

Post-Exit Earnings and Benefit Receipt among Those Who Left AFDC in Wisconsin

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Executive Summary

From July 1995 to July 1996, single-parent AFDC caseloads in Wisconsin declined sharply, by 23 percent.¹ This is the third and final report in a series that explores the characteristics of those mother-headed families who left AFDC after July 1995 (“leavers”), compared to those who remained (“stayers”), and examines how they fared during the 15 months after they left the Wisconsin AFDC program.² Specifically, we ask:

- What proportion of leavers returned to AFDC, and what characteristics are most closely associated with that return?
- Did AFDC leavers and their families have incomes greater than (1) the maximum benefits they would have received under AFDC or (2) their incomes immediately before leaving AFDC?
- Did leavers and their families escape poverty after leaving AFDC?
- How much did leavers use other public assistance programs, and what household characteristics most affected the likelihood that they would do so?
- To what extent did leavers work and earn after they left AFDC, and how did these trends compare to the work and earning patterns of the stayers?
- Did the earnings of the leavers grow over time and, if so, to what extent?
- What family and economic characteristics among leavers were most closely related to the probability of working at all, and of obtaining relatively high earnings?
- What kinds of jobs did leavers find, and which jobs seemed to offer the highest wages?

The data. Our analysis is based on administrative data from the state of Wisconsin.³ Defining “leavers” as those who received no AFDC benefits for 2 consecutive months in the next year (between August 1995 and July 1996), we identified 26,047 leavers and 28,471 stayers. We tracked leavers for a period of 15 months from the date they left and stayers from August 1995 to December 1997.

These data allow us to study a substantial number of economic and social outcomes for both leavers and stayers. However, they reflect only public assistance and covered earnings received in

¹Wisconsin’s AFDC-Regular program (for single-parent families) provided benefits to 65,017 cases in July 1995 and to 50,166 cases in July 1996.

²The first and second reports are available from the Institute for Research on Poverty.

³The state’s CARES system (which includes data collected in the context of administering AFDC and related means-tested programs) and its predecessor, CRN, provide much information on these 55,000 cases when they were receiving AFDC: the mother’s age, education level, and race; the number of children in the household and the age of the youngest child; whether other adults were also in the household; whether the mother or a child received Supplemental Security Income (SSI); the mother’s AFDC status and whether or not she was an immigrant; and the county of residence. The state’s Unemployment Insurance system provides information on the mother’s quarterly earnings and employer.

Wisconsin. We have no measures for individuals who moved out of state, no measures of earnings for those who remained in the state but were self-employed or in other noncovered employment, and no measures of a spouse or partner's earnings or other income. Furthermore, because we cannot accurately trace individuals who left the state for all or part of the period, we cannot distinguish those who received benefits outside Wisconsin from those who received no benefits.⁴

I. HOW MANY OF THOSE WHO LEFT AFDC RETURNED?

Almost half (47.8 percent) of those receiving AFDC in 1995 left the rolls for at least 2 consecutive months during the next year. About 70 percent of this group did not return to the program during the 15 months following their exit; 30 percent did so, two-thirds of them within the first 4 months after they had left.

II. A COMPARISON OF LEAVERS AND RETURNERS

A. Who left AFDC?

One of the largest differences between leavers and stayers is geographical. Families in Milwaukee were less likely to leave AFDC (36.6 percent) than those in other urban counties (57.9 percent) and in rural counties (66.8 percent).

Families that leave AFDC tend to be those with access to alternative means of support; thus we would expect leavers to include those with the best work and marriage prospects (see Figure i). Throughout the state, women were more likely to leave AFDC if (1) they had higher levels of education; (2) they were white or, to a lesser extent, Hispanic, and were U.S. citizens; (3) they had fewer children, and there were other adults in the household; (4) neither the mother nor any child was receiving SSI; and (5) the mother had more work experience and higher total earnings in the 2 years (July 1993–June 1995) prior to the July 1995 date when our sample was drawn. Mothers who had been “sanctioned” for some failure to comply with the AFDC program were also more likely to leave. The longer the current spell of AFDC receipt, the less likely a mother was to leave: 70 percent of those who had been on the rolls less than 6 months, but only one-third of those who had been on the rolls over 2 years, left AFDC during the year of study.

⁴Seventy-three percent of our sample appear in the data in each of the five quarters after they left AFDC, and about 8 percent never appeared in the database during the entire 15 months after they left. These “disappears” may have left Wisconsin. They also may still live in the state but may, for instance, have married and be relying on a husband's earnings or support from family and friends, or be in noncovered employment and not using public assistance. Nineteen percent of the sample are “partial disappears” who appear in the administrative data in some, but not all, of the quarters. The disappears have been excluded from the findings we present here; the partial disappears have been included only in the quarters for which we have data on them. We are aware that their exclusion may affect some of our results, and we expect to pursue this issue in the future.

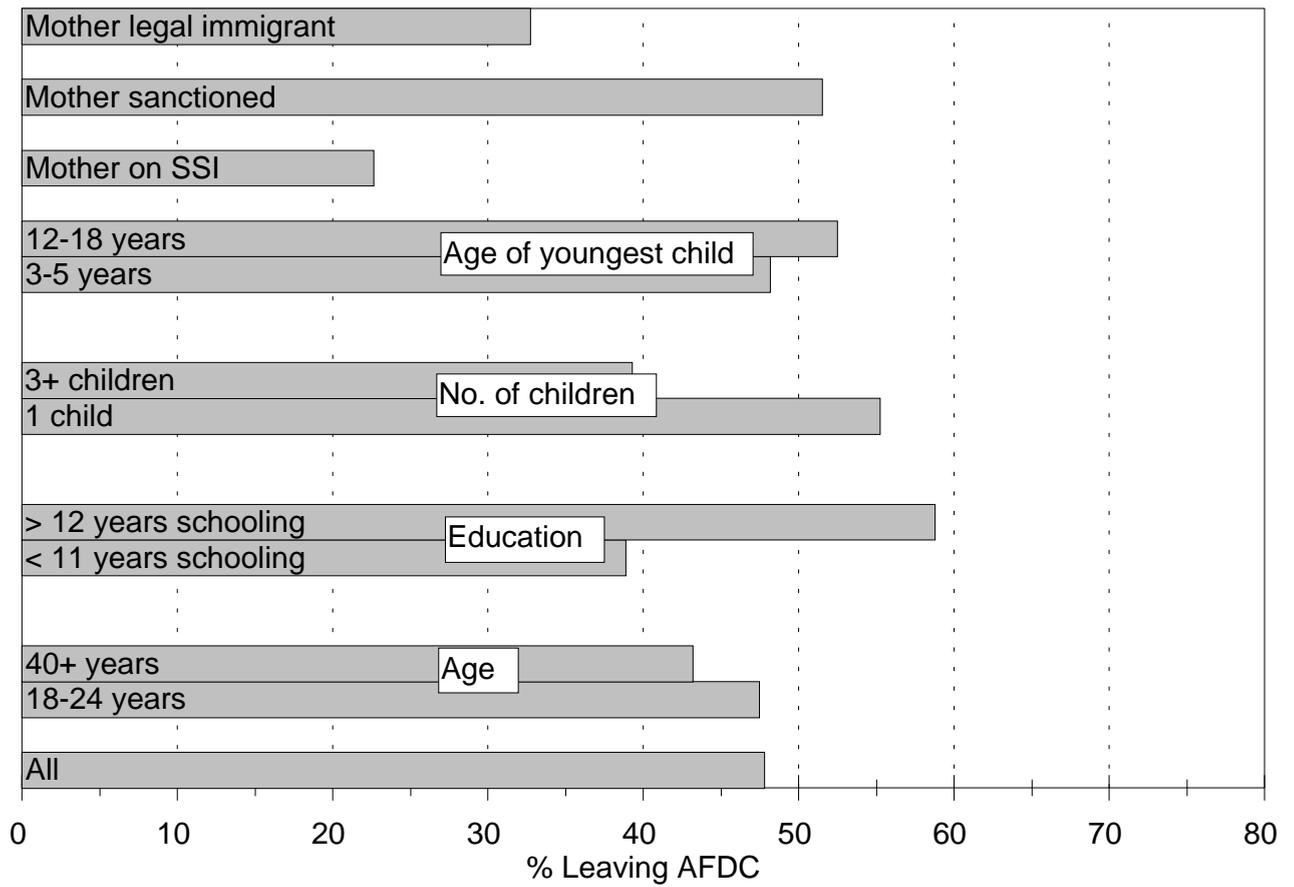


Figure i. Selected characteristics of women leaving AFDC in Wisconsin, July 1995–July 1996.

B. Who among the leavers returned to AFDC?

As indicated, about 30 percent of the leavers returned to AFDC within 15 months of leaving. Overall, the characteristics associated with not returning to AFDC are the same as those associated with leaving it. There are, however, a few exceptions:

1. Legal immigrants and mothers receiving SSI were less likely to leave AFDC, but those who left were no more likely than others to return within 15 months.
2. Sanctioned mothers, more likely to leave AFDC, were also more likely to return.
3. Whereas women with more earnings and work experience were more likely to leave AFDC, they were also more likely to return. This is a puzzling finding.

III. THE ECONOMIC WELL-BEING OF LEAVERS

This is perhaps the most important issue regarding the Wisconsin reforms. To explore it, we asked the following questions, each of which reflects some concept of “success”:

1. To what extent did leavers and their families have cash incomes that exceeded the maximum benefit they would have received under AFDC?

In answering this question, we paid particular attention to family size. Did larger families score more poorly on this indicator of success?⁵

About one-half of all leavers had cash incomes greater than their likely maximum AFDC benefit. Larger families did less well than families with one child. Among families with three or more children, about 45 percent had cash incomes greater than the likely maximum benefit.⁶

2. Did leavers and their families have incomes that exceeded the income they received just before they left AFDC?

The measured earnings of the average leaver exceeded her earnings while on welfare, but overall income fell. In essence, welfare benefits fell for these people by more than their earnings increased. Among continuous leavers and those with fewer children, only about one-half had incomes above those they had received immediately before they left welfare. If we add in food stamps, about 35 percent of all leavers increased their economic resources; the rest did not.

⁵An important caveat is that working requires most individuals to incur additional costs, in particular for child care, Social Security taxes, transportation, meals eaten outside the home, and appropriate work attire. These costs are not included in any measure in our data. Nor is potential income from the Earned Income Tax Credit, which is designed to defray some of these costs.

⁶About 40 percent of women worked while on AFDC. But the stayers did only somewhat worse than the leavers; many stayers also had earnings, and between 45 and 55 percent had cash incomes above the maximum AFDC benefit.

3. *To what extent did leavers and their families escape poverty after they left welfare? How did incomes of stayers compare?*

All leavers were about twice as likely to have measured incomes above the poverty level as stayers. About 37 percent of those who left AFDC *and did not return* escaped poverty. Again, family size matters—only about 11.6 percent of all leavers with three or more children had incomes above the poverty line (see Figure ii).

4. *Did leavers and members of their families remain dependent on welfare programs? What factors are most associated with continued use?*

Use of public assistance is one measure of the degree of self-sufficiency achieved by former welfare recipients, and such use steadily declined among all groups of leavers. Fifteen months after they left AFDC, about 30 percent of all leavers and 40 percent of the continuous leavers were receiving no public assistance—not food stamps, nor Medicaid, nor AFDC. However, the majority of leavers continued to use some form of public assistance, mainly Medicaid. In general, we found that AFDC leavers who had greater human capital and fewer and older children, and who lived in an area where unemployment was lower, were more likely to be independent of other public assistance programs.

5. *Overall, how did leavers fare compared to the stayers?*

Many leavers appear to have attained higher levels of living and economic independence than stayers. They were more likely to have incomes greater than the maximum AFDC grant and especially to have incomes that lifted their families above the poverty line. Others were in a more difficult situation—for instance, those with three or more children.

IV. LABOR MARKET EXPERIENCES OF THE LEAVERS

How have those who left welfare in Wisconsin fared in the labor market?

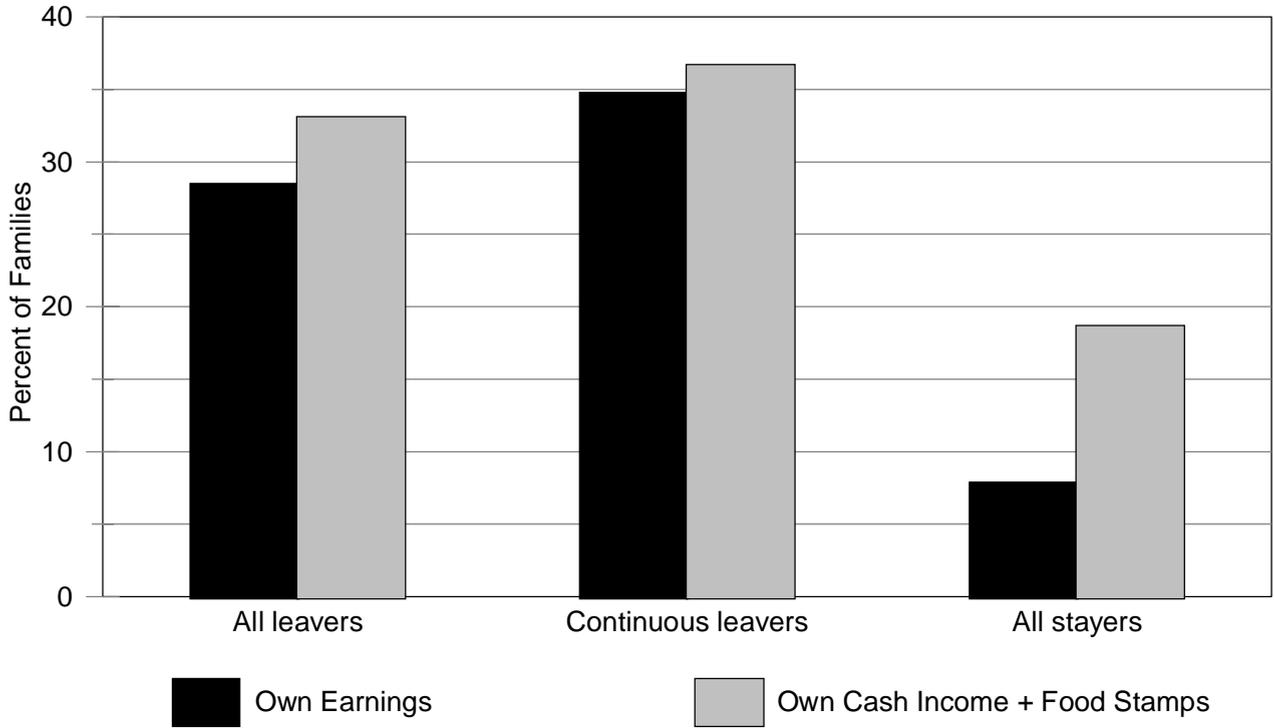
1. *Did leavers work after they left welfare?*⁷

About two-thirds of leavers worked at some time in each quarter during the 15 months after leaving the rolls. Continuous leavers worked 75 percent of the time and those leavers who returned to the rolls worked about 85 percent as much as the continuous leavers.

2. *How much did leavers earn after they left welfare, and how did this compare to the earnings of those who remained on welfare?*

⁷“Work” is defined as having earnings in a particular quarter that were reported to the Wisconsin Unemployment Insurance system. These calculations include only cases for which we have administrative records. Details on the sensitivity of results to alternative sample definitions are included in the full report.

Families with One Child



Families with Three or More Children

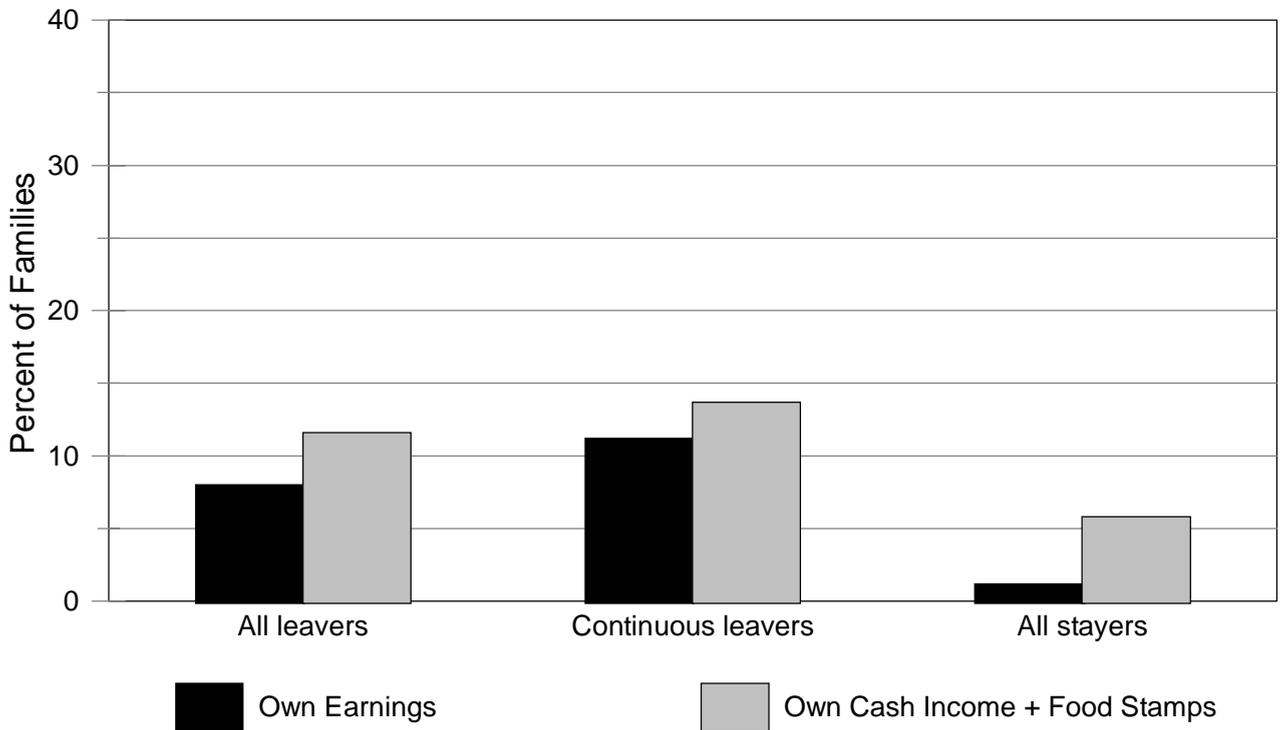


Figure ii. Percentage of “leavers” and “stayers” escaping poverty during the year after exit from AFDC.
Note: For stayers and all leavers, cash income includes AFDC payments.

For all leavers, median annual earnings were about \$7,800 (see Figure iii). Median earnings for continuous leavers were about \$2,400 per quarter worked. Median earnings for leavers who returned to the AFDC rolls were substantially less, about \$1,750 per quarter. Median earnings for stayers with earnings were about \$1,200–\$1,400 per quarter worked.

3. Did the earnings of leavers increase over time?

For all leavers, median earnings among workers increased with the length of time off welfare. For those who worked, quarterly earnings increased from less than \$2,400 to more than \$2,600 over this period, an annual growth rate of about 10.4 percent.

4. What family and economic factors seem to influence working?

Significantly more likely to have earnings were women whose youngest child was older than 12 years and women who had earnings in the 2 years before they left welfare. Significantly less likely to have earnings were women on SSI, women who had been sanctioned, minority women, women living in a county with a high unemployment rate, and, surprisingly, women who had shorter or fewer welfare spells.

5. What family and economic factors seem related to higher earnings?

Factors closely associated with work effort also affect earnings among leavers. Women who had greater human capital (i.e., more education and prior work experience) and who were living in a county with a low unemployment rate tended to have higher earnings. Among workers, legal immigrants and women with more children had higher earnings—although having very young children reduced earnings. Women who had been sanctioned or had a family member on SSI had lower earnings.

6. What kinds of occupations did leavers enter, and how stable were they?

In the first quarter after leaving AFDC, about one-third of leavers with earnings found employment in occupational classifications with median earnings ranging around \$3,000 per quarter, including Financial, Insurance, and Real Estate; Manufacturing; Health Services; and Transportation, Communications, and Public Utilities. Another 40 percent of leavers found jobs in classifications where median earnings were only about \$1,600 per quarter, including Hotels and Lodging; Agriculture, Forestry, and Mining; and Temporary Agencies. Not surprisingly, women were least likely to leave the highest-paying occupational classifications and most likely to leave the lowest-paying. There is some evidence of movement over time from lower- to higher-paying occupations.

V. CONCLUSIONS

Most states have recently experienced substantial welfare caseload declines. The implications of these declines depend to a large degree on the ability of families who have left welfare to remain independent and move to self-sustaining employment. This analysis provides an initial indication of the economic well-being of individuals who left AFDC during the time of early work-based reforms in Wisconsin.

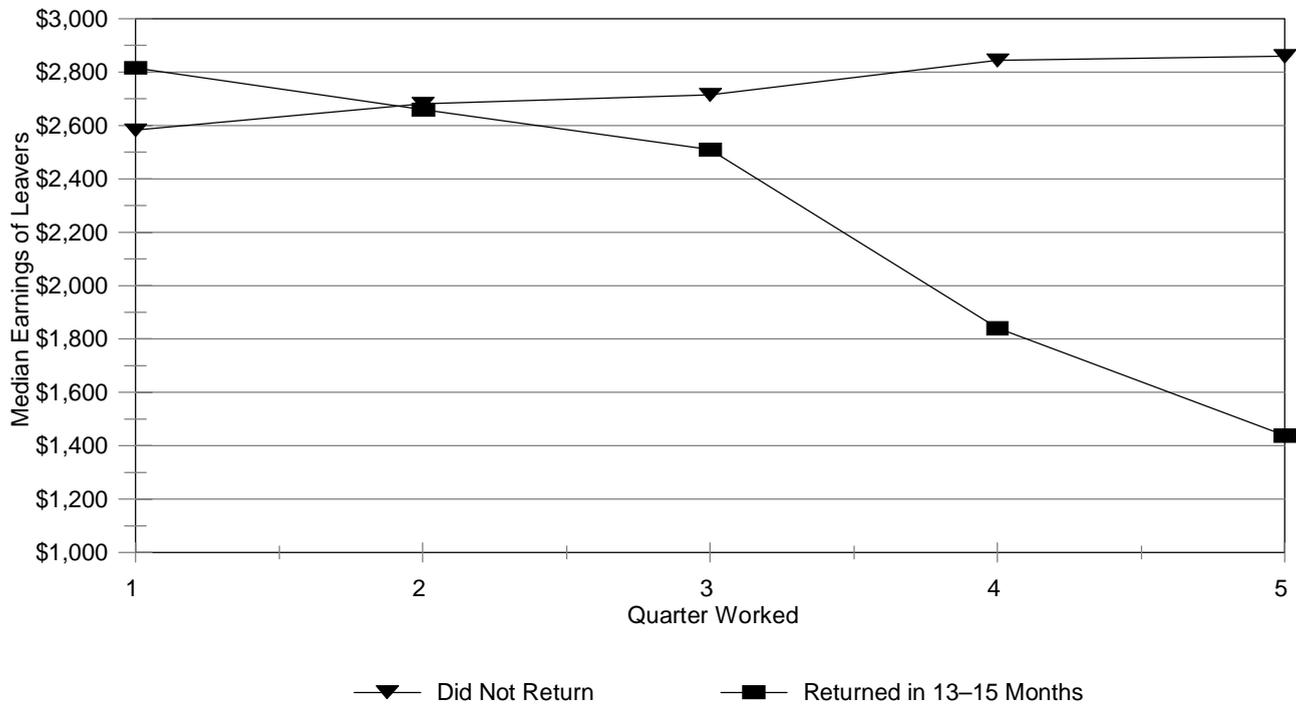


Figure iii. Median earnings of families during the five quarters after exit from AFDC.
Note: The composition of leavers may be different for each quarter after exit.

Compared to those who stayed on AFDC, those who left—and especially those who did not return—were better educated, had fewer children, and in particular were more likely to have had earnings during the preceding 2 years.

Even the one-third of all leavers who returned to AFDC worked a substantial amount after their return. For all leavers who worked, median earnings in the year after they left AFDC were about \$7,800. Median earnings for leavers who did not return to AFDC were \$9,100. Earnings for those who worked grew at a rate of about 10 percent per year.

Some groups of recipients—those on SSI, those sanctioned, and legal immigrants, for example—were less likely to work; however, the earnings of the immigrants were significantly higher than those of native-born leavers. Those with three or more children were less likely to work than those with fewer children but, among those who worked, earnings were no lower. Earnings were lowest for the youngest mothers (18–24), those with least schooling, and, to a lesser extent, those over 40.

A key question we set out to address concerned the economic well-being of those who left the AFDC rolls. The answer has many aspects. On the one hand, among those who remained off AFDC, more than 55 percent with one child and 45 percent with three or more children had more cash income than if they had remained on AFDC. On the other hand, fewer than half of all leavers achieved incomes greater than their income in the last AFDC quarter. And only about 36 percent of those with one child who stayed off AFDC—less than 14 percent of those with three or more children—generated incomes that exceeded the poverty line in the first year after they left welfare.

Post-Exit Earnings and Benefit Receipt among Those Who Left AFDC in Wisconsin

I. INTRODUCTION

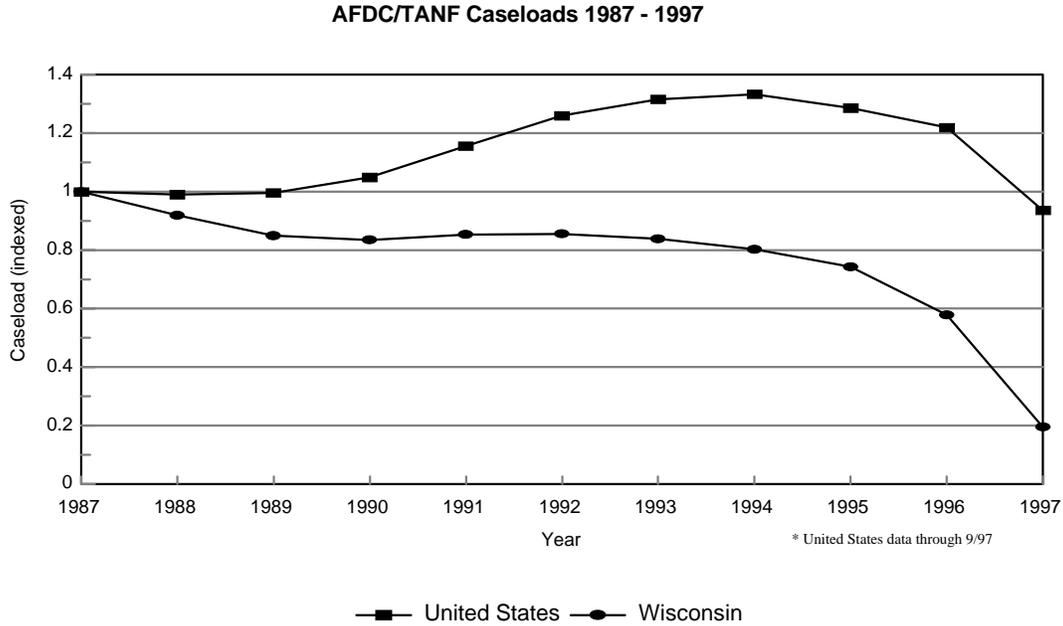
With state welfare reform demonstration projects and passage of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA), the social safety net for poor families with children has undergone a dramatic transformation. Although PRWORA gives states unprecedented flexibility to design their own assistance programs for poor families, the legislation clearly focuses on work. Both the work participation requirements and the lifetime time limits in the act suggest that a major goal of PRWORA is to reduce welfare caseloads by moving recipients off the rolls and into the labor market. Indeed, public assistance caseloads are declining. Yet it remains unclear what this transformation means for recipients and their families.

Wisconsin is a recognized leader in welfare reform. Its experience since the late 1980s has provided a model which other states and some national governments are now studying. An analysis of the changing circumstances of AFDC recipients who left the rolls in response to early Wisconsin welfare initiatives may provide important clues concerning the prospects of those who have left and will leave under current reforms. As in most states, Wisconsin AFDC caseloads declined during the mid-1990s. As Figure 1 indicates, however, the caseload drop in Wisconsin marked an intensification of a longer-term decline in caseloads, whereas the national caseload decline marked a reversal of caseload increases during the early 1990s. Because public assistance caseloads in Wisconsin have fallen for most of the last decade, the state offers special utility for an examination of leavers during the mid-1990s.

In addition to its substantial early caseload declines, Wisconsin is of interest because it has implemented more welfare experiments than any other state.⁸ An examination of the postwelfare status of

⁸In 1990, only a small number of Wisconsin's demonstration programs were in effect statewide. These include the \$30 and 1/6 disregard, the Medical Assistance Extension, the JOBS 20-hour requirement, and LearnFare. See Appendix 6 for descriptions of these demonstrations. The effects of these initiatives on caseloads appear ambiguous and for the most part negligible. In contrast to the situation in 1990, in 1995 a significant number

FIGURE 1



Notes: Figures include both the AFDC-Regular and AFDC-Unemployed Parent programs. All annual figures are averages of the 12 monthly figures for the year. Both the U.S. and Wisconsin caseload figures are indexed to 1 in 1987 to show comparative trends over the subsequent decade.

Sources: U.S. figures are unpublished data from the Administration for Children and Families, U.S. Department of Health and Human Services. Wisconsin figures are unpublished data from the Research and Statistics Section, Bureau of Welfare Initiatives, Wisconsin Department of Workforce Development.

those who left the Wisconsin caseload during 1995–96 may thus provide insight into the postwelfare status of leavers in other states that are only recently implementing work-based reforms in response to the 1996 federal legislation. Moreover, Wisconsin’s economy experienced substantial growth in job creation in the early 1990s, which offers an opportunity to study a state that resembles much of the rest of the country economically in later years.⁹

During the period from July 1995 to July 1996, when the families discussed in this study left the Wisconsin AFDC rolls, single-parent AFDC caseloads in the state declined sharply, by 23 percent.¹⁰ Who were the families that left the rolls during this period, and what has happened to them? This paper reports on the characteristics, economic status, and labor force participation and earnings of single, female-headed families who left the Wisconsin AFDC program during this one-year period. We summarize selected earlier findings and present new analyses that add information on the prior history of receipt of AFDC. This report also enriches the measures of success used in earlier analyses and provides information on the distribution, rather than just the averages, of outcomes. In particular, the paper addresses the following questions about the families that left the Wisconsin AFDC program in 1995–96:

- What proportion of this group of leavers returned to AFDC, and what characteristics of leavers are most closely associated with returning to AFDC?
- Did AFDC leavers and their families have incomes that exceeded the maximum benefits they would have received under AFDC? Or did they have incomes that exceeded the income they received immediately prior to leaving AFDC?

of additional demonstrations that more closely resembled PRWORA were in effect in many counties. The Parental and Family Responsibility Initiative (PFR) was implemented in 1994 in four counties (Juneau, Milwaukee, Oneida, and Rock), the Two-Tier AFDC Benefit Demonstration was implemented in 1994 in four counties (Kenosha, Milwaukee, Racine, and Rock), Work Not Welfare—the Wisconsin Works pilot demonstration—was implemented in January 1995 in two counties (Pierce and Fond du Lac), and both the Vehicle Asset Limit Demonstration and the Special Resource Account were implemented statewide in January 1995. In March 1996, Wisconsin’s Pay for Performance policy went into effect. This new policy created an intensive JOBS program requiring 20–40 hours per week of participation from AFDC case heads and imposed full-family sanctions on those who failed to comply, stimulating more exits from the rolls.

⁹In 1995, the unemployment rate in Wisconsin was 3.2 percent, compared to a national rate of 5.8 percent.

¹⁰Wisconsin’s AFDC-Regular program (for single-parent families) provided benefits to 65,017 cases in July 1995 and to 50,166 cases in July 1996.

- Did leavers and their families escape poverty after leaving AFDC?
- How much did leavers use other public assistance programs, and what household characteristics most affected the probability of using other public assistance programs?
- To what extent did leavers work and earn in the periods after they left AFDC, and how did these trends compare to the work and earning patterns of those who did not leave AFDC?
- What household and locational characteristics among leavers were most closely related to the probability of working at all, and of obtaining relatively high earnings?
- What kinds of jobs did leavers find, and which jobs seemed to offer the highest wages and the most stability?

The analysis reported here is based on administrative data from the state of Wisconsin. To analyze the earnings patterns of participants, we have merged data from the CARES system (which includes information collected in administering AFDC and related means-tested programs), the CRN system (the precursor of CARES, providing earlier AFDC administrative data useful for constructing an AFDC history for each case) and the Unemployment Insurance (UI) system (which includes information on quarterly earnings and employer). Although these data allow us to consider a substantial range of outcomes, several important limitations must be kept in mind in interpreting our results. We have data only on public assistance received in Wisconsin and on mothers' earnings reported to the Wisconsin UI system. This means that we have no information on individuals who moved out of state, no measures of earnings of individuals in Wisconsin who are self-employed or in other employment not covered by the UI system,¹¹ and no measures of spouse's or partner's earnings or other income received by the individuals.

We recognize that individuals who do not appear in any public assistance or earnings records after leaving AFDC may have left the state. Thus, after describing initial moves off and back on AFDC

¹¹“Covered” workers include about 91 percent of Wisconsin workers.

(Tables 1–4), we report most results for a sample that excludes individuals in each quarter who do not appear in at least one of the administrative databases we use during that quarter.

People may “disappear” from our data during any quarter for several reasons, and we cannot distinguish among those reasons. We are unable to distinguish among those who disappeared because they (1) got married and relied on a husband’s earnings, (2) left the state, or (3) are not reflected in the data for another reason. As shown in Appendix 5, 73 percent of our sample appears in our data in each of the five quarters after leaving AFDC. Nineteen percent are “partial disappearers,” who appear in administrative data in some, but not all, of the quarters. The remaining 8 percent, referred to as “total disappearers,” never appear in our administrative data in the five quarters after leaving AFDC. In an earlier report we excluded only total disappearers. In this report we also exclude partial disappearers in the quarters in which they appear in no records.

To illustrate the implications of this treatment of disappearers, consider the analysis of post-exit earnings in this report: An analysis of earnings that excludes cases which have disappeared from all state administrative data likely overstates employment levels, because some disappearers have not left the state and should be counted among those not working. On the other hand, an analysis that includes all disappearers understates earnings, because some individuals have earnings out of state or in employment not covered by the UI system. Information on the distribution of the sample by “disappearer” status is contained in Appendix 5. Those who disappeared for some or all quarters were more likely to have lower levels of education and older children and to reside in the state’s “border” counties next to neighboring states. Although not conclusive, these tendencies suggest a diversity of reasons for disappearing from the state data.

Despite these limitations, the merged administrative data provide a productive starting point for timely analysis of important policy issues. Further information on data construction and sources is contained in Appendix 1.

II. A COMPARISON OF LEAVERS AND RETURNERS

A. Who Left AFDC?

Table 1 shows the characteristics of the families receiving AFDC-Regular in July 1995, which form our sample. Table 2 shows the percentage of open cases that left AFDC within the following year, by these characteristics. The first column of Table 2 indicates that, of the 54,518 cases included in the sample, 47.8 percent left AFDC for at least 2 consecutive months at some time in the next year.¹²

The characteristics of leavers have implications for their long-term prospects and for our expectations regarding the future prospects of those who remain on AFDC. Inasmuch as families leave AFDC because they have alternative means of support, we expect leavers to include those with the best work and marriage prospects. The data in Table 2 generally bear this out.

One of the largest differences between leavers and stayers is geographic—families in Milwaukee were least likely to leave AFDC (36.6 percent left the program over the next year), in contrast to those in other urban counties (where 57.9 percent of the sample left AFDC) and rural counties (where 66.8 percent left AFDC). Although exit rates varied substantially by region, the relationship between other characteristics and exit was generally similar across regions, with two exceptions. In Milwaukee, families with young mothers were less likely to leave AFDC, while in the remainder of the state older mothers had the lowest rates of exit. Moreover, Milwaukee families with very young children were less likely to leave AFDC, while in rural counties families with older children had lower exit rates than did those with young children.

In both Milwaukee and the rest of the state, women were more likely to leave AFDC if

- they had higher levels of education;
- they were white or, to a lesser extent, Hispanic;

¹²We follow these women for 14 months, allowing them to exit for 2 consecutive months for an entire year.

TABLE 1
Characteristics of the AFDC-Regular Caseload in Wisconsin (Cases Active in July 1995)

	Total	Milwaukee	Other Urban	Rural
Total (N)	54,518	29,575 54.2%	16,229 29.8%	8,714 16.0%
Casehead's age				
18-24	33.8	33.6	35.0	32.4
25-29	23.1	23.5	22.9	22.1
30-39	33.2	33.5	32.0	34.2
40+	9.9	9.4	10.1	11.3
Education				
<11 years	25.9	30.3	21.4	19.5
11 years	18.9	22.1	16.5	12.6
12 years	41.3	37.0	43.9	51.0
>12 years	13.8	10.6	18.1	16.9
Race				
White	40.5	15.8	62.3	83.5
African American	42.4	66.6	20.6	1.0
Hispanic	6.7	8.8	5.4	2.3
Other	4.7	2.2	6.3	10.5
Unknown	5.7	6.7	5.4	2.7
Number of children				
1	34.5	30.2	38.7	40.8
2	30.0	29.7	30.1	30.7
3+	35.6	40.1	31.2	28.5
Age of Youngest Child				
<1	17.1	16.6	17.9	17.3
1	16.5	16.4	16.7	16.3
2	12.8	12.8	13.2	12.0
3-5	23.8	23.8	24.2	23.1
6-11	20.3	20.8	19.0	20.7
12-18	9.6	9.6	9.0	10.6
Other adults in household	28.5	22.0	35.5	38.0
Mother on SSI	9.6	9.6	10.4	8.6
Child on SSI	9.8	12.0	8.6	4.8
Mother sanctioned	7.3	6.4	8.9	7.1
Mother legal immigrant	1.8	1.0	3.6	1.5

(table continues)

TABLE 1, continued

	Total	Milwaukee	Other Urban	Rural
Foster children present in household	1.4	1.9	1.0	0.7
Number of quarters with earnings 7/93–7/95*				
None	38.5	38.8	39.2	35.9
1–3 quarters	30.1	30.5	29.7	29.6
4–7 quarters	24.0	22.9	24.2	27.0
8 quarters	7.5	7.8	6.9	7.6
Total earnings from 7/93 to 7/95*				
< \$500	46.2	47.3	46.4	42.5
\$500–\$2,499	18.3	18.5	18.2	17.5
\$2,500–\$7,499	18.5	17.4	19.1	21.2
\$7,500 or more	17.0	16.8	16.2	18.9
Start of current spell (months before July 1995)*				
0–3 months	16.7	12.0	20.6	25.7
4–6 months	10.0	8.6	11.2	12.5
7–9 months	8.9	7.9	9.6	11.2
10–12 months	8.0	7.4	8.9	8.3
13–18 months	11.0	10.7	12.1	9.9
19–24 months	5.7	5.2	6.2	6.3
More than 24 months	39.8	48.3	31.5	26.3
Number of months received welfare July 1993–June 1995*				
6 months or less	10.5	6.9	13.3	17.5
7–12 months	11.6	8.7	14.3	16.8
13–18 months	12.9	10.7	15.1	16.1
19–24 months	65.0	73.7	57.3	49.6

*Sample includes caseheads who were 18 or older in July 1993 (N=50,934).

TABLE 2
Percentage of Leavers, by Recipient Characteristics

	Total	Milwaukee	Other Urban	Rural
Total (N)	54,518	29,575	16,229	8,714
Number of leavers	26,047	10,826	9,404	5,817
Percentage leavers in AFDC-Regular caseload	47.8	36.6	57.9	66.8
Casehead's age				
18–24	47.5	32.7	61.2	72.3
25–29	50.0	38.4	61.9	69.0
30–39	47.8	38.8	55.7	64.2
40+	43.2	38.4	44.8	54.2
Education				
<11 years	38.9	31.1	48.4	60.4
11 years	40.5	30.1	54.1	69.8
12 years	53.0	41.1	61.6	68.5
>12 years	58.8	50.3	63.9	66.6
Race				
White	60.8	45.2	62.8	68.1
African American	36.3	33.8	50.3	48.3
Hispanic	45.7	40.5	55.0	70.9
Other	42.5	36.2	35.2	55.0
Unknown	47.5	38.7	60.3	74.8
Number of children				
1	55.2	44.1	63.0	69.3
2	49.2	37.8	59.6	67.9
3+	39.3	30.0	50.0	62.0
Age of youngest child				
<1	46.8	31.9	59.2	71.8
1	45.5	32.0	56.7	70.2
2	47.8	35.3	60.0	68.2
3–5	48.2	37.4	58.5	65.8
6–11	47.7	39.1	56.9	61.2
12–18	52.5	47.0	55.6	64.6
Other adults in household	52.6	38.7	59.6	67.7
Mother on SSI	22.6	18.3	27.5	27.7
Child on SSI	36.3	29.3	48.7	53.8
Mother sanctioned	51.5	36.9	61.9	71.7
Mother legal immigrant	32.7	35.1	29.7	5.3

(table continues)

TABLE 2, continued

	Total	Milwaukee	Other Urban	Rural
Foster children present in household	28.7	24.1	38.5	43.6
Number of quarters with earnings 7/93–7/95 ^a				
None	36.7	27.6	44.9	53.3
1–3 quarters	48.0	35.2	60.9	69.0
4–7 quarters	59.3	47.5	69.5	76.0
8 quarters	71.4	64.1	80.1	82.1
Total earnings from 7/93 to 7/95 ^a				
< \$500	37.2	27.5	46.5	54.9
\$500–\$2,499	46.7	33.4	60.2	68.8
\$2,500–\$7,499	56.9	43.8	68.0	74.9
\$7,500 or more	69.5	62.4	76.6	79.6
Start of current spell (months before July 1995)				
0–3 months	70.1	59.5	73.8	81.6
4–6 months	58.8	46.9	66.0	74.4
7–9 months	54.0	42.3	62.8	69.1
10–12 months	50.2	39.1	60.3	64.5
13–18 months	46.5	37.1	54.7	63.7
19–24 months	43.7	34.1	51.4	59.0
More than 24 months	33.3	27.0	43.5	49.8
Number of months received welfare July 1993–June 1995 ^a				
6 months or less	72.3	61.7	76.4	81.3
7–12 months	65.4	58.2	67.8	74.3
13–18 months	60.8	53.3	64.7	71.4
19–24 months	39.2	32.1	48.1	54.7

^aSample includes caseheads who were 18 or older in July 1993 (N=50,934).

Note: “Leavers” are those cases that left AFDC between July 1995 and July 1996 and remained off the roles for at least 2 consecutive months.

- they had fewer children;
- other adults were present in the household;
- the mother was *not* receiving Supplemental Security Income (SSI);
- none of the children in the family were receiving SSI;
- the mother had been sanctioned;
- the mother was a citizen;
- there were no foster children present in the household;
- the mother had more work experience in the preceding 2 years (July 1993–June 1995);
- the mother had higher total earnings in the preceding 2 years;
- the mother had less experience receiving AFDC.

The final two panels, which show the relationship between AFDC history and the likelihood of leaving welfare, provide information that was not available in the previous reports in this series. The first measure of AFDC history is length of current AFDC spell; there is a consistent negative relationship between spell length and the likelihood of leaving AFDC. The final panel shows total months receiving AFDC in the previous 24, incorporating multiple spells for those who cycle on and off assistance. The results are very similar.

By their nature, tabulations of this sort show relationships between only two variables. However, the variables of interest interact with each other, and as a result a clear picture of the relationship of two variables *holding the others constant* may be obscured. Using multivariate statistical methods, we are able to relate factors associated with leaving AFDC to actual AFDC exits, while holding other relevant factors constant.

Table 2B presents the results of a multivariate probit estimate of the likelihood of leaving AFDC. For the most part, the simple bivariate relationships between participants' characteristics and likelihood of leaving, shown in Table 2, are consistent with the results shown in Table 2B. However, the results in

TABLE 2B
Probit Estimates of the Probability of Leaving AFDC

	Coefficient	Std. Error	Change in Probability of Leaving AFDC ^a
Casehead's age			
Continuous	0.051	0.005*	0.020
Age squared	-0.001	0.000*	0.000
Education (compared to less than a high school degree)			
High school graduate	0.121	0.013*	0.048
More than high school graduate	0.213	0.018*	0.085
Race (compared to white)			
African American	-0.161	0.018*	-0.064
Hispanic	0.014	0.025	0.005
Other	-0.188	0.032*	-0.074
Unknown	-0.081	0.027*	-0.032
Number of children (continuous)	-0.078	0.005*	-0.031
Age of youngest child (compared to less than 1)			
1	0.076	0.020*	0.030
2	0.137	0.022*	0.054
3-5	0.084	0.019*	0.034
6-11	0.065	0.022*	0.026
12-18	0.247	0.029*	0.098
Other adults in household	0.077	0.013*	0.031
Mother on SSI	-0.626	0.022*	-0.234
At least one child on SSI	0.028	0.021	0.011
Mother Sanctioned	0.093	0.022*	0.037
Mother legal immigrant	-0.142	0.052*	-0.056
Number of quarters with earnings 7/93-7/95 (values from 1 to 8)	0.064	0.002*	0.026
Foster children present in household	-0.147	0.052*	-0.058

(table continues)

TABLE 2B, continued

	Coefficient	Std. Error	Change in Probability of Leaving AFDC ^a
County of residence (compared to other urban counties)			
Milwaukee	-0.417	0.047*	-0.165
Rural counties	-0.040	0.037	-0.016
Brown	-0.210	0.047*	-0.083
Dane	-0.309	0.043*	-0.120
Douglas	-0.307	0.069*	-0.119
Eau Claire	-0.209	0.056*	-0.082
Kenosha	-0.166	0.051*	-0.066
La Crosse	-0.331	0.055*	-0.128
Marathon	-0.428	0.066*	-0.163
Racine	-0.180	0.047*	-0.071
Rock	-0.025	0.058	-0.010
Waukesha	-0.190	0.054*	-0.075
Winnebago	-0.126	0.058*	-0.050
Percentage of female-headed households in ZIP code of residence			
Percentage of households headed by females	-0.366	0.050*	-0.146
Dummy if missing	0.775	0.043*	0.289
Start of current spell (months before July 1995) (compared to more than 24 months)			
0–6 months	0.551	0.019*	0.217
7–12 months	0.311	0.020*	0.123
13–18 months	0.217	0.022*	0.086
19–24 months	0.129	0.026*	0.051
More than one spell from 7/93 to 7/95	-0.040	0.016*	-0.016
Unemployment rate in July 1995 ^b	-0.040	0.012*	-0.016
Constant term	-0.640	0.096*	
Log likelihood	-32548.7		

*Statistically significant at the 5% level.

^aContinuous variables evaluated at the mean. Dummy variables evaluated as a shift from 0 to 1. For example, an average individual living in Milwaukee is 16.5% less likely to leave AFDC than the same individual living in another urban county.

^bUnemployment rate in county of residence for most counties. Some counties use the unemployment rate for the MSA within the county. See Appendix 1 for details.

Table 2B show that, controlling for other factors, racial differences in exit rates for whites and African Americans are substantially reduced, and Hispanics do not have a statistically significant different probability of exiting. Table 2B also suggests that having a child more than 1 year old (compared to a child less than 1 year old) has a significant positive impact, while having a child who receives SSI benefits does not have a statistically significant impact on the likelihood of leaving when other factors are controlled. The added variables, percentage of female-headed households in ZIP code of residence and unemployment rate, are both statistically significant; the unemployment rate suggests the importance of employment opportunities as an influence on the probability of leaving AFDC.

B. Who among the Leavers Returned to AFDC?

To be defined as having exited AFDC in this analysis, a family must have received no benefits for 2 consecutive months. By construction, then, no family that exited AFDC returned to the AFDC rolls in the next 2 months.

Table 3 shows the likelihood of returning in 3 to 6 months, 7 to 12 months, 13 to 15 months, or not returning to AFDC at any time in the 15 months after an exit.¹³ The first line of the table shows that 20.3 percent of the 26,047 families that left AFDC returned in 3 to 6 months. About 7 percent returned in 7 to 12 months and 2 percent returned in 13 to 15 months. As shown in the fourth column, 70.5 percent of families leaving AFDC did not return in the subsequent 15 months. (See Section III for a discussion of use of other means-tested benefits by AFDC leavers.)

The remainder of Table 3 shows the return rates by characteristics of the families. Overall, the characteristics associated with a smaller likelihood of returning to AFDC are the same as those associated with a greater likelihood of being a leaver (see Table 1). There are, however, a few exceptions.

¹³We follow these women for 15 months, using data through September 1997.

TABLE 3
Characteristics of Leavers

	Returned to AFDC within:			Did Not Return to AFDC	Total
	3–6 Months ^a	7–12 Months	13–15 Months		
Total (N)	5,290 20.3%	1,891 7.3%	514 2.0%	18,352 70.5%	26,047
Casehead's age					
18–24	20.6	8.3	2.1	68.9	8,766
25–29	20.0	6.8	1.9	71.3	6,304
30–39	21.0	6.8	1.9	70.4	8,649
40+	17.6	6.3	1.8	74.4	2,328
Education					
<11 years	22.5	8.3	2.6	66.6	5,498
11 years	26.9	8.8	2.1	62.2	4,181
12 years	19.0	7.0	1.9	72.1	11,931
>12 years	15.0	5.3	1.3	78.4	4,437
Race					
White	14.3	5.3	1.4	78.9	13,416
African American	29.6	9.7	2.7	58.0	8,390
Hispanic	22.0	8.1	2.5	67.4	1,679
Other	18.9	8.4	2.0	70.6	1,090
Unknown	20.7	9.4	2.4	67.6	1,472
Number of children					
1	18.0	6.8	1.8	73.4	10,368
2	20.8	7.4	1.8	70.0	8,052
3+	23.0	7.7	2.4	67.0	7,627
Age of youngest child					
<1	18.4	7.6	2.1	71.9	4,376
1	19.3	7.5	2.1	71.0	4,087
2	21.2	7.1	2.0	69.7	3,330
3–5	21.7	7.2	1.9	69.2	6,242
6–11	21.3	7.6	1.9	69.2	5,269
12–18	18.7	6.1	1.7	73.5	2,743
Percentage with other adults in household	17.7	6.3	1.7	74.3	8,183
County of residence					
Milwaukee	27.8	9.4	2.8	60.1	10,826
Other urban	15.3	6.1	1.4	77.2	9,404
Rural	14.5	5.3	1.3	78.9	5,817

(table continues)

TABLE 3, continued

	Returned to AFDC within:			Did Not Return to AFDC	Total
	3–6 Months ^a	7–12 Months	13–15 Months		
Percentage with mother on SSI	17.4	8.0	2.7	71.9	1,186
Percentage with a child on SSI	24.6	8.5	2.2	64.7	1,942
Percentage with mother sanctioned	22.9	8.8	1.9	66.4	2,039
Percentage with mother legal immigrant	13.6	4.3	1.2	80.9	324
Percentage with foster children present	31.5	13.5	2.7	52.3	222
Number of quarters with earnings 7/93–7/95 ^b					
None	16.7	6.1	1.8	75.4	7,183
1–3 quarters	21.1	7.7	1.9	69.3	7,368
4–7 quarters	21.6	7.6	1.9	68.8	7,235
8 quarters	23.0	6.9	2.3	67.8	2,712
Total earnings from 7/93 to 7/95 ^b					
< \$500	17.8	6.5	1.8	73.9	8,771
\$500–\$2,499	21.7	8.2	1.9	68.2	4,349
\$2,500–\$7,499	21.5	7.2	2.0	69.3	5,372
\$7,500 or more	21.4	7.2	2.1	69.3	6,006
Start of current spell (months before July 1995)					
0–3 months	18.8	7.2	2.0	72.0	6,576
4–6 months	20.1	7.9	2.0	70.1	3,388
7–9 months	20.1	7.2	1.5	71.2	2,766
10–12 months	19.6	6.2	2.2	72.0	2,299
13–18 months	20.3	8.4	2.1	69.3	2,850
19–24 months	19.1	6.4	1.9	72.6	1,380
More than 24 months	22.5	7.1	2.0	68.4	6,787
Number of months received welfare 7/93–6/95 ^b					
6 months or less	12.4	5.3	1.5	80.8	3,805
7–12 months	17.1	7.0	1.7	74.3	3,829
13–18 months	20.9	8.0	2.3	68.9	3,903
19–24 months	23.1	7.5	2.0	67.4	12,962

^aReturns within 2 months were not considered exits.

^bSample includes caseheads who were 18 or older in July 1993 (N=24,498).

1. Although women with more earnings and work experience were more likely to leave AFDC, they were also more likely to return. Employment is an important avenue to self-sufficiency, and past earnings are generally a good indicator of future earning prospects. Thus, we expected women with substantial earnings histories to be more likely to leave AFDC and less likely to return to the program. That women with greater work experience and earnings appear to be somewhat more likely to return to AFDC is a puzzle requiring additional research.¹⁴

2. Although mothers receiving SSI were less likely to leave AFDC, once having left they were no more likely to return within 15 months.

3. Sanctioned mothers, who were more likely to leave AFDC, were also more likely to return.

4. Legal immigrants, who were less likely to leave, were also less likely to return once off the program.

5. Those with greater total AFDC history over the past 24 months were more likely to return. However, there did not appear to be a consistent relationship between length of current spell and the probability of returning.

6. Families with a foster child, who were less likely to leave, were also more likely to return.

We again studied this issue using multivariate analysis. Table 4 presents the results of a multivariate probit model relating the likelihood of returning within 15 months to a large number of potentially explanatory variables. The results shown are again largely consistent with the bivariate results of Table 3. However, Table 4 shows that receiving SSI, having a child on SSI, or being sanctioned did not have a statistically significant impact on the probability of returning to AFDC, controlling for other factors. In addition, controlling for other factors, there was a significant relationship between length of

¹⁴One possible explanation is that among women who have little prior observed work experience, a substantial proportion have high residential mobility. However, even after excluding women who do not appear in state records in the 15 months after leaving AFDC (and who may have left the state), those with more quarters of work and greater earnings were also more likely to return to AFDC (figures not shown).

TABLE 4
Probit Estimates of the Probability of Returning to AFDC for Leavers

	Coefficient	Std. Error	Change in Probability of Returning to AFDC ^a
Casehead's age			
Continuous	-0.043	0.008*	-0.014
Age squared	0.000	0.000*	0.000
Education (compared to less than a high school degree)			
High school graduate	-0.142	0.019*	-0.048
More than high school graduate	-0.310	0.027*	-0.098
Race (compared to white)			
African American	0.308	0.027*	0.107
Hispanic	0.169	0.037*	0.059
Other	0.235	0.046*	0.084
Unknown	0.204	0.039*	0.072
Number of children (continuous)	0.038	0.008*	0.013
Age of youngest child (compared to less than 1)			
1	-0.005	0.030	-0.002
2	0.009	0.032	0.003
3-5	0.037	0.029	0.012
6-11	0.070	0.033*	0.024
12-18	0.004	0.043	0.002
Other adults in household	-0.076	0.019*	-0.025
Mother on SSI	0.013	0.043	0.005
At least one child on SSI	-0.032	0.033	-0.011
Mother sanctioned	0.051	0.032	0.017
Mother legal immigrant	-0.294	0.088*	-0.090
Number of quarters with earnings 7/93-7/95 (values from 1 to 8)	0.020	0.003*	0.007
Foster children present in household	0.302	0.088*	0.110

(table continues)

TABLE 4, continued

	Coefficient	Std. Error	Change in Probability of Returning to AFDC ^a
County of residence (compared to other urban counties)			
Milwaukee	0.208	0.064*	0.071
Rural counties	0.073	0.048	0.025
Brown	-0.027	0.065	-0.009
Dane	0.120	0.060*	0.042
Douglas	0.025	0.102	0.008
Eau Claire	0.152	0.077*	0.053
Kenosha	0.172	0.069*	0.060
La Crosse	-0.084	0.083	-0.028
Marathon	0.142	0.092	0.050
Racine	0.011	0.063	0.004
Rock	-0.049	0.077	-0.016
Waukesha	0.205	0.072*	0.073
Winnebago	0.067	0.078	0.023
Percentage of female-headed households in ZIP code of residence			
Percentage of households headed by females	0.497	0.078*	0.168
Dummy if missing	-0.257	0.051*	-0.080
Start of current spell (months before July 1995) (compared to more than 24 months)			
0–6 months	-0.225	0.028*	-0.075
7–12 months	-0.236	0.030*	-0.076
13–18 months	-0.177	0.034*	-0.057
19–24 months	-0.112	0.041*	-0.037
More than one spell from 7/93 to 7/95	0.284	0.022*	0.097
Unemployment rate in July 1995 ^b	0.027	0.016	0.009
Constant term	-0.212	0.143	
Log likelihood	-14792.5		

*Statistically significant at the 5% level.

^aContinuous variables evaluated at the mean. Dummy variables evaluated as a shift from 0 to 1. For example, an average individual living in Milwaukee is 7.1% more likely to return to AFDC than the same individual living in another urban county.

^bUnemployment rate in county of residence for most counties. Some counties use the unemployment rate for the MSA within the county. See Appendix 1 for details.

AFDC spell and probability of returning. Greater work experience continues to be associated with a higher, and statistically significant, likelihood of returning to AFDC.

III. THE ECONOMIC WELL-BEING OF LEAVERS

Perhaps the most important issue regarding the Wisconsin reforms concerns the economic well-being of those who left the welfare rolls. In this section, we turn to this question, exploring it from a variety of perspectives and using a set of measures that analysts might view as important. We ask the following questions:

- To what extent did leavers and their families have incomes that exceeded the maximum benefit they would have received under AFDC? How did this differ by family size?
- To what extent did leavers and their families escape poverty in the periods after they left welfare?
- What proportion of leavers had incomes above 150 percent of the poverty line? How did this compare to stayers?
- To what extent did leavers and their families have incomes that exceeded the income they received immediately prior to exiting (when they were still receiving AFDC)? How did this differ by family size?
- To what extent did leavers and members of their families continue or discontinue all use of public assistance programs? What was the trend in the use of public assistance by leavers? Did these trends differ among leavers, those who left AFDC and then returned, and those who did not leave AFDC during the period of our observation?
- What factors are most associated with the ability of some former recipients to become more independent of public assistance usage than others?
- Finally, how did the AFDC leavers fare in general as compared to the stayers?

Table 5 excludes about 8 percent of the sample for whom we have no data in the five quarters after exit. For those for whom we have data only in some quarters, we calculate annualized receipt based

TABLE 5
Income Levels of the AFDC - Regular Caseload during Year after Exit from AFDC^a
(Excluding “Disappears”)

	Earnings	Cash Income	Cash Income Plus Food Stamps
<i>Families with One Child</i>			
All Leavers (N=9,684)			
More than maximum AFDC benefit	53.7	58.2	—
More than poverty line	28.5	30.0	33.1
More than 150% of poverty line	10.0	10.2	10.8
More than same measure in quarter before exit	70.9 ^b	45.9	41.0
Continuous Leavers (N=6,927)			
More than maximum AFDC benefit	59.0	59.0	—
More than poverty line	34.8	34.8	36.7
More than 150% of poverty line	13.2	13.2	13.6
More than same measure in quarter before exit	77.3 ^b	48.5	42.8
All Stayers (N=8,414)			
More than maximum AFDC benefit	23.5	55.3	—
More than poverty line	7.9	12.6	18.7
More than 150% of poverty line	1.9	2.9	3.7
<i>Families with Two Children</i>			
All Leavers (N=7,440)			
More than maximum AFDC benefit	50.0	54.7	—
More than poverty line	18.5	19.5	23.5
More than 150% of poverty line	3.5	3.6	3.8
More than same measure in quarter before exit	69.4 ^b	42.2	36.0
Continuous Leavers (N=5,021)			
More than maximum AFDC benefit	55.6	55.6	—
More than poverty line	23.8	23.8	26.2
More than 150% of poverty line	4.8	4.8	5.1
More than same measure in quarter before exit	75.7 ^b	43.9	36.9
All Stayers (N=8,299)			
More than maximum AFDC benefit	20.9	50.9	—
More than poverty line	4.3	7.1	13.0
More than 150% of poverty line	0.6	1.0	1.4

(table continues)

TABLE 5, continued

	Earnings	Cash Income	Cash Income Plus Food Stamps
<i>Families with Three or More Children</i>			
All Leavers (N=6,896)			
More than maximum AFDC benefit	40.5	45.0	—
More than poverty line	8.0	8.3	11.6
More than 150% of poverty line	0.9	0.9	1.0
More than same measure in quarter before exit	67.0 ^b	34.9	28.9
Continuous Leavers (N=4,377)			
More than maximum AFDC benefit	46.5	46.5	—
More than poverty line	11.2	11.2	13.7
More than 150% of poverty line	1.3	1.3	1.3
More than same measure in quarter before exit	73.9 ^b	37.3	29.9
All Stayers (N=11,758)			
More than maximum AFDC benefit	14.5	40.9	—
More than poverty line	1.2	2.4	5.8
More than 150% of poverty line	0.1	0.2	0.3

^aDuring the 12 months from 7/96 through 6/97 for stayers.

^bCalculated only for those with earnings in the quarter before exit. For example, the number in the earnings column represents the percentage of households in each category whose average quarterly earnings in the year after exit were higher than their earnings in the quarter before exit.

Notes: Cash income is earnings plus AFDC benefit. Continuous leavers are those who remained off AFDC for at least 1 year after exit. All reported measures are the average quarterly receipt during the year after exit calculated over the quarters in which the case appears in at least one administrative database.

on quarterly data for those quarters in which an individual appears in our records. For these reasons, the figures are likely to overstate economic well-being.¹⁵

A. To What Extent Did Leavers and Their Families Have Incomes That Exceeded the Maximum Benefit They Would Have Received under AFDC? How Did this Differ by Family Size?

One measure of the success of welfare reform is whether former welfare recipients have higher incomes than they did on AFDC.

Table 5 shows the proportion of leavers, continuous leavers,¹⁶ and stayers with incomes above the AFDC benefit level after leaving the rolls.¹⁷ The table presents the data by family size (number of children), since one issue of concern has been whether the removal of AFDC benefits, which increased as family size rose, would adversely affect larger families.¹⁸ We report these incomes for families with one, two, and three or more children, combining families with large numbers of children because of small sample sizes.

Over half of all leavers with one child had earnings that exceeded the maximum AFDC cash benefit for which their family size would have made them eligible. When we add in AFDC benefits

¹⁵In another report, we excluded total disappearers (8 percent of the sample) and implicitly assumed that partial disappearers had no income in the quarters in which we had no records. In this report we estimate annual income for partial disappearers by calculating average quarterly income for those quarters in which we have records, and then annualizing (i.e., multiplying average quarterly income by 4). This change results in modest increases in the level of measured well-being. For example, Table 5 shows that the percentage of all leavers with total cash income plus food stamps above the poverty line is 33.1, 23.5, and 11.6 for families with one, two, and three or more children, respectively. If we assume partial disappearers had zero income in the quarters they disappear, these figures fall slightly.

¹⁶Continuous leavers are those who remained off Wisconsin AFDC for at least 1 year following exit.

¹⁷“Stayers” here refers to those continuously on the rolls during July 1995–July 1996 but who may have subsequently left.

¹⁸The data in Table 5 should be interpreted with caution. First, working requires most individuals to incur additional costs, in particular for child care, Social Security taxes, transportation, meals eaten outside the home, and appropriate work attire. These costs are not included in any measure in Table 5. Second, potential income from the Earned Income Tax Credit, which is designed to defray some of these costs, is also excluded from Table 5.

received, to obtain total measured cash income,¹⁹ the proportion is nearly 60 percent (58.2 percent). This proportion is about the same as that for those who remained off the rolls during the year immediately following their exit; for this group the proportion whose cash income is greater than the maximum AFDC benefit is 59 percent.

Among families with two children, half had earnings that exceeded the maximum AFDC benefit for their family size. Adding other sources of cash income brought the proportion to nearly 55 percent. For the continuous leavers, the proportion for both measures of income was about the same, at nearly 56 percent.

Finally, among the leavers with three or more children, somewhat less than half had cash incomes above the maximum AFDC family-size based benefit. Earnings alone brought just over 40 percent of leavers with three or more children an income above the maximum AFDC benefit.

In part because many AFDC stayers also had earnings (see discussion below), and because many of them exited welfare within a year after we initially observed them, the stayers do only somewhat worse than the leavers when we compare the proportion with cash incomes above the maximum public assistance benefit for a family of that size. The differences are approximately 3.5 percentage points across all family sizes and are always less than 5 percentage points.

In summary:

- **Using as a measure of economic well-being whether or not a family's cash income is greater than the maximum cash benefit they would have been eligible for under AFDC, about one-half of all leavers were better off. This was especially the case for families with one child and less so for families with more children. For families with three or more children, the proportion better off under this measure was 45 percent.**
- **Continuous leavers were somewhat better off than all leavers according to this measure.**

¹⁹Our measure of cash income excludes earnings from self-employment and other employment not covered by the UI system. Also excluded are earnings of husbands or partners, and income other than earnings or benefits.

- **Between 40 and 55 percent of stayers also had cash income above the maximum AFDC benefit.**

B. To What Extent Did Leavers and Their Families Escape Poverty in the Periods after They Left Welfare?

An alternative measure of economic well-being is escape from poverty. Table 5 also shows the proportion of leavers, continuous leavers, and stayers with incomes above the poverty line, again by family size (number of children).

For this measure of economic well-being, family size matters considerably, as does whether a leaver was a continuous leaver or returned to welfare. Families with more children were far less likely to have cash incomes above the poverty line, and those who did not return (continuous leavers) were more likely to be above the poverty line than those who returned. For example, the percentages of all leavers with cash income above the poverty line for 1-, 2-, and 3-child families are 30, 19.5, and 8.3, respectively. All leavers were more than twice as likely as the stayers to have incomes above the poverty level.

The last column of Table 5 adds the value of food stamps the family received, treating it as equivalent to cash. The same pattern holds, though the proportion with incomes (cash plus food stamps) above the poverty line is generally greater with the inclusion of food stamps. Still, significantly less than half of any of the groups has cash income plus food stamps exceeding the poverty line. Just over 36 percent of continuous leavers with one child, and just over 26 percent of continuous leavers with two children, had incomes including food stamps above the poverty level. Less than 14 percent of the continuous leavers with three or more children had cash income plus food stamps above the poverty line.

- **Using “escape from poverty” as our measure of economic well-being, continuous leavers had a much higher probability of success than stayers. For example, among those with just one child, continuous leavers had about a 37 percent probability of success, almost twice that for stayers with one child. The proportions who were successful by this measure declined with increasing family size, but for all family sizes, the probability that leavers would escape poverty was almost double that for stayers.**

C. What Was the Proportion of Leavers with Incomes above 150 Percent of the Poverty Line (And Who Therefore Might Be Viewed as Relatively “Successful”)? How Did This Compare to Stayers?

An alternative and higher measure of success is obtaining an income that is 150 percent or more above the poverty line. Few among former recipients were able to achieve this level. The group with the highest probability of achieving this level of economic well-being was continuous leavers with one child. Even among this group, when food stamps were included with earnings, only 13.6 percent were successful. The proportions of all other groups who were successful were below 11 percent, and among those with more than one child, the proportion of continuous leavers who were successful was 5.1 percent or less. On the other hand, AFDC stayers were far less likely to achieve even these low probabilities of success. Among stayers with just one child, less than 4 percent achieved this level of income, far above the 1.4 percent of those with two children and 0.3 percent of those with three or more children, respectively.

- **Using attainment of income above 150 percent of the poverty line as the measure of economic well-being, few leavers were successful. Continuous leavers with one child had the highest probability (13.6 percent) of success. Stayers and those with multiple children were far less likely to achieve such economic success.**

D. To What Extent Did Leavers and Their Families Have Incomes That Exceeded the Income They Received Immediately Prior to Exiting (When They Were Still Receiving AFDC)? How Did This Differ by Family Size?

A fourth measure of the success of welfare reform is whether former welfare recipients have greater earnings and income after leaving AFDC than they did while on AFDC. To make this comparison, Table 5 shows the percentage of leavers with average quarterly earnings, cash income, and cash income plus food stamps greater than in the quarter immediately before exit from AFDC.²⁰

²⁰Appendix 7 reports the comparable ratios of earnings, cash income, and cash income plus food stamps using the detailed categories appearing in tables above.

We expect that the proportion of these women with post-exit earnings greater than those in the quarter prior to exit will be very high, and will be higher for continuous leavers than for all leavers. We do not expect these proportions to differ by family size, as they refer only to earnings. We find that approximately 70 percent of all leavers, regardless of family size, had average quarterly earnings greater than their earnings in the quarter prior to exit. As expected, the proportion of continuous leavers with earnings growth after exit was somewhat higher than for all leavers (a difference of about 6 percentage points) and again did not vary substantially by family size.

A comparison of pre- and post-exit income, rather than just earnings, may be a more direct test of how former recipients and their children fared after leaving AFDC. Overall, during their first year of exit, less than half the leavers had cash incomes that were as high as their incomes had been under AFDC. The proportion is not constant across leavers, differing on the basis of whether a woman was a continuous leaver and by her family size. Among all leavers, nearly 46 percent of women with one child had an income greater than that received in the quarter before exit; for women with two or three or more children, the proportions were 42.2 and 34.9, respectively. Women who did not return to welfare (continuous leavers) did somewhat better—just under 50 percent (48.5) of those with one child had an income that was greater than in the quarter before exit. This proportion declined to about 44 percent for women with two children and to about 37 percent for those with three or more children.

Finally, Table 5 compares average quarterly cash income plus the cash value of food stamps after exit to cash income plus food stamps received in the quarter before exit. We expect that this comparison is likely to show a reduced level of economic well-being, because fewer women are likely to use food stamps once they leave AFDC. Once again we expect that those with fewer children are likely to appear better off under this comparison than those with more children. Both expectations are consistent with the observed patterns. Among continuous leavers with one child, the proportion having reported income plus food stamps that is greater than the amount they received before exit is 42.8 percent; the comparable

numbers are 36.9 percent for those with two children and 29.9 percent for those with three or more children. Among all leavers the proportions are 41, 36, and 28.9 percent for those with one, two, and three or more children, respectively.

- **Average earnings increased after exit among all groups, but income did not. Among leavers, those with fewer children and those who did not return to welfare were the most likely to have incomes greater than their incomes before exiting AFDC. Even for these families, only a slight majority had incomes above those they received just prior to exit. Adding in the value of food stamps suggests that 30–43 percent of leavers had increased economic resources while the rest did not.**

E. To What Extent Did Leavers and Members of Their Family Units Break the Tie to Public Assistance and Discontinue All Use of Public Assistance Programs? Alternatively, to What Extent Did Leavers Continue to Use Public Assistance in the Quarters after Leaving Welfare? What Was the Trend in the Use of Public Assistance by Leavers?

If one views the purpose of welfare reform as establishing full economic independence, success of the reform would be indicated by the proportion of those who leave the rolls and no longer receive any form of public assistance.²¹

Table 6 presents the proportions of groups that used various forms of public assistance by quarter since exit for leavers, and since the third quarter in 1996 for stayers. Only those cases for which we have information from earnings or public assistance records are reported in each quarter. To the extent that cases without records remained in Wisconsin without receiving benefits or working, these calculations overstate participation rates.^{22,23} The last row of each panel shows:

²¹Alternatively, one could view a higher level of public assistance receipt as indicating the ability of the state's social service agencies to deliver help to those who need it.

²²On the other hand, if individuals are missing in Wisconsin data but have high participation rates in another state, it is possible that the calculations in Table 6 underreport participation.

²³In a previous report, we excluded only those with no records in any quarter (total disappearers) from this analysis. In this report an individual may be absent from public assistance records, but then must have recorded earnings in order to be included in a quarter. Excluding partial disappearers (those with no public assistance or earnings in a quarter) decreases the proportion receiving no benefits most dramatically. For example, Table 6 shows that 10.8 and 29.7 percent of all leavers were not receiving AFDC, food stamps, or Medicaid in the first and fifth quarter after exit. Including partial disappearers increases these figures to 15.6 and 38.1, respectively.

TABLE 6
Employment and Assistance Status of Leavers in the Quarters after Leaving Welfare
(Excluding “Disappears”)

	1st Quarter after Exit	2nd Quarter after Exit	3rd Quarter after Exit	4th Quarter after Exit	5th Quarter after Exit
All Leavers	N=22,726	N=22,079	N=21,791	N=21,604	N=21,151
Receiving AFDC, FS, and Medicaid	15.2	21.3	20.8	19.1	17.1
Receiving AFDC and FS	0.0	0.0	0.0	0.1	0.1
Receiving AFDC and Medicaid	1.1	1.4	1.5	1.2	1.2
Receiving AFDC only	0.0	0.0	0.1	0.1	0.1
Receiving FS and Medicaid	41.3	30.5	28.2	27.0	26.0
Receiving FS only	2.2	2.1	1.9	2.0	2.3
Receiving Medicaid only	29.4	28.6	28.5	28.9	23.4
Not receiving AFDC, FS, or Medicaid	10.8	16.1	19.1	21.6	29.7
Continuous Leavers	N=15,451	N=14,692	N=14,365	N=14,216	N=13,889
Receiving FS and Medicaid	45.9	36.3	32.6	30.0	28.0
Receiving FS only	2.6	2.6	2.4	2.5	3.0
Receiving Medicaid only	37.3	38.6	37.9	37.4	28.1
Not receiving AFDC, FS, or Medicaid	14.1	22.4	27.1	30.1	40.8
All Stayers	N=28,471	N=27,980	N=27,463	N=27,094	N=26,701
Receiving AFDC, FS, and Medicaid	93.6	80.7	72.1	65.5	58.8
Receiving AFDC and FS	0.1	0.1	0.1	0.1	0.1
Receiving AFDC and Medicaid	6.3	5.5	4.6	4.6	4.4
Receiving AFDC only	0.0	0.0	0.0	0.1	0.1
Receiving FS and Medicaid	—	7.7	11.9	14.7	17.5
Receiving FS only	—	0.3	0.6	0.7	0.9
Receiving Medicaid only	—	4.5	7.8	9.9	11.7
Not receiving AFDC, FS, or Medicaid	—	1.3	2.9	4.5	6.6

Notes: For stayers, first quarter after exit is third quarter 1996. Sample in each quarter includes all cases which appear in at least one administrative database during that quarter.

- As expected, continuous leavers were more likely to be fully independent of any form of public assistance than were all leavers.
- Over the quarters, there was a steady decline in the use of public assistance for all of the groups distinguished in the table.
- Five quarters (1 year and 3 months) after exiting, slightly more than 40 percent of the continuous leavers were receiving no public assistance of any type; nearly 30 percent of all leavers were independent of public assistance.

F. Among Leavers, What Was the Most Commonly Used Form of Assistance? Did This Pattern Change over Time? Did the Pattern of Use of Public Assistance Differ among Leavers, Continuous Leavers, and Stayers?

Although reliance on public assistance declined over time among leavers, the majority of leavers continued to use some form of public assistance, most commonly Medicaid.²⁴

Table 6 shows that, in the first quarter after exiting, the majority of leavers and nearly half of continuous leavers received both food stamps and Medicaid. After the first quarter, continuous leavers reduced their use of assistance; by the fifth quarter after exit, approximately equal proportions received Medicaid only or Medicaid plus food stamps. Among all leavers, in the fifth quarter there was a slightly higher probability of using Medicaid plus food stamps than Medicaid alone. Very few of these families received only food stamps.

Those families that remained on the rolls for the full July 1995–July 1996 period also decreased their use of other public assistance after that period. The proportion receiving AFDC, food stamps, and Medicaid declined over this period from about 94 percent to just under 59 percent. Among those stayers who left AFDC during the 15 months after the third quarter of 1996, the most commonly used form of public assistance was Medicaid, a pattern consistent with that of the leavers.

- **The most commonly used form of assistance among leavers was Medicaid. The receipt of food stamps declined over quarters after exit, although many leavers made use of both food stamps and Medicaid.**

²⁴The Medicaid records used here show only eligibility, not actual use of the program, and may apply to one or more members of the assistance unit.

G. What Factors Were Most Associated with Recipients Becoming More Independent of Public Assistance?

Table 7 (and Appendices 2 and 3, which provide greater detail) summarizes the results of a multivariate probit estimation showing the effect of several factors on the probability of using no public assistance in the first and fifth quarters after exit from AFDC.

In the first quarter after leaving AFDC, former recipients were more likely to be independent of public assistance if

- they were older (although the association was not linear);
- they were not African American;
- their youngest child was older (this may reflect the greater likelihood of Medicaid eligibility for younger children), or 1 year old;
- the mother was not on SSI;
- they resided in areas of lower unemployment;
- they resided in areas with lower proportions of female-headed families;
- they were citizens, rather than legal immigrants;
- they had been sanctioned while on AFDC;
- they had worked more quarters in the past;
- they had been on AFDC for a period less than 24 months for their current spell;
- they did not have multiple spells on AFDC during the 2 years prior to July 1995.

By the fifth quarter after exit, the patterns for age of mother, race (with the exception of those of Hispanic origin), age of youngest child (with the exception of children aged 2), child or mother on SSI, foster child in household, high rates of female headship, number of spells, and residing in areas of high unemployment had not changed from those observed after the first quarter. However, several other of the relationships observed in the first quarter had changed by the fifth quarter after exit. Former recipients were more likely to be independent of all forms of public assistance in the fifth quarter if

TABLE 7
Probability of Leavers Being off Public Assistance (Excluding “Disappearing”)

	First Quarter after Exit	Fifth Quarter after Exit
Casehead's age		
Continuous	+*	+*
Age squared	-*	-*
Education (compared to less than a high school degree)		
High school graduate	ns	+*
More than high school graduate	ns	+*
Race (compared to white)		
African American	-*	-*
Hispanic	ns	-*
Other	+*	ns
Number of children (continuous)	ns	-*
Age of youngest child (compared to less than 1)		
1	+*	+*
2	+*	ns
3-5	+*	+*
6-11	+*	+*
12-18	+*	+*
Other adults in household	ns	+*
Mother on SSI	-*	-*
At least one child on SSI	ns	ns
Foster child present in household	-	-*
Mother sanctioned	+*	ns
Mother legal immigrant	-*	+*
Number of quarters with earnings 7/93-7/95 (values from 1 to 8)	+*	+*

(table continues)

TABLE 7, continued

	First Quarter after Exit	Fifth Quarter after Exit
County of residence (compared to other urban counties)		
Milwaukee	+*	+*
Rural counties	ns	ns
Brown	ns	ns
Dane	+*	ns
Douglas	-	-*
Eau Claire	-	-*
Kenosha	ns	ns
La Crosse	ns	ns
Marathon	ns	ns
Racine	+*	+*
Rock	ns	ns
Waukesha	ns	+*
Winnebago	ns	ns
Percentage of female-headed families in ZIP code of residence	-*	-*
Unemployment rate (county) +	-*	-*
Start of current spell (months before July 1995) (compared to more than 24 months)		
0-6 months	+*	ns
7-12 months	+*	ns
13-18 months	+*	+
19-24 months	ns	-
More than one spell from 7/93 to 7/95	-*	-*

Symbols: *Statistically significant coefficient at 5% level; +,- statistically significant at 10% level; ns not statistically significant at 10% level. Probit estimates also include two variables when information is missing; one for race, the other for unemployment rate.

Notes: For stayers, first quarter after exit is third quarter 1996. Sample in each quarter includes all cases which appear in at least one administrative database during that quarter. + County unemployment rate in quarter of analysis.

- they were more educated;
- there were other adults in the household;
- they were immigrants;
- they had fewer children.

In sum AFDC leavers who had greater human capital, had fewer children, had fewer spells on AFDC, lived in a neighborhood with fewer female heads of households, and lived in a tighter labor market were more likely to be independent of other public assistance programs than those without these characteristics. A few other groups of AFDC leavers also were more likely to not be receiving any form of public assistance but may have been in economic need of assistance; these include those who were sanctioned and those with children who were no longer infants.²⁵

H. Finally, Using All These Measures, How Did the Leavers Fare Compared to the Stayers?

By most measures, it appears that many leavers attained higher levels of living and economic independence than did stayers. They were more likely to have incomes greater than the maximum AFDC grant and especially to have incomes that lifted their families above the poverty line. Those with few children seemed to be doing better on average than while they were on AFDC, although those with three or more children were in a more difficult situation. Leavers were almost by definition less likely to be dependent on public assistance, although those with many children and those living in areas of higher unemployment and more female-headed families were more likely to remain dependent on some other form of public assistance. The picture changes if we use income or income plus food stamps in comparison to their last quarter on AFDC as our indicator of economic success. With these indicators, leavers appear to be less well off economically than they were under AFDC, especially in larger families.

²⁵The low level of any use of public assistance among these groups suggests the need to explore the overall financial well-being of these families.

The full picture remains incomplete, however, in part because we have no data on the increased expenditures associated with working or the tax credits and liabilities of the leavers. We can gain increased insight by looking at the labor market experiences and earnings trends of leavers, which are also important measures of the success of welfare reform. We turn to this next.

IV. THE LABOR MARKET EXPERIENCES OF LEAVERS

Another critical issue regarding Wisconsin welfare reform concerns how those who have left the welfare rolls have fared in the labor market. In this section, we explore this question from a variety of perspectives. We ask the following questions:

- To what extent did leavers work and earn after they left welfare?
- What was the level of earnings of leavers after they left welfare, and how did this compare to the earnings of those who remained on welfare?
- What was the pattern of earnings of leavers after they left welfare, by characteristic of the household?
- What household characteristics of leavers seemed most closely related to having earnings (i.e., working at all) in the year after leaving welfare?
- For leavers who were working in the year after leaving welfare, what household or locational characteristics seemed to distinguish those with higher earnings from those with lower earnings?

A. Do Leavers Work after Exiting Welfare?

Table 8 presents evidence on the extent to which households we have defined as leavers worked after leaving the rolls. (“Work” is defined as having earnings that were reported to the Wisconsin UI system.)

The first row of Table 8 shows the pattern for the entire group of leavers, distinguished by whether or not they returned to AFDC within 15 months of leaving. Leavers who both did and did not return to AFDC worked a substantial proportion of the time after they left welfare. For continuous

TABLE 8
Work Experience of Leavers by Characteristics (Excluding “Disappears”)

	Did Not Return to AFDC		Returned to AFDC within 15 Months					
			Total		Quarters on AFDC		Quarters off AFDC	
	% Quarters Worked*	Median Earnings**	% Quarters Worked*	Median Earnings**	% Quarters Worked*	Median Earnings**	% Quarters Worked*	Median Earnings**
Total	74.9	\$2,417	63.4	\$1,739	60.5	\$1,459	73.8	\$2,324
Casehead's age								
18–24	79.3	\$2,234	63.0	\$1,559	59.4	\$1,306	74.8	\$2,159
25–29	76.2	\$2,510	65.8	\$1,830	63.7	\$1,523	75.7	\$2,398
30–39	74.5	\$2,558	63.8	\$1,872	61.1	\$1,597	73.3	\$2,477
40+	57.5	\$2,414	55.8	\$1,793	53.4	\$1,574	65.4	\$2,168
Education								
<11 years	65.5	\$2,072	55.5	\$1,497	53.2	\$1,335	66.8	\$2,031
11 years	72.4	\$1,993	58.0	\$1,456	54.5	\$1,269	69.9	\$2,088
12 years	77.4	\$2,454	67.8	\$1,861	64.9	\$1,521	77.1	\$2,447
>12 years	79.6	\$2,935	72.1	\$2,128	69.2	\$1,711	80.1	\$2,724
Race								
White	75.6	\$2,192	63.3	\$1,583	59.5	\$1,318	73.1	\$2,042
African American	75.1	\$2,938	64.7	\$1,889	62.4	\$1,637	75.7	\$2,598
Hispanic	71.7	\$2,794	62.0	\$1,781	60.1	\$1,501	74.3	\$2,462
Other	67.2	\$2,575	54.6	\$1,598	50.2	\$1,332	63.4	\$2,083
Unknown	75.0	\$2,450	61.5	\$1,670	60.0	\$1,421	70.9	\$2,255
Number of children								
1	75.8	\$2,389	63.8	\$1,645	60.5	\$1,359	74.8	\$2,183
2	75.9	\$2,411	64.1	\$1,767	60.7	\$1,523	74.9	\$2,347
3+	73.4	\$2,480	62.2	\$1,856	60.4	\$1,586	71.4	\$2,508

(table continues)

TABLE 8, continued

	Did Not Return to AFDC		Returned to AFDC within 15 Months					
	% Quarters Worked*	Median Earnings**	Total		Quarters on AFDC		Quarters off AFDC	
			% Quarters Worked*	Median Earnings**	% Quarters Worked*	Median Earnings**	% Quarters Worked*	Median Earnings**
Age of youngest child								
<1	74.6	\$2,165	59.4	\$1,585	56.2	\$1,331	70.2	\$2,159
1	75.4	\$2,327	59.1	\$1,634	56.4	\$1,443	70.7	\$2,174
2	75.0	\$2,399	65.1	\$1,727	62.9	\$1,377	74.4	\$2,294
3-5	77.9	\$2,509	66.7	\$1,809	64.0	\$1,482	77.4	\$2,427
6-11	76.9	\$2,634	66.6	\$1,878	63.8	\$1,597	77.0	\$2,527
12-18	64.6	\$2,319	58.5	\$1,730	55.1	\$1,502	67.3	\$2,197
Other adults in household	72.4	\$2,205	60.7	\$1,618	57.4	\$1,332	71.7	\$2,141
County of residence								
Milwaukee	76.3	\$3,013	65.7	\$1,982	63.9	\$1,705	76.5	\$2,638
Other urban	75.4	\$2,279	60.8	\$1,504	56.8	\$1,217	71.4	\$1,995
Rural	72.3	\$2,012	59.7	\$1,458	55.1	\$1,171	69.4	\$1,842
Mother on SSI	22.5	\$1,151	14.6	\$777	13.3	\$636	21.9	\$1,012
Child on SSI	66.5	\$2,218	53.1	\$1,502	50.2	\$1,247	65.8	\$2,141
Mother sanctioned	67.1	\$1,654	51.5	\$1,318	48.2	\$1,124	62.6	\$1,770
Mother legal immigrant	66.1	\$3,083	57.3	\$2,295	56.5	\$2,030	63.6	\$2,876
Foster children present in household	57.7	\$2,307	62.5	\$1,904	61.3	\$1,409	65.9	\$2,445
Number of quarters with earnings 7/93-7/95								
None	55.8	\$2,240	39.3	\$1,422	37.1	\$1,229	49.7	\$2,032
1-3 quarters	75.3	\$2,193	60.4	\$1,488	57.3	\$1,236	71.3	\$2,120
4-7 quarters	84.6	\$2,467	75.7	\$1,859	72.3	\$1,558	84.8	\$2,400
8 quarters	93.3	\$2,998	88.2	\$2,314	86.5	\$2,005	93.1	\$2,745

(table continues)

TABLE 8, continued

	Did Not Return to AFDC		Returned to AFDC within 15 Months					
	% Quarters Worked*	Median Earnings**	Total		Quarters on AFDC		Quarters off AFDC	
			% Quarters Worked*	Median Earnings**	% Quarters Worked*	Median Earnings**	% Quarters Worked*	Median Earnings**
Start of current spell (months before July 1995)								
0–3 months	78.6	\$2,389	67.1	\$1,805	64.0	\$1,527	76.6	\$2,328
4–6 months	75.4	\$2,231	65.4	\$1,702	62.5	\$1,443	75.3	\$2,224
7–9 months	73.6	\$2,217	63.6	\$1,673	61.0	\$1,354	72.6	\$2,323
10–12 months	73.4	\$2,292	61.9	\$1,673	58.0	\$1,450	71.8	\$2,189
13–18 months	73.9	\$2,416	59.5	\$1,687	56.1	\$1,379	72.4	\$2,195
19–24 months	75.9	\$2,574	63.8	\$1,662	61.4	\$1,372	74.6	\$2,301
More than 24 months	72.2	\$2,660	61.1	\$1,810	58.9	\$1,542	71.8	\$2,457
Number of months received welfare 7/93–6/95								
6 months or less	76.5	\$2,312	61.6	\$1,641	59.2	\$1,387	71.6	\$2,214
7–12 months	76.4	\$2,330	65.3	\$1,766	61.0	\$1,474	76.3	\$2,301
13–18 months	76.3	\$2,336	65.8	\$1,722	62.5	\$1,433	74.8	\$2,285
19–24 months	73.4	\$2,516	62.5	\$1,753	60.1	\$1,497	73.2	\$2,368

*During five quarters after initial exit.

**Median earnings during quarters with work.

Note: Percentage of quarters worked is calculated over the quarters in which the case appears in at least one administrative database.

leavers, earnings were recorded in 75 percent of the quarters; for those who returned to the rolls, earnings were reported in 63 percent of the quarters.²⁶ The median earnings of those who did not return to welfare was about \$2,400 per quarter worked, while those who returned had median earnings of about \$1,750 per quarter. During the quarters in which they were receiving AFDC, returner households earned about \$1,450 per quarter. During the quarters that they were not on welfare, the median earnings of returners was about \$2,300, only slightly less than that of continuous leavers.

Although the level of earnings of returners was smaller when they were back on AFDC, it was still substantial. A significant amount of working and earning was accomplished by leavers who returned to welfare, even while they were receiving welfare benefits.

- **Those recipient households who left the rolls worked a substantial amount regardless of whether they returned to the welfare rolls in the 15 months after they left. However, for those who returned to the rolls, quarterly earnings were about \$1,000 more while they off welfare than when they were on welfare.**

Table 8 also provides data for various groups of leavers, distinguished by age, race, schooling, family structure, location, and prior work. Earnings were lowest for the youngest mothers (ages 18–24) and, to a lesser extent, the oldest (over 40). Both the quarters worked and earnings rise with schooling. For example, for leavers who never returned to the welfare rolls, those with more than 12 years of schooling had median earnings as reported to the UI system that were nearly \$3,000 per quarter, while those with 11 years of schooling or less earned about two-thirds of this amount—about \$2,000 per quarter.

Interestingly, among those women who worked, the earnings of racial minorities exceeded those of whites, irrespective of the category distinguished in the table. This pattern was probably influenced by the high concentration of minorities in Milwaukee County, an area of relatively high wages, and should

²⁶The sample excludes disappearers and calculates the percentage of quarters worked only over those quarters for which we have some earnings or public assistance record. Including individuals who never appear in state records and averaging over all five quarters regardless of the number of quarters with records reduces employment for nonreturners from about three-quarters to two-thirds.

be interpreted with this in mind. For those leavers who never returned to welfare, the median number of quarters worked by whites and African Americans was about equal and exceeded that of the other racial groups. (In Sections D and E, below, we control statistically for related factors when estimating the effect of any particular factor.)

There was very little variation, in median quarters worked or in earnings, by family structure. Those recipients with three or more children tended to work fewer quarters than those with fewer children, but their earnings were slightly higher. Households whose youngest child was older than 12 generally worked and earned less than those whose oldest child was younger than 12, especially in the group who never returned to welfare. However, this pattern may be the result of a relationship between age of youngest child and length of time on welfare.²⁷

In terms of location, Milwaukee households worked slightly more quarters than households elsewhere in Wisconsin, and the median quarterly earnings of Milwaukee households exceeded those of households not in Milwaukee.

Table 8 includes data for five special groups of welfare recipients—households in which the mother received SSI benefits (indicating a severe disability), households with a child on SSI, households in which the mother had been sanctioned, households in which the mother was a legal immigrant, and families that contained a foster child. For these groups, the percentage of quarters worked was substantially below that of the average leaver. The same was true of median earnings of the groups, except for legal immigrants, for whom earnings were among the highest recorded in the table. This high earnings record of the legal immigrants will be observed in our multivariate estimates as well.

Both the percentage of quarters worked and median earnings rose with the number of quarters that the household had earnings during the 2 years before leaving AFDC. Indeed, among the leavers

²⁷As discussed below, those with youngest child 12 or older appear to be more likely to work when we control statistically for other factors, including spell length.

shown in this table, those with eight quarters of continuous work experience before their exit from AFDC—both those who did not return to welfare and those who did—worked about 90 percent of the quarters while they were not receiving welfare benefits, and earned \$2,800 to \$3,000 per quarter. These, too, are at the top end of the work/earnings figures in the table.

Finally, Table 8 shows the work and earnings patterns of these groups of leavers by the length of time that they received welfare prior to leaving the rolls. Neither the duration of the current pre-exit welfare spell (before July 1995) nor the number of months of welfare receipt in the 2 years before leaving the rolls seemed to exert a strong influence on work and earnings after exit in the ways that might have been predicted. In general, there seemed to be a slight U-shaped pattern of quarterly earnings, indicating that those with the shortest and the longest current spells prior to leaving had somewhat greater earnings after leaving; this was not a strong pattern, however. For all of the groups, those with the longest durations of current spell or the largest number of months of reciprocity had somewhat *higher* earnings after leaving the rolls, even though the quarters of work after leaving appear to run counter to the earnings pattern—those with the longest duration of current spell, and those with the largest number of months of reciprocity prior to leaving, worked in a smaller percentage of possible quarters. These somewhat unexpected patterns are worthy of further study, although it should be emphasized that none of the patterns are especially strong.

- **Among leavers, work (percentage of quarters worked) and median earnings were positively related to education. Earnings were lower among whites than among minorities. Special groups of recipients—on SSI, sanctioned, with a foster child, and legal immigrants—tended to work less; however, the earnings of the immigrants were relatively high. Finally, both the extent of work and earnings after exiting the rolls were positively related to work experience during the 2 years before leaving the rolls; prior work experience did seem to matter. However, neither the duration of the spell of welfare just prior to leaving the rolls nor the number of months of reciprocity in the 2 years prior to leaving appears to have a major effect on either the percentage of quarters worked or quarterly earnings. The observed patterns are somewhat difficult to explain.**

B. What Were the Earnings of Those Leavers Who Worked?

Table 9 presents evidence on the pattern of quarterly earnings of the leavers during the five quarters after exit. The percentage with earnings is calculated over those with some record in administrative data for that quarter. The mean and median earnings shown there are calculated over the set of leavers who actually recorded earnings in the quarter indicated. In all panels of the table, the fourth row indicates the percentage of the leavers who worked in the designated quarter after they left the rolls. The pattern here is consistent with that in Table 8. For the entire population of leavers, the percentage with earnings hovered between 72 and 76 percent over the five quarters.²⁸ It was slightly higher for those we have called continuous leavers and for those who were not on AFDC in a particular quarter (ranging from 74 to 81 percent for both groups) . However, for those who returned to AFDC in a particular quarter, the percentage working was substantially lower, ranging from 53 to 66 percent for those who had any AFDC during the quarter and from 42 to 56 percent for those who were continuously on AFDC during the quarter. Interestingly, this work propensity among leavers who returned to the welfare rolls declined significantly over the quarters after exiting.

The last row of each panel shows the percentage of leavers who had earnings in a particular quarter in excess of \$500. For all leavers, continuous leavers, and leavers not on AFDC during the quarter, over 90 percent of those who did record earnings had earnings above \$500. However, for those who received AFDC during the quarter, only about 80 percent of earners had more than \$500 during the quarter.

- **During the 18-month period after leaving the rolls, over 70 percent of leavers for whom we have information on earnings or benefits worked in each quarter and about 90 percent of those working earned more than \$500 during the quarters that they worked.**

²⁸Calculating the percentage without earnings over all those with records in any quarter reduces the percentage of leavers with earnings from the 72 to 76 percent shown in Table 9 to 65 to 70 percent. Including all leavers, even those with no administrative records in any quarter, further reduces earnings rates to 60 to 63 percent.

TABLE 9
Earnings of Leavers (Excluding “Disappearers”)

	1st Quarter after Exit	2nd Quarter after Exit	3rd Quarter after Exit	4th Quarter after Exit	5th Quarter after Exit
All Leavers					
N	22,726	22,079	21,791	21,604	21,151
Mean earnings	\$2,440	\$2,509	\$2,563	\$2,686	\$2,751
Median earnings	\$2,383	\$2,437	\$2,460	\$2,602	\$2,632
% with any earnings	72.4	72.5	73.3	74.3	75.8
% earning \$500+	65.6	65.7	66.1	67.6	69.0
% of workers earning \$500+	90.1	90.6	90.2	91.0	91.0
Continuous Leavers					
N	15,451	14,692	14,365	14,216	13,889
Mean earnings	\$2,628	\$2,734	\$2,784	\$2,893	\$2,959
Median earnings	\$2,583	\$2,682	\$2,715	\$2,845	\$2,861
% with any earnings	74.2	77.2	79.0	79.6	81.1
% earning \$500+	68.3	71.5	72.8	73.8	75.2
% of workers earning \$500+	92.0	92.6	92.2	92.7	92.7
Not on AFDC during Quarter					
N	19,008	17,049	16,925	17,183	17,230
Mean earnings	\$2,574	\$2,697	\$2,741	\$2,851	\$2,914
Median earnings	\$2,536	\$2,656	\$2,676	\$2,796	\$2,827
% with any earnings	73.7	76.7	78.8	79.7	81.0
% earning \$500+	67.6	71.1	72.6	73.8	75.2
% of workers earning \$500+	91.7	92.7	92.1	92.6	92.8
On AFDC during Quarter					
N	3,718	5,030	4,866	4,421	3,921
Mean earnings	\$1,671	\$1,668	\$1,657	\$1,732	\$1,656
Median earnings	\$1,544	\$1,459	\$1,458	\$1,481	\$1,423
% with any earnings	65.6	58.1	54.1	53.2	53.1
% earning \$500+	54.9	47.4	43.8	43.5	42.1
% of workers earning \$500+	83.7	81.6	81.0	81.8	79.3

(table continues)

TABLE 9, continued

	1st Quarter after Exit	2nd Quarter after Exit	3rd Quarter after Exit	4th Quarter after Exit	5th Quarter after Exit
Continuously on AFDC during Quarter					
N	597	2,448	2,575	2,448	2,315
Mean earnings	\$1,274	\$1,319	\$1,291	\$1,422	\$1,352
Median earnings	\$1,017	\$1,034	\$1,068	\$1,141	\$1,077
% with any earnings	56.3	47.6	43.6	42.1	43.3
% earning \$500+	40.5	35.0	32.1	32.1	31.7
% of workers earning \$500+	71.9	73.5	73.6	76.2	73.2

Notes: Mean and median earnings are for those working during the quarter. For stayers, first quarter after exit is third quarter 1996. Sample in each quarter includes all cases which appear in at least one administrative database during that quarter.

- **Over one-half of leavers who returned to AFDC also worked, but many of them appear to have earned rather small amounts during the quarters that they were on AFDC.**

The other two rows in each panel show the average (mean and median) quarterly earnings for all leavers and for the various categories of leavers. For all leavers who worked in a quarter, median earnings were about \$2,400 in the first quarter after exiting, and this value rose to about \$2,600 by the fifth quarter after leaving.

As expected, this median value was about \$200 per quarter higher for those who were continuous leavers (ranging from \$2,600 to almost \$2,900 over the five quarters), about \$1,000 less for those who had any AFDC benefits during the quarter (about \$1,500 per quarter over the five quarters), and about \$1,500 less for those who were continuously on AFDC over the six quarters (about \$1,000 per quarter over the five quarters).

- **The median AFDC leaver earned about \$2,500 per quarter, as reported to the UI system; the median leaver who was continuously off AFDC (about 73 percent of the leavers) earned about \$2,700 per quarter.**
- **Leavers who returned to the AFDC rolls after exiting earned substantially less than those who did not return to welfare—the median returnee earned at a rate of about \$1,500 per quarter, though only about \$1,000 per quarter if they were continuously on AFDC.**

Table 10 presents the earnings of stayers. For the population of all stayers—those who had not exited AFDC by July 1996, though they might have left later—median earnings per quarter ranged from \$1,200 to \$1,900 over the five-quarter period following July 1996. (The rapid growth suggests that a number of these stayers drifted off the rolls after July 1996.) Indeed, for those stayers who left AFDC after July 1996, median earnings ranged from \$2,500 to \$2,700 per quarter. In contrast, for those on AFDC in July 1996 and who again appear on the rolls in subsequent quarters, median earnings ranged from about \$1,200 to \$1,400 per quarter. This level of earnings is not substantially different from that of the leavers who subsequently returned to welfare.

TABLE 10
Earnings of Stayers (Still Receiving AFDC in 7/96) (Excluding “Partial Disappearers”)

	3rd Quarter 1996	4th Quarter 1996	1st Quarter 1997	2nd Quarter 1997	3rd Quarter 1997
All Stayers					
N	28,471	27,980	27,463	27,094	26,701
Mean earnings	\$1,473	\$1,854	\$1,904	\$2,060	\$2,139
Median earnings	\$1,202	\$1,622	\$1,685	\$1,846	\$1,924
% with earnings	38.4	44.8	43.4	48.2	53.5
% with earnings > \$500	29.1	37.1	36.2	40.9	44.8
Not on AFDC during Quarter					
N	0	3,857	6,361	8,076	9,805
Mean earnings	—	\$2,645	\$2,569	\$2,699	\$2,724
Median earnings	—	\$2,592	\$2,512	\$2,664	\$2,705
% with earnings	—	73.2	72.9	73.7	75.9
% with earnings > \$500	—	67.1	67.2	68.0	69.4
On AFDC during Quarter					
N	28,471	24,123	21,102	19,018	16,896
Mean earnings	\$1,473	\$1,624	\$1,480	\$1,525	\$1,501
Median earnings	\$1,202	\$1,392	\$1,242	\$1,290	\$1,187
% with earnings	38.4	40.2	34.5	37.4	40.5
% with earnings > \$500	29.1	32.3	26.9	29.3	30.6

Notes: Mean and median earnings are for those working during the quarter. For stayers, first quarter after exit is third quarter 1996. Sample in each quarter includes all cases which appear in at least one administrative database during that quarter

A particularly interesting pattern in this table is the percentage of those stayers receiving AFDC benefits during a quarter who also had earnings. Over the five quarters following July 1996, this percentage ranged from 38 to 54 percent. The percentage of those stayers who were on AFDC in a particular quarter with earnings greater than \$500 per quarter ranged from 27 to 32 percent.

- **A sizable proportion of AFDC recipients were working and earning. Nearly 50 percent of the households who were stayers by our definition had earnings during the 15-month period after July 1996; indeed, of those stayers who were on AFDC in a particular quarter, from 35 to 40 percent had earnings.**
- **For those stayers who were on AFDC in a particular quarter, median earnings were about \$1,200–\$1,400 per quarter, or less than one-half of the median earnings of the leavers who were continuously off welfare.**

Table 11 focuses on a 1-year period after exit and shows both the probability of working as well as the annual earnings for those who worked at any point in the year. Calculations are shown for all leavers (and subgroups of them) and those we have classified as stayers. For all of the leaver groups, over 80 percent had earnings during the year after exit, and at least 70 percent earned in excess of \$2,000. Earnings were highest for continuous leavers; the median individual recorded over \$9,100.²⁹ For all leavers, mean and median earnings were about \$8,500 and \$7,800, respectively. Consistent with earlier results, the stayers also worked and earned; median earnings for those stayers who worked were \$3,600 per year.

- **Eighty-two percent of leavers worked in the year following an exit. For those who worked, median earnings in the year after exiting AFDC were about \$7,800; for those who remained off AFDC during that year, median earnings were over \$9,100.**

C. Do Earnings Increase with Time since Leaving Welfare?

Table 12 presents the median earnings of leavers who worked by the time since exit (that is, by the number of quarters after their exit from welfare). One pattern dominates: For all leavers, and for all of

²⁹Note that annual earnings are less than four times quarterly earnings because the sample excludes only those for whom we have no records in the year after exit, and median earnings are calculated for all those with any earnings during the year, which includes quarters with zero earnings that are excluded from Tables 9 and 10.

TABLE 11
Earnings during the Year after Exit from AFDC^a (Excluding “Disappearing”)

	Earnings during Year after Exit
All Leavers	
N	23,818
Mean earnings	\$8,460
Median earnings	\$7,815
% with earnings	81.7
% with earnings > \$2,000	70.4
Continuous Leavers	
N	16,142
Mean earnings	\$9,511
Median earnings	\$9,104
% with earnings	82.1
% with earnings > \$2,000	73.7
Leavers Not on AFDC during Year	
N	16,440
Mean earnings	\$9,492
Median earnings	\$9,092
% with earnings	82.0
% with earnings > \$2,000	73.6
Leavers on AFDC at Some Point in Year	
N	7,378
Mean earnings	\$6,124
Median earnings	\$5,336
% with earnings	80.9
% with earnings > \$2,000	63.2
All Stayers	
N	28,471
Mean earnings	\$4,913
Median earnings	\$3,564
% with earnings	60.8
% with earnings > \$2,000	40.6

^aDuring the year July 1996 through June 1997 for stayers.

Notes: Mean and median earnings are calculated over those with earnings during the year. Annual earnings are calculated as average quarterly earnings over the quarters in which the case appears in at least one administrative database, multiplied by 4.

TABLE 12
Median Earnings of Leavers Working during Quarter (Excluding “Disappearing”)

	1st Quarter after Exit	2nd Quarter after Exit	3rd Quarter after Exit	4th Quarter after Exit	5th Quarter after Exit
Total (N)	16,455	16,006	15,971	16,041	16,039
Total (median)	\$2,383	\$2,437	\$2,460	\$2,602	\$2,632
Casehead's age					
18–24	\$2,210	\$2,212	\$2,271	\$2,358	\$2,458
25–29	\$2,498	\$2,564	\$2,600	\$2,692	\$2,701
30–39	\$2,489	\$2,556	\$2,593	\$2,762	\$2,776
40+	\$2,333	\$2,464	\$2,391	\$2,544	\$2,589
Education					
<11 years	\$2,186	\$2,193	\$2,166	\$2,283	\$2,272
11 years	\$2,090	\$2,041	\$2,045	\$2,186	\$2,205
12 years	\$2,400	\$2,460	\$2,493	\$2,645	\$2,675
>12 years	\$2,775	\$2,886	\$2,971	\$3,129	\$3,253
Race					
White	\$2,185	\$2,230	\$2,311	\$2,422	\$2,466
African American	\$2,649	\$2,735	\$2,737	\$2,844	\$2,873
Hispanic	\$2,594	\$2,730	\$2,642	\$2,893	\$2,876
Other	\$2,637	\$2,615	\$2,529	\$2,764	\$2,927
Unknown	\$2,402	\$2,446	\$2,322	\$2,598	\$2,593
Number of children					
1	\$2,317	\$2,347	\$2,402	\$2,528	\$2,583
2	\$2,387	\$2,454	\$2,449	\$2,612	\$2,629
3+	\$2,490	\$2,539	\$2,560	\$2,701	\$2,707
Age of youngest child					
<1	\$2,213	\$2,217	\$2,273	\$2,379	\$2,466
1	\$2,325	\$2,412	\$2,408	\$2,514	\$2,566
2	\$2,361	\$2,428	\$2,457	\$2,553	\$2,687
3–5	\$2,466	\$2,517	\$2,535	\$2,674	\$2,672
6–11	\$2,499	\$2,581	\$2,608	\$2,784	\$2,777
12–18	\$2,257	\$2,347	\$2,339	\$2,530	\$2,540

(table continues)

TABLE 12, continued

	1st Quarter after Exit	2nd Quarter after Exit	3rd Quarter after Exit	4th Quarter after Exit	5th Quarter after Exit
Other adults in household	\$2,193	\$2,260	\$2,301	\$2,453	\$2,476
County of residence					
Milwaukee	\$2,692	\$2,785	\$2,791	\$2,907	\$2,942
Other urban	\$2,239	\$2,271	\$2,327	\$2,426	\$2,517
Rural	\$1,999	\$2,025	\$2,136	\$2,325	\$2,269
Mother on SSI	\$1,053	\$942	\$1,105	\$1,464	\$1,614
Child on SSI	\$2,239	\$2,221	\$2,203	\$2,386	\$2,391
Mother sanctioned	\$1,835	\$1,902	\$1,806	\$1,984	\$1,958
Mother legal immigrant	\$2,888	\$3,163	\$3,031	\$3,432	\$3,421
Foster children present in household	\$2,285	\$2,232	\$2,156	\$2,248	\$2,536
Number of quarters with earnings 7/93–7/95					
None	\$2,398	\$2,437	\$2,472	\$2,527	\$2,584
1–3 quarters	\$2,214	\$2,272	\$2,253	\$2,379	\$2,422
4–7 quarters	\$2,362	\$2,392	\$2,424	\$2,610	\$2,641
8 quarters	\$2,728	\$2,801	\$2,832	\$2,971	\$3,065
Return to AFDC					
Did not return	\$2,583	\$2,682	\$2,715	\$2,845	\$2,861
Returned in 3–6 months ^a	\$1,708	\$1,676	\$1,979	\$2,177	\$2,215
Returned in 7–12 months	\$2,540	\$2,054	\$1,516	\$1,627	\$2,027
Returned in 13–15 months	\$2,816	\$2,661	\$2,510	\$1,843	\$1,439

(table continues)

TABLE 12, continued

	1st Quarter after Exit	2nd Quarter after Exit	3rd Quarter after Exit	4th Quarter after Exit	5th Quarter after Exit
Start of current spell (months before July 1995)					
0-3 months	\$2,358	\$2,418	\$2,398	\$2,607	\$2,632
4-6 months	\$2,198	\$2,164	\$2,323	\$2,480	\$2,460
7-9 months	\$2,236	\$2,256	\$2,256	\$2,450	\$2,522
10-12 months	\$2,302	\$2,329	\$2,404	\$2,530	\$2,554
13-18 months	\$2,411	\$2,470	\$2,512	\$2,532	\$2,557
19-24 months	\$2,353	\$2,587	\$2,527	\$2,610	\$2,676
More than 24 months	\$2,565	\$2,659	\$2,672	\$2,788	\$2,794
Number of months received welfare 7/93-6/95					
6 months or less	\$2,294	\$2,322	\$2,412	\$2,600	\$2,696
7-12 months	\$2,320	\$2,346	\$2,396	\$2,575	\$2,632
13-18 months	\$2,334	\$2,355	\$2,344	\$2,512	\$2,514
19-24 months	\$2,442	\$2,518	\$2,543	\$2,644	\$2,652

^aReturns within 2 months were not considered exits.

the socioeconomic categories indicated in the table, median earnings among workers increased with the time since welfare. For leavers working in a given quarter, earnings increased from less than \$2,400 to more than \$2,600 over this period.

These increases in earnings patterns are difficult to interpret, given the substantial differences in base earnings among the leavers. For example, among the groups shown, base earnings range from about \$1,100 to nearly \$2,900. In Table 12B, we present three indicators of these growth patterns:

- the average change in annualized earnings (in dollars) of all leavers in each group between quarters one and five;
- the average quarterly growth rate measured over those with earnings in each group;³⁰
- the average annual growth rate computed from quarter one to quarter five.

As seen at the top of Table 12B, over all leavers, average earnings increased about \$250 per year, a figure that seems low because it includes those who returned to AFDC. The growth rate of earnings was 2.5 percent *per quarter*. The groups whose earnings increased most rapidly included cases headed by (a) women with more education, (b) whites, (c) those with fewer children, (d) those with another adult in the home, (e) those living in rural areas and urban areas other than Milwaukee, (f) mothers on SSI (again, owing in part to the low earnings base), (g) legal immigrants, (h) those with greater prior work experience, and (i) those with fewer months of AFDC receipt in the previous 2 years.³¹

D. What Family and Economic Factors Seem to Influence Working?

In the previous sections, we saw that those households who exited welfare—the leavers—engaged in substantial work, and that among the more than 82 percent who worked, median earnings were over \$7,800 per year. The tables presented so far have shown relationships between only

³⁰This growth rate indicator refers to median earnings for those with earnings in a given quarter. This is not the same as averaging over individual rates of growth in earnings.

³¹More detail on earnings is presented in Appendix 8.

TABLE 12B
Growth Rates of Leavers' Earnings during the Five Quarters after Exit (Excluding "Disappears")

	Average Annualized Change in Quarterly Earnings	Average Growth Rate of Median Quarterly Earnings	Average Annual Growth Rate of Quarterly Earnings
Total (N)	20,139		
Total	\$254	2.5	10.4
Casehead's age			
18-24	\$257	2.7	11.2
25-29	\$242	2.0	8.1
30-39	\$266	2.8	11.5
40+	\$231	2.7	11.0
Education			
<11 years	\$131	1.0	3.9
11 years	\$172	1.4	5.5
12 years	\$261	2.8	11.5
>12 years	\$446	4.1	17.2
Race			
White	\$297	3.1	12.9
African American	\$177	2.1	8.5
Hispanic	\$245	2.7	10.9
Other	\$249	2.8	11.0
Unknown	\$299	2.1	8.0
Number of children			
1	\$253	2.8	11.5
2	\$276	2.5	10.1
3+	\$231	2.1	8.7
Age of youngest child			
<1	\$307	2.8	11.4
1	\$202	2.5	10.4
2	\$251	3.3	13.8
3-5	\$221	2.0	8.4
6-11	\$289	2.7	11.1
12-18	\$259	3.1	12.5

(table continues)

TABLE 12B, continued

	Average Annualized Change in Quarterly Earnings	Average Growth Rate of Median Quarterly Earnings	Average Annual Growth Rate of Quarterly Earnings
Other adults in household	\$274	3.1	12.9
County of residence			
Milwaukee	\$191	2.3	9.3
Other urban	\$301	3.0	12.4
Rural	\$296	3.3	13.5
Mother on SSI	\$162	12.4	53.3
Child on SSI	\$160	1.7	6.8
Mother sanctioned	\$247	1.8	6.7
Mother legal immigrant	\$526	4.6	18.5
Foster children present in household	\$133	2.8	11.0
Number of quarters with earnings 7/93–7/95			
None	\$273	1.9	7.8
1–3 quarters	\$205	2.3	9.4
4–7 quarters	\$284	2.9	11.8
8 quarters	\$257	3.0	12.4
Return to AFDC			
Did not return	\$322	2.6	10.8
Returned in 3–6 months ^a	\$366	7.0	29.7
Returned in 7–12 months	-\$366	-3.4	-20.2
Returned in 13–15 months	-\$762	-14.9	-48.9

(table continues)

TABLE 12B, continued

	Average Annualized Change in Quarterly Earnings	Average Growth Rate of Median Quarterly Earnings	Average Annual Growth Rate of Quarterly Earnings
Start of current spell (months before July 1995)			
0–3 months	\$282	2.8	11.6
4–6 months	\$293	2.9	11.9
7–9 months	\$244	3.1	12.8
10–12 months	\$239	2.6	10.9
13–18 months	\$209	1.5	6.1
19–24 months	\$246	3.4	13.7
More than 24 months	\$238	2.2	8.9
Number of months received welfare 7/93–6/95			
6 months or less	\$387	4.1	17.5
7–12 months	\$260	3.2	13.4
13–18 months	\$220	1.9	7.7
19–24 months	\$224	2.1	8.6

Notes: Column 1 is earnings in quarter 5 minus earnings in quarter 1. This number is calculated at the individual level over all leavers, including those with zero earnings. The number reported in this table is the average over all individuals in each category. Column 2 is the quarterly growth rate of median earnings for those with earnings. Column 3 is the growth rate of median earnings in quarter 1 to median earnings in quarter 5.

^aReturns within 2 months were not considered exits.

two variables. However, the variables of interest interact with each other, and as a result a clear picture of the relationship of two variables, *holding the others constant*, may be obscured.

Table 13 presents a probit regression relating a large number of potentially determining factors to a labor market outcome that we define as “having any earnings during the first year after exiting welfare.” The results of this estimation show the independent influence of particular factors on the probability of having earnings in this first year. The model was estimated over 24,020 leavers who did not “disappear” from our data, of which 19,459 had some earnings during the first year after exit.

In this model we include earnings in the quarter prior to exit as an explanatory variable. Not surprisingly, employment status in this quarter had a major impact on the probability of employment in the four subsequent quarters. In addition, when we account for work status at exit, many other explanatory variables have an insignificant effect. In particular, as shown in Table 13, age, education, and having a child between 1 and 11 years old (as compared to a child under 1) did not have a significant impact on later employment.³² The average county unemployment rate over the quarters during the year after exit is included in this regression. It has the expected negative sign and is marginally significant (t -statistic = 1.8) but quantitatively small. Each increase of 1 percentage point in the local unemployment rate decreased the probability of working in the year after exiting welfare by less than 1 percentage point (at the mean of all other variables). Compared to white households, African Americans and Hispanics had significantly lower chances of having earnings. Of the remaining variables in the estimation, only the following appear to have a statistically significant effect:

- If the youngest child was age 12 or older, the probability of having earnings was greater.
- If the mother was on SSI, the probability of having earnings in the year after exiting welfare was nearly 14 percentage points less, at the mean of all other variables, than if the mother was not on SSI.

³²These variables are significant when work status at exit is excluded (see Appendix 4).

TABLE 13
Probit Estimate of the Probability of Leavers Having Earnings during Year after Exit
(Excluding “Disappearing”)

	Coefficient	Std. Error	Change in Probability of Having Earnings ^a
Casehead's age			
Continuous	-0.015	0.012	-0.001
Age squared	0.000	0.000	0.000
Education (compared to less than a high school degree)			
High school graduate	-0.009	0.027	-0.001
More than high school graduate	0.042	0.039	0.004
Race (compared to white)			
African American	-0.109	0.040*	-0.011
Hispanic	-0.225	0.056*	-0.026
Other	-0.069	0.062	-0.007
Unknown	-0.113	0.056*	-0.012
Number of children (continuous)	-0.003	0.011	0.000
Age of youngest child (compared to less than 1)			
1	0.000	0.042	0.000
2	-0.008	0.046	-0.001
3-5	0.007	0.041	0.001
6-11	0.038	0.047	0.004
12-18	0.139	0.059*	0.012
Other adults in household	-0.025	0.026	-0.002
Mother on SSI	-0.804	0.053*	-0.139
At least one child on SSI	-0.025	0.046	-0.003
Mother sanctioned	-0.142	0.040*	-0.015
Mother legal immigrant	-0.147	0.120	-0.016
Number of quarters with earnings 7/93-7/95 (values from 1 to 8)	0.115	0.006*	0.011
Foster children present in household	0.059	0.126	0.006

(table continues)

TABLE 13, continued

	Coefficient	Std. Error	Change in Probability of Having Earnings ^a
County of residence (compared to other urban counties)			
Milwaukee	-0.149	0.076*	-0.015
Rural counties	-0.065	0.064	-0.006
Brown	0.079	0.090	0.007
Dane	-0.036	0.082	-0.004
Douglas	-0.540	0.118*	-0.080
Eau Claire	-0.180	0.106	-0.020
Kenosha	-0.266	0.078*	-0.032
La Crosse	-0.042	0.102	-0.004
Marathon	-0.019	0.117	-0.002
Racine	0.092	0.080	0.008
Rock	-0.091	0.079	-0.010
Waukesha	-0.072	0.105	-0.007
Winnebago	0.137	0.110	0.012
Percentage of female-headed households in ZIP code of residence			
Percentage of households headed by females	-0.252	0.123*	-0.025
Dummy if missing	-0.481	0.066*	-0.068
Earnings in quarter of exit	0.001	0.000*	0.000
Quarter of exit (compared to 2nd quarter, 1996)			
3rd quarter, 1995	-0.088	0.032*	-0.009
4th quarter, 1995	-0.083	0.035*	-0.008
1st quarter, 1996	0.021	0.036	0.002
Start of current spell (months before July 1995) (compared to more than 24 months)			
0–6 months	-0.188	0.040*	-0.019
7–12 months	-0.145	0.042*	-0.015
13–18 months	-0.209	0.048*	-0.023
19–24 months	-0.032	0.058	-0.003
More than one spell from 7/93 to 7/95	0.128	0.031*	0.012
Average unemployment rate in year after exit ^b	-0.032	0.018	-0.003
Constant term	1.091	0.201*	
Log likelihood	-7004.8		

*Statistically significant at the 5% level.

^aContinuous variables evaluated at the mean. Dummy variables evaluated as a shift from 0 to 1. For example, an average individual living in Milwaukee is 1.5% less likely to have earnings in the year after exit from AFDC than the same individual living in another urban county.

^bUnemployment rate in county of residence for most counties. Some counties use the unemployment rate for the MSA within the county. See Appendix 1 for details.

- If the household had previously been sanctioned, the probability of having earnings was significantly lower.
- Women living in neighborhoods (as measured by ZIP code) with a higher proportion of female-headed households had a significantly lower probability of working.
- Women with greater work experience in the eight quarters prior to exiting were more likely to have earnings.
- Women who exited earlier in the period over which we measured “leaving” (that is, in the last half of 1995, as compared to the first half of 1996) seemed to have a lower probability of working and earning in the year after exiting. Although the coefficient is statistically significant, its magnitude is very small, implying a difference of less than 1 percentage point at the means among these categories in the probability of working and earning.
- Women with shorter welfare spells (as of July 1995) and women with fewer spells were slightly *less* likely to work and earn than women with longer spells or more spells. As indicated above, this pattern is surprising and merits further study.

In summary, relatively few factors that we have been able to measure appear to have a statistically significant independent effect on the probability of having earnings in the year after exiting welfare, controlling for work status at exit. These include

- mother on SSI (negative),
- household having been sanctioned (negative),
- youngest child older than 12 years (positive),
- minority status (negative),
- having earnings in the 2 years prior to exiting or in the quarter prior to exiting (positive),
- living in a neighborhood with a high proportion of female-headed families (negative),
- leaving welfare in late 1995 relative to early 1996 (negative), and
- surprisingly, having shorter welfare spells or fewer of them (negative).

E. What Family and Economic Factors Seem to Be Related to Higher Earnings?

One of the most important outcomes of interest concerns the level of earnings received by leavers who worked. Table 14 shows the results of a tobit regression model “explaining” the level of earnings in

TABLE 14
Tobit Estimate of Earnings of Leavers in Year after Exit (excluding “Disappears”)

	Coefficient	Std. Error
Casehead's age		
Continuous	199.351	46.517*
Age squared	-4.264	0.700*
Education (compared to less than a high school degree)		
High school graduate	1504.275	99.237*
More than high school graduate	3115.261	131.558*
Race (compared to white)		
African American	-56.001	139.504
Hispanic	160.536	200.966
Other	288.484	237.425
Unknown	30.906	203.212
Number of children (continuous)	50.398	43.063
Age of youngest child (compared to less than 1)		
1	710.026	154.044*
2	777.673	165.389*
3-5	937.209	148.642*
6-11	1249.208	168.381*
12-18	685.524	220.159*
Other adults in household	-268.017	96.354*
Mother on SSI	-8358.809	276.726*
At least one child on SSI	-948.466	179.751*
Mother sanctioned	-2250.406	166.589*
Mother legal immigrant	2623.631	449.744*
Foster children present in household	-1199.749	481.415*

(table continues)

TABLE 14, continued

	Coefficient	Std. Error
County of residence (compared to other urban counties)		
Milwaukee	1753.994	269.589*
Rural counties	-571.019	225.935*
Brown	369.320	299.575
Dane	471.852	288.165
Douglas	-3222.704	505.365*
Eau Claire	-872.322	371.246*
Kenosha	-827.723	298.969*
La Crosse	-1417.154	378.592*
Marathon	267.880	431.572
Racine	669.674	283.163*
Rock	58.239	287.909
Waukesha	736.715	343.690*
Winnebago	245.748	363.554
Percentage of female-headed households in ZIP code of residence		
Percentage of households headed by females	-3174.831	423.060*
Dummy if missing	-3466.719	299.985*
Average quarterly earnings 7/93–6/95	2.616	0.052*
Quarter of exit (compared to 2nd quarter, 1996)		
3rd quarter, 1995	212.262	119.052
4th quarter, 1995	496.596	123.716*
1st quarter, 1996	592.691	129.901*
Start of current spell (months before July 1995) (compared to more than 24 months)		
0–6 months	-2321.160	149.702*
7–12 months	-1574.672	155.227*
13–18 months	-1132.223	174.774*
19–24 months	-382.243	208.208
More than one spell from 7/93 to 7/95	227.432	111.907*
Average unemployment rate in year after exit ^a	-260.223	65.890*
Constant term	3471.554	764.214*
Ancillary parameter	6468.746	33.434

*Statistically significant at the 5% level.

^aUnemployment rate in county of residence for most counties. Some counties use the unemployment rate for the MSA within the county. See Appendix 1 for details.

Note: Mean and median earnings are calculated over those with earnings during the year. Annual earnings is calculated as average quarterly earnings over the quarters in which the case appears in at least the administrative database, multiplied by 4.

the year following exit from welfare. The same variables that we used in the probit estimates presented above are used here as well. As indicated above, the estimates include statistical controls for other factors that may make the interpretation of the earlier tables misleading. Hence, understanding the correlates of earnings levels among the leavers should rely on the patterns described in this section.

The results are consistent with Table 8 and suggest that earnings rise and then fall with age. The level of education has a significant impact on earnings. In contrast, race seems to have virtually no effect on earnings level, once other factors are controlled for.

Among the family structure variables, having more children was positively (though insignificantly) related to earnings, as was having a youngest child more than 1 year old. Having another adult in the family was associated with lower earnings.

The results for the special groups that we distinguished earlier are consistent with results shown in the prior tables. Mothers who were on SSI, who had been sanctioned, or who had a child on SSI had lower earnings than those mothers for whom these characteristics did not hold. Conversely, immigrant leavers had more annual earnings than did nonimmigrants.

This regression includes the average county unemployment rate over the quarters during the year after exit as an explanatory variable. Living in a county with a lower unemployment rate had a significantly positive impact on earnings. Work experience in the 2 years before exiting welfare also had a significant, positive impact on earnings. Again, surprisingly, women with shorter current welfare spells, or fewer spells in the prior 2 years, has somewhat lower earnings than women with longer spells or more of them.

In summary, the following factors seemed to be most closely associated with higher earnings:

- **Human capital (having more education and having prior work experience) was positively and significantly associated with higher earnings.**
- **Having more children was associated with higher earnings, but having children who were very young discouraged earnings.**

- **Having been sanctioned or having a family member on SSI appeared to reduce earnings.**
- **Legal immigrants had significantly higher earnings than did native-born leavers.**
- **Living in a county with a low unemployment rate was associated with substantially higher earnings.**

F. What Kinds of Occupations Did Leavers Enter?

Tables 15 and 16 describe the occupations of leavers by standard industrial classification (SIC), as established by the U.S. Government's *Standard Industrial Classification Manual* (1987). For this project, based on the composition of industries employing the 20,036 leavers that we could observe, we used the most general levels of classification, with the exceptions described in Appendix 1.

In the first quarter after leaving AFDC, a total of 4,504 leavers had no reported earnings in the UI system, while 15,532 of the leavers reported earnings. The industrial groupings with the highest median earnings in the first quarter after exit were Financial, Insurance, and Real Estate (\$3,284 in median quarterly earnings); Durable Manufacturing (\$3,093 in median quarterly earnings); Health Services (\$2,947 in median quarterly earnings); Transportation, Communications, and Public Utilities (\$2,877 in median quarterly earnings); Construction (\$2,867 in median quarterly earnings); and Nondurable Manufacturing (\$2,809 in median quarterly earnings). One-third of leavers who found employment in their first quarter after exit worked in occupations in these classifications.

In contrast, industrial groupings with the lowest median earnings in the first quarter after exit from AFDC were Other Services (\$1,980 in median quarterly earnings); Retail Trade (\$1,960 in median quarterly earnings); Temporary Agencies (\$1,782 in median quarterly earnings); Hotels and Lodging (\$1,666 in median quarterly earnings); Restaurants (\$1,630 in median quarterly earnings); and Agriculture, Forestry, and Mining (\$1,536 in median quarterly earnings). About 40 percent of leavers who found employment in their first quarter after exit worked in jobs within these classifications.

TABLE 15
Median Earnings of Leavers by SIC for Those Working, by Quarter after Exit, Ranked by Average Earnings in SIC

	1st Quarter after Exit	2nd Quarter after Exit	3rd Quarter after Exit	4th Quarter after Exit	5th Quarter after Exit
Temporary Agencies	\$1,782	\$1,637	\$1,553	\$1,575	\$1,567
Agriculture, Forestry, Mining	\$1,536	\$1,319	\$1,623	\$1,993	\$1,817
Hotels, Lodging	\$1,666	\$1,551	\$1,620	\$1,707	\$1,747
Restaurants	\$1,630	\$1,650	\$1,686	\$1,693	\$1,755
Retail Trade	\$1,960	\$1,900	\$2,004	\$2,111	\$2,103
Other Services	\$1,980	\$1,848	\$2,180	\$2,408	\$2,477
Business Services	\$2,220	\$2,325	\$2,336	\$2,230	\$2,265
Personal Services	\$2,198	\$2,292	\$2,227	\$2,445	\$2,298
Social Services, Public Administration, Education	\$2,665	\$2,827	\$2,748	\$2,949	\$3,011
Wholesale Trade	\$2,550	\$2,797	\$2,841	\$2,972	\$3,173
Transportation, Communications, Public Utilities	\$2,877	\$3,048	\$2,923	\$3,116	\$2,992
Health Services	\$2,947	\$3,057	\$3,081	\$3,214	\$3,245
Nondurable Manufacturing	\$2,809	\$3,032	\$3,094	\$3,305	\$3,363
Construction	\$2,867	\$3,070	\$2,789	\$3,632	\$3,418
Durable Manufacturing	\$3,093	\$3,273	\$3,367	\$3,600	\$3,688
Financial, Insurance, Real Estate	\$3,284	\$3,337	\$3,549	\$3,655	\$3,688

TABLE 16
Percentage of Leavers Working in SIC, Ranked from SIC with Lowest Average Earnings to Highest (N=20,036)

First Quarter after Exit	Fifth Quarter After Exit																
	Not Working (N=4,351)	Temporary Agencies (N=1,446)	Agriculture, Forestry, Mining (N=78)	Hotels, Lodging (N=472)	Restaurants (N=1,753)	Retail Trade (N=1,893)	Other Services (N=249)	Business Services (N=1,042)	Personal Services (N=371)	Social Services, Public Admin., Education (N=2,306)	Wholesale Trade (N=429)	Transportation, Communications, Utilities (N=525)	Health Services (N=2,309)	Nondurable Manufacturing (N=950)	Construction (N=92)	Durable Manufacturing (N=1,155)	Financial, Insurance, Real Estate (N=615)
Not Working (N=4,504)	57.0	6.6	0.3	1.5	6.0	6.2	0.7	3.8	1.0	5.4	1.1	0.9	4.0	2.1	0.2	2.2	1.1
Temporary Agencies (N=1,484)	16.4	26.2	0.1	1.8	4.6	5.3	1.1	6.0	0.8	6.2	2.7	2.4	7.1	5.7	0.3	10.5	2.8
Agriculture, Forestry, Mining (N=92)	19.6	3.3	39.1	2.2	4.4	2.2	3.3	2.2	1.1	2.2	4.4	0.0	2.2	12.0	1.1	1.1	0.0
Hotels, Lodging (N=485)	13.6	5.4	0.2	44.7	7.2	7.4	1.7	2.9	0.6	5.4	0.8	0.4	3.3	2.5	0.2	2.7	1.0
Restaurants (N=1,838)	12.1	4.3	0.1	2.3	51.4	8.6	0.9	2.5	0.9	4.0	1.4	0.9	3.6	2.7	0.4	2.7	1.1
Retail Trade (N=2,026)	12.8	5.6	0.2	1.4	7.1	47.3	1.0	2.9	1.0	4.5	1.7	1.5	4.2	3.1	0.4	3.0	2.3
Other Services (N=245)	12.7	7.4	0.0	2.5	5.7	6.1	44.9	2.0	0.4	4.5	1.2	1.2	3.3	2.9	0.0	2.5	2.9
Business Services (N=1,047)	15.4	9.7	0.6	1.2	3.3	4.3	0.7	43.1	1.2	4.5	1.4	1.3	4.2	3.3	0.4	3.3	2.2
Personal Services (N=391)	11.0	3.8	0.0	0.8	5.1	6.1	0.5	3.1	50.9	5.6	1.0	0.8	5.1	2.1	0.5	1.8	1.8
Social Services, Public Administration, Education (N=2,197)	10.5	3.4	0.1	0.6	2.9	3.3	0.4	2.0	0.7	65.1	0.5	1.1	5.9	1.4	0.2	1.2	0.8
Wholesale Trade (N=421)	12.6	7.6	0.7	0.7	4.5	7.4	1.2	4.0	0.7	3.8	43.2	1.2	4.3	2.9	0.5	3.3	1.4
Transportation, Communications, Public Utilities (N=466)	6.4	4.5	0.0	0.4	2.6	3.9	0.2	1.5	0.9	4.7	1.1	65.7	2.8	2.2	0.4	0.6	2.2
Health Services (N=2,266)	7.1	5.3	0.0	0.8	1.7	2.3	0.4	1.9	0.7	6.7	0.7	0.9	68.8	0.8	0.1	0.8	0.9
Nondurable Manufacturing (N=862)	11.3	5.9	0.6	1.4	4.2	4.4	0.4	2.2	0.6	2.6	1.5	0.9	3.1	54.5	0.4	5.3	0.8
Construction (N=86)	12.8	4.7	1.2	3.5	5.8	3.5	1.2	3.5	0.0	3.5	3.5	2.3	2.3	3.5	40.7	3.5	4.7
Durable Manufacturing (N=1,076)	10.6	6.1	0.6	1.0	3.4	5.7	0.6	3.6	1.0	2.9	1.6	0.4	2.0	3.6	0.1	56.3	0.6
Financial, Insurance, Real Estate (N=550)	7.8	6.2	0.0	0.7	2.0	3.8	0.2	3.6	0.6	4.6	0.9	1.6	2.4	0.4	0.6	1.6	63.1

Note: Sample includes those who appeared in at least one administrative database in both the first and fifth quarter after exit.

Five quarters after leaving, the number of leavers who were not working had fallen from 4,504 (in the first quarter) to 4,351, a drop of about 3 percent. For leavers employed in the fifth quarter, the same industrial groupings that paid the highest median earnings in the first quarter after leaving AFDC continued to do so, except that Wholesale Trade and Social Services/Public Administration/Education by then both surpassed the Transportation/Communications/Public Utilities classification in median earnings. About 35 percent of leavers with earnings were employed in the six classifications with highest median earnings in this sample. For the industrial groupings with lower median earnings, the same six classifications that had been lowest in the first quarter after exit continued to have the lowest median earnings in the fifth quarter. By that time, the percentage of leavers employed in these industries had fallen to 38 percent.

Table 17 summarizes movement from one industrial classification to another over the five quarters after exit. Leavers were most likely to remain in the same classification over the full five quarters if they started in a classification with higher median earnings. From 50 percent to 60 percent of leavers who started in Social Services/Public Administration/Education, Transportation/Communication/Public Utilities, Health Services, Durable Manufacturing, and Financial/Insurance/Real Estate remained in the same classification through the full five quarters. In contrast, only 14 percent of those who started in Temporary Agencies and 21 percent of those who started in Agriculture/Forestry/Mining remained in those industries through all five quarters.

Of leavers for whom no earnings were reported in the first quarter (row 1, Table 17), 42 percent reported no earnings in any of the subsequent five quarters, 15 percent had earnings in an intervening quarter but again reported no earnings in the fifth quarter, 27.5 percent reported earnings in every quarter after their quarter of first earnings, and 15.5 percent had earnings in the fifth quarter but experienced at least one quarter of no earnings between quarters in which they reported earnings.

TABLE 17
Progression of Leavers through the Labor Market by SIC

First Quarter after Exit, Ranked from SIC with Lowest Average Earnings to SIC with Highest Average Earnings	Quarters 2 through 5 after Exit					
	Percentage Who Stayed in the Same SIC	Percentage Who Moved into and Remained in an SIC with Higher Average Earnings	Percentage Who Moved into and Remained in an SIC with Lower Average Earnings	Percentage Following a Mixed Pattern in Which Leavers' 5th Quarter Was in:		
				Same SIC as in 1st Quarter	SIC with Higher Average Earnings Than in 1st Quarter	SIC with Lower Average Earnings Than in 1st Quarter
Not Working (N=4,504)	42.3	27.5	0.0	14.7	15.5	0.0
Temporary Agencies (N=1,484)	13.8	37.4	7.9	12.4	20.0	8.6
Agriculture, Forestry, Mining (N=92)	20.7	16.3	12.0	18.5	21.7	10.9
Hotels, Lodging (N=485)	36.3	22.9	10.1	8.5	13.2	9.1
Restaurants (N=1,838)	40.3	17.6	10.8	11.0	12.2	8.1
Retail Trade (N=2,026)	39.4	14.2	15.6	7.9	11.4	11.5
Other Services (N=245)	37.6	10.6	19.2	7.4	10.2	15.1
Business Services (N=1,047)	36.2	10.0	20.1	6.9	11.8	15.0
Personal Services (N=391)	45.0	11.5	17.9	5.9	7.2	12.5
Social Services, Public Administration, Education (N=2,197)	55.5	7.0	14.3	9.6	4.1	9.5
Wholesale Trade (N=421)	40.4	6.7	27.1	2.9	6.9	16.2
Transportation, Communications, Public Utilities (N=466)	58.4	4.1	14.6	7.3	4.1	11.6
Health Services (N=2,266)	58.8	1.5	18.6	10.0	1.2	9.9
Nondurable Manufacturing (N=862)	46.4	3.6	24.0	8.1	2.9	15.0

(table continues)

TABLE 17, continued

First Quarter after Exit, Ranked from SIC with Lowest Average Earnings to SIC with Highest Average Earnings	Quarters 2 through 5 after Exit					
	Percentage Who Stayed in the Same SIC	Percentage Who Moved into and Remained in an SIC with Higher Average Earnings	Percentage Who Moved into and Remained in an SIC with Lower Average Earnings	Percentage Following a Mixed Pattern in Which Leavers' 5th Quarter Was in:		
				Same SIC as in 1st Quarter	SIC with Higher Average Earnings Than in 1st Quarter	SIC with Lower Average Earnings Than in 1st Quarter
Construction (N=86)	34.9	2.3	27.9	5.8	5.8	23.3
Durable Manufacturing (N=1,076)	50.0	0.4	24.1	6.3	0.2	19.1
Financial, Insurance, Real Estate (N=550)	58.0	0.0	22.7	5.1	0.0	14.2

Note: Sample includes those who appeared in at least one administrative database in both the first and fifth quarter after exit.

Table 17 also indicates that, for those who reported earnings in the first quarter after exit, the most common industrial classifications in that quarter were Temporary Agencies, Restaurants, Retail Trade, Business Services, Social Services/Public Administration/Education, Health Services, and Durable Manufacturing. The table shows the following patterns for leavers who started in these relatively common classifications:

- Of those who started in Temporary Agencies, only 14 percent stayed for all five quarters, and another 12 percent were again in a temporary agency in the fifth quarter after having taken a job in another classification or been unemployed during an intervening quarter. About 57 percent had moved into a classification with higher average earnings by the fifth quarter.
- The patterns for leavers who started in Restaurants or Retail Trade were similar to each other over the next five quarters. About 40 percent continued for all five subsequent quarters in their original classification. Between 8 and 11 percent of those who started in either classification moved to a different industry but returned to the original classification by the fifth quarter after leaving AFDC, and between 25 and 30 percent were in a classification with higher average earnings five quarters later. For those who started in restaurants, 19 percent—and for those who started in retail trade, 27 percent—were in a classification with lower median earnings by the fifth quarter after exit.
- Among leavers who started in Business Services, 36 percent remained in that classification for the next five quarters, about 22 percent ended in classifications with higher average earnings, and 35 percent ended in classifications with lower average earnings.
- Relatively high proportions (between 50 and 59 percent) of leavers who entered classifications in Social Services/Public Administration/Education, Health Services, and Durable Manufacturing remained in the same classification across all five quarters of observation. Another 6 to 10 percent moved temporarily to different classifications but returned to their initial classification in the last quarter of observation. As would be expected from these classifications with relatively high median earnings, those who ended the quarters of observation in a different classification than the one in which they started were more likely to have moved to a classification with lower average earnings than to one with higher average earnings.

Table 18 shows the percentage change in median earnings for those in the fifth quarter after AFDC exit compared to those in the first quarter, by SIC. Median earnings progression was in the double digits for more than half the classifications, although those in the Business Services classification in their fifth quarter of earnings had median earnings only 2 percent more than those in their first quarter of earnings. And leavers working in Temporary Agencies in their fifth quarter of earnings were earning 12 percent less than those in this classification in their first quarter of earnings.

TABLE 18
Percentage Change in Median Earnings among Leavers, from First Quarter after
Exit to Fifth Quarter after Exit, by SIC

Industrial Classification	Percentage Change in Median Earnings
Other Services	+25.1
Wholesale Trade	+24.4
Nondurable Manufacturing	+19.7
Durable Manufacturing	+19.2
Construction	+19.2
Agriculture, Forestry, and Mining	+18.3
Social Services, Public Administration, Education	+13.0
Financial, Insurance, Real Estate	+12.3
Health Services	+10.1
Restaurants	+7.7
Retail Trade	+7.3
Hotels and Lodging	+4.9
Personal Services	+4.5
Transportation, Communications, Public Utilities	+4.0
Business Services	+2.0
Temporary Agencies	-12.1

Note: Sample includes those who appeared in at least one administrative database in both the first and fifth quarter after exit.

To summarize the kinds of occupations that leavers entered:

- **In the first quarter after leaving AFDC, about one-third of leavers who had earnings reported to the UI system worked in industrial classifications with relatively high median earnings for leavers, and about 40 percent of leavers worked in classifications with relatively low median earnings.**
- **In the fifth quarter after leaving, about 35 percent of leavers with earnings were employed in industries with higher median earnings. The percentage of leavers with earnings who were employed in lower-earnings classifications had fallen to 38 percent. The number of leavers not working dropped by about 3 percent over this period.**
- **The most stable industrial classifications—those in which leavers who entered in their first quarter after exit from AFDC were most likely to remain in their fifth quarter—were Health Services, Transportation/Communications/Public Utilities, Social Services/Public Administration/Education, and Financial/Insurance/Real Estate. The least stable classifications were Hotels/Lodging, Construction, Agriculture/Forestry/Mining, and Temporary Agencies. The most common moves out of the least stable classifications were to nonwork or to industrial classifications with higher median earnings in the fifth quarter after exit from welfare.**
- **Overall job progression among leavers was mixed over the five post-AFDC quarters of observation. No more than 40 percent of the leavers who started in an industrial classification with relatively low median earnings stayed in the same classification across all the quarters of observation. For those who started in the classifications with the very lowest average earnings (Temporary Agencies, Agriculture/Forestry/Mining, and Hotels/Lodging), many more moved up than down the classification hierarchy. Among the greater number of leavers whose first quarter after AFDC exit was in Restaurants or Retail Trade, subsequent movement was slightly more likely to be toward classifications with higher than lower median earnings for those who started in Restaurants; those who started in Retail Trade were about equally likely to move toward classifications with higher or lower earnings.**
- **Median earnings among leavers increased by more than 10 percent in the first and fifth quarters after AFDC exit for more than half the industrial classifications. However, leavers who were employed in Temporary Agencies in their fifth quarter after exit had median quarterly earnings that were more than 12 percent less than those employed in this classification in their first quarter after exit. Leavers working for Temporary Agencies five quarters after their exit from AFDC may have been seeking part-time or episodic work or had skills that did not easily qualify them for permanent work.**

V. CONCLUSION

Most states have recently experienced substantial welfare caseload declines. The implications of these declines depend to a large degree on the ability of families that have left welfare to remain independent and to move to self-sustaining employment. This analysis, though limited by the administrative data used, provides an initial indication of the economic well-being of individuals who left AFDC during the time of early work-based reforms in Wisconsin. Almost half of Wisconsin's single-parent AFDC participants receiving benefits in July 1995 left the rolls in the following year. By analyzing administrative data from the state's unemployment and welfare information systems, we have been able to describe the families who left AFDC during that period and analyze how they fared after they left.

Compared to those who stayed on AFDC, the leavers were better educated, had fewer children, and were more likely to have had earnings during the preceding 2 years. The leavers who succeeded in remaining off AFDC after their exit were also better educated and had fewer children than leavers who returned. Paradoxically, greater earnings in the years before exit increased the likelihood that leavers would return to AFDC. For some low-income single parents, work appears to have been fairly constant even if not always full-time, and their earnings rose or fell in ways that made them sometimes eligible and sometimes ineligible for AFDC.

The best predictor of earnings after exit from AFDC was steady employment in the 2 years before exit. Even leavers who returned to AFDC (about one-third of all leavers) worked a substantial amount after their return, although quarterly earnings were about \$1,000 more when off than when on AFDC. Among those who worked and could be tracked, median earnings in the year after exit from AFDC were about \$7,800 for all leavers and \$9,100 for leavers who did not return to AFDC. The proportion of leavers who had any earnings did not grow substantially over the quarters. However, median earnings calculated over those who worked in a given quarter grew at a rate of about 2.5 percent

per quarter. Having more education and more prior work experience was positively and significantly associated with higher earnings. Legal immigrants who left AFDC and worked had significantly higher earnings than did native-born leavers. Leavers who had been sanctioned had significantly lower earnings than those who had not been sanctioned, while those who lived in counties with higher unemployment rates had both a significantly lower probability of working and considerably lower earnings, even when they were able to find employment.

Leavers who found jobs in Finance/Insurance/Real Estate, Durable Manufacturing, and Health Care realized the highest median earnings. Temporary Agencies, Hotels/Lodging, Restaurants, and Agriculture/Forestry/Mining were the industrial classifications with the lowest median earnings. The seven SICs employing the most leavers (each of which employed more than 1,000 of the leavers in our sample in both the first and fifth quarters after exit) were Social Services/Public Administration/Education, Health Services, Retail Trade, Restaurants, Temporary Agencies, Durable Manufacturing, and Business Services. The most common placements for leavers thus included classifications with both some of the highest and lowest median earnings.

No more than 40 percent of the leavers who started in an SIC with relatively low median earnings stayed in the same classification across all the quarters of observation. For those who started in the classifications with the very lowest average earnings (Temporary Agencies, Agriculture/Forestry/Mining, and Hotels/Lodging) many more moved up than down the classification hierarchy. Among the greater number of leavers whose first quarter after AFDC exit was in Restaurants or Retail Trade, subsequent movement was slightly more likely to be toward classifications with higher than lower median earnings for those who started in Restaurants; those who started in Retail Trade were about equally likely to move toward classifications with higher or lower earnings.

A key question we set out to address concerned the economic well-being of those who left the AFDC rolls. We have not arrived at an unambiguous answer. The ambiguity derives in part from data

limitations. We do not know about earnings from jobs outside of the UI system, about contributions to the household made by other adults, or about work-related expenses. We have no information on earnings or benefits outside Wisconsin. Moreover, even for the earnings and public assistance we can measure, the picture is complex. Among leavers who did not return to AFDC and who had just one child, about 59 percent had earnings in the year after their exit greater than the AFDC level, 36 percent had earnings plus food stamps greater than the poverty line, and 14 percent had earnings plus food stamps greater than 150 percent of the poverty line. Among leavers with three or more children and who did not return to AFDC, 46.5 percent had earnings in the year after exit greater than the maximum AFDC benefit, nearly 14 percent had earnings plus food stamps greater than the poverty line, and 1.3 percent had earnings plus food stamps greater than 150 percent of the poverty line. The assessment of economic well-being becomes still more complex if the concern is how leavers fared compared to their income just before they left AFDC. If we sum together earnings, AFDC benefits, and food stamps, 30 to 43 percent of leavers had increased economic resources in the year after leaving, while the rest did not.

On the one hand, more than 55 percent of continuous leavers with just one child, and more than 45 percent of continuous leavers with three or more children, fared better economically, at least by our limited measure, through working than they would have if they had remained on AFDC without working. On the other hand, only about a third of continuous leavers, even among those with just one child, generated income (including food stamps) that exceeded the poverty line in their first year after leaving. Interpreting these results is complex. Those opposed to current policy trends might argue that only about 37.5 percent of continuous leavers obtained economic resources that were greater in the year after exit than they had obtained before exit. Those favoring current directions in welfare reform, on the other hand, could argue that, because the earnings of continuous leavers increased with time off welfare, their incomes might compare more favorably with our benchmarks if we had been able to measure them in the second or third, rather than the first, year after exit.

APPENDIX 1

Sample and Variable Definition

We extracted data from the CARES database for all 65,223 AFDC-Regular recipients in Wisconsin in July 1995. The analyses in this report exclude cases that were open in July 1995 but received \$0 in AFDC benefits in both July and August 1995 (n=397), cases in which there were no children identified in the assistance group (n=843), cases in which the children were not cared for by a parent (n=6,101), cases with two parents in the household (n=983), cases in which the mother was less than 18 or more than 65 years old (n=407), cases in which the casehead was a male (1,845), and multifamily households in which the family receiving assistance could not be identified (n=129).

We then divided this analysis group into two groups: leavers and stayers. Leavers are defined as those who received \$0 in AFDC benefits for 2 consecutive months between August 1995 and July 1996. By this definition there were 26,047 leavers and 28,471 stayers.

The analyses were done at the county level. The counties are grouped as follows: Milwaukee County, other urban counties (Brown, Calumet, Chippewa, Dane, Douglas, Eau Claire, Kenosha, La Crosse, Marathon, Outagamie, Ozaukee, Pierce, Racine, Rock, St. Croix, Sheboygan, Washington, Waukesha, and Winnebago), and rural counties (all other counties).

Demographic Variables

The demographic variables were taken from the CARES database and reflect characteristics as of July 1995. These variables include mother's age, mother's education level, mother's race, total number of children in the household, age of the youngest child in the household, presence of other adults in the household, SSI status of mother, SSI status of children, mother's AFDC status, mother's immigrant status, and county of residence.

Employment and Earnings Variables

Employment and earnings information came from the state UI database. We have information on quarterly earnings and place of employment from July 1993 to December 1997 for all of the mothers in our sample. These data were used to calculate the number of quarters with earnings between July 1993 and July 1995, the average quarterly earnings over this period, and the total earnings over this period. We also calculated total earnings in each of the six quarters after exit for leavers and in each of the six quarters from July 1996 to December 1997 for stayers.

The state UI database also contains the SIC code of the place of employment. We used this information to group workers into the following categories:

Group	SIC Codes Included in Group
Agriculture, Forestry, Mining	0100 - 1499
Construction	1500 - 1999
Nondurable Manufacturing	2000 - 2999
Durable Manufacturing	3000 - 3999
Transportation, Communications, Public Utilities	4000 - 4999
Wholesale Trade	5000 - 5199
Retail Trade	5200 - 5799, & 5900 - 5999
Restaurants	5800 - 5899
Financial, Insurance, Real Estate	6000 - 6999
Hotels, Lodging	7000 - 7099
Personal Services	7200 - 7299, & 8811
Business Services	7300 - 7362, 7364 - 7399, 8111, & 8700 - 8799
Temporary Agencies	7363
Other Services	7500 - 7999, 8999
Health Services	8000 - 8099
Social Services, Public Administration, Education	8200 - 8399, 8400 - 8699, & 9000 - 9999

Other Assistance Variables

Information on food stamp receipt and Medicaid eligibility for all household members in our sample was obtained from the CARES database. These data were used to determine whether anyone in the household was receiving assistance in each of the quarters following exit, as well as the total amount

of food stamp benefits received by the household in the year after exit from AFDC. Information on prior AFDC use was obtained from the CARES database and its precursor, the CRN.

Geographic Variables

The percentage of female-headed households by ZIP code was taken from the 1990 census ZIP code-level database STF3B.

Monthly county-level unemployment rates are from the Wisconsin Department of Workforce Development, Local Area Unemployment Statistics. The reported unemployment rates are for the entire county, except for the following cases:

County	Unemployment Rate Reported
Brown	Green Bay MSA
Dane	Madison MSA
Kenosha	Kenosha PMSA
Marathon	Wausau MSA
Milwaukee	Milwaukee City
Racine	Racine PMSA
Rock	Janesville-Beloit MSA
Sheboygan	Sheboygan MSA

For members of our sample who reside on an Indian reservation, unemployment rates for the following counties were used:

Indian Reservation	County Unemployment Rate Used
Red Cliff	Bayfield
Stockbridge Munsee	Shawano
Lac du Flambeau	Vilas
Bad River	Ashland
Oneida	Green Bay MSA

APPENDIX 2
Probit Estimate of the Probability of Leavers Being off Public Assistance in 1st Quarter after Exit
(Excluding “Disappearing”)

	Coefficient	Std. Error	Change in Probability of Being off Public Assistance ^a
Casehead's age			
Continuous	0.034	0.013*	0.006
Age squared	-0.001	0.000*	0.000
Education (compared to less than a high school degree)			
High school graduate	0.041	0.026	0.007
More than high school graduate	0.051	0.034	0.009
Race (compared to white)			
African American	-0.147	0.036*	-0.025
Hispanic	-0.016	0.052	-0.003
Other	0.171	0.061*	0.033
Unknown	0.077	0.050	0.014
Number of children (continuous)	-0.010	0.012	-0.002
Age of youngest child (compared to less than 1)			
1	0.180	0.041*	0.034
2	0.139	0.045*	0.026
3–5	0.108	0.040*	0.020
6–11	0.235	0.045*	0.045
12–18	0.450	0.057*	0.098
Other adults in household	0.036	0.025	0.006
Mother on SSI	-0.192	0.074*	-0.030
At least one child on SSI	0.021	0.048	0.004
Mother sanctioned	0.181	0.042*	0.035
Mother legal immigrant	-0.275	0.137*	-0.041
Number of quarters with earnings 7/93–7/95 (values from 1 to 8)	0.040	0.004*	0.007
Foster children present in household	-0.274	0.151	-0.040

(table continues)

APPENDIX 2, continued

	Coefficient	Std. Error	Change in Probability of Being off Public Assistance ^a
County of residence (compared to other urban counties)			
Milwaukee	0.461	0.066*	0.086
Rural counties	0.033	0.059	0.006
Brown	-0.108	0.086	-0.018
Dane	0.278	0.073*	0.057
Douglas	-0.278	0.159	-0.041
Eau Claire	-0.150	0.108	-0.024
Kenosha	0.065	0.082	0.012
La Crosse	-0.024	0.106	-0.004
Marathon	-0.060	0.122	-0.010
Racine	0.270	0.074*	0.055
Rock	0.116	0.077	0.022
Waukesha	0.009	0.092	0.002
Winnebago	0.029	0.099	0.005
Percentage of female-headed households in ZIP code of residence			
Percentage of households headed by females	-0.438	0.109*	-0.077
Dummy if missing	-0.052	0.084	-0.009
Start of current spell (months before July 1995) (compared to more than 24 months)			
0–6 months	0.215	0.038*	0.039
7–12 months	0.195	0.041*	0.037
13–18 months	0.156	0.046*	0.030
19–24 months	-0.005	0.058	-0.001
More than one spell from 7/93 to 7/95	-0.176	0.029*	-0.031
Unemployment rate in 1st quarter after exit ^b	-0.028	0.013*	-0.005
Constant term	-1.967	0.206*	
Log likelihood	-7520.9		

*Statistically significant at the 5% level.

^aContinuous variables evaluated at the mean. Dummy variables evaluated as a shift from 0 to 1.

^bUnemployment rate in county of residence for most counties. Some counties use the unemployment rate for the MSA within the county. See Appendix 1 for details.

Notes: For stayers, first quarter after exit is third quarter 1996. Sample in each quarter includes all cases which appear in at least one administrative database during that quarter.

APPENDIX 3
Probit Estimate of the Probability of Leavers Being off Public Assistance in 5th Quarter after Exit
(Excluding “Disappearing”)

	Coefficient	Std. Error	Change in Probability of Being off Public Assistance ^a
Casehead's age			
Continuous	0.045	0.010*	0.015
Age squared	-0.001	0.000*	0.000
Education (compared to less than a high school degree)			
High school graduate	0.146	0.022*	0.050
More than high school graduate	0.325	0.028*	0.116
Race (compared to white)			
African American	-0.247	0.030*	-0.082
Hispanic	-0.123	0.044*	-0.040
Other	-0.062	0.053	-0.021
Unknown	-0.009	0.043	-0.003
Number of children (continuous)	-0.078	0.010*	-0.027
Age of youngest child (compared to less than 1)			
1	0.080	0.034*	0.027
2	0.051	0.037	0.018
3–5	0.164	0.033*	0.057
6–11	0.309	0.037*	0.110
12–18	0.539	0.048*	0.200
Other adults in household	0.056	0.021*	0.019
Mother on SSI	-0.658	0.066*	-0.178
At least one child on SSI	0.062	0.040	0.021
Mother sanctioned	0.047	0.037	0.016
Mother legal immigrant	0.204	0.099*	0.073
Number of quarters with earnings 7/93–7/95 (values from 1 to 8)	0.038	0.004*	0.013
Foster children present in household	-0.394	0.127*	-0.117

(table continues)

APPENDIX 3, continued

	Coefficient	Std. Error	Change in Probability of Being Off Public Assistance ^a
County of residence (compared to other urban counties)			
Milwaukee	0.267	0.054*	0.092
Rural counties	-0.035	0.046	-0.012
Brown	0.026	0.064	0.009
Dane	0.007	0.059	0.002
Douglas	-0.486	0.117*	-0.140
Eau Claire	-0.322	0.082*	-0.099
Kenosha	-0.082	0.066	-0.027
La Crosse	0.080	0.080	0.028
Marathon	-0.042	0.091	-0.014
Racine	0.199	0.060*	0.071
Rock	0.077	0.062	0.027
Waukesha	0.148	0.071*	0.052
Winnebago	0.099	0.075	0.034
Percentage of female-headed households in ZIP code of residence			
Percentage of households headed by females	-0.747	0.094*	-0.254
Dummy if missing	-0.074	0.068	-0.025
Start of current spell (months before July 1995) (compared to more than 24 months)			
0–6 months	0.027	0.032	0.009
7–12 months	0.050	0.034	0.017
13–18 months	0.067	0.038	0.023
19–24 months	-0.079	0.046	-0.026
More than one spell from 7/93 to 7/95	-0.158	0.024*	-0.053
Unemployment rate in 5th quarter after exit ^b	-0.041	0.010*	-0.014
Constant term	-1.020	0.165*	
Log likelihood	-12203.3		

*Statistically significant at the 5% level.

^aContinuous variables evaluated at the mean. Dummy variables evaluated as a shift from 0 to 1.

^bUnemployment rate in county of residence for most counties. Some counties use the unemployment rate for the MSA within the county. See Appendix 1 for details.

Notes: For stayers, first quarter after exit is third quarter 1996. Sample in each quarter includes all cases which appear in at least one administrative database during that quarter.

APPENDIX 4
Probit Estimate of the Probability of Leavers Having Earnings during Year after Exit
Estimate without Controlling for Earnings in Quarter of Exit

	Coefficient	Std. Error	Change in Probability of Having Earnings ^a
Casehead's age			
Continuous	0.003	0.010	0.001
Age squared	0.000	0.000	0.000
Education (compared to less than a high school degree)			
High school graduate	0.106	0.024	0.024
More than high school graduate	0.193	0.033	0.041
Race (compared to white)			
African American	-0.027	0.034	-0.006
Hispanic	-0.053	0.046	-0.012
Other	-0.020	0.055	-0.005
Unknown	-0.035	0.048	-0.008
Number of children (continuous)	-0.005	0.010	-0.001
Age of youngest child (compared to less than 1)			
1	0.098	0.037	0.021
2	0.147	0.040	0.031
3-5	0.144	0.036	0.031
6-11	0.189	0.040	0.040
12-18	0.205	0.051	0.042
Other adults in household	-0.035	0.023	-0.008
Mother on SSI	-1.218	0.049	-0.407
At least one child on SSI	-0.071	0.040	-0.017
Mother sanctioned	-0.301	0.036	-0.077
Mother legal immigrant	0.179	0.099	0.037
Number of quarters with earnings 7/93-7/95 (values from 1 to 8)	0.182	0.005	0.041
Foster children present in household	-0.067	0.109	-0.016

(table continues)

APPENDIX 4, continued

	Coefficient	Std. Error	Change in Probability of Having Earnings ^a
County of residence (compared to other urban counties)			
Milwaukee	0.027	0.066	0.006
Rural counties	-0.053	0.057	-0.012
Brown	0.112	0.079	0.024
Dane	-0.028	0.072	-0.006
Douglas	-0.565	0.106	-0.164
Eau Claire	-0.099	0.092	-0.023
Kenosha	-0.256	0.069	-0.065
La Crosse	-0.110	0.091	-0.026
Marathon	0.014	0.103	0.003
Racine	0.097	0.070	0.021
Rock	-0.077	0.070	-0.018
Waukesha	0.024	0.090	0.005
Winnebago	0.163	0.097	0.034
Percentage of female-headed households in ZIP code of residence			
Percentage of households headed by females	-0.378	0.102	-0.085
Dummy if missing	-0.697	0.060	-0.209
Quarter of exit (compared to 2nd quarter, 1996)			
3rd quarter, 1995	-0.086	0.028	-0.020
4th quarter, 1995	0.030	0.030	0.007
1st quarter, 1996	0.024	0.031	0.005
Start of current spell (months before July 1995) (compared to more than 24 months)			
0–6 months	-0.321	0.034	-0.075
7–12 months	-0.275	0.036	-0.067
13–18 months	-0.274	0.041	-0.069
19–24 months	-0.062	0.050	-0.014
More than one spell from 7/93 to 7/95	0.103	0.027	0.023
Average unemployment rate in year after exit ^b	-0.043	0.016	-0.010
Constant term	1.166	0.175	
Log likelihood	-9290.1		

*Statistically significant at the 5% level.

^aContinuous variables evaluated at the mean. Dummy variables evaluated as a shift from 0 to 1.

^bUnemployment rate in county of residence for most counties. Some counties use the unemployment rate for the MSA within the county. See Appendix 1 for details.

APPENDIX 5
Characteristics of Leavers by Disappearer Status

	Never Disappeared	Partial Disappearers	Total Disappearers	Total
Total	19,116 73.4%	4,904 18.8%	2,027 7.8%	26,047
Casehead's age				
18-24	74.3	18.6	7.1	8,766
25-29	73.3	18.2	8.5	6,304
30-39	73.8	18.7	7.4	8,649
40+	68.6	21.7	9.7	2,328
Education				
<11 years	67.4	21.5	11.0	5,498
11 years	71.6	20.3	8.1	4,181
12 years	75.6	17.6	6.8	11,931
>12 years	76.5	17.4	6.2	4,437
Race				
White	75.5	19.3	5.2	13,416
African American	73.5	16.8	9.7	8,390
Hispanic	63.3	20.7	16.1	1,679
Other	68.4	23.5	8.1	1,090
Unknown	68.8	20.2	11.0	1,472
Number of children				
1	73.2	20.2	6.6	10,368
2	74.3	18.1	7.6	8,052
3+	72.7	17.7	9.6	7,627
Age of youngest child				
<1	73.0	18.9	8.1	4,376
1	74.0	17.9	8.1	4,087
2	74.0	18.0	8.0	3,330
3-5	75.1	17.6	7.3	6,242
6-11	74.6	17.8	7.5	5,269
12-18	66.0	25.8	8.2	2,743
Other adults in household	72.2	20.2	7.6	8,183

(table continues)

APPENDIX 5, continued

	Never Disappeared	Partial Disappearing	Total Disappearing	Total
County of residence				
<i>Border counties</i>				
Buffalo	72.0	18.0	10.0	50
Burnett	65.4	25.6	9.0	78
Crawford	70.6	25.5	3.9	51
Douglas	60.1	25.5	14.3	286
Grant	75.0	19.0	6.0	100
Green	72.6	24.2	3.2	62
Kenosha	61.3	27.3	11.4	974
La Crosse	68.4	22.6	9.0	455
Lafayette	60.0	28.6	11.4	35
Pepin	64.3	28.6	7.1	14
Pierce	67.1	21.4	11.4	70
Polk	72.0	19.9	8.1	161
Rock	68.9	22.2	8.9	1,095
St. Croix	61.4	32.6	6.1	132
Trempealeau	77.7	21.4	1.0	103
Vernon	70.4	21.1	8.5	71
Walworth	65.7	28.7	5.6	216
<i>Other large urban counties</i>				
Milwaukee	74.1	16.7	9.3	10,826
Brown	76.6	18.8	4.6	824
Dane	70.2	21.1	8.7	1,271
Eau Claire	79.2	13.7	7.2	461
Marathon	71.7	23.1	5.2	325
Racine	72.1	20.5	7.4	1,324
Waukesha	82.2	13.2	4.5	551
Winnebago	78.9	16.6	4.5	464
<i>Other urban counties</i>	78.2	17.2	4.7	1,172
<i>Rural counties</i>	75.1	17.3	7.6	4,876
Mother on SSI	50.3	32.0	17.8	1,186
At least one child on SSI	67.1	22.5	10.4	1,942
Mother sanctioned	63.9	27.8	8.3	2,039
Mother legal immigrant	62.7	20.1	17.3	324
Foster children present in household	77.0	16.7	6.3	222
Number of quarters with earnings 7/93–7/95				
None	59.8	24.9	15.4	7,521
1–3 quarters	71.8	21.0	7.2	7,936
4–7 quarters	82.0	14.7	3.2	7,777
8 quarters	90.3	7.9	1.8	2,813

(table continues)

APPENDIX 5, continued

	Never Disappeared	Partial Disappears	Total Disappears	Total
Total earnings 7/93 to 7/95				
< \$500	61.3	24.5	14.2	9,252
\$500-\$2,499	72.2	21.2	6.6	4,787
\$2,500-\$7,499	79.8	16.3	3.9	5,848
\$7,500 or more	86.4	10.9	2.7	6,160
Start of current spell (months before July 1995)				
0-3 months	71.9	19.5	8.6	6,577
4-6 months	72.3	20.0	7.7	3,388
7-9 months	72.3	20.1	7.6	2,766
10-12 months	70.2	20.5	9.3	2,299
13-18 months	73.4	19.1	7.5	2,850
19-24 months	74.5	18.3	7.2	1,380
> 24 months	76.7	16.5	6.8	6,787
Number of months received welfare 7/93-6/95				
6 months or less	65.3	22.7	12.0	4,417
7-12 months	71.2	19.8	9.0	4,312
13-18 months	74.1	19.0	7.0	4,174
19-24 months	76.6	17.2	6.2	13,144

APPENDIX 6**Wisconsin's Demonstration Projects**\$30 and 1/6 Disregard

During the first 4 months following job-taking by an AFDC recipient, the state pays slightly lower benefits than required by the federal government; however, benefits are higher for the next 8 months.

12-Month Medical Assistance Extension

This extension continues Medicaid eligibility for 12 months after loss of AFDC eligibility because of employment and eliminates federal redetermination requirements.

100-Hour Rule

Under federal law, a two-parent family loses AFDC when the "principal earner" works more than 100 hours per month regardless of income or family size. In Wisconsin, AFDC is lost only if net earnings increase beyond the income standard of welfare eligibility regardless of the number of hours worked.

LearnFare

Unless specifically exempted, AFDC teens (age 13 or older), including teen parents, must attend school regularly. If teenagers fail to meet the school attendance requirements and fail to demonstrate good cause, they are not counted in determining the family's benefit.

Parental and Family Responsibility Initiative

New welfare applicants under age 20 and their spouses (or adjudicated fathers) will be subject, if living together, to liberalized AFDC eligibility requirements, liberalized treatment of earnings and benefits computations, and reduced grant increases after birth of a second child. Unemployed, noncustodial fathers of children must participate in JOBS.

Two-Tier AFDC Benefit Demonstration

New arrivals to Wisconsin receive AFDC payments for 6 months at the level of the state from which they moved.

Work Not Welfare (WNW)

WNW limits AFDC for parents to 2 years, with a 1-year extension of transitional benefits, and provides substantial employment preparation services. Food stamps are combined with AFDC to make one payment, to be “earned” through employment and training activities. Increase in AFDC benefit for additional children is eliminated unless client has not received WNW payment for 6 months. Child support payments are made directly to custodial parent. The 100-hour rule is eliminated for AFDC-UP, and all recipients are subject to the 30 and 1/6 disregard.

Vehicle Asset Limit Demonstration

Families are allowed to own automobiles valued at no more than \$2,500, up from the \$1,500 federal maximum.

Special Resources Account

Welfare recipients could accumulate up to \$10,000 (instead of \$1,000 maximum) in special resources accounts for either (1) education and training of the parent or child or (2) improving the employability of a family member.

APPENDIX 7

Economic Status of Leavers As Compared to the Quarter before Exit (Excluding “Disappears”)

	Ratio of Quarterly Average in Year after Exit to Quarter before Exit					
	Earnings		Cash Income		Cash Income Plus Food Stamps	
	Mean	Median	Mean	Median	Mean	Median
Total (N)	13,781	13,781	23,352	23,352	23,360	23,360
Total	4.6	1.5	1.2	0.9	1.0	0.8
Casehead's age						
18–24	4.9	1.5	1.2	0.9	1.0	0.8
25–29	4.8	1.5	1.2	0.9	1.0	0.8
30–39	4.3	1.4	1.3	0.9	1.0	0.8
40+	4.0	1.4	1.1	0.7	0.9	0.7
Education						
<11 years	4.0	1.3	1.0	0.7	0.9	0.7
11 years	4.1	1.4	1.1	0.8	0.9	0.8
12 years	4.6	1.5	1.2	0.9	1.0	0.8
>12 years	5.4	1.7	1.5	1.0	1.2	0.9
Race						
White	5.3	1.6	1.3	0.9	1.0	0.8
African American	3.6	1.3	1.1	0.9	0.9	0.8
Hispanic	4.0	1.4	1.2	0.8	1.1	0.8
Other	5.1	1.4	1.5	0.8	0.9	0.8
Unknown	4.3	1.4	1.3	0.8	1.0	0.8
Number of children						
1	5.2	1.6	1.3	0.9	1.1	0.9
2	4.2	1.5	1.2	0.9	1.0	0.8
3+	4.0	1.3	1.1	0.8	0.9	0.8
Age of youngest child						
<1	4.8	1.6	1.3	0.8	1.0	0.8
1	4.7	1.5	1.1	0.8	0.9	0.8
2	4.3	1.4	1.2	0.9	0.9	0.8
3–5	5.1	1.4	1.2	0.9	1.0	0.8
6–11	4.2	1.4	1.3	0.9	1.0	0.8
12–18	3.9	1.5	1.1	0.8	1.0	0.7
Other adults in household	4.7	1.5	1.2	0.8	1.1	0.8
County of residence						
Milwaukee	3.6	1.3	1.1	0.9	0.9	0.8
Other urban	5.2	1.7	1.2	0.9	1.0	0.8
Rural	5.8	1.5	1.4	0.8	1.0	0.8

(table continues)

APPENDIX 7, continued

	Ratio of Quarterly Average in Year after Exit to Quarter before Exit					
	Earnings		Cash Income		Cash Income Plus Food Stamps	
	Mean	Median	Mean	Median	Mean	Median
Mother on SSI	2.5	0.7	0.5	0.1	0.5	0.3
Child on SSI	4.6	1.4	1.0	0.7	0.9	0.8
Mother sanctioned	4.5	1.4	0.9	0.7	0.8	0.7
Mother legal immigrant	5.2	1.5	1.9	0.9	1.7	0.8
Foster children present in household	2.1	1.1	0.8	0.7	0.7	0.7
Number of quarters with earnings 7/93–6/95						
None	6.5	1.7	1.1	0.6	0.9	0.6
1–3 quarters	4.6	1.5	1.1	0.8	0.9	0.8
4–7 quarters	4.8	1.5	1.3	1.0	1.0	0.9
8 quarters	2.8	1.3	1.2	1.0	1.0	0.9
Return to AFDC						
Did not return	5.3	1.7	1.2	0.9	1.0	0.8
Returned in 3–6 months*	3.1	1.1	1.2	0.9	1.0	0.9
Returned in 7–12 months	2.9	1.2	1.1	0.8	1.1	0.8
Returned in 13–15 months	3.5	1.2	0.8	0.7	0.7	0.6
Start of current spell (months before July 1995)						
0–3 months	3.8	1.4	1.7	1.0	1.2	0.9
4–6 months	4.9	1.5	1.1	0.8	0.9	0.8
7–9 months	5.3	1.6	1.1	0.8	0.9	0.8
10–12 months	4.5	1.5	1.0	0.8	0.9	0.8
13–18 months	4.7	1.5	1.0	0.8	0.9	0.8
19–24 months	4.8	1.5	1.1	0.9	0.9	0.8
> 24 months	4.9	1.5	1.0	0.8	0.9	0.8
Number of months received welfare 7/93–6/95						
6 months or less	4.2	1.5	1.7	0.9	1.3	0.8
7–12 months	5.5	1.6	1.2	0.9	1.0	0.8
13–18 months	4.5	1.4	1.2	0.9	1.0	0.8
19–24 months	4.4	1.4	1.0	0.8	0.9	0.8

*Returns within 2 months were not considered exits.

Notes: Cash income is earnings plus AFDC benefit. Continuous leavers are those who remained off AFDC for at least 1 year after exit. All reported measures are the average quarterly receipt during the year after exit calculated over the quarters in which the case appears in at least one administrative database.

APPENDIX 8
Frequency Distribution of Quarterly Earnings

	Quarter before Exit*	Average During Year after Exit	5th Quarter after Exit
All Leavers (N=21,151)			
Mean earnings	\$836	\$1,766	\$2,056
Median earnings	\$255	\$1,519	\$1,853
Median earnings (those with earnings)	\$1,252	\$1,954	\$2,550
Percentage with earnings from:			
\$0	42.4	16.5	22.6
\$1–100	3.0	3.5	1.6
\$101–200	3.0	2.8	1.9
\$201–300	3.0	2.5	1.7
\$301–400	2.5	2.3	1.8
\$401–500	2.4	2.0	1.5
\$501–600	2.1	2.3	1.5
\$601–700	2.1	2.1	1.4
\$701–800	2.0	2.1	1.3
\$801–900	1.9	2.0	1.3
\$901–1,000	2.0	1.8	1.3
\$1,001–1,100	1.9	1.8	1.3
\$1,101–1,200	2.1	2.1	1.5
\$1,201–1,300	2.0	2.0	1.4
\$1,301–1,400	2.0	1.9	1.5
\$1,401–1,500	1.8	2.0	1.4
\$1,501–1,600	1.7	1.9	1.2
\$1,601–1,700	1.8	1.9	1.5
\$1,701–1,800	1.8	1.9	1.5
\$1,801–1,900	1.5	1.9	1.6
\$1,901–2,000	1.5	2.0	1.7
\$2,001–2,250	3.4	4.8	4.0
\$2,251–2,500	2.9	4.7	4.0
\$2,501–2,750	2.3	4.9	4.4
\$2,751–3,000	2.0	4.2	4.3
\$3,001–4,000	3.6	13.2	15.5
\$4,001–5,000	1.1	5.8	8.8
\$5,001–10,000	0.6	3.2	6.5
\$10,001–15,000	0.0	0.1	0.1

(table continues)

APPENDIX 8, continued

	Quarter before Exit*	Average During Year after Exit	5th Quarter after Exit
Continuous Leavers (N=13,889)			
Mean earnings	\$816	\$1,997	\$2,363
Median earnings	\$208	\$1,858	\$2,281
Median earnings (those with earnings)	\$1,237	\$2,276	\$2,788
Percentage with earnings from:			
\$0	43.8	16.0	18.0
\$1–100	2.9	2.7	1.0
\$101–200	3.1	2.2	1.6
\$201–300	2.9	2.1	1.4
\$301–400	2.4	1.9	1.6
\$401–500	2.3	1.6	1.4
\$501–600	2.1	1.9	1.4
\$601–700	2.2	1.8	1.4
\$701–800	2.0	1.8	1.1
\$801–900	1.8	1.7	1.1
\$901–1,000	1.9	1.5	1.3
\$1,001–1,100	1.9	1.5	1.3
\$1,101–1,200	2.1	1.9	1.4
\$1,201–1,300	2.0	1.8	1.3
\$1,301–1,400	2.0	1.8	1.4
\$1,401–1,500	1.7	1.9	1.4
\$1,501–1,600	1.8	1.7	1.2
\$1,601–1,700	1.6	1.7	1.5
\$1,701–1,800	1.7	1.8	1.5
\$1,801–1,900	1.5	1.8	1.6
\$1,901–2,000	1.5	2.0	1.5
\$2,001–2,250	3.1	4.8	4.0
\$2,251–2,500	2.6	4.8	4.2
\$2,501–2,750	2.1	5.2	4.6
\$2,751–3,000	1.9	4.5	4.7
\$3,001–4,000	3.7	15.8	17.3
\$4,001–5,000	1.1	7.7	10.8
\$5,001–10,000	0.6	4.4	8.7
\$10,001–15,000	0.0	0.0	0.2

(table continues)

APPENDIX 8, continued

	Quarter before Exit*	Average During Year after Exit	5th Quarter after Exit
All Stayers (N=26,701)			
Mean earnings	\$374	\$778	\$1,120
Median earnings	\$0	\$214	\$225
Median earnings (those with earnings)	\$886	\$891	\$1,753
Percentage with earnings from:			
\$0	66.3	36.6	43.8
\$1-100	3.0	7.8	2.8
\$101-200	2.5	5.1	2.8
\$201-300	2.2	3.8	2.2
\$301-400	1.9	3.3	2.1
\$401-500	1.7	2.8	1.7
\$501-600	1.6	2.6	1.8
\$601-700	1.5	2.3	1.6
\$701-800	1.4	2.1	1.5
\$801-900	1.4	2.1	1.3
\$901-1,000	1.2	1.9	1.3
\$1,001-1,100	1.3	1.8	1.4
\$1,101-1,200	1.3	1.7	1.2
\$1,201-1,300	1.1	1.7	1.2
\$1,301-1,400	1.2	1.6	1.1
\$1,401-1,500	1.0	1.7	1.2
\$1,501-1,600	0.9	1.6	1.2
\$1,601-1,700	0.9	1.3	1.2
\$1,701-1,800	0.8	1.5	1.1
\$1,801-1,900	0.8	1.4	1.1
\$1,901-2,000	0.7	1.2	1.1
\$2,001-2,250	1.4	2.8	2.9
\$2,251-2,500	1.1	2.3	2.8
\$2,501-2,750	0.8	2.0	2.8
\$2,751-3,000	0.7	1.8	2.5
\$3,001-4,000	1.1	3.8	8.4
\$4,001-5,000	0.3	1.1	3.8
\$5,001-10,000	0.1	0.5	2.1
\$10,001-15,000	0.0	0.0	0.0

*2nd quarter 1996 for stayers. 5th quarter after exit is 3rd quarter 1997 for stayers.

Notes: Cash income is earnings plus AFDC benefit. Continuous leavers are those who remained off AFDC for at least 1 year after exit. All reported measures are the average quarterly receipt during the year after exit calculated over the quarters in which the case appears in at least one administrative database.