immigrant status. American Indian participants resided in counties where, on average, the number of adults on MFIP was 10 percent of the number of low wage jobs in those counties. Somali participants, however, resided in counties where the number of MFIP adults was less than five percent of the number of low wage jobs. These differences in participant characteristics and county characteristics should be controlled for in order to determine if outcome *disparities* exist for racial/ethnic and immigrant groups.

⁴ See MFIP Evaluation Notes, Issue 8, August 2002, *A New Outcome Measure for MFIP: The Self-support Index*, available at <http://edocs.dhs.state.mn.us/live/DM-0157H-ENG.pdf>.

⁵ Clients who become ineligible to receive MFIP due to receiving SSI program benefits (and their children continue as a MFIP child-only case) are classified as a success at the request of the county workgroup.

Method

DHS developed a procedure to control for differences in individual characteristics and county conditions across subgroups in the caseload. The procedure was developed as a response to a legislative mandate to control for distinct populations and economic conditions of counties when measuring MFIP performance. This report is the first application of the methodology to assess outcomes for racial/ethnic and immigrant groups.

DHS researchers used logistic regression to generate a model to predict the likelihood of a client's success given a set of client and county independent variables. A workgroup including county administrators, employment services providers, and state staff identified and screened over 100 variables that could potentially influence the likelihood of client success. Data were gathered from the DHS administrative data systems and the Minnesota Department of Employment and Economic Development (formerly the Department of Economic Security). Eighteen of those variables were measurable, distinct, and showed a significant influence on success as measured by the Self-support Index. Five of the variables identified the racial/ethnic and immigrant status of the participant so they were not used in this study. A complete list of the thirteen variables that were used in this study is found in Appendix B.

One of the model diagnostics is the probability of success on the outcome, the Self-support Index, given a change in value on a particular predictor variable. These probabilities are shown in Appendix B. For example, the probability of success for immigrant status indicated that, *all other things being equal*, an immigrant had an 80.2 percent probability of success compared to the 69.1 percent probability of success for the overall caseload. A probability of success less than 69.1 percent indicates that possessing that characteristic lowers a participant's likelihood of success. For example, needed an interpreter at baseline has a probability of success of 59.6 percent. All other things being equal, someone who needed an interpreter was less likely to be a success on the Self-support Index than someone who did not. Thus, an English-speaking immigrant would enjoy the advantages of being an immigrant without the disadvantages associated with needing an interpreter.

Individual results from the model were aggregated to calculate an expected three-year Self-support Index outcome for each of the racial/ethnic and immigrant groups. A three-year reporting period was selected largely so participants could complete the two years of post-secondary education which MFIP policy currently allowed and, then, have time to exit the caseload. This predicted outcome was then compared to the actual outcome for each group. A group's outcome could be above or below its expected outcome just by chance. Therefore, an empirical procedure was used to calculate an acceptable range of expected outcomes, the 95 percent confidence interval, for each group. There was a 5 percent chance that a group outcome above or below the range of expected outcomes occurred by chance. Thus, a group with an expected range of performance between 68 percent and 70 percent, and an actual outcome of 75 percent would be achieving success above expectations as measured by the Self-support Index. However, an outcome of 68 percent would indicate a performance within the expected range of performance.

Ranges of expected outcomes by racial/ethnic and immigrant status

The following chart illustrates the actual outcome for each racial/ethnic and immigrant group on the three-year Self-support Index, the range of expected outcomes, and an indication of whether each group's outcome was above or below the expected range. The groups are ordered from lowest to highest on the three-year Self-support Index.

Table 1. Actual compared with ranges of expected outcomes for the three-year Self-support Index (October-December 1999 cohort)

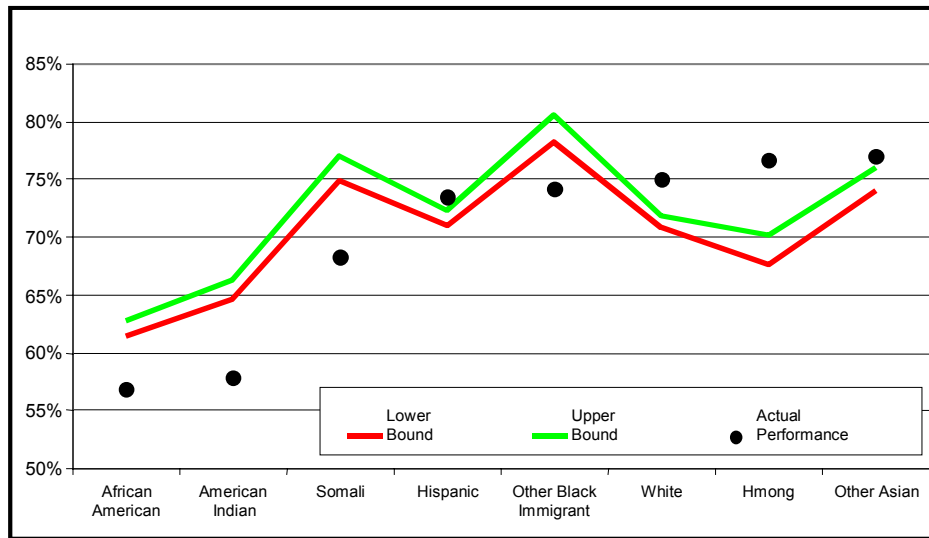
Racial/Ethnic or Immigrant Group	Count of eligible adults Oct-Dec 99	Actual Three Year Self-support Index Oct-Dec 99 Cohort	Ranges of expected outcomes		Below, within, or above expected range
			Lower limit	Upper limit	
All cases	46,005	69.1%	NA	NA	NA
African American	10,572	56.9%	61.5%	62.9%	Below
American Indian	4,120	57.9%	64.6%	66.3%	Below
Somali	1,927	68.4%	74.9%	77.1%	Below
Hispanic	2,630	73.5%	71.0%	72.4%	Above
Other Black Immigrant	719	74.1%	78.3%	80.6%	Below
White	21,904	75.0%	70.9%	71.9%	Above
Hmong	2,695	76.7%	67.7%	70.3%	Above
Other Asian	1,293	77.0%	74.1%	76.1%	Above

For example, the expected range of outcomes for Hmong participants was between 67.7 percent and 70.3 percent. Hmong participants actually achieved a three-year Self-support Index outcome of 76.7 percent that was above the expected range (see Figure 1 next page).⁶ Results for white, Hispanic, and other Asian participants were also above their expected ranges.

Conversely, the expected outcome range for African American participants was between 61.5 percent and 62.9 percent. The actual outcome was 56.9 percent, which was below the expected range. Outcomes for American Indian participants, Somali participants, and other black immigrant participants were also below their expected ranges.

⁶ Model results indicate that outcomes for Hmong participants are above what might be expected given their individual characteristics and county economic conditions. There are several potential explanations for this finding compared to the June 2001 results reported on page one. The June 2001 results excluded participants who became ineligible to receive MFIP due to receiving SSI program benefits (child only cases). Calculations for the three-year Self-support Index included participants who qualified for SSI after the baseline and classified them as a "success." Nineteen percent of Hmong persons classified as successes were no longer receiving MFIP cash payments because they were receiving SSI. (Comparable figures were Other Asian-6 percent, Somali-4 percent, and 2 percent or less for the remaining subgroups.) Another reason for the difference is the Self-support Index is a person measure, while the June 2001 result was a case measure. In addition, the Self-support Index was measured at a later time.

Figure 1: Actual outcomes and range of expected outcomes (Oct-Dec 99 cohort)



Discussion

The following section provides several explanations for the disparate outcomes after applying the model that attempts to “level the playing field.” Further analysis is needed to determine how much of the original disparity can be explained by the factors in the model. The remaining differences may not totally be a result of bias associated with racial/ethnic or immigrant status. There may be variables not included in the model that could account for the differential outcomes by racial/ethnic and immigrant status. For example, employment services providers in recent focus groups conducted by DHS hypothesized that individual motivation was an important component of a participant achieving and retaining employment. No measure of individual motivation has been collected. There may be differences in the quality of services available from employment services providers. Client outcomes could be the result of differential exposure to experienced job counselors. Measures related to service provider quality were also not available. Including other variables might improve the explanatory power of the procedure and reduce any differences that remain among the groups.

However, there may be differential treatment of MFIP participants and these empirical results are consistent with that possibility. Recent focus groups conducted by Wilder Research Center with MFIP participants from the African American, American Indian, Hmong, and Somali communities and DHS focus groups with MFIP workers who service those communities also suggested there might be differential treatment of MFIP participants from various racial/ethnic and immigrant groups. Clients from the African American, American Indian, Hmong, and Somali communities discussed numerous examples of differential treatment that could be perceived as discrimination within and outside (e.g. housing and employment) of the MFIP service delivery system.⁷ Earlier Myers (2003) was cited as saying that bias exists if identically situated clients are treated differently. While these results do not prove bias, they do indicate

⁷ See report web links on pages 1 and 2 for examples of differential treatment reported by MFIP clients.

disparities in outcomes by racial/ethnic and immigrant status even when controlling for many demographic and county characteristics. These results further focus attention on the need to identify ways to reduce potential disparities in outcomes, including improving the way MFIP services are provided to black and American Indian welfare participants in Minnesota.

Providers participating in the focus groups associated with the third initiative mentioned at the beginning of this report suggested a number of potential improvements in MFIP service delivery. They included earlier assessment of job readiness, increased support to eliminate barriers, increased technical support for providers servicing racial/ethnic and immigrant communities such as counselor training or computer and Management Information Systems (MIS) training, decreased caseloads, and further training to improve the cultural competency of providers servicing hard-to-employ MFIP participants.

Researchers from Wilder acknowledged similar “opportunities for action” including smaller caseloads, earlier assessment, enforcement of fair hiring and fair labor laws, help for participants as they adjust to a new work site, better training of case workers regarding support guidelines and cross-cultural communication, identification of gaps in job supports, enhanced job training for advancement, and inclusion of housing costs in the formula to calculate MFIP benefits.

For general questions on this report, please call Vania Meyer, Ph.D., Senior Research Analysis Specialist at 651-296-3507 or send an e-mail message to vania.meyer@state.mn.us. For detailed questions on the methodology, please contact Mark Kleczewski, Ph.D., Planning Director at 651-297-4819 or e-mail him at mark.kleczewski@state.mn.us.

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Administrative data were extracted from the DHS data warehouse. The Minnesota Department of Employment and Economic Development provided other data.

DHS reports can be found at <http://www.dhs.state.mn.us/ecs/Reports/default.htm>.

Appendix A

Characteristics of racial/ethnic and immigrant groups (October-December 1999 Cohort)

	All adults*	African American	American Indian	Somali	Hispanic	Other Black immigrant	White	Hmong	Other Asian
Count	46,005	10,572	4,120	1,927	2,630	719	21,904	2,695	1,293
Percent of all adults	100%	23%	9%	4%	6%	2%	48%	6%	3%
Immigrant	17%	0%	1%	100%	24%	100%	4%	95%	79%
Two eligible adult household	25%	11%	24%	31%	32%	33%	26%	53%	32%
High school education or more	57%	58%	55%	37%	35%	45%	68%	17%	37%
Ever married	41%	21%	26%	73%	43%	63%	44%	84%	59%
Moved from other state**	20%	26%	12%	37%	45%	29%	14%	21%	17%
Age of youngest child (mean)	3.8	4.0	3.9	3.5	3.1	3.7	3.8	3.1	4.5
Age of adult (mean)	30.3	29.0	30.3	34.2	29.3	32.8	29.8	35.6	34.6
MFIP adults as percentage of low-wage jobs (mean)	5.9%	5.3%	9.9%	4.6%	5.5%	4.9%	5.5%	6.5%	5.2%
Number of children (mean)	2.0	2.0	2.0	2.4	2.0	2.1	1.6	5.0	2.2
Work hours during baseline quarter	66%	65%	54%	53%	69%	62%	71%	62%	62%
Received mental health services or medication***	52%	43%	53%	38%	37%	31%	62%	44%	41%
Needed interpreter	9%	1%	1%	54%	11%	18%	2%	57%	32%
Resided in Hennepin or Ramsey County	48%	86%	30%	77%	30%	71%	25%	95%	67%

* All adults include mixed race and missing in addition to subgroups shown

** Not directly from another country

*** Received at some point between baseline and the three-year follow up

Appendix B: Variables in the Logistic Regression Model

Thirteen conceptually unique variables for which data were readily available were statistically significant for the total caseload. Incorporating them into the model attempts to “level the playing field” across racial/ethnic and immigrant groups. Following is a brief description of each variable and its effect on an individual’s probability of success **as measured by the three-year Self-support Index**. The Self-support Index tracks whether adults are either (1) working an average of 30 or more hours per week or (2) no longer receiving MFIP cash payments.⁸ Clients who meet either of these criteria are considered a “success.” The probability of success for all individuals who were eligible for MFIP anytime during October through December 1999 was **69.1** percent. Unless otherwise noted, data for predictors are the most recent available and as close to the baseline quarter as possible.

Independent variable	Mean		Probability of success on Self-support Index	Interpretation
All cases			69.1%	All Other things being equal:
Age of youngest child	3.8	Mean + 3 years	70.6%	A three-year increase in the age of the youngest child from 3.8 to 6.8 years of age increases the probability of success to 70.6 percent.
		Mean - 3 years	67.6%	A three-year decrease in the age of the youngest child from 3.8 to 0.8 years of age decreases the probability of success to 67.6 percent.
Age of adult	30.3	Mean + 10 years	73.4%	A ten-year increase in age of the adult from 30.3 to 40.3 increases the probability of MFIP success to 73.4 percent.
		Mean - 10 years	64.4%	A ten-year decrease in age of the adult from 30.3 to 20.3 decreases the probability of MFIP success to 64.4 percent.
County percentage of low wage jobs	5.9%	Mean + 5%	66.5%	A five-percent increase in MFIP adults as a percentage of the low wage jobs in the county from 5.9 to 10.9 percent decreases the probability of a participant’s success to 66.5 percent.
		Mean - 5%	71.6%	A five-percent decrease in MFIP adults as a percentage of the low wage jobs in the county from 5.9 to 0.9 percent increases the probability of a participant’s success to 71.6 percent.
Number of children	2.0	Mean + 1	66.9%	An additional child present in the case at baseline (from 2.0 to 3.0 total children) decreases the probability of success to 66.9 percent.
		Mean - 1	71.2%	A reduction of a child present in the case at baseline (from 2.0 to 1.0 total children) increases the probability of success to 71.2 percent.

* Assuming 2 groups are the same on all twelve other independent variables.

⁸ Clients who become ineligible to receive MFIP due to receiving SSI program benefits (and their children continue as a MFIP child-only case) are classified as a success at the request of the county workgroup.

**Appendix B, continued:
Variables in the Logistic Regression Model**

Independent variable		Probability of success on Self-support Index	Interpretation
All cases		69.1%	All Other things being equal:
Immigrant	Yes	80.2%	An adult with immigrant status has a 80.2 percent probability of success.
	No	55.2%	U.S. born recipients have a 55.2 percent probability of success.
Two eligible adult household	Yes	79.2%	An adult in a two eligible adult case has a 79.2 percent probability of success.
	No	56.8%	An adult in a one eligible adult case has a 56.8 percent probability of success.
High school education or more	Yes	77.1%	Adults with a high school education (or more) have a 77.1 percent probability of success.
	No	59.8%	Adults with less than a high school education have a 59.8 percent probability of success.
Ever married	Yes	75.8%	Adults who have ever been married have a 75.8 percent probability of success.
	No	61.5%	Adult who have never been married have a 61.5 percent probability of success.
Moved from other state	Yes	72.7%	Adults who move to Minnesota from another state have a 72.7 percent probability of success.
	No	65.2%	Adults with no record of a move to Minnesota have a 65.2 percent probability of success.
Work hours during baseline quarter	Yes	72.4%	Adults who worked and/or participated in work activities during the baseline quarter of measurement have a 72.4 percent probability of success.
	No	65.6%	Adults who did not work or participate in work activities during the baseline quarter of measurement have a 65.6 percent probability of success.
Received mental health services or medication**	Yes	59.7%	An adult who received mental health services or was prescribed mental health medication at some point during baseline and the three-year follow up has a 59.7 percent probability of success.
	No	77.1%	An adult who did not meet the above criterion has a 77.1 percent probability of success.
Needs interpreter	Yes	59.6%	An adult who needed an interpreter during the baseline period has a 59.6 percent probability of success.
	No	77.2%	An adult who did not need an interpreter during the baseline period has a 77.2 percent probability of success.
Reside in Hennepin or Ramsey County	Yes	58.9%	An adult living in either Hennepin or Ramsey County has a 58.9 percent probability of success.
	No	77.7%	An adult living in outside Hennepin and Ramsey Counties has a 77.7 percent probability of success.