

**Outcomes for Low-Income Families under the Wisconsin AFDC Program:
Understanding the Baseline So That We Can Estimate the Effects of Welfare Reform**

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Executive Summary

A radical transformation of assistance programs for low-income families has occurred. For both proponents and critics of the recent reforms, longer-term outcomes will offer the best evidence of the effects of the new policies. Analysts will eventually be able to observe these longer-term outcomes, and it is likely that some low-income families will fare well and some will fare poorly. Analysts will not know how to judge a given level of “net success” without a point of comparison. This report provides one alternative policy point for comparison, the AFDC regime in Wisconsin. We intend to conduct similar analyses of outcomes under welfare reform in Wisconsin so that we will be able to compare net success under welfare reform to net success under AFDC.

This analysis is based on a randomly selected 10-percent sample of female-headed AFDC Regular (AFDC-R) cases in the Wisconsin administrative record system. One sample includes 10 percent of all cases open in July 1990 (the “stock”). The second sample includes 10 percent of all cases that began a new spell of AFDC receipt in the following 11 months (the “flow”). The two samples are thus mutually exclusive and include all cases in the 10-percent sample receiving AFDC-R in the year starting July 1990 and ending June 1991. We provide results for three calendar years for each sample: 1991–1993 for the stock and 1992–1994 for the flow.

In the third year, the two samples exhibited relatively similar outcomes:

- About 57 percent of the stock and 62 percent of the flow were working in jobs covered by the Wisconsin Unemployment Insurance program. However, only 30 percent of the stock and 37 percent of the flow worked in all four quarters.
- Industries employing more than 10 percent of the workers in the sample included temporary agencies, restaurants, retail trade, social services, health services, and durable manufacturing.
- Annual earnings among those employed were fairly low. Even by the third year, median annual earnings among those working were \$5,781 (stock) and \$7,791 (flow).
- Relatively few women stopped using means-tested transfers. In the third year, 69 percent of the stock and 50 percent of the flow received food stamps for at least one month, and 73 percent of the stock and 44 percent of the flow received Medicaid.

- Although administrative data do not provide information on full family income, we are able to estimate a measure of disposable personal income by adding earnings, AFDC, the cash value of food stamps, and a projected EITC amount, and subtracting estimated payroll and federal income taxes. These estimates show that only 19 percent of the stock and 23 percent of the flow had escaped poverty by the third year.

The economic well-being of both the stock and flow improved over time. For example, median earnings among workers increased from \$3,812 in the first year to \$5,781 in the third year among the stock, and from \$5,394 in the first year to \$7,791 in the third year among the flow. However, we found substantial diversity in well-being in the third year. For example, one-quarter of the stock with more than 12 years of education had more than \$16,874 in earnings in the third year, and one-quarter of comparably educated members of the flow earned more than \$19,265. In contrast, around 30 percent of both the stock and the flow were not working in the third year. Among those who were working, one-quarter of those with less than 11 years of education earned less than \$1,006 (stock) or \$842 (flow).

Among those receiving AFDC in July 1990, those most likely to be working, working full-year, and earning the most three years later were:

- women who were in their late 20s and 30s in 1990; younger women and older women did not fare as well.
- white; women who were African American or other races did not fare as well.
- high school graduates or beyond; the more education women had in 1990, the more likely they were to be earning at all and earning more three years later.
- women with only one child; the fewer children women had in 1990, the more likely they were to be earning at all and to be earning more three years later.
- women with more work experience in the two years before 1990; the greater their work experience before 1990, the more likely they were to be earning at all and to be earning more three years later.
- women who worked all four quarters in the first year after we observed them on AFDC; the more they worked and earned in the first year, the more likely they were to be earning at all and to be earning more three years later.

- women who worked in the following industrial classifications in the first year: social services/public administration/education, construction, durable manufacturing, and financial/insurance/real estate. Women who worked in these industries in the first year after we observed them on AFDC had notably higher and steadier earnings three years later (except that those in construction were less likely to work full-year). Women who were not working in the first year or working in temporary agencies in the first year were less likely to be working at all and to be working steadily three years later.

Most of these same relationships also applied to women who entered AFDC during the 12 months after July 1990, with these exceptions: those with two children earned more three years later than those with one child (women with three or children more earned much less, as was the case for those on AFDC in July 1990), and women who started in the wholesale trade classification earned more and more regularly than was the case for those who were on AFDC in July 1990 and who started in that classification.

The analysis also compares the 1990 sample with a 1995 sample created for another study. The 1995 group had higher subsequent rates of employment and higher earnings, and members of this group were more likely to work at any time and in all four quarters of each year. For example, in the first year after each sample was drawn, 52 percent of the 1990 cohort and 67 percent of the 1995 cohort had earnings. Earnings among those who worked also tended to be higher in the later group: median earnings were \$4,878 in second year for the 1990 cohort and \$6,294 for the 1995 cohort. Nonetheless, earnings were not sufficient to lift many families above the poverty line. In the second year, 21 percent of the later cohort had combined income above poverty. This is higher than the rate for the earlier cohort (10 percent) but still quite low. For both cohorts, less than 1 percent had earnings above twice the poverty line in either year.

Overall, the comparison between the 1990 and 1995 cohorts suggests that those who received AFDC in 1995 have fared somewhat better than those who participated in 1990, despite appearing to be less job-ready. This may be the result of the strong state economy in 1996 and 1997, or it may be due to the initial work-based welfare reforms that were implemented in Wisconsin over this period.

The report suggests that alternative measures of success may yield different assessments of the outcomes of the old AFDC policy regime. If an important goal was fast exit from AFDC, the AFDC system may not have done as badly as is sometimes believed—only 36 percent of the stock and 18 percent of the flow received benefits in every month of the third year. But if an important goal was for recipients to increase their incomes above poverty over time, then the AFDC system did not perform as well—not even one in four recipients was above poverty in the third year. Regardless of goals, however, this study offers a baseline for evaluating the effects of new welfare regimes on some of the most vulnerable members of our society.

I. INTRODUCTION

Widespread dissatisfaction with cash assistance to poor single-parent families in the Aid to Families with Dependent Children (AFDC) program led to one of the most sweeping social policy changes since the 1930s: passage by Congress of the Personal Responsibility and Work Opportunities Reconciliation Act of 1996. The act eliminated the federal-state partnership in the AFDC program and allowed states to replace it with programs of their own choosing under the Temporary Assistance for Needy Families (TANF) block grant.

At the same time, Wisconsin was overhauling its AFDC program, replacing it with a radically different program, Wisconsin Works (W-2). Among the major differences between W-2 and AFDC are (1) AFDC recipients could receive cash assistance without working, while W-2 recipients receive cash only in exchange for work or work-like activities; (2) cash benefits under AFDC were provided with no time limit, while strict time limits apply to W-2; (3) AFDC cash amounts were linked to measures of need, so that those with less income or larger families received more public assistance, while W-2 grants depend only on work hours; and (4) AFDC contained no explicit program features that promoted self-sufficiency, while W-2 is organized in four tiers, with different benefits and expectations in each tier, all leading to self-sufficiency.

Wisconsin Governor Tommy Thompson has stated repeatedly that W-2 is a model for other states. "Ours was the first welfare-to-work program in the nation," said the governor in a recent press release (Office of the Wisconsin Governor, 1998), "and it remains a model for other states to follow." At least five features of W-2 are unusual and perhaps unique among current state TANF programs.

1. The timing of financial penalties levied against program participants. One atypical feature of W-2 is the timing of financial penalties. Except for participants in the lowest tier of the program, the only income available under W-2 is through work, and financial penalties for failure to work start immediately. Other states have work requirements as well, but so far as we know, all except Wisconsin allow a grace period of at least two months before grant reductions occur.

2. *Minimal emphasis on social contract language.* In many TANF programs, the state and public assistance recipients agree on reciprocal obligations, the one side to make opportunities available and the other to pursue those opportunities. The difference between W-2 and other programs in this regard is subtle but meaningful. W-2 certainly provides help to program participants, especially with child care and health care. Moreover, case managers are required to develop an employability plan in consultation with the participant, and case managers can also excuse participants from work requirements if child care is unavailable. But unlike many states, the case manager has complete discretion to make the determination of child care unavailability and complete authority to determine whether a participant must find an unsubsidized job. The primary focus of W-2 is on the participant's obligations to follow the employability plan or, if considered ready for one, to secure an unsubsidized job; the emphasis is not on the responsibilities of the state or the W-2 agency to find jobs for participants or to train them for emerging opportunities.

3. *Full pass-through of all child support paid on behalf of W-2 participants.* With the exception of up to 4,000 families included in a control group for evaluation purposes, all W-2 families will be able to keep all child support paid on their behalf. This marks a change from the policy that existed under AFDC, when a family could keep only \$50 per month of child support paid on the family's behalf. Any additional child support reimbursed the state and federal governments for their AFDC expenditures. Wisconsin is the only state that has chosen to pass through all child support to the resident parent. In fact, 30 states plus the District of Columbia have used their new flexibility under TANF to move in the opposite direction, keeping for the government all child support paid on behalf of a TANF family.

4. *The centrality of work.* More than many states, Wisconsin has taken pains to emphasize the centrality of work from the first contact of participants or potential participants with the public assistance system. In every Wisconsin county, potential participants in W-2 or Food Stamps go to job centers, not welfare offices. Most job centers also serve workers who are not welfare participants, providing general

labor exchange and unemployment insurance services along with basic training for job seekers and short-term child care services for the children of “customers” using the center. The work motif is similarly apparent in the structure of assistance programs, which are designed to require beneficiaries to face conditions affecting low-income workers generally—the first W-2 grant check comes only after a period of work; the amount of the grant does not vary by family size; those who receive public child care assistance must pay part of the costs of their benefits; and (as indicated above) most program participants receive all child support paid on behalf of their resident children.

5. Use of private agencies. In 63 of Wisconsin’s 72 counties, the agency operating W-2 is the same unit that operated AFDC, namely the county social or human services department. However, in the other nine counties, W-2 is operated by private agencies that have a contract with the state to run W-2. Since one of these nine counties is Milwaukee, where over 80 percent of the state’s W-2 participants are enrolled, W-2 administration is in a sense primarily contracted to private agencies. Private W-2 agencies have the same responsibilities as do the public agencies for core W-2 services—including determinations of eligibility for W-2, placement in one of the four program tiers, placement in a particular assignment within a tier, and decisions on financial penalties. Such public-private arrangements are unusual. Under AFDC, private agencies often provided welfare-to-work services, but only public employees could have access to the sensitive information used in determining eligibility and benefits, and only public employees controlled program benefits. Even under TANF, according to a spokesperson for the U.S. Department of Health and Human Services, “nowhere else has a state delegated the administration of welfare to agencies other than government.” (Huston, 1998).

A program with these unusual features would benefit from careful evaluation. So far, the only clear impact of W-2 has been dramatically reduced public assistance caseloads. Remaining to be examined is the broader condition of participants, former participants, and those who would have been served by a program such as AFDC but do not receive services from W-2. Dimensions of particular

interest include the physical and emotional well-being of children and families, the educational success of children, and the labor force patterns, earnings, and income of parents subject to the new public assistance rules.

A common way to attempt to understand these impacts would be through social experimentation, in which some cases are randomly assigned to the old treatment (AFDC) and some to the new treatment (W-2). For many reasons, an experiment with random assignment would be hard to carry out for a program like W-2.¹ Whatever the advantages or disadvantages of such evaluations, they are at this point irrelevant to Wisconsin, because most of W-2 has already been implemented without control and experimental groups. The only exception is the child support pass-through, which is being implemented with experimental and control groups.²

In the absence of formal control groups, W-2 must be compared either to programs in other states or to AFDC as it existed in Wisconsin before W-2. Both strategies create problems, but the comparison with other states requires finding another state that is like Wisconsin in most relevant characteristics (the economy, the composition of the population, and government policies other than W-2) and different only in public assistance strategy. Since this seems unlikely, pre-post comparisons offer a suitable alternative.³

In this report, we examine a variety of outcomes for low-income families under the AFDC policy regime. We examine those who received welfare during 1990–1991, when something like the “traditional” AFDC program still operated in Wisconsin. We look at labor force patterns, earnings, public assistance utilization, and income three to four years later. We choose to look at *later* outcomes because one of the hopes many have for a public assistance system is that it will enable recipients to eventually become self-sufficient and achieve modest levels of economic well-being. After W-2 has been

¹A fuller discussion of the advantages of various methods of evaluating W-2 can be found in Kaplan and Meyer (1998).

²For a description of the evaluation of this child support reform, see Meyer, Cancian, and Caspar (1998).

³For a full discussion of the relative advantages of a pre-post evaluation, see Kaplan and Meyer (1998).

in place for three or four years, we hope to do a comparable analysis of low-income parents at that time, make the adjustments we can to reflect other relevant changes that have occurred since the early 1990s, and thereby increase our understanding of the actual impact of W-2 on the labor force patterns, earnings, public assistance utilization, and income of low-income parents with minor children.

II. RELATED PRIOR RESEARCH

We begin by reviewing relevant prior research. Little empirical work examines the later economic well-being of those who were welfare recipients at a point in time. An emerging literature examines economic well-being among those who *leave* AFDC, but our focus here is the later lives of *all* recipients, those who leave and stay off, those who leave but return within a fairly short time, and those who stay on the rolls. We do this because we want a broad evaluation—we want to include those who were not successful in leaving welfare as well as those who were. Because there is little previous work on this broader sample, in this section we review only the literature on labor market outcomes, welfare use, and income of those who left welfare.

A. Labor Market Outcomes after Exit

Examinations of wages and other labor market outcomes of recipients after leaving welfare have produced somewhat conflicting results. Some studies (e.g., Gritz and MaCurdy, 1991; Cheng, 1995) have found that average earnings of former AFDC recipients grow over time, although they remain fairly low. Other studies have found that hourly earnings of former recipients do not increase much over time (Burtless, 1995; Harris, 1996). Pavetti and Acs (1997) found that only 13 percent of young women who ever received AFDC are in steady employment in a “good job” by age 26–27. Burtless (1995) and Pavetti and Acs (1997) found that many former recipients have somewhat sporadic work patterns, with a fairly low probability of maintaining full-time, full-year work.

In some of our own previous work on labor market outcomes, we used the National Longitudinal Survey of Youth (NLSY) to examine the first five years after exit among young women leaving welfare between 1979 and 1987 (Cancian and Meyer, 1998; Meyer and Cancian, 1996, 1998). Note that this is a sample of *young* women, not all recipients. We found that in each of the five years after exit, about two-thirds of these women work. But while the proportion working and not working stayed about the same over this period, the intensity of work effort increased over time among those who worked at all. For example, the proportion working full-time, full-year increased from 13 percent in the first year following an exit to 25 percent in year 5. While consistent full-time work was uncommon, so too were patterns of consistent joblessness. On average, real wages rose over the period, though not for all leavers. Mean wages grew from \$7.13 to \$7.80 between years 1 and 5.⁴ Among lower-wage women, however, wages remained close to \$5.30 throughout the period. The combination of increased work effort and modest increases in hourly wages resulted in significant growth in annual earnings over the five years. Median earnings among earners rose from \$6,059 to \$9,947 over the five-year period, and even those at the 25th percentile of earnings experienced significant growth, from \$2,276 to \$3,601.

We have also done work using administrative records to examine labor market outcomes among those who left AFDC in 1995–1996 in Wisconsin (Cancian, Haveman, Kaplan, and Wolfe, 1998). A substantial proportion of women who left the AFDC rolls during that period worked, about two-thirds during each quarter of the first 15 months after leaving the rolls.⁵ For all leavers, mean annual earnings were about \$7,800. Mean earnings for “continuous leavers” (those who left and did not return during the period examined) were about \$9,100 per year. Conversely, mean earnings for leavers who returned to the AFDC rolls were only about \$5,300 per year. By way of contrast, mean earnings for “stayers” (that is,

⁴Median wages were, as expected, lower than mean wages: they grew from \$6.36 to \$6.73 over the five years. This growth in real wages, it should be noted, contrasts with the stagnant wages faced by most men with low levels of education and experience during this period (Acs and Danziger, 1993).

⁵“Work” is defined as having earnings that were reported to the Wisconsin Unemployment Insurance system.

those who did not leave during the period examined) who worked were about \$3,600. Women with greater human capital (for example, more education and prior work experience) were more likely to work and have higher earnings, as expected. For all leavers, in all socioeconomic categories, median earnings among workers increased with the length of time off welfare. We also had information on the industry in which these women who worked found employment, and hence we could calculate earnings growth by these categories as well. From the first to the fifth quarters, median earnings for leavers rose in all industrial classifications except one. Indeed, in more than half of the classifications, leavers in their fifth quarter after exit had earnings over 10 percent higher than leavers in their first quarter after exit. The only exception to the positive earnings trend was among leavers who were employed in temporary agencies, where fifth-quarter wages were 12 percent lower than first-quarter wages.

B. Welfare Use after Exit

Several empirical studies have examined the probability of leaving welfare and, among those who leave, the probability of returning. This work finds three types of recipients—those who receive for short periods only, those who “cycle” on and off welfare, and those who receive for very long periods (see, for example, Bane and Ellwood, 1995). In our national research (Meyer and Cancian, 1996), we found similar trends of leaving from and returning to AFDC. Moreover, we found that many who left AFDC continued to receive some means-tested benefit, but the percentage declined over time. Among benefits examined (which did not include Medicaid), Food Stamps were most common, received by about half of leavers in the first year after exit from AFDC, declining to 40 percent in the fifth year. Use of AFDC itself was less common after we observed an exit; in each of the first five years after exit, 28 to 38 percent of women received some AFDC benefit.

In our Wisconsin research, we also found that the use of public assistance steadily declined among all groups of leavers in the 15 months after exit. Fifteen months after leaving, the proportion with different types of benefits was less than half as high as in the quarter immediately following exit, so that

by the 15-month mark, about 30 percent of all leavers were receiving no public assistance. The declines in usage were gradual, however, and the majority of leavers continued to use some form of public assistance, mainly Medicaid, over the entire period.

C. Income and Poverty after Exit

Few quantitative studies have looked at broader indicators of the economic well-being (not just earnings) among those who have exited AFDC. Bane and Ellwood (1983), for example, found that nearly 40 percent of those who exited were poor in the year after exiting and a similar number were poor in the following year. Harris (1996), who examined only those who left welfare and stayed off, found that the likelihood of being poor varied substantially by the type of exit. Of those who left through marriage or cohabitation, 28 percent were poor one year after exit, compared with 46 percent of those leaving through work and 75 percent of those leaving for some other reason.

In our work using national data, we found that among the leavers, mean family income grew from \$13,743 to \$18,829 between years 1 and 5.⁶ Income rose across the distribution, with the 25th percentile increasing from about \$6,500 to about \$9,800. Two of the main sources of family income were means-tested transfers and own earnings. While both sources were received by substantial numbers of leavers, the pattern of use fluctuated. In year 1, each source was received by about 60 percent of the leavers; by year 5, the proportion with earnings was still about 60 percent, while the proportion with means-tested benefits had dropped to about 45 percent. Income from a spouse or partner was a third important component of family income, received by about 40 percent of women in each of the five years. Income from a spouse or partner, when available, was fairly high, with a median of about \$16,000 in the first year, rising to about \$21,000 in the fifth. Finally, child support was received by less than one-fifth of the sample, with median annual amounts among recipients around \$1,500.

⁶Again, median values were lower than mean values. Median family income grew from \$10,500 to \$15,000 (Cancian and Meyer, 1998).

Did the income received by the families of these leavers allow them to escape poverty? About 55 percent of all leavers in the sample were poor in the first year following an exit; this had fallen to 41 percent by the fifth year. Especially in the early years, the remainder of leavers had incomes that were near poor (between one and two times the poverty line). However, by the third year after exit, 22 percent of women had incomes more than twice the poverty line. Over the whole period, only 19 percent were poor during *all* of the first five years. On the other hand, whereas 45 to 59 percent were not poor during each of the first five years, only 22 percent had total family income high enough to escape poverty during *all* five years. Only about 5 to 10 percent earned enough themselves to pull their families above the poverty line during all five years.

Using administrative data from Wisconsin, we were able to measure two concepts of income: (1) own earnings and (2) own income, defined as the sum of own earnings, AFDC, and the cash value of Food Stamps. The leavers we observed were about twice as likely as AFDC stayers to have incomes above the poverty level.⁷ However, for all groups the percentages with income above the poverty level were not high; even those who left AFDC *and did not return* had about a 25 percent probability of success in escaping poverty when cash incomes and Food Stamps were considered.⁸ (Note, however, that in the administrative data we do not know whether a woman has a spouse or partner, a substantial source of income for many leavers.) More than half of all leavers did not obtain the income level they received just before they left AFDC. About 32 to 40 percent of leavers increased their economic resources (cash income, including Food Stamps) while the rest did not. Only among the groups with the highest postwelfare incomes (continuous leavers and those with fewer children) did more than half have incomes in excess of what they received immediately before leaving welfare.

⁷Note that this measure of income does not include income from spouses or cohabitants.

⁸Family size matters considerably. About 30 percent of all leavers with one child (both those who returned to AFDC and those who did not) had cash incomes above the poverty level, compared to 11 percent of families with three children (see Cancian, Haveman, Kaplan, and Wolfe, 1998, Table 5).

In summary, the growing literature on the later lives of those who leave welfare tends to show great diversity in economic outcomes for former recipients, with some doing fairly well but most staying poor or even having lower incomes than when they were recipients. Overall, there tend to be modest increases in economic well-being over time after exit from welfare, but the gains are not uniform. However, this literature provides information only on those who leave, and any evaluation of how people fared under AFDC must also include the well-being of those who stayed, which we can only measure from a *broader* sample of AFDC recipients.

III. DATA AND METHODS

Our analysis samples are drawn from a 10-percent sample of female-headed AFDC Regular (AFDC-R) cases in the Wisconsin administrative record system, the Computerized Reporting Network (CRN). Our first sample, which we call the “stock,” includes all cases open in July 1990. (We include in this sample cases that received cash assistance in July 1990, as well as those that received no payment in July but received a check in both June and August of 1990.⁹) Our second sample, the “flow,” or new cases, includes cases that began a new spell of AFDC receipt in the following 11 months, and thus it includes cases that received a check in August 1990 through June 1991, after not receiving AFDC in Wisconsin for at least the two previous months, and not being a part of the stock. Our two samples are mutually exclusive and exhaustive of cases in the 10-percent sample receiving AFDC-R in the year starting July 1990 and ending June 1991.

The division of the sample into stock and flow is relatively common in this type of work. The stock contains a higher percentage of long-term AFDC users than the flow (Bane and Ellwood, 1994).

⁹In other words, we do not consider a single month without a payment a case closure. This definition is consistent with previous analyses of these data (Cancian and Meyer, 1995; Cancian, Haveman, Kaplan, and Wolfe, 1998).

Thus, we expect the stock to include cases with greater barriers to self-sufficiency and lower employment and earnings. Table 1 shows basic demographic information on each sample. As expected, the stock was older (only 29 percent are less than 25 compared with 38 percent for the flow of new cases) and included mothers with more children. In general, the stock of cases had less work experience and lower earnings in the previous two years and faced greater barriers to employment, including lower rates of high school graduation and larger families. (On the other hand, the stock may have faced fewer barriers because they were less likely to have very young children and more likely to have a youngest child of school age.) Women in the first sample were also more likely to live in Milwaukee and less likely to be from a rural county, to be white, or to have ever married than were cases from the second sample.

In this report, we use data on AFDC and Food Stamps receipt and Medicaid enrollment from the CRN for 1990–1993, and from the Client Assistance for Reemployment and Economic Support (CARES), the administrative data system that replaced the CRN, for 1994. We also include data on earnings from the state Unemployment Insurance (UI) system for 1988–1994.

We also present selected information from another sample based on tax records from the Wisconsin Department of Revenue (DOR). DOR creates an analysis file in selected years for internal research purposes. The Department provided us with information on all families in its analysis file that had a dependent and an adjusted gross income less than \$20,000 in 1991. DOR staff then matched the adults in these families with the tax records for 1989–1995 so that we could analyze patterns of income and poverty for a low-income sample that had sources of income other than welfare.¹⁰

In all results, we have used the Consumer Price Index to update the original dollar figures to 1998 dollars.

¹⁰Individuals or families whose only (or even primary) source of income is welfare would not file a tax return.

TABLE 1
Characteristics of Two Samples

	Women Receiving AFDC July 1990	Women Entering AFDC August 1990–June 1991
Total N	6,515	2,589
Age		
Missing	0.2	1.3
18–24	29.2	38.0
25–29	26.4	23.3
30–39	33.8	29.4
40+	10.3	8.0
Education		
Missing	6.4	7.7
<11	22.9	19.5
11	19.3	18.0
12	38.0	40.3
>12	13.4	14.5
Race		
Missing	2.5	3.9
White	48.8	61.0
Black	37.1	22.9
Other	11.5	12.2
County		
Milwaukee	47.9	30.3
Urban	31.9	38.7
Rural	20.2	31.0
Marital Status		
Missing	0.0	—
Never married	51.8	42.2
Married	6.5	14.5
Separated/divorced	41.6	43.3
Number of Children		
Missing	0.1	0.2
1	39.8	52.7
2	31.4	26.3
3+	28.7	20.8

(table continues)

TABLE 1, continued

	Women Receiving AFDC July 1990	Women Entering AFDC August 1990–June 1991
Age of Youngest Child		
Missing	0.1	0.2
<1	16.9	33.1
1	15.3	12.9
2	11.1	9.3
3–5	21.9	16.8
6–11	22.7	17.8
12–18	12.1	9.8
Work Experience in Prior 8 Quarters		
0 quarter	37.2	31.7
1–3 quarters	29.4	20.0
4–7 quarters	25.3	29.0
8 quarters	8.0	19.4
Earnings in Prior 8 Quarters (1998\$)		
\$0	37.2	31.7
\$1–2,499	26.8	17.5
\$2,500–9,999	23.2	21.1
\$10,000+	12.8	29.7
Months on AFDC in Prior 24 Months		
0	2.1	61.8
1–5	10.2	15.0
6–11	18.8	11.9
12–17	12.8	8.1
18–23	21.8	3.2
24	34.3	—
Average Local Unemployment Rate*		
Missing	0.7	0.8
Low (2.3%–4.9%)	18.4	24.7
Middle (5.0%–6.9%)	71.0	59.3
High (7.0%–10.4%)	9.9	15.2

*4-year (1991–1994) average county-level unemployment rate.

Because we have original administrative records, our information on benefits in Wisconsin is more accurate and complete information than would be available from self-reports. However, because we have data only from Wisconsin, we cannot distinguish cases that stopped receiving AFDC altogether from those that subsequently participated in the program in another state. Similarly, our use of state UI records misses out-of-state employment as well as employment not covered by the unemployment compensation system. Finally, we have information only on earnings and benefits for individuals; we do not have full information on whether they marry or live with other adults nor information on the income of others in their families.¹¹ For a discussion of the relative advantages of administrative and survey data for the analysis of the labor market prospects of welfare participants, see Cancian, Haveman, Kaplan, Meyer, and Wolfe (1998). For a discussion of the sensitivity of our results to alternative treatments of those without later administrative data, see the Appendix.

IV. RESULTS: LATER OUTCOMES AMONG 1990–1991 WELFARE RECIPIENTS

We examine later outcomes in four domains: employment and industry, earnings, welfare use, and income and poverty. In each case we consider results for the two samples discussed above: the stock of cases receiving AFDC in July 1990 and the flow of cases entering AFDC over the next 12 months. In the income and poverty section we also contrast the stock of welfare cases to a low-income nonwelfare sample.

A. Employment and Industry

Tables 2A and 2B show employment rates for each sample by a variety of characteristics. The second column of results from each table shows the percentage with any earnings in the first year after the sample was drawn (1991 for the stock of cases, 1992 for new cases). Overall, the percentage with

¹¹We had hoped to match our information with the tax returns from DOR to gain information on taxable family income, but the data were not available to us owing to confidentiality concerns.

TABLE 2A
Percentage with Earnings in Each Year
(Women Receiving AFDC July 1990)

	N	1991	1992	1993
Total	6,515	52.2	55.1	56.8
Age				
18-24	1,904	53.6	56.5	59.9
25-29	1,722	56.3	58.5	59.7
30-39	2,205	52.1	56.5	56.8
40+	669	38.3	38.0	40.8
Education				
<11	1,493	42.1	45.5	46.3
11	1,259	52.0	53.7	55.8
12	2,475	57.5	60.4	63.0
>12	871	59.2	65.2	65.6
Race				
White	3,180	56.9	61.3	62.3
Black	2,420	48.8	50.6	52.0
Other	750	42.3	43.2	48.3
County				
Milwaukee	3,121	48.4	50.6	52.0
Urban	2,076	55.5	58.7	60.9
Rural	1,318	56.1	60.3	61.8
Marital Status				
Never married	3,378	51.4	54.6	57.2
Married	425	46.1	47.8	48.5
Separated/divorced	2,711	54.1	57.0	57.7
Number of Children				
1	2,594	55.1	58.0	59.9
2	2,047	53.4	55.3	57.1
3+	1,869	46.9	51.0	52.3
Age of Youngest Child				
<1	1,099	47.6	52.6	56.6
1	994	49.9	52.6	56.5
2	720	53.9	55.8	57.8
3-5	1,428	55.0	58.4	60.4
6-11	1,478	54.7	57.8	57.2
12-18	791	50.6	50.6	49.4

(table continues)

TABLE 2A, continued

	N	1991	1992	1993
Work Experience in Prior 8 Quarters				
0 quarter	2,426	27.7	34.7	37.6
1-3 quarters	1,917	53.8	55.8	57.8
4-7 quarters	1,649	74.3	74.7	75.2
8 quarters	523	90.1	86.0	84.1
Earnings in Prior 8 Quarters (1998\$)				
\$0	2,426	27.7	34.7	37.6
\$1-2,499	1,743	52.9	56.1	57.5
\$2,500-9,999	1,514	73.1	71.9	72.6
\$10,000+	832	84.0	82.5	82.5
Months on AFDC in Prior 24 Months				
0	138	61.6	57.2	57.2
1-5	663	53.8	57.5	61.2
6-11	1,222	56.0	57.8	58.8
12-17	837	55.1	58.8	60.1
18-23	1,421	57.3	58.4	59.9
24	2,234	44.8	49.5	51.2
Average Local Unemployment Rate				
Low (2.3%-4.9%)	1,199	56.0	61.6	62.9
Middle (5.0%-6.9%)	4,627	50.7	52.7	54.5
High (7.0%-10.4%)	646	56.7	60.1	61.1

TABLE 2B
Percentage with Earnings in Each Year
(Women Entering AFDC August 1990–June 1991)

	N	1992	1993	1994
Total	2,589	56.3	59.7	61.9
Age				
18–24	985	54.6	59.8	64.4
25–29	603	57.2	58.5	59.5
30–39	760	61.2	63.8	63.6
40+	208	47.6	49.5	51.0
Education				
<11	505	40.8	48.1	50.9
11	466	55.8	58.8	61.2
12	1,043	60.7	63.3	67.1
>12	375	68.8	69.9	68.0
Race				
White	1,580	61.6	63.7	66.0
Black	593	49.9	53.3	54.8
Other	315	42.9	50.2	54.6
County				
Milwaukee	784	49.4	52.7	56.0
Urban	1,002	59.5	61.4	62.7
Rural	803	59.2	64.4	66.7
Marital Status				
Never married	1,093	53.6	59.7	63.8
Married	376	56.1	57.7	58.5
Separated/divorced	1,120	59.0	60.4	61.3
Number of Children				
1	1,364	58.1	61.8	65.2
2	681	55.9	58.6	60.5
3+	538	52.4	56.1	56.0
Age of Youngest Child				
<1	858	52.0	57.3	62.4
1	333	53.8	59.2	61.3
2	240	51.3	55.4	59.2
3–5	436	59.4	59.6	61.5
6–11	462	62.3	64.5	64.1
12–18	254	63.0	64.6	61.8

(table continues)

TABLE 2B, continued

	N	1992	1993	1994
Work Experience in Prior 8 Quarters				
0 quarter	820	31.5	35.9	37.8
1–3 quarters	518	51.7	55.2	59.1
4–7 quarters	750	70.0	74.4	75.5
8 quarters	501	81.2	81.2	84.0
Earnings in Prior 8 Quarters (1998\$)				
\$0	820	31.5	35.9	37.8
\$1–2,499	453	50.1	54.3	60.0
\$2,500–9,999	547	67.5	72.4	72.4
\$10,000+	769	78.5	79.2	81.3
Months on AFDC in Prior 24 Months				
0	1,600	52.9	56.4	59.2
1–5	388	62.9	65.5	67.3
6–11	308	60.4	65.9	67.5
12–17	211	61.6	62.1	64.5
18–23	82	63.4	67.1	62.2
24	0	—	—	—
Average Local Unemployment Rate				
Low (2.3%–4.9%)	639	60.1	64.5	67.1
Middle (5.0%–6.9%)	1,534	54.4	56.8	58.9
High (7.0%–10.4%)	394	57.6	62.4	64.2

earnings was somewhat higher for new cases (56 percent versus 52 percent for the stock), but the relationship between characteristics and employment probabilities was generally the same for both samples. Employment was more likely for those with more education, fewer children, and older children.¹² Employment rates were higher for white women and for those who lived in counties other than Milwaukee. Although marital status does not have a large effect on this outcome, women who were separated or divorced had the highest employment rates, while married women were least likely to work among the stock of cases and never-married women were least likely to work among new cases. Not surprisingly, women's prior work experience and earnings were very closely related to later employment—80 to 90 percent of women who worked in each of the eight quarters prior to entering the sample had earnings in the first year, compared with about 30 percent of those with no experience and just over half of those with one to three quarters of work experience. Those in counties with low unemployment rates were more likely to be employed, but the difference was not large. Across the columns in Tables 2A and 2B, employment probabilities increased in each year within almost every category.¹³ The increases in employment were not large, however, going from 52 to 61 percent (stock, Table 2A) and 56 to 62 percent (flow, Table 2B).

These data do not provide detailed information on employment stability. We can, however, examine the percentage of women who had earnings in all four quarters of the year, a crude measure of stable employment. Tables 3A and 3B show the percentage with some earnings in every quarter of the year. Rates of stable annual employment were *much* lower than total annual employment rates: for most

¹²An exception was the lower employment rate for women from the first sample whose youngest child was at least 12 years old. It may be that women with older children who were on AFDC had longer AFDC participation histories or other barriers to employment. We are currently investigating the availability of data on pre-1990 AFDC use for this sample.

¹³The categories in which employment rates did not rise in each year were women aged 40 and above (Table 2A); those without prior AFDC use (Table 2A) or 18 to 23 months of prior use (Table 2B); education over 12 years or three or more children (Table 2B); youngest child 6–11 or 12–18 (both tables); and some of the top prior work experience and earnings categories in each table.

TABLE 3A
Percentage Who Worked All 4 Quarters in Each Year
(Women Receiving AFDC July 1990)

	N	1991	1992	1993
Total	6,515	22.1	26.6	30.2
Age				
18-24	1,904	18.4	22.7	27.9
25-29	1,722	23.7	28.1	31.9
30-39	2,205	25.0	30.2	33.1
40+	669	19.0	23.0	23.5
Education				
<11	1,493	13.0	16.1	18.8
11	1,259	19.6	23.4	25.3
12	2,475	26.7	31.7	36.6
>12	871	30.2	38.2	43.6
Race				
White	3,180	26.3	32.3	36.6
Black	2,420	18.7	21.2	23.8
Other	750	14.7	20.5	23.6
County				
Milwaukee	3,121	19.2	22.5	24.9
Urban	2,076	25.3	30.2	34.6
Rural	1,318	23.8	31.0	35.9
Marital Status				
Never married	3,378	20.8	24.7	28.4
Married	425	19.8	22.1	25.9
Separated/divorced	2,711	24.0	29.8	33.2
Number of Children				
1	2,594	23.6	29.1	32.9
2	2,047	23.2	27.2	30.0
3+	1,869	18.8	22.8	26.8
Age of Youngest Child				
<1	1,099	16.6	20.6	26.9
1	994	18.3	22.3	25.9
2	720	21.0	25.8	29.2
3-5	1,428	23.6	29.3	32.6
6-11	1,478	26.7	30.5	34.4
12-18	791	24.1	29.3	29.5

(table continues)

TABLE 3A, continued

	N	1991	1992	1993
Work Experience in Prior 8 Quarters				
0 quarter	2,426	7.3	11.8	16.8
1-3 quarters	1,917	18.6	22.1	27.0
4-7 quarters	1,649	35.1	42.3	43.2
8 quarters	523	62.3	62.7	63.3
Earnings in Prior 8 Quarters (1998\$)				
\$0	2,426	7.3	11.8	16.8
\$1-2,499	1,743	15.9	20.6	24.6
\$2,500-9,999	1,514	35.6	39.6	41.3
\$10,000+	832	53.4	58.9	61.2
Months on AFDC in Prior 24 Months				
0	138	30.4	34.1	36.2
1-5	663	23.4	28.7	31.2
6-11	1,222	23.4	28.0	33.6
12-17	837	22.5	28.0	30.9
18-23	1,421	24.6	30.2	33.8
24	2,234	18.7	22.1	25.2
Average Local Unemployment Rate				
Low (2.3%-4.9%)	1,199	25.9	32.0	37.0
Middle (5.0%-6.9%)	4,627	20.9	24.7	27.9
High (7.0%-10.4%)	646	24.1	30.0	33.6

TABLE 3B
Percentage Who Worked All 4 Quarters in Each Year
(Women Entering AFDC August 1990–June 1991)

	N	1992	1993	1994
Total	2,589	27.1	32.2	37.2
Age				
18–24	985	19.8	28.0	34.0
25–29	603	29.0	33.2	37.5
30–39	760	35.5	37.6	42.1
40+	208	27.9	31.3	36.1
Education				
<11	505	14.7	19.2	23.6
11	466	20.8	25.5	31.1
12	1,043	31.7	37.5	43.4
>12	375	41.1	45.3	50.1
Race				
White	1,580	30.8	37.0	43.2
Black	593	22.6	24.3	26.6
Other	315	18.1	23.5	26.7
County				
Milwaukee	784	21.7	26.9	28.6
Urban	1,002	29.1	34.5	39.0
Rural	803	29.9	34.4	43.3
Marital Status				
Never married	1,093	22.1	30.5	35.3
Married	376	28.2	31.6	36.4
Separated/divorced	1,120	31.6	34.0	39.3
Number of Children				
1	1,364	26.5	32.8	38.5
2	681	28.9	33.0	37.2
3+	538	26.6	29.6	34.2
Age of Youngest Child				
<1	858	21.2	28.1	33.8
1	333	18.3	25.8	30.6
2	240	26.3	32.5	35.4
3–5	436	30.0	32.8	38.3
6–11	462	35.7	37.4	43.7
12–18	254	39.0	43.7	45.7

(table continues)

TABLE 3B, continued

	N	1992	1993	1994
Work Experience in Prior 8 Quarters				
0 quarter	820	9.3	12.9	16.3
1-3 quarters	518	18.3	23.0	29.2
4-7 quarters	750	34.3	42.1	47.1
8 quarters	501	54.7	58.3	64.9
Earnings in Prior 8 Quarters (1998\$)				
\$0	820	9.3	12.9	16.3
\$1-2,499	453	15.0	21.0	27.2
\$2,500-9,999	547	30.2	36.6	41.5
\$10,000+	769	51.1	56.2	62.3
Months on AFDC in Prior 24 Months				
0	1,600	24.1	30.1	34.1
1-5	388	30.9	33.5	42.0
6-11	308	32.5	36.4	46.4
12-17	211	30.8	34.1	36.5
18-23	82	39.0	45.1	42.7
24	0	-	-	-
Average Local Unemployment Rate				
Low (2.3%-4.9%)	639	30.4	36.8	43.8
Middle (5.0%-6.9%)	1,534	25.6	30.1	33.6
High (7.0%-10.4%)	394	27.2	32.0	38.8

categories, fewer than half of those employed at some point in the year were employed in each of the four quarters. The relationships between demographic characteristics and employment in these tables are generally similar to those in Tables 2A and 2B. However, in some cases there was even greater variation in the probability of stable employment. For example, Table 2A shows that 42 percent of those with less than 11 years of education, and 59 percent of those with more than 12 years, worked at some point in 1991. Table 3A shows that the probability of stable employment was less than half for those in the lowest education category (13.0 percent) than for those in the highest (30.2 percent) in 1991. The only subgroups for whom more than half are in stable employment are those who worked consistently in the prior quarters and those with high previous earnings. Somewhat surprisingly, earnings stability is not strongly related to the average local unemployment rate.

We now turn to an examination of longer-term employment stability. Whereas Tables 3A and 3B show the probability of employment in all four quarters of the first and later years, Tables 4A and 4B show a count of the number of years in which members of each sample had any earnings. We examine the first three years after the sample was drawn (1991–1993 for the stock of cases, 1992–1994 for the flow of cases). There was substantial diversity in employment rates. In the sample of stock, 29 percent never worked, 16 percent worked in one year, 19 percent worked in two, and 37 percent worked in all of the first three years. Employment levels were somewhat higher for the sample of new cases, but still only 43 percent worked in covered employment in Wisconsin at some point in all of the first three years. Consistent with earlier tables, steady employment was more likely for those with more education, fewer children, and older children, and for women who were white and who did not live in Milwaukee. Again, prior labor market experience is a strong predictor of stability, but the local unemployment rate is not. Related analysis of the number of years in the first three in which participants worked in all four quarters shows similar patterns but lower levels (tables not shown). For example, in the first three years, 60 percent of the first sample never worked all four quarters of a year, about twice the proportion that never

TABLE 4A
Number of Years with Earnings over 3-Year Period (1991–1993)
(Women Receiving AFDC July 1990)

	N	0	1	2	3
Total	6,515	28.7	15.7	18.5	37.2
Age					
18–24	1,904	23.6	19.4	20.4	36.6
25–29	1,722	25.2	15.6	18.9	40.4
30–39	2,205	29.7	13.7	18.3	38.4
40+	669	48.9	12.0	12.4	26.8
Education					
<11	1,493	38.1	17.4	17.0	27.5
11	1,259	28.8	16.0	19.9	35.2
12	2,475	23.3	15.4	18.5	42.9
>12	871	21.0	13.3	20.3	45.4
Race					
White	3,180	23.3	15.3	19.1	42.3
Black	2,420	32.4	16.4	18.6	32.6
Other	750	40.5	14.9	14.8	29.7
County					
Milwaukee	3,121	33.0	16.0	17.9	33.1
Urban	2,076	24.7	15.8	19.2	40.3
Rural	1,318	24.6	14.6	18.7	42.0
Marital Status					
Never married	3,378	27.6	17.4	19.0	35.9
Married	425	36.7	15.5	16.5	31.3
Separated/Divorced	2,711	28.7	13.5	18.1	39.7
Number of Children					
1	2,594	25.9	15.5	18.0	40.5
2	2,047	28.9	14.3	18.7	38.1
3+	1,869	32.1	17.4	18.8	31.7
Age of Youngest Child					
<1	1,099	28.1	18.5	21.9	31.5
1	994	29.9	16.8	17.7	35.6
2	720	25.6	18.2	19.4	36.8
3–5	1,428	25.1	15.3	20.2	39.4
6–11	1,478	28.6	14.3	16.0	41.2
12–18	791	37.0	11.5	15.3	36.2

(table continues)

TABLE 4A, continued

	N	0	1	2	3
Work Experience in Prior 8 Quarters					
0 quarter	2,426	49.8	17.3	16.0	16.9
1-3 quarters	1,917	24.6	18.5	22.0	35.0
4-7 quarters	1,649	10.3	12.6	19.8	57.4
8 quarters	523	3.8	7.7	13.0	75.5
Earnings in Prior 8 Quarters (1998\$)					
\$0	2,426	49.8	17.3	16.0	16.9
\$1-2,499	1,743	24.7	18.2	22.8	34.2
\$2,500-9,999	1,514	11.6	14.0	19.7	54.8
\$10,000+	832	6.5	8.7	14.3	70.6
Months on AFDC in Prior 24 Months					
0	138	27.5	13.0	15.2	44.2
1-5	663	25.8	15.7	18.7	39.8
6-11	1,222	25.4	16.3	18.7	39.6
12-17	837	24.0	17.2	19.6	39.2
18-23	1,421	25.1	15.8	17.6	41.5
24	2,234	35.5	14.8	18.6	31.1
Average Local Unemployment Rate					
Low (2.3%-4.9%)	1,199	23.9	13.5	20.6	42.0
Middle (5.0%-6.9%)	4,627	30.6	16.4	17.7	35.4
High (7.0%-10.4%)	646	24.0	15.2	19.8	41.0

TABLE 4B
Number of Years with Earnings over 3-Year Period (1992–1994)
(Women Entering AFDC August 1990–June 1991)

	N	0	1	2	3
Total	2589	25.3	15.0	16.3	43.4
Age					
18–24	985	23.3	16.2	19.0	41.5
25–29	603	25.9	15.4	16.3	42.5
30–39	760	23.6	12.9	15.0	48.6
40+	208	39.4	12.5	8.7	39.4
Education					
<11	505	35.8	18.2	16.2	29.7
11	466	24.3	16.5	18.5	40.8
12	1043	22.5	13.0	15.2	49.2
>12	375	17.1	13.3	15.5	54.1
Race					
White	1580	20.7	15.3	16.1	48.0
Black	593	32.2	15.4	14.7	37.8
Other	315	35.2	14.0	18.7	32.1
County					
Milwaukee	784	32.3	15.6	14.0	38.1
Urban	1002	23.1	14.8	17.8	44.4
Rural	803	21.2	14.7	16.8	47.3
Marital Status					
Never married	1093	24.8	15.4	17.8	42.0
Married	376	26.9	15.2	16.8	41.2
Separated/divorced	1120	25.2	14.6	14.7	45.5
Number of Children					
1	1364	21.8	16.1	17.4	44.7
2	681	28.8	12.3	14.0	44.9
3+	538	29.4	15.2	16.9	38.5
Age of Youngest Child					
<1	858	25.1	17.8	17.5	39.6
1	333	24.0	15.9	21.9	38.1
2	240	30.8	14.2	13.3	41.7
3–5	436	25.2	12.8	18.1	43.8
6–11	462	22.9	13.0	14.3	49.8
12–18	254	26.0	11.8	9.1	53.2

(table continues)

TABLE 4B, continued

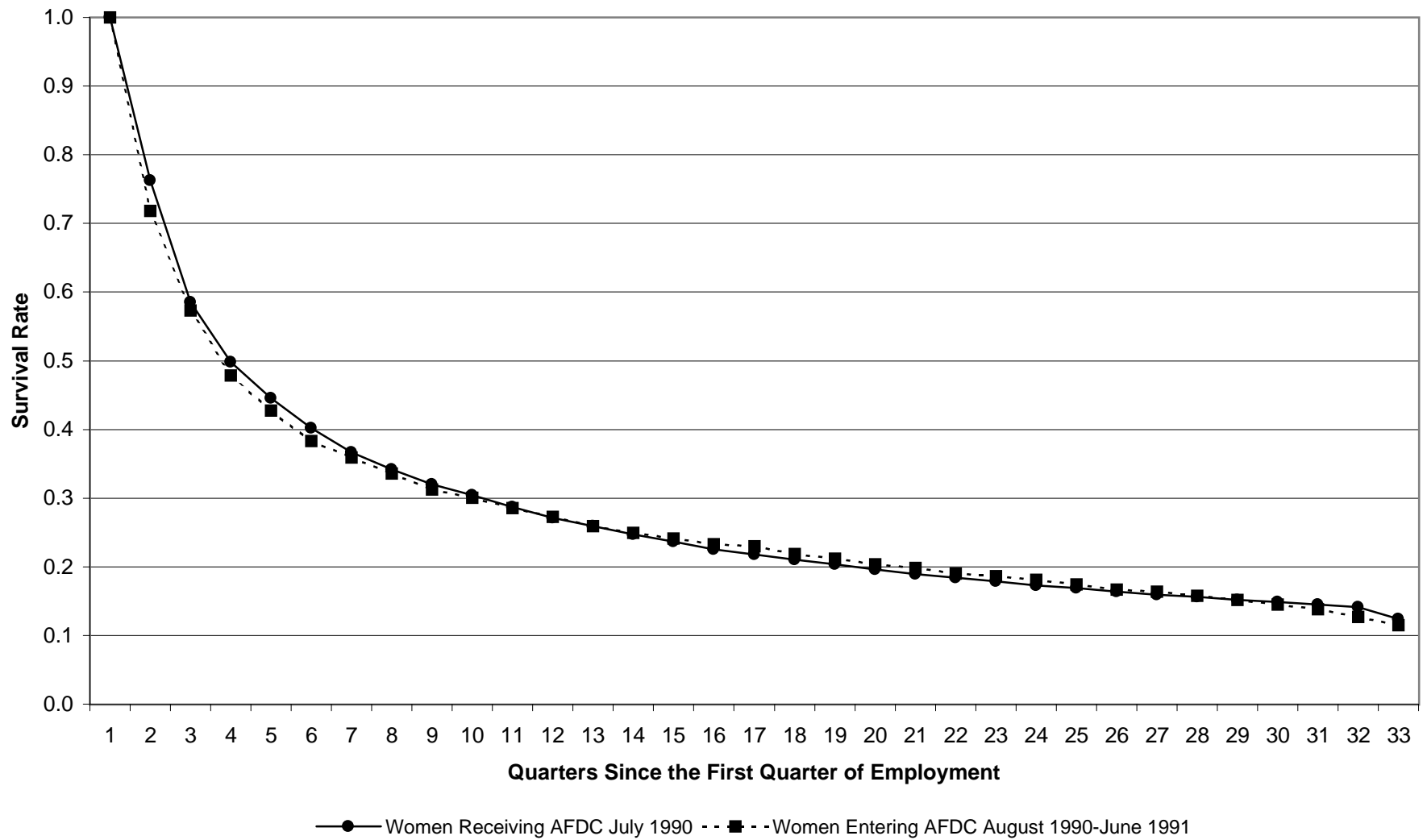
	N	0	1	2	3
Work Experience in Prior 8 Quarters					
0 quarter	820	49.4	16.5	13.8	20.4
1-3 quarters	518	25.7	18.9	19.1	36.3
4-7 quarters	750	11.3	13.7	18.7	56.3
8 quarters	501	6.2	10.4	14.2	69.3
Earnings in Prior 8 Quarters (1998\$)					
\$0	820	49.4	16.5	13.8	20.4
\$1-2,499	453	25.8	19.4	19.2	35.5
\$2,500-9,999	547	13.0	14.3	20.3	52.5
\$10,000+	769	7.9	11.3	14.6	66.2
Months on AFDC in Prior 24 Months					
0	1600	27.6	16.2	16.3	39.9
1-5	388	19.6	14.2	17.3	49.0
6-11	308	20.1	13.6	18.5	47.7
12-17	211	25.6	10.9	13.3	50.2
18-23	82	24.4	11.0	12.2	52.4
24	0	—	—	—	—
Average Local Unemployment Rate					
Low (2.3%-4.9%)	639	19.7	15.0	19.1	46.2
Middle (5.0%-6.9%)	1534	28.2	15.3	14.8	41.7
High (7.0%-10.4%)	394	23.1	14.5	17.5	44.9

worked in any quarter. Similarly, not even one in five had consistent earnings in each quarter over the three-year period.

An alternative approach to the analysis of employment stability is to consider the likelihood of having a quarter without any earnings after a person has begun working. Figure 1 shows the probability of “surviving” as an earner. The lines show the survival function for earners in our sample drawn from the stock of cases and for earners in our sample of new cases; the patterns are nearly identical. Both lines decline sharply in the first two quarters such that by the third quarter after first having earnings, over 40 percent of earners have had a full quarter without earnings (i.e., less than 60 percent of earners have “survived”). After eight to ten quarters, the risk of leaving employment declines. While only about 30 percent have consistent quarterly earnings to this point, the additional dropout rate is quite low. When we consider the survival rate by demographic characteristics (table not shown), some patterns are familiar: those with more education, older children, and more work experience and earnings, white women, and women not living in Milwaukee are generally more likely to maintain employment. The number of children, however, appears to have no systematic impact on the probability of sustained employment as measured here.

This measure of employment stability (the number of consecutive quarters with earnings) underestimates the instability individuals experience because some face a period of unemployment in the middle of a quarter, which would not be discernible in these quarterly data. Moreover, some individuals have earnings in every quarter but experience substantial declines in earnings from one quarter to the next. We thus consider a more stringent measure of employment stability—the number of consecutive quarters until a person experiences a drop of earnings of 20 percent or more (with a quarter with no earnings counting as a “drop” as well). Using this measure, earnings “instability” was quite high. For example, only 22 to 23 percent of both samples lasted until the end of the fourth quarter after they began earning without experiencing a substantial earnings drop.

FIGURE 1
Survival Probability of Remaining as Earner



A final measure of employment stability is to examine the number of employers an individual has during the quarters in which she works. Tables 5A and 5B present the average number of quarters worked in the three-year period (4.8 for the stock, 5.5 for the flow). The average number of employers is 2.1 (stock) to 2.3 (flow), so the mean number of quarters is twice as high as the mean number of employers, suggesting that consistently having multiple employers within the same quarter is not common. Nonetheless, about one-fifth of the individuals in the sample have four or more employers during the three-year period (not shown on table). Subgroups with the most “stable” employment according to this measure (fewest employers per quarter) are older women, those with higher education, and those with more previous work experience and higher previous earnings.

We now turn to the industries in which these women are employed, examined in Tables 6A and 6B.¹⁴ Welfare recipients work in a wide variety of industry groups. Among those receiving AFDC in July 1990, most welfare recipients were working in retail trade, health services, social services/public administration/education, restaurants, and temporary agencies. Though the differences between the stock and the flow are not large, temporary agencies appear somewhat more common for the stock and the durable manufacturing sector more common among the flow. Although some industries seemed to employ more of the samples over the three-year period, the time trend was not dramatic.

In summary, in this section we have reviewed the employment rates of women who participated in the AFDC-R program in Wisconsin during the 12 months beginning in July 1990. Of our two samples, women who were on AFDC in July (the stock of cases) had somewhat lower employment rates than those who began a spell of AFDC participation between August 1990 and June 1991. However, the basic patterns of employment were similar. For both samples, employment rates were higher for those with

¹⁴Leavers are categorized according to industrial classifications established by the federal *Standard Industrial Classification Manual* of 1987. The manual classifies industry of employment by a four-digit code. For this project, we used the most general levels of classification, except that we created separate classifications for construction, temporary agencies, and health services; distinguished among wholesale, retail, and food service trade; and distinguished among lodging, personal, business, and other services.

TABLE 5A
Average Number of Employers over 3-Year Period (1991–1993)
(Women Receiving AFDC July 1990)

	Entire Sample			Among Workers in Any of 12 Quarters		
	Average Number of Quarters Worked (A)	Average Number of Employers (B)	Average Ratio (B/A)	Average Number of Quarters Worked (A)	Average Number of Employers (B)	Average Ratio (B/A)
Total	4.8	2.1	0.39	6.8	2.9	0.55
Age						
18–24	4.7	2.4	0.48	6.1	3.1	0.63
25–29	5.2	2.2	0.41	6.9	3.0	0.55
30–39	5.1	1.9	0.35	7.2	2.8	0.50
40+	3.6	1.3	0.25	7.1	2.4	0.48
Education						
<11	3.5	1.7	0.39	5.7	2.8	0.63
11	4.5	2.2	0.44	6.4	3.1	0.62
12	5.5	2.2	0.40	7.2	2.9	0.51
>12	6.1	2.3	0.38	7.7	3.0	0.48
Race						
White	5.5	2.2	0.39	7.2	2.9	0.51
Black	4.2	2.0	0.41	6.2	3.0	0.61
Other	3.8	1.6	0.34	6.4	2.7	0.57
County						
Milwaukee	4.3	2.0	0.40	6.4	3.0	0.59
Urban	5.3	2.2	0.41	7.1	3.0	0.54
Rural	5.4	2.0	0.37	7.2	2.7	0.49

(table continues)

TABLE 5A, continued

	Entire Sample			Among Workers in Any of 12 Quarters		
	Average Number of Quarters Worked (A)	Average Number of Employers (B)	Average Ratio (B/A)	Average Number of Quarters Worked (A)	Average Number of Employers (B)	Average Ratio (B/A)
Marital Status						
Never married	4.7	2.1	0.42	6.5	3.0	0.59
Married	4.2	1.7	0.34	6.7	2.7	0.53
Separated/divorced	5.1	2.1	0.37	7.2	2.9	0.51
Number of Children						
1	5.2	2.2	0.40	7.0	3.0	0.54
2	4.9	2.1	0.39	6.9	3.0	0.55
3+	4.3	1.8	0.39	6.4	2.7	0.57
Age of Youngest Child						
<1	4.3	2.1	0.45	6.0	2.9	0.62
1	4.4	2.2	0.44	6.3	3.1	0.62
2	4.8	2.1	0.42	6.5	2.8	0.57
3-5	5.2	2.2	0.40	7.0	2.9	0.53
6-11	5.2	2.0	0.35	7.3	2.8	0.49
12-18	4.7	1.8	0.31	7.4	2.9	0.50
Work Experience in Prior 8 Quarters						
0 quarter	2.6	1.1	0.29	5.2	2.2	0.59
1-3 quarters	4.6	2.2	0.46	6.1	2.9	0.61
4-7 quarters	7.0	3.1	0.47	7.8	3.4	0.53
8 quarters	9.2	3.1	0.38	9.5	3.3	0.40

(table continues)

TABLE 5A, continued

	Entire Sample			Among Workers in Any of 12 Quarters		
	Average Number of Quarters Worked (A)	Average Number of Employers (B)	Average Ratio (B/A)	Average Number of Quarters Worked (A)	Average Number of Employers (B)	Average Ratio (B/A)
Earnings in Prior 8 Quarters						
\$0	2.6	1.1	0.29	5.2	2.2	0.59
\$1–2,499	4.5	2.2	0.48	5.9	3.0	0.64
\$2,500–9,999	6.8	2.9	0.46	7.6	3.3	0.53
\$10,000+	8.6	3.0	0.38	9.2	3.2	0.40
Months on AFDC in Prior 24 Months						
0	5.5	2.3	0.42	7.6	3.1	0.57
1–5	5.1	2.2	0.40	6.9	2.9	0.54
6–11	5.1	2.2	0.41	6.8	2.9	0.55
12–17	5.1	2.3	0.43	6.7	3.0	0.57
18–23	5.3	2.3	0.41	7.1	3.0	0.54
24	4.2	1.8	0.36	6.5	2.8	0.56
Average Local Unemployment Rate						
Low (2.3%–4.9%)	5.5	2.4	0.40	7.3	3.1	0.53
Middle (5.0%–6.9%)	4.6	2.0	0.40	6.6	2.9	0.57
High (7.0%–10.4%)	5.3	1.9	0.36	7.0	2.5	0.47

TABLE 5B
Average Number of Employers over 3-Year Period (1992–1994)
(Women Entering AFDC August 1990–June 1991)

	Entire Sample			Among Workers in Any of 12 Quarters		
	Average Number of Quarters Worked (A)	Average Number of Employers (B)	Average Ratio (B/A)	Average Number of Quarters Worked (A)	Average Number of Employers (B)	Average Ratio (B/A)
Total	5.5	2.3	0.40	7.4	3.1	0.54
Age						
18–24	5.2	2.6	0.47	6.8	3.4	0.62
25–29	5.5	2.2	0.38	7.4	2.9	0.52
30–39	6.1	2.3	0.36	8.0	3.0	0.47
40+	4.8	1.6	0.28	7.9	2.7	0.46
Education						
<11	3.9	2.0	0.42	6.0	3.1	0.66
11	5.0	2.6	0.48	6.6	3.4	0.64
12	6.1	2.4	0.38	7.9	3.1	0.49
>12	7.0	2.5	0.37	8.4	3.0	0.45
Race						
White	6.1	2.5	0.41	7.7	3.2	0.52
Black	4.5	2.2	0.42	6.7	3.2	0.62
Other	4.3	1.6	0.34	6.6	2.5	0.52
County						
Milwaukee	4.6	2.2	0.41	6.8	3.2	0.60
Urban	5.8	2.4	0.42	7.5	3.2	0.54
Rural	6.0	2.4	0.39	7.6	3.0	0.49

(table continues)

TABLE 5B, continued

	Entire Sample			Among Workers in Any of 12 Quarters		
	Average Number of Quarters Worked (A)	Average Number of Employers (B)	Average Ratio (B/A)	Average Number of Quarters Worked (A)	Average Number of Employers (B)	Average Ratio (B/A)
Marital Status						
Never married	5.3	2.4	0.44	7.1	3.2	0.59
Married	5.3	2.0	0.35	7.3	2.7	0.48
Separated/divorced	5.7	2.3	0.39	7.7	3.1	0.52
Number of Children						
1	5.7	2.5	0.44	7.2	3.2	0.56
2	5.5	2.2	0.36	7.7	3.0	0.50
3+	5.1	2.1	0.37	7.2	2.9	0.53
Age of Youngest Child						
<1	5.1	2.4	0.44	6.8	3.2	0.59
1	5.0	2.3	0.46	6.5	3.1	0.61
2	5.2	2.4	0.40	7.6	3.4	0.57
3-5	5.7	2.3	0.38	7.6	3.0	0.51
6-11	6.2	2.4	0.37	8.1	3.1	0.47
12-18	6.4	2.2	0.32	8.6	2.9	0.43
Work Experience in Prior 8 Quarters						
0 quarter	2.8	1.3	0.32	5.5	2.6	0.63
1-3 quarters	4.7	2.2	0.46	6.3	3.0	0.62
4-7 quarters	6.9	3.0	0.47	7.8	3.4	0.53
8 quarters	8.6	3.1	0.39	9.2	3.3	0.41

(table continues)

TABLE 5B, continued

	Entire Sample			Among Workers in Any of 12 Quarters		
	Average Number of Quarters Worked (A)	Average Number of Employers (B)	Average Ratio (B/A)	Average Number of Quarters Worked (A)	Average Number of Employers (B)	Average Ratio (B/A)
Earnings in Prior 8 Quarters						
\$0	2.8	1.3	0.32	5.5	2.6	0.63
\$1–2,499	4.5	2.3	0.48	6.1	3.1	0.65
\$2,500–9,999	6.4	3.0	0.50	7.4	3.5	0.57
\$10,000+	8.3	2.9	0.38	9.0	3.2	0.42
Months on AFDC in Prior 24 Months						
0	5.1	2.2	0.40	7.1	3.0	0.55
1–5	6.1	2.6	0.42	7.6	3.3	0.53
6–11	6.2	2.6	0.42	7.7	3.2	0.52
12–17	5.8	2.6	0.41	7.8	3.5	0.55
18–23	6.4	2.6	0.36	8.5	3.4	0.48
24	—	—	—	—	—	—
Average Local Unemployment Rate						
Low (2.3%–4.9%)	6.1	2.7	0.44	7.6	3.3	0.55
Middle (5.0%–6.9%)	5.2	2.2	0.40	7.2	3.1	0.56
High (7.0%–10.4%)	5.7	2.1	0.38	7.3	2.8	0.49

TABLE 6A
Employers' SIC Codes among Workers in Each Year
(Women Receiving AFDC July 1990)

	1991	1992	1993
Temporary Agencies	10.0	10.1	10.7
Agriculture, Forestry, Mining	0.7	0.6	0.4
Hotel, Lodging	3.7	3.6	3.4
Restaurants	11.8	10.9	10.5
Business Services	7.5	7.9	7.4
Retail Trade	14.3	12.3	11.9
Wholesale Trade	2.2	2.2	2.1
Other Services	1.7	2.0	1.5
Personal Services	3.6	3.2	3.0
Nondurable Manufacturing	6.0	5.4	5.7
Social Services, Public Administration, Education	13.1	14.8	15.4
Transportation, Communication, Public Utilities	2.3	2.6	2.6
Health Services	14.1	14.3	14.6
Durable Manufacturing	5.7	6.5	7.1
Construction	0.6	0.4	0.6
Financial, Insurance, Real Estate	2.7	3.1	3.2

TABLE 6B
Employers' SIC Codes among Workers in Each Year
(Women Entering AFDC August 1990–June 1991)

	1992	1993	1994
Temporary Agencies	7.6	7.1	7.1
Agriculture, Forestry, Mining	0.6	0.5	0.7
Hotel, Lodging	3.2	3.0	2.4
Restaurants	14.7	14.6	11.9
Business Services	5.1	5.9	6.1
Retail Trade	15.8	14.8	13.8
Wholesale Trade	1.7	2.5	2.7
Other Services	1.7	1.7	1.9
Personal Services	2.7	2.6	2.8
Nondurable Manufacturing	8.2	7.7	8.1
Social Services, Public Administration, Education	12.7	13.5	14.0
Transportation, Communication, Public Utilities	2.0	2.0	1.9
Health Services	12.0	11.6	12.0
Durable Manufacturing	8.9	9.7	11.5
Construction	0.4	0.4	0.6
Financial, Insurance, Real Estate	2.4	2.4	2.4

more education, fewer children, and older children. Those with greater work experience and earnings in the two years before entering the sample were more likely to work, as were white women and women who did not live in Milwaukee County. Somewhat surprisingly, the local unemployment rate did not have a strong effect on employment rates for this sample. Within almost every group, employment rates increased over time. The percentage with earnings some time in the year grew from 52 to 57 percent among the stock of cases, and from 56 to 62 percent among new cases, in the three years after the sample was drawn. We explored several measures of employment stability. Working in each quarter of the year was fairly uncommon, reaching only about one-third among the stock of cases even in the fourth year. A different measure is the number of years out of the first three in which a woman was employed; again only about 40 percent were employed in all three years. More than three-quarters of the cases experienced a drop in quarterly earnings of at least 20 percent within the first year after earnings started. Overall, the results suggest that neither joblessness nor sustained employment was the norm; about one in four women never worked in the three years after they entered our samples, but even fewer—about one in five—worked in every quarter of all three years.

B. Earnings

Given that employment rates were substantial, we can expect earnings from employment to be an important source of income for many women who have received AFDC. Although administrative data do not include information on hourly wages and number of hours worked, we do have information on total quarterly earnings. In this section we review the distribution of earnings by demographic characteristics and over time.

Figures 2A and 2B show the trend in earnings for the two samples. Each figure shows median annual earnings as well as the 25th and 75th percentile of earnings for all earners. The level of earnings is somewhat higher for the flow of new cases, but there was substantial growth in annual earnings over time for both samples and at each of these points in the distribution,. Median earning grew from \$3,734

FIGURE 2A
Trend of Earnings among Workers
Women Receiving AFDC July 1990

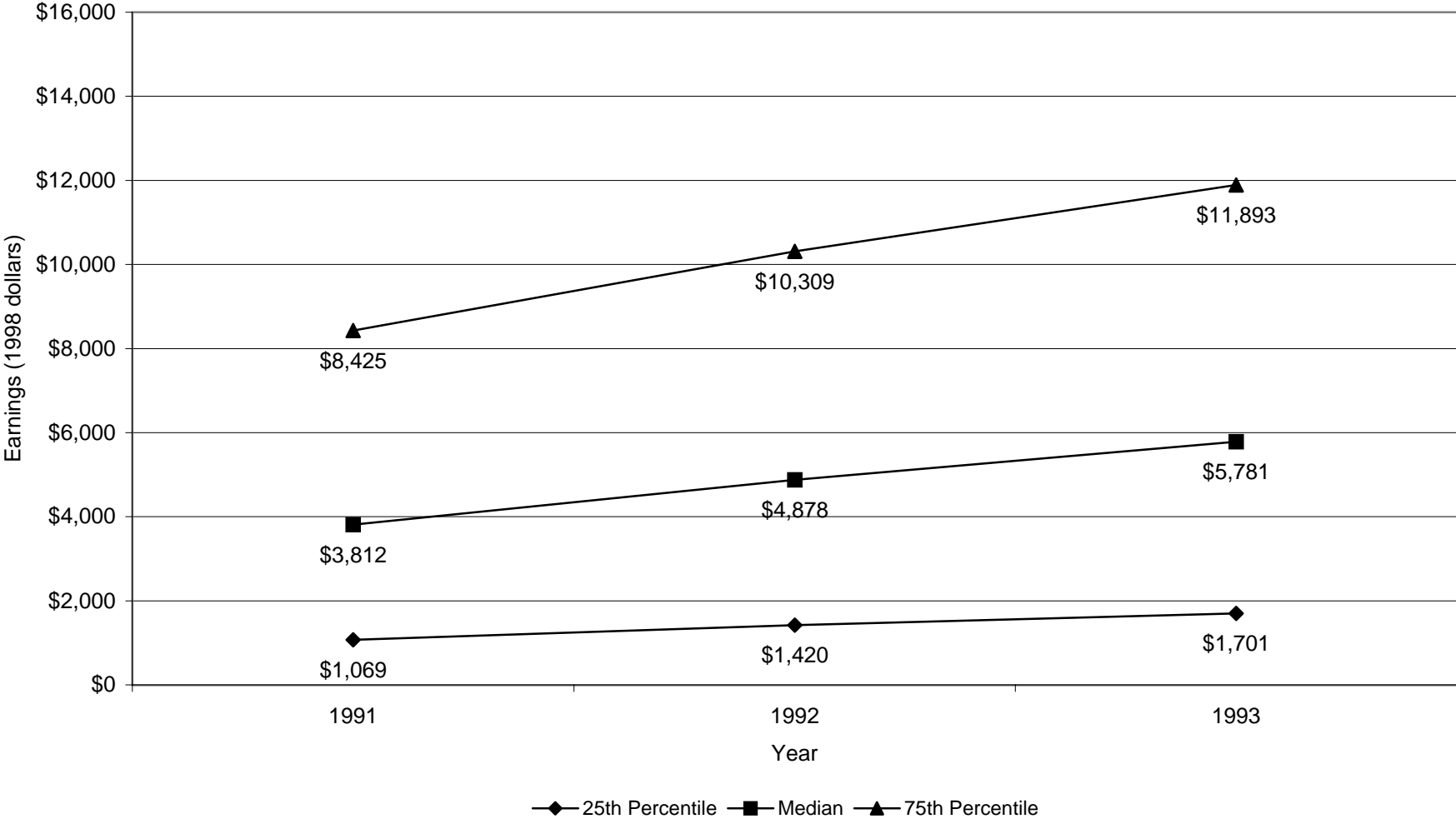
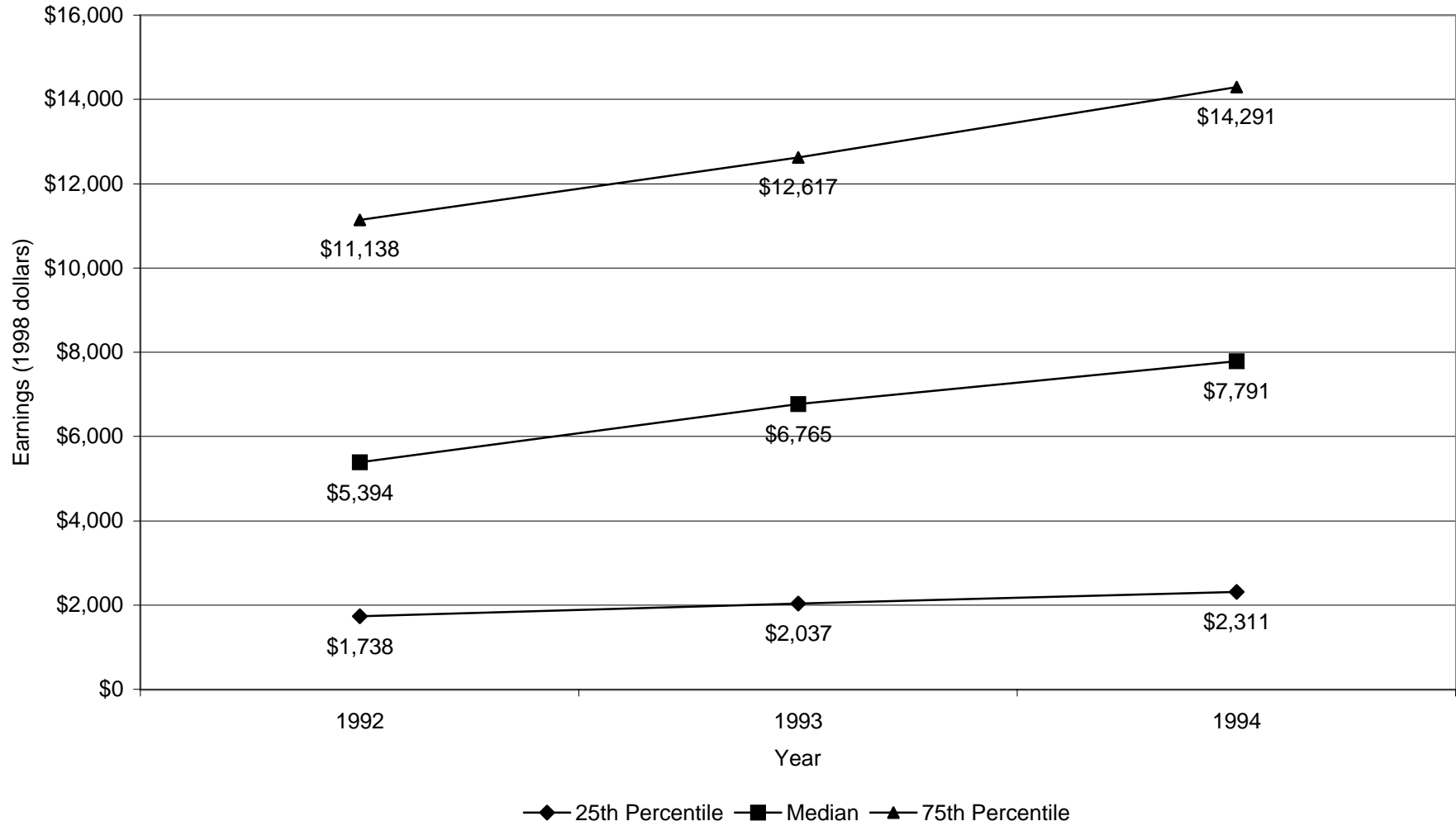


FIGURE 2B
Trend of Earnings among Workers
Women Entering AFDC August 1990-June 1991



to \$5,660 over three years for the stock of cases, and from \$5,269 to \$7,459 for new cases. The level of earnings was higher among those who worked in all four quarters of each year, but for new cases the growth was somewhat more modest (figures not shown). For example, median earnings among those working in all four quarters rose from \$8,830 to \$11,791 for the stock of cases and from \$10,988 to \$12,678 for the flow.

Tables 7A and 7B show the annual earnings by demographic characteristics for all those with earnings. Some of the patterns are similar to those discussed for employment. Those with more education, older children, and greater employment and earnings in the two years prior, white women, and women not living in Milwaukee had higher median earnings. On the other hand, while greater numbers of children reduced the probability of employment, median earnings did not fall consistently with family size among those who did work. The youngest and oldest participants were the least likely to work; however, among those who worked, earnings rose fairly consistently with age, and those 40 and older had among the highest earnings. Median earnings increased over time in every category we examined.

Figures 3A and 3B summarize the employment and earnings of each sample. Each figure shows the proportion of the sample with zero earnings, earnings below \$2,500, between \$2,500 and \$4,999, between \$5,000 and \$7,499, between \$7,500 and \$9,999, and \$10,000 and over in each year. The figures show a decline over time in the proportion of both groups that was not earning. They also show that earnings gradually rose. The proportion earning more than \$10,000 grew substantially, from 9 to 21 percent among the stock and from 16 to 25 percent among the flow.

In summary, we find increases in earnings over time, both among those with earnings and among the sample as a whole. As in the employment section, we find considerable diversity, with between one-fifth and one-fourth earning more than \$10,000 in 1994, and about two-fifths not earning anything.

TABLE 7A
Annual Earnings among Workers in Each Year
(Women Receiving AFDC July 1990)

	25th Percentile			Median			75th Percentile		
	1991	1992	1993	1991	1992	1993	1991	1992	1993
Total	1,069	1,420	1,701	3,812	4,878	5,781	8,425	10,309	11,893
Age									
18-24	713	899	1,102	2,616	3,383	4,185	6,601	8,182	10,188
25-29	1,124	1,559	2,028	3,732	5,264	6,241	8,248	10,571	12,191
30-39	1,549	1,789	2,106	4,839	6,099	6,977	9,526	11,460	12,913
40+	1,403	2,049	2,257	5,153	6,862	6,905	9,967	11,508	11,912
Education									
<11	661	705	1,006	2,169	2,471	3,377	6,370	7,946	8,310
11	838	1,029	1,152	2,760	3,654	4,125	7,003	8,316	9,808
12	1,561	1,857	2,241	4,463	5,702	6,881	8,853	10,805	12,365
>12	1,659	2,748	3,587	5,605	7,539	9,505	11,402	14,076	16,874
Race									
White	1,439	1,828	2,380	4,430	5,625	6,848	8,802	10,620	12,518
Black	823	940	969	2,969	3,724	4,327	7,833	9,407	10,910
Other	899	1,411	1,706	3,226	5,143	5,476	6,969	10,540	11,729
County									
Milwaukee	874	1,029	1,160	3,198	3,981	4,716	7,973	9,468	11,198
Urban	1,190	1,778	2,120	4,101	5,693	6,600	8,788	11,194	12,457
Rural	1,412	1,832	2,473	4,344	5,890	6,754	8,249	10,208	12,332
Marital Status									
Never married	887	1,134	1,240	3,268	4,259	4,916	7,515	9,478	11,157
Married	1,422	1,477	1,668	4,315	4,837	5,798	9,040	9,750	11,183
Separated/divorced	1,353	1,803	2,414	4,321	5,903	6,927	9,086	11,205	12,860

(table continues)

TABLE 7A, continued

	25th Percentile			Median			75th Percentile		
	1991	1992	1993	1991	1992	1993	1991	1992	1993
Number of Children									
1	1,147	1,522	1,787	3,763	5,050	5,917	8,156	10,219	12,007
2	1,126	1,475	1,954	4,027	5,235	5,859	8,687	10,733	12,038
3+	919	1,194	1,369	3,638	4,273	5,339	8,533	9,750	11,517
Age of Youngest Child									
<1	704	914	1,293	2,597	3,354	4,602	6,396	8,215	10,500
1	682	1,179	1,118	2,687	3,950	4,268	7,121	8,895	10,550
2	933	1,395	1,704	3,365	4,762	5,078	7,770	10,830	12,068
3-5	1,236	1,534	1,981	3,989	5,365	6,151	8,583	10,468	12,518
6-11	1,589	1,729	2,435	4,952	5,878	7,403	9,361	10,901	12,750
12-18	1,517	1,958	2,274	5,058	6,955	6,719	9,394	12,032	12,821
Work Experience in Prior 8 Quarters									
0 quarter	664	787	1,171	2,361	2,778	4,495	6,011	8,382	10,508
1-3 quarters	734	1,012	1,147	2,549	3,455	4,492	6,768	8,842	11,129
4-7 quarters	1,418	2,144	2,279	4,575	6,171	6,565	9,027	10,920	12,292
8 quarters	3,904	4,835	5,364	7,232	8,522	9,540	11,548	13,828	14,580
Earnings in Prior 8 Quarters									
\$0	664	787	1,171	2,361	2,778	4,495	6,011	8,382	10,508
\$1-2,499	639	810	941	2,018	2,909	3,495	5,347	7,892	9,415
\$2,500-9,999	1,436	2,070	2,178	4,509	5,757	6,151	8,465	10,173	11,986
\$10,000+	3,971	4,986	5,565	7,777	9,131	10,352	12,098	14,384	15,289

(table continues)

TABLE 7A, continued

	25th Percentile			Median			75th Percentile		
	1991	1992	1993	1991	1992	1993	1991	1992	1993
Months on AFDC in Prior 24 Months									
0	1,410	2,997	1,932	5,571	6,670	7,912	9,861	12,751	13,369
1-5	1,325	1,403	1,587	4,311	4,997	6,166	9,261	10,560	11,568
6-11	924	1,570	2,061	3,590	4,841	6,197	8,300	10,167	12,626
12-17	1,097	1,606	1,683	3,764	5,193	5,848	8,349	10,258	12,019
18-23	1,107	1,558	1,904	4,298	5,611	6,562	8,669	10,691	12,309
24	1,112	1,165	1,382	3,386	4,019	4,746	7,869	9,745	11,157
Average Local Unemployment Rate									
Low (2.3%–4.9%)	1,563	2,061	2,298	4,605	5,953	6,686	9,025	11,258	12,811
Middle (5.0%–6.9%)	968	1,215	1,455	3,658	4,526	5,223	8,264	9,914	11,532
High (7.0%–10.4%)	1,131	1,722	2,448	3,520	5,325	6,854	8,211	10,350	12,566

TABLE 7B
Annual Earnings among Workers in Each Year
(Women Entering AFDC August 1990–June 1991)

	25th Percentile			Median			75th Percentile		
	1992	1993	1994	1992	1993	1994	1992	1993	1994
Total	1,738	2,037	2,311	5,394	6,765	7,791	11,138	12,617	14,291
Age									
18–24	1,006	1,212	1,550	3,835	5,077	5,806	7,783	10,681	12,666
25–29	1,890	2,509	2,977	5,548	7,031	7,523	11,742	12,617	15,203
30–39	2,720	2,825	4,015	7,616	8,308	10,071	12,844	14,559	15,731
40+	1,981	2,902	3,785	7,935	8,432	9,933	13,091	14,238	15,409
Education									
<11	953	757	842	3,550	3,525	4,980	8,277	9,298	10,993
11	816	1,034	1,643	3,481	4,337	4,637	8,446	10,064	11,438
12	2,357	2,680	3,126	6,104	7,586	8,432	11,418	12,929	14,549
>12	3,215	4,118	5,700	8,256	10,313	13,485	13,291	16,687	19,265
Race									
White	1,981	2,564	3,419	5,512	7,320	8,394	11,124	12,617	14,820
Black	1,033	832	755	5,113	4,438	4,821	11,353	12,497	12,961
Other	1,474	2,020	1,646	4,741	6,460	7,100	11,158	13,724	13,543
County									
Milwaukee	1,185	1,323	987	4,864	6,158	5,632	11,064	12,359	13,511
Urban	1,872	2,095	2,669	5,570	7,078	8,369	11,255	12,934	14,705
Rural	2,111	2,534	3,451	5,556	6,781	8,196	11,106	12,570	14,481
Marital Status									
Never married	1,482	1,475	1,642	4,891	6,251	6,841	9,163	11,928	13,197
Married	1,466	2,037	3,013	5,847	6,476	7,648	11,329	13,122	14,773
Separated/divorced	2,067	2,347	2,932	6,058	7,233	8,689	11,854	13,610	15,301

(table continues)

TABLE 7B, continued

	25th Percentile			Median			75th Percentile		
	1992	1993	1994	1992	1993	1994	1992	1993	1994
Number of Children									
1	1,474	2,020	2,133	5,100	6,296	7,397	10,683	12,342	13,575
2	2,171	2,483	3,230	6,444	7,528	8,368	11,724	13,519	15,269
3+	1,915	1,523	2,380	5,785	6,787	7,918	11,199	12,655	14,712
Age of Youngest Child									
<1	1,396	1,415	1,542	4,401	5,464	5,928	9,078	11,041	13,129
1	863	1,038	1,758	3,542	4,087	5,180	9,142	10,962	13,146
2	1,589	2,690	2,015	4,711	6,847	6,540	11,106	12,873	13,017
3-5	1,697	2,448	3,143	5,818	7,365	9,064	11,096	13,290	15,202
6-11	2,786	3,019	4,236	7,338	8,182	10,146	12,639	12,826	15,019
12-18	3,023	4,201	5,632	8,609	10,270	11,259	13,976	15,885	16,732
Work Experience in Prior 8 Quarters									
0 quarter	664	725	972	2,884	3,206	4,029	7,616	8,431	10,266
1-3 quarters	1,033	978	1,334	3,430	4,133	5,147	7,507	10,553	12,406
4-7 quarters	1,859	2,394	2,782	5,692	7,074	7,888	11,035	12,655	14,291
8 quarters	4,133	4,892	5,594	8,784	10,821	11,310	14,457	16,358	17,342
Earnings in Prior 8 Quarters									
\$0	664	725	972	2,884	3,206	4,029	7,616	8,431	10,266
\$1-2,499	668	811	1,065	2,404	3,052	4,024	6,283	8,724	10,640
\$2,500-9,999	1,592	1,782	2,280	4,462	5,764	6,973	8,912	11,083	13,759
\$10,000+	4,308	5,211	5,656	9,112	10,427	11,376	14,556	16,072	16,950

(table continues)

TABLE 7B, continued

	25th Percentile			Median			75th Percentile		
	1992	1993	1994	1992	1993	1994	1992	1993	1994
Months on AFDC in Prior 24 Months									
0	1,637	1,904	1,921	5,186	6,416	7,099	10,793	12,517	13,983
1-5	1,266	2,536	3,065	5,530	6,822	8,344	11,424	12,662	14,001
6-11	2,017	1,707	3,276	5,780	6,509	8,592	11,393	12,654	14,629
12-17	2,070	1,886	1,988	6,001	7,046	7,513	11,742	14,193	15,626
18-23	3,309	2,483	3,692	7,175	8,915	9,352	11,878	12,276	14,291
24	—	—	—	—	—	—	—	—	—
Average Local Unemployment Rate									
Low (2.3%–4.9%)	1,908	2,343	3,003	5,934	7,303	8,484	11,458	13,249	14,829
Middle (5.0%–6.9%)	1,637	1,779	2,036	5,221	6,406	7,270	10,883	12,372	13,857
High (7.0%–10.4%)	1,601	1,798	2,744	4,935	6,291	7,786	11,201	11,084	13,537

Figure 3A
Distribution of Earnings
Women Receiving AFDC July 1990

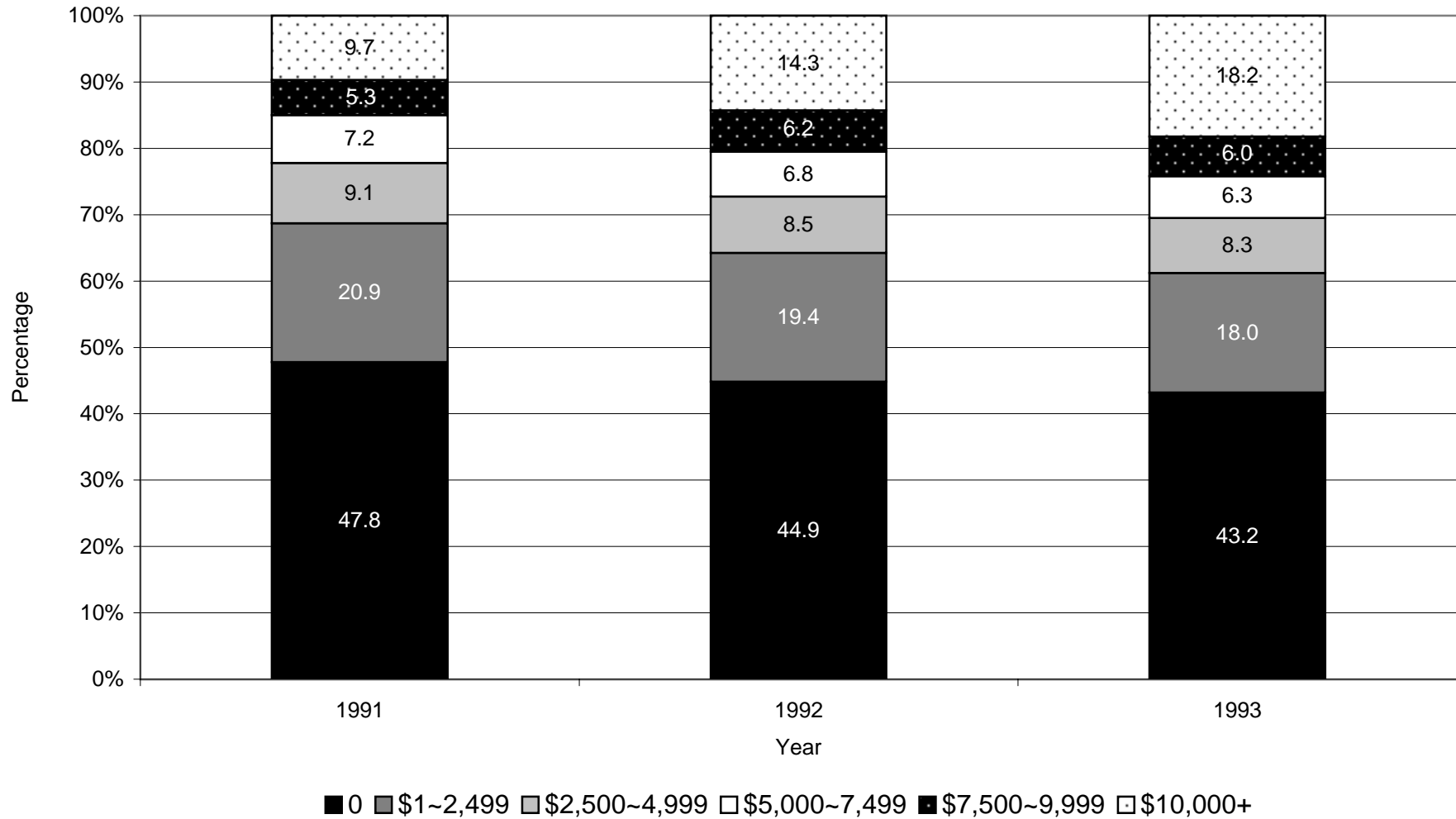
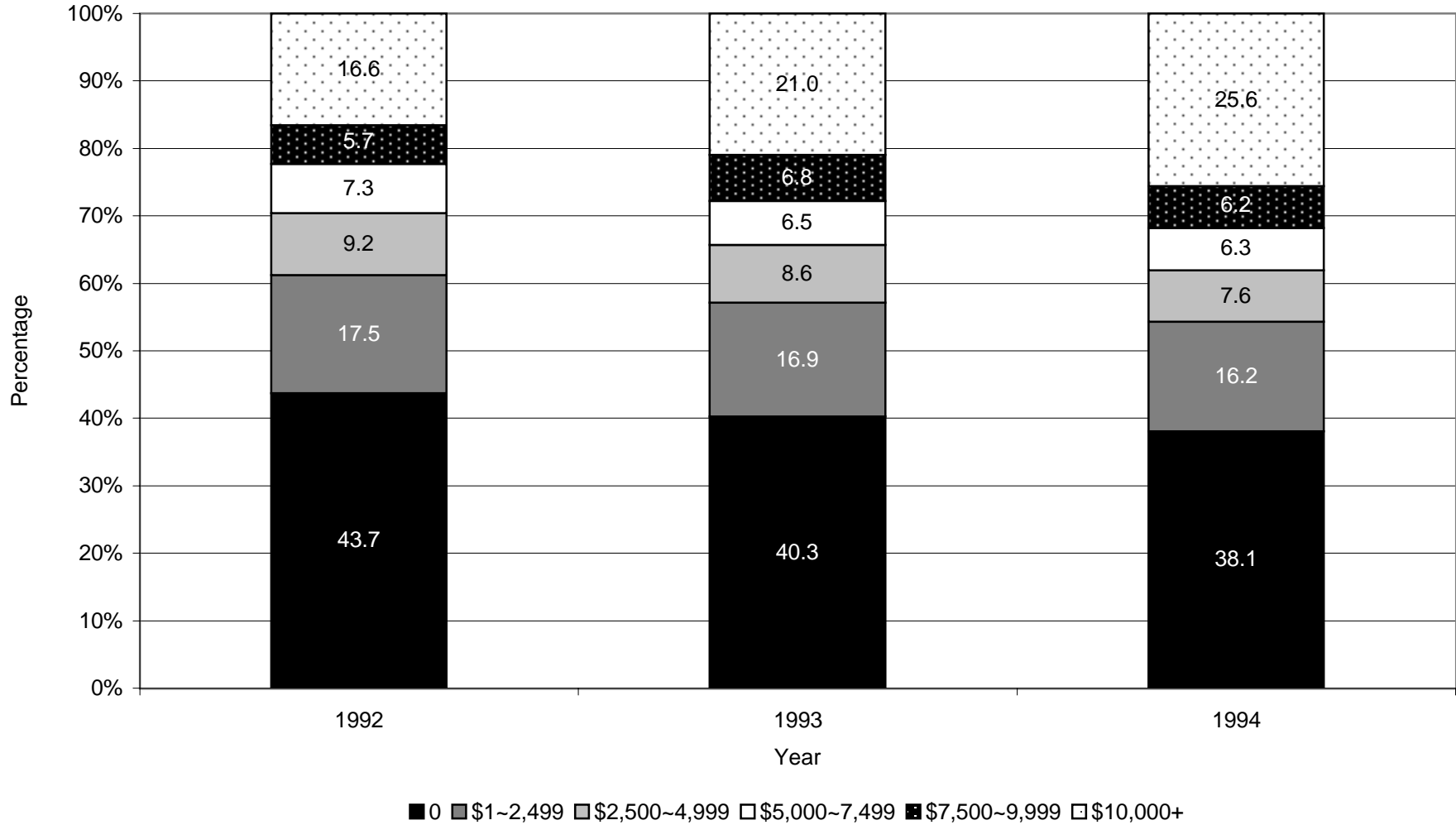


Figure 3B
Distribution of Earnings
Women Entering AFDC August 1990-June 1991



C. Use of Means-Tested Transfers

Tables 8A and 8B examine the use of various means-tested transfers in the three-year period. Consistent with our expectations about the stock including more long-term recipients, later use of AFDC is lower among the flow than the stock, with 66 percent of the stock receiving AFDC in the third year, compared with 45 percent of the flow. Among both samples, AFDC use declines over time, with the percentage having any AFDC dropping from 89 to 66 percent among the stock and from 66 to 45 percent among the flow. Food Stamps and Medicaid are similar to AFDC in that use is lower among the flow than the stock and that use declines over time. While most women are still receiving at least one of the three programs in the third year (76 percent of the stock and 59 percent of the flow), continual use of all three programs is not common: in the third year, only 31 percent of the stock and 15 percent of the flow used all three programs in each month.

We now turn to a longitudinal examination of receiving means-tested transfers, as shown in Tables 9A and 9B. Here we count the number of years out of three in which an individual received the three different types of means-tested transfers. Again we find that occasional use is fairly common (63 percent of the stock and 39 percent of the flow received some AFDC in all years), but continual use is not (27 percent of the stock and 11 percent of the flow received AFDC in each of the 36 months). Receipt of Food Stamps and Medicaid (Medical Assistance) follows similar patterns. Examining the three programs together over the whole period, the same pattern appears: more than half the women (74 percent of the stock and 53 percent of the flow) received at least one program in at least one month of all three years, but only 22 percent of the stock and 8 percent of the flow received all three programs for all 36 months.

D. Income and Poverty

Own earnings and means-tested transfers were very important sources of income. However, our previous work suggests that when former recipients have spouses, this source of income is a substantial portion of total family income. Unfortunately, we do not know from these data whether a woman has

TABLE 8A
Percentage Receiving Means-Tested Transfers
(Women Receiving AFDC July 1990)

	1991	1992	1993
AFDC in any month	88.7	76.3	66.1
AFDC in all months	57.3	43.1	35.9
Food Stamps in any month	86.4	77.4	69.0
Food Stamps in all months	57.1	43.7	37.3
Medicaid in any month	92.9	82.5	73.2
Medicaid in all months	71.2	54.4	45.9

TABLE 8B
Percentage Receiving Means-Tested Transfers
(Women Entering AFDC August 1990–June 1991)

	1992	1993	1994
AFDC in any month	66.1	55.2	45.3
AFDC in all months	28.3	23.6	18.3
Food Stamps in any month	69.0	59.6	50.4
Food Stamps in all months	28.9	25.6	20.4
Medicaid in any month	75.1	62.3	55.8
Medicaid in all months	39.9	33.3	27.8

TABLE 9A
Number of Years Receiving Means-Tested Transfers over 3-Year Period (1991–1993)
(Women Receiving AFDC July 1990)

	0	1	2	3
AFDC in any month	9.3	12.8	15.3	62.6
AFDC in all months	35.2	20.0	18.0	26.8
Food Stamps in any month	10.6	10.6	14.3	64.5
Food Stamps in all months	34.8	19.8	18.0	27.4
Medicaid in any month	5.9	10.3	13.3	70.6
Medicaid in all months	22.8	19.5	21.2	36.6

TABLE 9B
Number of Years Receiving Means-Tested Transfers over 3-Year Period (1992–1994)
(Women Entering AFDC August 1990–June 1991)

	0	1	2	3
AFDC in any month	28.1	16.2	16.8	39.0
AFDC in all months	63.0	14.7	11.4	10.9
Food Stamps in any month	24.9	14.8	16.8	43.5
Food Stamps in all months	60.3	16.2	11.9	11.6
Medicaid in any month	20.1	15.5	15.5	48.9
Medicaid in all months	49.2	18.4	14.6	17.8

married or has a cohabiting partner, nor do we know the income of others in her household. We have direct information only on her own earnings, AFDC, and Food Stamps amounts. Thus for women who are married or have a cohabitor, the measures of income and poverty we report can be thought of as those she would have if she were to separate without changing other income sources.

Because we are interested in a broad measure of economic well-being, we prefer a measure of income in which we subtract any amounts that individuals must pay for payroll or income taxes. Moreover, because a major source of income for low-income parents who are working is the Earned Income Tax Credit (EITC), we would like to count this as income as well. These adjustments present two difficulties: first, income taxes are not recorded, so must be estimated;¹⁵ second, federal EITC benefits increased substantially between 1991 and 1996, so we have recalculated EITC amounts using the 1996 schedule.¹⁶

Tables 10A and 10B show that few families escape poverty based on our definition of “net income.” In fact, in each of the first three years, most of the families have incomes *less than half* the poverty line. Poverty rates are substantial, 93 percent in the first year for the stock and 87 percent for the flow. Poverty rates do improve a little over time, declining from 93 to 86 percent for the stock and from 87 to 76 percent for the flow. Some researchers define “near poor” as those with incomes between the poverty line and twice the poverty line; using this definition, more than 98 percent of families are poor or near poor even in the third year. Although they varied substantially by demographic categories, poverty

¹⁵We estimate federal taxes as if all file as the head of household, taking standard deductions only. We do not include state income taxes because such estimations are subject to much greater inaccuracy—the Wisconsin standard deduction is more complex than the federal standard deduction, and the Wisconsin Homestead Tax Credit is a larger share of the state budget than the Wisconsin Earned Income Tax Credit and quite difficult to estimate. In future projects, we hope to obtain actual Wisconsin tax data for families in our sample.

¹⁶Note that women faced a particular policy regime, and their earnings and income are related to this regime. It is possible that the expanded EITC would have encouraged some individuals who were not working to begin to work, or could have encouraged some to work more (or less). We ignore these potential labor supply effects and mechanically update incomes to what they would have been had the later (more generous) EITC schedule been in effect. For a review of estimates of the labor supply effects of the EITC, see Dickert, Houser, and Scholz, 1995.

TABLE 10A
Income-to-Poverty Ratio
(Women Receiving AFDC July 1990)

	1991					1992					1993				
	<0.5	0.5-0.99	1.0-1.49	1.5-1.99	2.0+	<0.5	0.5-0.99	1.0-1.49	1.5-1.99	2.0+	<0.5	0.5-0.99	1.0-1.49	1.5-1.99	2.0+
Total	69.0	23.8	6.0	0.9	0.2	64.3	24.9	8.5	1.8	0.6	57.2	29.0	10.3	2.5	0.9
Age															
18-24	69.6	23.1	6.5	0.7	0.1	65.4	25.0	7.6	1.6	0.4	55.2	31.0	10.6	2.6	0.6
25-29	67.7	25.2	6.0	0.9	0.3	62.1	25.5	9.9	1.9	0.6	53.9	31.7	11.0	2.4	1.1
30-39	68.1	24.2	6.0	1.3	0.4	62.5	26.2	8.2	2.2	0.9	58.1	27.2	10.6	3.0	1.2
40+	73.5	20.8	5.2	0.5	0.0	71.8	18.4	8.5	1.1	0.3	67.9	22.9	7.5	1.2	0.6
Education															
<11	78.5	18.3	2.7	0.5	0.1	74.2	20.8	4.3	0.5	0.2	67.5	26.1	5.4	0.8	0.2
11	71.3	23.4	4.7	0.7	0.0	66.4	26.4	5.7	1.4	0.2	60.4	30.4	7.3	1.6	0.2
12	64.4	27.3	7.3	0.8	0.2	59.8	27.2	10.6	2.0	0.4	51.4	31.7	13.3	2.8	0.9
>12	60.6	25.5	10.5	2.6	0.8	53.7	25.1	14.4	4.5	2.3	46.3	27.4	16.7	6.1	3.6
Race															
White	67.9	24.4	6.7	0.8	0.2	61.8	25.4	10.1	2.2	0.6	55.5	28.0	12.4	3.0	1.2
Black	68.5	24.3	5.7	1.1	0.3	65.7	25.5	6.7	1.5	0.7	57.6	31.3	8.6	1.8	0.7
Other	76.0	19.3	3.7	0.9	0.0	70.1	20.8	7.2	1.5	0.4	62.4	27.6	6.9	2.5	0.5
County															
Milwaukee	68.1	24.3	5.9	1.3	0.4	64.6	25.9	7.0	1.7	0.8	55.3	32.9	8.6	2.3	0.9
Urban	68.6	24.1	6.5	0.8	0.1	63.0	23.8	10.7	2.1	0.5	57.1	26.7	12.4	2.8	1.0
Rural	72.1	21.9	5.6	0.3	0.1	65.3	24.1	8.7	1.6	0.3	61.7	23.6	11.2	2.6	0.9
Marital Status															
Never married	68.6	23.7	6.6	1.0	0.3	63.8	25.2	8.6	2.0	0.5	54.6	31.4	10.6	2.5	0.9
Married	75.8	20.2	3.8	0.2	0.0	72.0	22.8	4.5	0.5	0.2	69.7	23.3	6.1	0.7	0.2
Separated/divorced	68.6	24.5	5.7	1.0	0.2	63.6	24.8	9.0	1.8	0.7	58.4	27.0	10.7	2.9	1.0
Number of Children															
1	65.3	24.1	8.7	1.4	0.5	60.5	24.3	11.2	3.2	0.9	52.9	28.2	13.1	4.4	1.4
2	66.6	25.7	6.7	0.8	0.2	61.2	27.0	9.9	1.4	0.6	53.9	31.3	11.8	2.0	1.0
3+	77.0	21.0	1.6	0.4	0.0	72.9	23.3	3.2	0.4	0.2	66.6	27.8	5.0	0.5	0.2

(table continues)

TABLE 10A, continued

	1991					1992					1993				
	<0.5	0.5-0.99	1.0-1.49	1.5-1.99	2.0+	<0.5	0.5-0.99	1.0-1.49	1.5-1.99	2.0+	<0.5	0.5-0.99	1.0-1.49	1.5-1.99	2.0+
Age of Youngest Child															
<1	75.3	18.5	5.9	0.2	0.1	69.1	22.8	6.9	0.9	0.3	59.5	29.3	9.4	1.5	0.4
1	73.1	21.2	4.8	0.6	0.2	68.4	23.9	5.8	1.4	0.4	60.1	28.9	8.6	2.2	0.3
2	68.1	25.1	5.6	1.1	0.1	62.5	26.3	9.3	1.4	0.6	54.4	31.8	10.0	2.5	1.3
3-5	67.4	25.6	5.8	1.1	0.2	61.8	26.5	8.9	2.1	0.8	53.2	32.2	10.9	2.6	1.1
6-11	65.2	27.0	6.4	1.2	0.2	61.2	26.3	9.6	2.4	0.5	54.9	29.0	11.9	3.1	1.2
12-18	66.3	23.6	8.0	1.5	0.6	64.0	21.9	10.5	2.4	1.3	64.1	20.9	10.5	3.2	1.4
Work Experience in Prior 8 Quarters															
0 quarter	85.0	12.9	1.8	0.3	0.1	78.2	16.7	4.0	1.0	0.2	68.8	24.2	5.1	1.2	0.7
1-3 quarters	72.5	21.9	4.4	1.1	0.2	66.9	25.3	5.6	1.6	0.6	59.2	28.9	9.0	1.9	1.0
4-7 quarters	53.6	34.9	9.8	1.3	0.3	50.3	33.1	13.4	2.4	0.9	45.7	34.1	15.4	4.0	0.9
8 quarters	31.2	46.1	19.7	2.3	0.8	34.2	35.2	24.5	4.6	1.5	32.1	36.3	23.5	6.1	1.9
Earnings in Prior 8 Quarters															
\$0	85.0	12.9	1.8	0.3	0.1	78.2	16.7	4.0	1.0	0.2	68.8	24.2	5.1	1.2	0.7
\$1-2,499	74.6	21.3	3.3	0.7	0.1	68.9	24.3	5.3	1.2	0.4	60.9	29.2	7.9	1.2	0.8
\$2,500-9,999	55.4	34.7	8.1	1.7	0.1	52.4	33.5	10.6	2.6	0.9	48.3	33.7	13.2	4.0	0.9
\$10,000+	35.7	40.9	20.3	2.2	1.0	35.6	34.1	24.5	4.1	1.7	31.6	34.5	25.5	6.5	1.9
Months on AFDC in Prior 24 Months															
0	64.5	24.6	9.4	1.5	0.0	61.6	21.0	14.5	2.9	0.0	57.3	24.6	13.8	3.6	0.7
1-5	68.8	23.1	7.4	0.5	0.3	62.9	23.8	11.3	1.2	0.8	56.1	27.9	13.0	2.0	1.1
6-11	68.5	23.1	7.3	0.9	0.3	63.9	24.4	9.0	1.9	0.8	56.8	26.6	12.1	3.2	1.3
12-17	68.3	23.8	7.1	0.6	0.2	64.3	24.7	9.0	1.8	0.2	57.7	26.3	12.5	3.0	0.5
18-23	66.0	26.0	6.8	1.1	0.1	62.3	25.0	9.9	2.4	0.4	54.2	30.8	11.1	3.0	0.9
24	71.9	22.9	3.9	1.1	0.3	66.3	25.6	5.9	1.5	0.7	59.4	30.9	7.1	1.8	0.9
Average Local Unemployment Rate															
Low	69.1	23.3	6.9	0.7	0.0	61.6	24.0	11.7	2.3	0.4	57.2	24.9	13.3	3.7	0.8
Middle	68.4	24.3	5.8	1.2	0.3	64.6	25.5	7.5	1.8	0.7	56.6	30.9	9.3	2.3	0.9
High	72.6	21.5	5.7	0.0	0.2	67.2	21.8	9.4	1.2	0.3	61.2	24.5	11.6	1.6	1.2

Note: Income is defined as earnings + EITC - payroll tax - federal income tax + AFDC + Food Stamps.

TABLE 10B
Income to Poverty Ratio
(Women Entering AFDC August 1990–June 1991)

	1992					1993					1994				
	<0.5	0.5–0.99	1.0–1.49	1.5–1.99	2.0+	<0.5	0.5–0.99	1.0–1.49	1.5–1.99	2.0+	<0.5	0.5–0.99	1.0–1.49	1.5–1.99	2.0+
Total	64.9	22.4	10.1	2.0	0.6	57.0	26.3	12.4	3.3	1.0	50.9	26.5	16.3	5.0	1.2
Age															
18–24	68.2	22.7	7.4	1.2	0.4	55.7	29.3	11.8	2.4	0.7	48.3	29.9	16.1	4.6	1.1
25–29	64.7	21.2	12.1	1.7	0.3	60.4	23.9	12.1	3.3	0.3	53.6	25.0	16.1	4.6	0.7
30–39	60.3	23.7	11.8	3.2	1.1	54.6	26.2	13.4	4.3	1.5	49.6	25.8	17.4	5.7	1.6
40+	65.4	19.2	11.5	2.9	1.0	63.9	16.8	13.5	3.4	2.4	60.1	16.4	15.4	5.8	2.4
Education															
<11	76.4	18.0	5.0	0.4	0.2	66.5	25.7	7.1	0.6	0.0	60.2	26.7	10.7	2.4	0.0
11	70.0	21.0	7.7	1.3	0.0	61.4	27.0	9.7	1.9	0.0	54.7	29.2	13.3	2.8	0.0
12	61.0	24.2	12.0	2.4	0.5	52.9	28.1	14.2	4.2	0.6	47.1	26.9	19.6	5.2	1.3
>12	51.2	26.4	16.8	4.3	1.3	46.1	23.7	20.3	6.4	3.5	40.8	21.6	22.7	11.5	3.5
Race															
White	63.0	23.2	11.3	2.0	0.6	54.9	27.4	13.2	3.4	1.1	48.9	25.6	18.7	5.5	1.3
Black	64.8	22.8	8.6	2.7	1.2	59.9	24.8	10.0	4.2	1.2	54.6	28.2	11.1	4.2	1.9
Other	73.3	18.1	7.3	1.3	0.0	61.9	24.1	12.1	1.6	0.3	54.6	27.3	13.7	4.1	0.3
County															
Milwaukee	65.1	23.1	7.9	3.1	0.9	56.3	27.8	10.5	4.3	1.2	51.4	29.7	12.2	5.0	1.7
Urban	64.8	21.6	11.7	1.4	0.6	56.5	26.4	13.8	2.3	1.1	51.6	23.9	18.6	5.1	0.9
Rural	64.9	22.7	10.3	1.7	0.4	58.5	24.7	12.7	3.5	0.6	49.6	26.8	17.6	4.9	1.3
Marital Status															
Never married	65.7	23.0	8.8	2.2	0.4	53.6	28.5	13.3	3.8	0.8	45.9	30.0	17.9	5.2	0.9
Married	68.6	22.9	8.0	0.0	0.5	64.9	23.4	10.4	0.5	0.8	60.9	23.9	12.5	1.9	0.8
Separated/divorced	62.9	21.6	12.1	2.5	0.9	57.8	25.1	12.3	3.7	1.2	52.4	24.0	16.1	5.8	1.7
Number of Children															
1	62.7	21.6	11.7	3.0	1.0	52.6	26.9	14.2	4.9	1.3	45.7	27.3	18.7	6.7	1.7
2	63.6	23.2	11.3	1.5	0.4	57.4	24.7	14.7	2.2	1.0	53.2	22.9	17.6	5.0	1.3
3+	72.1	23.2	4.5	0.2	0.0	67.7	26.8	5.0	0.6	0.0	61.2	29.4	8.7	0.7	0.0

(table continues)

TABLE 10B, continued

	1992					1993					1994				
	<0.5	0.5-0.99	1.0-1.49	1.5-1.99	2.0+	<0.5	0.5-0.99	1.0-1.49	1.5-1.99	2.0+	<0.5	0.5-0.99	1.0-1.49	1.5-1.99	2.0+
Age of Youngest Child															
<1	68.3	21.5	8.4	1.4	0.5	56.4	28.4	11.5	2.8	0.8	47.6	31.5	15.0	5.0	0.9
1	70.3	22.2	6.6	0.9	0.0	63.1	27.0	7.8	2.1	0.0	55.9	28.5	12.9	2.7	0.0
2	70.8	18.8	9.2	1.3	0.0	59.2	25.4	12.5	2.1	0.8	56.3	25.8	14.2	2.5	1.3
3-5	63.5	24.5	9.4	2.3	0.2	58.9	25.7	11.7	3.2	0.5	53.0	24.1	16.5	5.3	1.2
6-11	58.9	24.0	14.1	2.2	0.9	54.3	26.6	14.3	3.9	0.9	48.7	24.5	19.9	5.8	1.1
12-18	53.9	22.4	15.4	5.5	2.8	50.8	19.3	19.3	6.7	3.9	50.8	16.1	20.5	8.3	4.3
Work Experience in Prior 8 Quarters															
0 quarter	82.9	13.3	2.9	0.9	0.0	77.9	16.8	4.2	0.9	0.2	70.5	21.2	6.5	1.5	0.4
1-3 quarters	73.4	20.3	5.6	0.8	0.0	63.1	25.9	9.5	1.0	0.6	57.0	28.2	10.8	3.5	0.6
4-7 quarters	56.9	27.5	13.3	1.7	0.5	45.3	34.1	16.1	3.5	0.9	40.4	30.9	21.5	5.9	1.3
8 quarters	38.5	31.7	21.8	5.6	2.4	34.1	30.3	23.6	9.4	2.6	28.3	27.0	30.5	11.0	3.2
Earnings in Prior 8 Quarters															
\$0	82.9	13.3	2.9	0.9	0.0	77.9	16.8	4.2	0.9	0.2	70.5	21.2	6.5	1.5	0.4
\$1-2,499	75.3	19.9	4.4	0.4	0.0	64.5	26.7	7.1	1.3	0.4	57.6	29.1	10.4	2.4	0.4
\$2,500-9,999	63.3	25.8	9.7	1.1	0.2	50.5	33.6	13.4	1.7	0.9	45.2	31.3	18.3	4.0	1.3
\$10,000+	40.7	31.1	21.5	4.8	2.0	35.1	30.8	23.8	8.2	2.1	30.2	27.3	29.0	10.9	2.6
Months on AFDC in Prior 24 Months															
0	66.1	22.0	9.2	1.9	0.8	57.1	27.3	11.5	3.1	1.1	52.1	26.0	16.1	4.4	1.4
1-5	64.7	20.1	12.4	2.3	0.5	58.0	23.7	12.9	4.4	1.0	49.0	27.6	15.0	7.0	1.6
6-11	64.9	22.7	10.7	1.3	0.3	58.4	24.4	14.0	2.9	0.3	46.4	28.6	19.5	5.2	0.3
12-17	59.7	26.5	10.4	2.8	0.5	55.9	23.2	16.6	3.8	0.5	52.1	25.6	16.1	5.2	1.0
18-23	54.9	28.1	14.6	2.4	0.0	50.0	34.2	12.2	2.4	1.2	50.0	26.8	17.1	4.9	1.2
24															
Average Local Unemployment Rate															
Low	63.2	22.2	12.5	1.6	0.5	55.6	25.7	14.9	2.8	1.1	49.9	22.5	21.1	5.5	0.9
Middle	64.6	23.1	9.3	2.2	0.8	57.7	26.1	11.9	3.4	0.9	51.2	28.3	14.3	4.8	1.4
High	69.5	19.3	8.9	2.0	0.3	58.1	27.9	10.2	3.1	0.8	51.5	27.2	16.2	4.3	0.8

Note: Income is defined as earnings + EITC - payroll tax - federal income tax + AFDC + Food Stamps.

rates were quite high even among cases with substantial advantages: 62 percent of new cases headed by women with more than 12 years of education were poor in 1994, and even among women with consistent prior work experience or high previous earnings, more than half were poor.

We now turn to a longitudinal examination, counting the number of years poor out of the first three, as shown in Tables 11A and 11B. Only 4 percent of the stock and 9 percent of the flow were able to escape poverty all three years, with the vast majority of the cases (82 percent of the stock and 73 percent of the flow) poor in all years. Being consistently above poverty was uncommon even among cases with high education, older children, or substantial prior work experience; even among cases with consistent prior work experience, more than half of the stock and nearly half of the flow were poor in all three years.

To better place these figures in context, we considered changes in poverty status for another sample of Wisconsin families. Using data on a sample of poor families from 1991 DOR tax records, we are able to analyze changes in poverty status over the next three years. In particular, Table 12 shows the later incomes of families with 1991 incomes below half the poverty line, between 50 and 100 percent of the poverty line, and above the poverty line. The distributions are shown for the stock of cases receiving AFDC in July of 1990, and for the DOR sample of poor families with dependents.¹⁷ The DOR sample is considerably more likely to escape poverty. For example, of those with incomes below 50 percent of poverty in 1991, only 40 percent have equally low incomes in 1992, and only 32 percent by 1994. In contrast, 74 percent of our AFDC sample with incomes below half the poverty line remains at this level a year later; even by 1994, 57 percent still have incomes below half the poverty line. The proportion of this lowest group with later incomes above poverty grows from only 3.5 percent to just 12 percent for the

¹⁷The measures of income are somewhat different; they include our broad measure of income for the AFDC sample and Wisconsin adjusted gross income for the DOR sample. Wisconsin adjusted gross income is the federal adjusted gross income (all taxable income minus deductions for IRA, medical savings, moving expenses, one-half of self-employed tax, self-employed health insurance, Keogh and SEP and SIMPLE plans, and alimony paid) plus state and municipal bond interest minus unemployment compensation.

TABLE 11A
Number of Years Nonpoor over 3-Year Period (1991–1993)
(Women Receiving AFDC July 1990)

	0	1	2	3
Total	81.8	8.7	5.4	4.1
Age				
18–24	82.7	8.3	4.7	4.3
25–29	80.1	9.6	6.5	3.8
30–39	81.0	9.2	5.2	4.7
40+	86.1	5.8	5.2	2.8
Education				
<11	90.9	5.2	2.5	1.5
11	86.7	7.6	2.9	2.8
12	78.1	10.4	6.8	4.8
>12	68.1	12.3	9.9	9.8
Race				
White	79.3	9.3	6.3	5.1
Black	84.1	8.3	4.2	3.5
Other	85.7	6.9	5.2	2.1
County				
Milwaukee	83.5	8.0	4.6	3.9
Urban	79.3	9.5	6.4	4.9
Rural	81.6	9.0	5.7	3.6
Marital Status				
Never married	81.4	8.7	5.5	4.4
Married	90.8	4.2	2.8	2.1
Separated/Divorced	80.8	9.3	5.7	4.1
Number of Children				
1	75.2	11.0	7.6	6.2
2	80.0	10.2	5.5	4.4
3+	92.9	3.8	2.2	1.1
Age of Youngest Child				
<1	85.7	6.4	4.6	3.3
1	85.2	8.2	3.7	2.9
2	81.7	8.3	6.5	3.5
3–5	80.9	9.0	5.9	4.2
6–11	78.8	10.8	5.7	4.7
12–18	79.4	8.2	6.1	6.3

(table continues)

TABLE 11A, continued

	0	1	2	3
Work Experience in Prior 8 Quarters				
0 quarter	91.1	5.0	2.4	1.5
1–3 quarters	84.8	8.2	3.8	3.2
4–7 quarters	72.2	12.9	9.2	5.7
8 quarters	58.1	14.0	12.8	15.1
Earnings in Prior 8 Quarters				
\$0	91.1	5.0	2.4	1.5
\$1–2,499	87.1	7.2	3.4	2.3
\$2,500–9,999	75.5	11.8	8.0	4.8
\$10,000+	55.2	16.7	13.5	14.7
Months on AFDC in Prior 24 Months				
0	76.1	8.0	9.4	6.5
1–5	78.0	10.4	7.8	3.8
6–11	79.8	8.6	6.7	4.9
12–17	79.8	10.8	4.2	5.3
18–23	79.5	9.4	6.8	4.2
24	86.6	7.0	3.2	3.2
Average Local Unemployment Rate				
Low (2.3%–4.9%)	77.0	11.1	7.1	4.8
Middle (5.0%–6.9%)	83.1	8.2	4.7	4.1
High (7.0%–10.4%)	82.4	7.6	6.5	3.6

Note: Income is defined as earnings + EITC – payroll tax – federal income tax + AFDC + Food Stamps.

TABLE 11B
Number of Years Nonpoor over 3-Year Period (1992–1994)
(Women Entering AFDC August 1990–June 1991)

	0	1	2	3
Total	72.6	11.7	6.8	8.9
Age				
18–24	73.4	13.1	7.8	5.7
25–29	73.3	11.0	7.0	8.8
30–39	70.5	11.5	5.7	12.4
40+	72.6	9.1	5.8	12.5
Education				
<11	84.4	8.3	4.0	3.4
11	79.2	10.9	3.9	6.0
12	68.5	13.3	8.2	10.1
>12	56.5	14.7	10.9	17.9
Race				
White	69.6	13.5	7.0	9.8
Black	77.7	8.4	4.9	8.9
Other	78.4	8.3	7.6	5.7
County				
Milwaukee	76.4	9.4	5.2	8.9
Urban	70.2	13.3	7.6	9.0
Rural	72.0	12.0	7.2	8.8
Marital Status				
Never married	71.0	13.1	7.5	8.4
Married	81.4	7.2	6.1	5.3
Separated/Divorced	71.3	11.9	6.3	10.6
Number of Children				
1	66.9	14.4	7.5	11.3
2	71.7	10.9	8.2	9.3
3+	88.3	6.1	3.2	2.4
Age of Youngest Child				
<1	74.2	12.0	6.9	6.9
1	81.1	8.4	6.9	3.6
2	75.4	11.7	6.7	6.3
3–5	73.6	11.2	6.4	8.7
6–11	68.2	13.2	6.1	12.6
12–18	59.5	13.4	8.3	18.9

(table continues)

TABLE 11B, continued

	0	1	2	3
Work Experience in Prior 8 Quarters				
0 quarter	89.6	5.6	2.6	2.2
1–3 quarters	80.9	9.9	5.4	3.9
4–7 quarters	65.5	15.3	8.1	11.1
8 quarters	46.9	18.2	13.0	22.0
Earnings in Prior 8 Quarters				
\$0	89.6	5.6	2.6	2.2
\$1–2,499	83.2	9.7	4.0	3.1
\$2,500–9,999	71.1	13.9	8.4	6.6
\$10,000+	49.3	17.8	11.7	21.2
Months on AFDC in Prior 24 Months				
0	73.5	11.9	6.3	8.3
1–5	71.4	10.8	7.2	10.6
6–11	70.5	13.0	8.1	8.4
12–17	72.0	10.0	7.1	10.9
18–23	70.7	12.2	7.3	9.8
24	—	—	—	—
Average Local Unemployment Rate				
Low (2.3%–4.9%)	67.5	14.4	8.0	10.2
Middle (5.0%–6.9%)	74.7	10.4	6.1	8.8
High (7.0%–10.4%)	73.9	12.7	6.6	6.9

Note: Income is defined as earnings + EITC – payroll tax – federal income tax + AFDC + Food Stamps.

TABLE 12
Comparison of Income-to-Poverty Ratio

	<u>Women Receiving AFDC July 1990</u>			<u>DOR Sample</u>		
	<u>Ratio in 1991</u>			<u>Ratio in 1991</u>		
	<u><0.5</u>	<u>0.5-1</u>	<u>1+</u>	<u><0.5</u>	<u>0.5-1</u>	<u>1+</u>
1992						
<0.5	74.4	20.9	5.9	40.3	10.1	3.9
0.5-1	22.1	48.3	13.1	36.2	48.5	9.4
1+	3.5	30.8	81.0	23.5	41.4	86.7
1993						
<0.5	64.8	25.1	12.5	39.2	16.0	5.2
0.5-1	28.2	40.8	14.0	33.1	38.3	13.6
1+	7.0	34.0	73.6	27.7	45.7	81.2
1994						
<0.5	57.3	25.9	15.4	32.1	18.1	3.9
0.5-1	30.4	31.6	13.1	28.9	33.3	14.8
1+	12.3	42.6	71.5	39.0	48.7	81.3

AFDC sample, while among the DOR sample, 24 percent have escaped poverty by 1992 and 39 percent by 1994. Thus, even when we compare them to other poor families, AFDC recipients appear remarkably unlikely to escape poverty.

Figures 4A and 4B show net income levels, unadjusted for family size. A substantial share of these women have zero income, ranging from 11 percent (stock, 1991) to 26 percent (flow, 1994). The actual economic well-being of these women is unknown. Some of them have sources of income not counted in our administrative data (self-employment income, assistance from family members or friends residing in other households, etc.). Others have married (or are cohabiting) and are relying on their husbands' (or partners') income, and thus do not have earnings or welfare benefits in the administrative records we use. Still others have moved out of state and their incomes are not known to us. The figures also show the percentage with various levels of income. While incomes are generally quite low, 10 percent of the stock and 17 percent of the flow have incomes over \$15,000 by the third year.

The inclusion of public assistance and federal taxes to refine the gross income measure, while important conceptually, actually makes very little difference to our final results. For example, if we count earnings as the only source of income, 95 percent of the stock is poor in 1995, compared with 93 percent using our broader definition. Adding AFDC, Food Stamps, and the EITC, and subtracting taxes, does decrease the number below half the poverty line; among the stock, 82 percent were below 50 percent of poverty in 1991 using earnings only, compared with 69 percent using the broader measure. Under any of the measures of income available to us, incomes are quite low and poverty rates are quite high.

V. HOW AFDC RECIPIENTS FARED OVER TIME IN THE EARLY 1990s: A SUMMARY

Tables 13A and 13B summarize by category the economic condition three years later of AFDC recipients who were participating in the program in July 1990 or who entered the program over the next

FIGURE 4A
Distribution of Income
Women Receiving AFDC July 1990

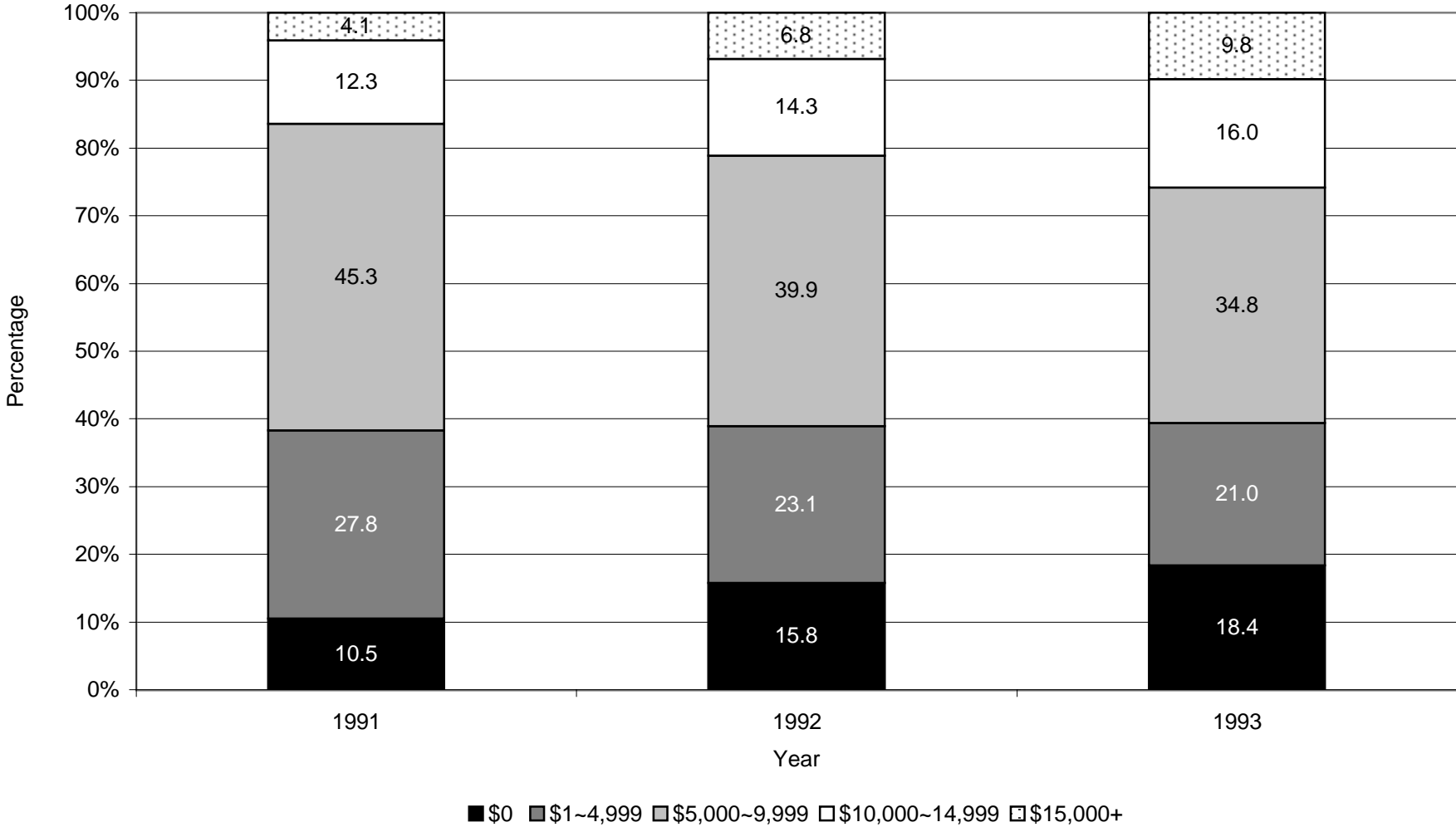


FIGURE 4B
Distribution of Income
Women Entering AFDC August 1990-June 1991

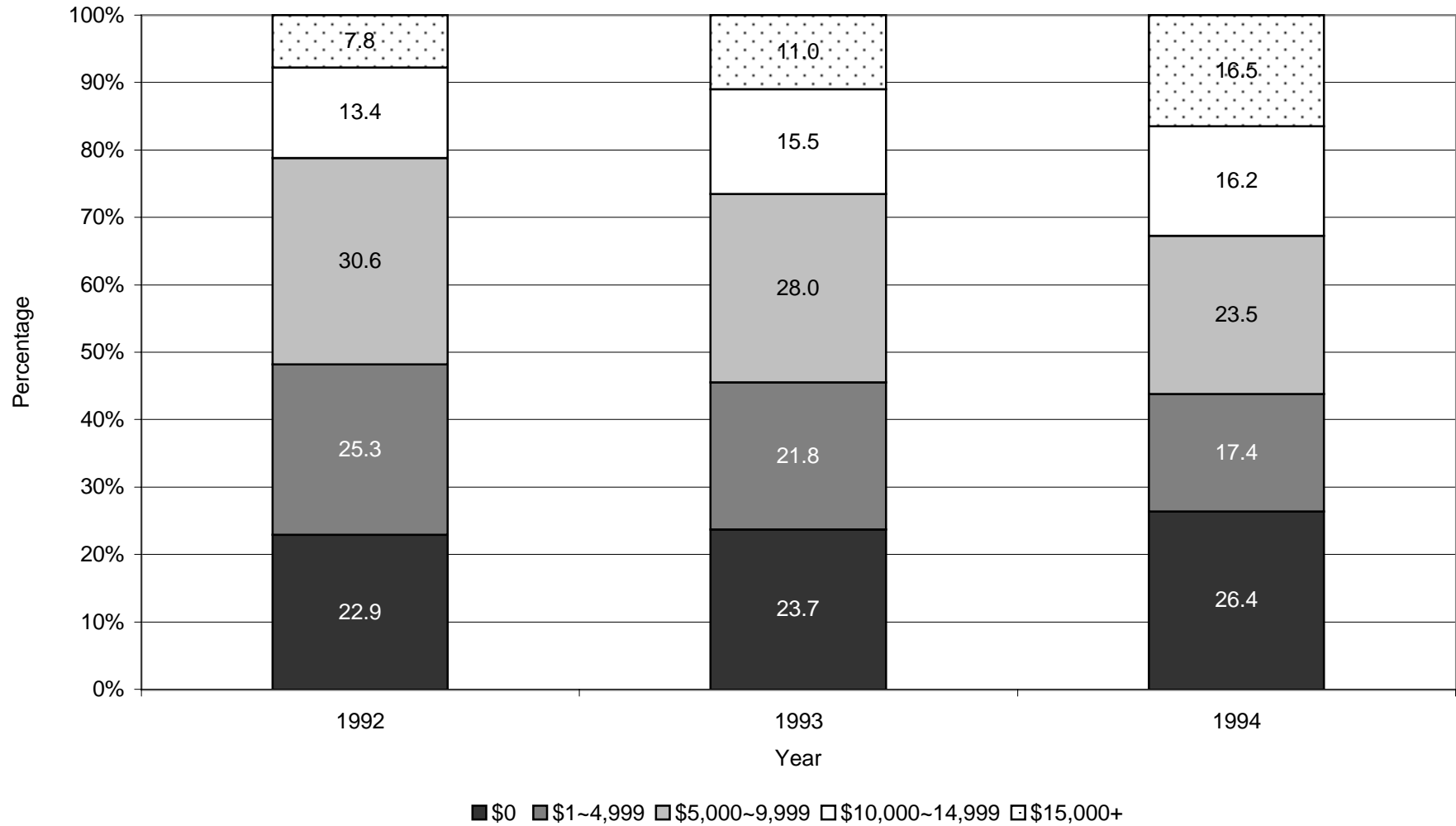


TABLE 13A
Economic Achievement in Year 3 (1993) by Characteristics in Year 1
(Women Receiving AFDC July 1990)

	Percentage with Earnings	Percentage of Those Who Worked All 4 Quarters	Mean Earnings among Workers	Percentage Nonpoor	Percentage with No Means Tested Benefits
Total	56.8	30.2	\$4,381	13.8	23.7
Age					
18-24	59.9	27.9	\$3,846	13.8	20.8
25-29	59.7	31.9	\$4,784	14.4	24.3
30-39	56.8	33.1	\$4,896	14.7	25.0
40+	40.8	23.5	\$3,245	9.3	26.0
Education					
<11		46.3	18.8	\$2,536	6.4
16.9					
11	55.8	25.3	\$3,421	9.1	19.5
12	63.0	36.6	\$5,130	16.9	25.7
>12		65.6	43.6	\$7,452	26.3
35.8					
Race					
White	62.3	36.6	\$5,196	16.5	31.3
Black	52.0	23.8	\$3,481	11.1	14.0
Other	48.3	23.6	\$3,734	10.0	21.9
County					
Milwaukee	52.0	24.9	\$3,683	11.8	16.1
Urban	60.9	34.6	\$4,967	16.2	29.1
Rural	61.8	35.9	\$5,112	14.7	33.0
Marital Status					
Never married	57.2	28.4	\$4,017	14.0	18.1
Married	48.5	25.9	\$3,579	7.1	26.6
Separated/Divorced	57.7	33.2	\$4,962	14.6	30.1

(table continues)

TABLE 13A, continued

	Percentage with Earnings	Percentage of Those Who Worked All 4 Quarters	Mean Earnings among Workers	Percentage Nonpoor	Percentage with No Means Tested Benefits
Number of Children					
1	59.9	32.9	\$4,685	18.9	27.4
2	57.1	30.0	\$4,511	14.8	24.3
3+	52.3	26.8	\$3,829	5.6	17.8
Age of Youngest Child					
<1	56.6	26.9	\$3,678	11.2	21.9
1	56.5	25.9	\$3,704	11.1	19.1
2	57.8	29.2	\$4,453	13.8	20.8
3-5		60.4	32.6	\$4,877	14.6
23.6					
6-11	57.2	34.4	\$4,985	16.2	24.5
12-18	49.4	29.5	\$4,146	15.0	32.7
Work Experience in Prior 8 Quarters					
0 quarter	37.6	16.8	\$2,572	7.0	20.9
1-3 quarters	57.8	27.0	\$3,976	11.9	22.4
4-7 quarters	75.2	43.2	\$6,082	20.3	25.7
8 quarters	84.1	63.3	\$8,895	31.5	34.8
Earnings in Prior 8 Quarters					
\$0	37.6	16.8	\$2,572	7.0	20.9
\$1-2,499	57.5	24.6	\$3,476	9.9	20.6
\$2,500-9,999	72.6	41.3	\$5,703	18.0	25.0
\$10,000+	82.5	61.2	\$9,147	33.9	35.7
Months on AFDC in Prior 24 Months					
0	57.2	36.2	\$5,094	18.1	42.8
1-5		61.2	31.2	\$4,571	16.0
34.1					
6-11	58.8	33.6	\$4,830	16.6	29.6
12-17	60.1	30.9	\$4,639	16.0	25.4
18-23	59.9	33.8	\$4,790	15.0	22.9
24	51.2	25.2	\$3,679	9.7	15.9

(table continues)

TABLE 13A, continued

	Percentage with Earnings	Percentage of Those Who Worked All 4 Quarters	Mean Earnings among Workers	Percentage Nonpoor	Percentage with No Means Tested Benefits
Average Local Unemployment Rate					
Low (2.3%–4.9%)	62.9	37.0	\$5,306	17.8	33.0
Middle (5.0%–6.9%)	54.5	27.9	\$4,018	12.5	20.4
High (7.0%–10.4%)	61.1	33.6	\$5,088	14.4	28.8
Quarters Worked in Year 1					
0	34.2	11.1	\$1,766	4.4	18.5
1–3		69.8	33.3	\$4,653	13.0
20.4					
4	88.1	67.3	\$9,673	35.2	39.2
SIC Code in Year 1					
Not Working	34.2	11.1	\$1,766	4.4	18.5
Temporary Agencies	66.5	25.6	\$3,616	11.1	11.7
Agriculture, Forestry, Mining	78.3	26.1	\$4,251	8.7	30.4
Hotel, Lodging	72.9	45.8	\$5,305	12.7	25.4
Restaurants	75.2	42.4	\$4,806	10.7	25.9
Business Services	71.0	38.2	\$5,332	19.7	22.3
Retail Trade	79.2	49.0	\$6,435	22.5	25.4
Wholesale Trade	75.4	50.7	\$6,561	18.8	34.8
Other Services	78.2	41.8	\$6,648	23.6	29.1
Personal Services	80.5	54.0	\$6,744	23.0	31.0
Nondurable Manufacturing	81.1	50.0	\$7,875	27.9	38.4
Social Services, Public Administration, Education	83.4	58.1	\$8,791	29.2	33.7
Transportation, Communication, Public Utilities	80.6	51.4	\$7,325	23.6	27.8
Health Services	83.9	60.2	\$9,216	30.0	31.8
Durable Manufacturing	82.8	53.3	\$9,151	35.0	44.4
Construction	83.3	44.4	\$9,868	50.0	61.1
Financial, Insurance, Real Estate	87.2	62.8	\$10,371	46.5	31.4

(table continues)

TABLE 13A, continued

	Percentage with Earnings	Percentage of Those Who Worked All 4 Quarters	Mean Earnings among Workers	Percentage Nonpoor	Percentage with No Means Tested Benefits
Earnings in Year 1					
\$0	34.2	11.1	\$1,766	4.4	18.5
\$1–2,499	66.1	26.2	\$3,289	7.8	15.6
\$2,500–4,999	75.1	43.3	\$5,506	15.4	21.5
\$5,000–7,499	85.9	57.9	\$7,251	22.2	28.2
\$7,500–9,999	88.7	70.4	\$8,944	29.0	37.4
\$10,000+	92.1	78.1	\$13,923	56.9	57.3
Poverty Status in Year 1					
Poor	54.1	26.5	\$3,616	9.8	21.0
Nonpoor	91.9	77.8	\$14,242	65.2	57.8
Means-Tested Benefit in Year 1					
Receiving any	57.5	30.0	\$4,288	13.4	19.7
No	47.1	33.7	\$5,732	19.9	81.6

TABLE 13B
Economic Achievement in Year 3 (1994) by Characteristics in Year 1
(Women Entering AFDC August 1990–June 1991)

	Percentage with Earnings	Percentage of Those Who Worked All 4 Quarters	Mean Earnings among Workers	Percentage Nonpoor	Percentage with No Means Tested Benefits
Total	61.9	37.2	\$5,704	22.6	40.9
Age					
18–24	64.4	34.0	\$4,980	21.8	33.4
25–29	59.5	37.5	\$5,633	21.4	42.3
30–39	63.6	42.1	\$6,842	24.6	48.0
40+		51.0	36.1	\$5,612	23.6
49.0					
Education					
<11		50.9	23.6	\$3,438	13.1
35.6					
11	61.2	31.1	\$4,175	16.1	31.3
12	67.1	43.4	\$6,414	26.0	43.6
>12		68.0	50.1	\$9,062	37.6
52.8					
Race					
White	66.0	43.2	\$6,432	25.5	44.3
Black	54.8	26.6	\$4,359	17.2	34.1
Other	54.6	26.7	\$4,682	18.1	36.8
County					
Milwaukee	56.0	28.6	\$4,648	18.9	34.9
Urban	62.7	39.0	\$5,973	24.6	42.5
Rural	66.7	43.3	\$6,398	23.7	44.7
Marital Status					
Never married	63.8	35.3	\$5,258	24.1	34.8
Married	58.5	36.4	\$5,552	15.2	43.4
Separated/divorced	61.3	39.3	\$6,189	23.6	46.1

(table continues)

TABLE 13B, continued

	Percentage with Earnings	Percentage of Those Who Worked All 4 Quarters	Mean Earnings among Workers	Percentage Nonpoor	Percentage with No Means Tested Benefits
Number of Children					
1	65.2	38.5	\$5,714	27.1	39.9
2	60.5	37.2	\$6,049	23.9	44.5
3+	55.9	34.2	\$5,279	9.5	39.0
Age of Youngest Child					
<1	62.4	33.8	\$4,969	21.0	31.2
1	61.3	30.6	\$4,655	15.6	38.1
2	59.2	35.4	\$5,067	17.9	42.1
3-5		61.5	38.3	\$6,111	22.9
44.0					
6-11	64.1	43.7	\$6,736	26.8	49.1
12-18	61.8	45.7	\$7,670	33.1	55.9
Work experience in prior 8 quarters					
0 quarter	37.8	16.3	\$2,427	8.3	41.2
1-3 quarters	59.1	29.2	\$4,497	14.9	35.3
4-7 quarters	75.5	47.1	\$7,017	28.7	38.4
8 quarters	84.0	64.9	\$10,346	44.7	49.9
Earnings in Prior 8 Quarters					
\$0	37.8	16.3	\$2,427	8.3	41.2
\$1-2,499	60.0	27.2	\$3,950	13.2	32.5
\$2,500-9,999	72.4	41.5	\$6,175	23.6	34.0
\$10,000+	81.3	62.3	\$9,895	42.5	50.5
Months on AFDC in Prior 24 Months					
0	59.2	34.1	\$5,285	21.9	42.4
1-5		67.3	42.0	\$6,576	23.5
42.8					
6-11	67.5	46.4	\$6,439	25.0	39.3
12-17	64.5	36.5	\$6,018	22.3	30.8
18-23	62.2	42.7	\$6,174	23.2	34.1
24	—	—	—	—	—

(table continues)

TABLE 13B, continued

	Percentage with Earnings	Percentage of Those Who Worked All 4 Quarters	Mean Earnings among Workers	Percentage Nonpoor	Percentage with No Means Tested Benefits
Average Local Unemployment Rate					
Low (2.3%–4.9%)	67.1	43.8	\$6,516	27.5	46.5
Middle (5.0%–6.9%)	58.9	33.6	\$5,290	20.5	38.5
High (7.0%–10.4%)	64.2	38.8	\$5,676	21.3	41.4
Quarters Worked in Year 1					
0	36.3	12.5	\$1,973	6.3	34.7
1–3		73.5	38.4	\$5,172	19.3
34.3					
4	90.6	75.8	\$12,287	52.3	58.1
SIC Code in Year 1					
Not Working	36.3	12.5	\$1,973	6.3	34.7
Temporary Agencies	82.1	48.1	\$6,623	27.4	27.4
Agriculture, Forestry, Mining	55.6	22.2	\$7,216	33.3	44.4
Hotel, Lodging	73.3	44.4	\$4,430	20.0	26.7
Restaurants	79.5	49.8	\$6,072	21.0	39.0
Business Services	80.3	56.3	\$7,790	35.2	42.3
Retail Trade	79.1	56.8	\$7,674	33.2	45.0
Wholesale Trade	87.5	70.8	\$12,040	58.3	54.2
Other Services	62.5	29.2	\$3,330	8.3	33.3
Personal Services	89.5	63.2	\$7,647	39.5	50.0
Nondurable Manufacturing	80.7	58.8	\$10,083	43.0	57.9
Social Services, Public Administration, Education	91.5	71.6	\$12,570	47.2	50.0
Transportation, Communication, Public Utilities	82.1	50.0	\$8,313	35.7	57.1
Health Services	80.8	55.7	\$9,670	41.3	52.1
Durable Manufacturing	85.5	65.3	\$11,142	47.6	60.5
Construction	80.0	60.0	\$8,822	40.0	60.0
Financial, Insurance, Real Estate	94.1	58.8	\$9,904	38.2	32.4

(table continues)

TABLE 13B, continued

	Percentage with Earnings	Percentage of Those Who Worked All 4 Quarters	Mean Earnings among Workers	Percentage Nonpoor	Percentage with No Means Tested Benefits
Earnings in Year 1					
\$0-36.3	12.5	\$1,973	6.3	34.7	
\$1-2,499	65.2	27.3	\$3,321	10.6	28.2
\$2,500-4,999	81.4	48.5	\$5,999	20.7	35.9
\$5,000-7,499	88.9	62.4	\$8,272	34.4	45.5
\$7,500-9,999	91.2	74.8	\$9,933	40.8	53.7
\$10,000+	93.0	82.4	\$15,271	67.5	67.1
Poverty Status in Year 1					
Poor	57.3	30.5	\$4,218	14.8	36.8
Non-Poor	93.3	83.0	\$15,872	75.8	68.8
Means-Tested Benefit in Year 1					
Receiving any	65.3	37.4	\$5,471	21.3	29.0
No	50.1	36.5	\$6,516	27.0	82.4

12 months. Among those receiving AFDC in July 1990, those most likely to be working, working full-year, and earning the most three years later were:

- women who were in their late 20s and 30s in 1990; younger women and older women did not fare as well.
- white; women who were African American or other races did not fare as well.
- women who resided in a county other than Milwaukee.
- high school graduates or beyond; the more education women had in 1990, the more likely they were to be earning at all and earning more three years later.
- women with only one child; the fewer children women had in 1990, the more likely they were to be earning at all and to be earning more three years later.
- women with more work experience in the two years before 1990; the greater their work experience before 1990, the more likely they were to be earning at all and to be earning more three years later.
- women who worked all four quarters in the first year after we observed them on AFDC; the more they worked and earned in the first year, the more likely they were to be earning at all and to be earning more three years later.
- women who worked in the following industrial classifications in the first year: social services/public administration/education, construction, durable manufacturing, and financial/insurance/real estate. Women who worked in these industries in the first year after we observed them on AFDC had notably higher and steadier earnings three years later (except that those in construction were less likely to work full-year). Women who were not working in the first year or working in temporary agencies in the first year were less likely to be working at all and to be working steadily three years later.

Most of these same relationships also applied to women who entered AFDC during the 12 months after July 1990, with some exceptions. Those with two children earned more three years later than those with one child (women with three or children more earned much less, as was the case for those on AFDC in July 1990), and women who started in the wholesale trade classification earned more and more regularly than was the case for those who were on AFDC in July 1990 and who started in that classification.

VI. COMPARISONS TO A MORE RECENT COHORT

We can compare subsequent outcomes for the July 1990 stock of cases with outcomes for July 1995, as described in the report by Cancian, Haveman, Kaplan, and Wolfe (1998).¹⁸ For the July 1995 cohort, we can trace outcomes for two subsequent years, 1996 and 1997.

The July 1995 sample is different from the July 1990 sample in several important ways, consistent with earlier research showing that as the number of cases declined, the work-readiness of the remaining cases was lower (Cancian and Meyer, 1995). Several factors indicate that the later sample was somewhat less prepared for work or may have faced more barriers to full-time employment—they were younger (34 percent of those in the 1995 sample were under age 25, compared with 29 percent of the 1990 sample), more likely to be African American (42 percent, compared with 37 percent), more likely to be from Milwaukee (54 percent, compared with 48 percent), more likely to have more children (36 percent with three or more, compared with 29 percent), and more likely to have preschool children (70 percent, compared with 65 percent). On the other hand, the samples were quite similar in education (among those whose educational level was recorded, 14 percent of both samples had more than a high school degree) and prior work experience (38 percent of the 1995 sample had not worked in the previous two years, compared with 37 percent in the 1990 sample).

Given the lower work-readiness of women participating in AFDC in 1995 compared with those participating in 1990, we might expect their later earnings and income to be lower. On the other hand, the exceptionally strong economic conditions that prevailed in Wisconsin (and nationally) in 1996 and 1997 might be expected to improve outcomes. Another potentially important factor is the change in policy regimes. Women participating in AFDC in July 1995 were soon to experience substantially increased

¹⁸Although that study focused on women who left AFDC, the figures reported here are for the stock of all participants in July 1995. That study did not examine the flow of cases, so we have no comparison to the flow of new cases that entered AFDC in 1990–1991.

work requirements as a condition of participation. If the new programs supported work and self-sufficiency, we might expect increased earnings and income. On the other hand, the reduced availability of cash assistance in the later period may have forced women less able to work to leave AFDC.

A comparison of outcomes for women participating in AFDC in 1990 and 1995 suggests that those in the later group had higher subsequent rates of employment and higher earnings. Table 14 shows that those in the later cohort were more likely to work at any time, and to work in all four quarters of each year. For example, in the first year after each sample was drawn, 52 percent of the earlier cohort and 67 percent of the 1995 cohort had earnings. Earnings among those who worked also tended to be higher in the later group: median earnings were \$3,812 and \$4,878 in the first two years for the 1990 cohort and \$4,628 and \$6,294 for the 1995 cohort. Nonetheless, earnings were not sufficient to lift many families above the poverty line. Finally, Table 14 compares income to poverty ratios for both samples. Because we do not currently have information on Food Stamps amounts for the later sample, our definition of income in this table is restricted to earnings plus the EITC and AFDC, minus payroll taxes and federal income taxes. In the first two years, 16 and 21 percent of the later cohort had combined incomes above poverty. This is higher than the rates for the earlier cohort (6 and 10 percent, respectively), but still quite low. For both cohorts less than 1 percent had own earnings above twice the poverty line in either year.

Overall, the comparison between cohorts suggests that those who received AFDC in 1995 have fared somewhat better than those who participated in 1990, despite appearing to be less job-ready. This may be the result of the strong state economy in 1996 and 1997, or it may be due to the initial work-based welfare reforms that were implemented in Wisconsin over this period.

VII. CONCLUSIONS

A radical transformation has occurred in the way assistance is provided to low-income families. Both proponents and opponents of the reforms look to longer-term outcomes for recipients to provide

TABLE 14
Comparison of Later Earnings of AFDC Participants in 1990 and 1995

	Stock of Cases in July of			
	1990		1995	
	YR 1 (1991)	YR 2 (1992)	YR 1 (1996)	YR 2 (1997)
Percentage with Earnings				
At anytime	52.2	55.1	67.3	70.6
In all 4 quarters	22.1	26.6	30.5	37.1
Annual Earnings				
0	47.8	44.9	32.7	29.4
1–2,499	20.9	19.4	22.8	18.9
2,500–4,999	9.1	8.5	12.5	11.2
5,000–7,499	7.2	6.8	9.6	9.4
7,500–9,999	5.3	6.2	7.7	8.2
10,000+	9.7	14.3	14.7	22.8
Annual Earnings among Those with				
25th percentile	\$1,069	\$1,420	\$1,562	\$2,243
Median	\$3,812	\$4,878	\$4,628	\$6,294
75th percentile	\$8,425	\$10,309	\$9,234	\$11,809
Distribution of Earnings				
<0.5*poverty	82.4	77.4	75.4	66.8
0.5–0.99*poverty	12.4	13.8	16.6	19.6
1.0–1.49*poverty	3.7	5.8	6.0	9.3
1.5–1.99*poverty	1.0	1.9	1.5	3.1
≥2.0*poverty	0.5	1.0	0.5	1.3
Distribution of Income¹				
<0.5*poverty	75.8	72.1	49.3	51.8
0.5–0.99*poverty	17.9	17.7	34.2	27.2
1.0–1.49*poverty	5.3	7.8	14.1	16.9
1.5–1.99*poverty	0.8	1.8	2.1	3.6
≥2.0*poverty	0.2	0.6	0.2	0.6

Note: All dollar figures have been adjusted to 1998 dollars.

¹Income is defined as earnings + EITC – payroll tax – federal income tax + AFDC.

evidence of the effects of the new policies. Analysts will eventually be able to observe the longer-term outcomes of the new policy, and they will surely find that some are faring poorly and some are faring well. They will be then be able to compare whether there are more “successes” than “failures.” But analysts will not know how to judge a given level of “net success” without a point of comparison. This report provides one alternative policy point for comparison, the AFDC regime. We intend to conduct similar analyses of outcomes under welfare reform in Wisconsin so that we will be able to compare net success under welfare reform to net success under AFDC.

Such a comparison will be difficult. As this report suggests, alternative measures of success may yield substantially different assessments. Is it enough for AFDC receipt to decline, or should earnings or income above poverty be our measure? To what extent are initial earnings sufficient, and what evidence is there of earnings growth over time? In this report, we have examined a number of outcomes under the previous policy regime, AFDC. Our results can serve as a baseline for evaluating the effects of the new policy on some of the most vulnerable members of our society.

APPENDIX

Our analysis relies entirely on state administrative data. As discussed in the text, these data have a number of advantages. One of the disadvantages, however, is that we have no information on individuals who are not participating in AFDC, Food Stamps, or Medicaid and who do not have earnings covered by the Unemployment Insurance system. Individuals who do not appear in state records may have left Wisconsin and may have earnings, or be receiving benefits, elsewhere. Alternatively, they may be in the state but not using benefits—possibly because they have lost benefits and have no other income source, or because they are relying on another source of income (such as a husband’s earnings).

Individuals who “disappear” from state records likely represent a group with diverse outcomes. If we assume they have moved out of state and exclude them from analysis, we fail to recognize those who remain in state with no recorded income. Thus, our estimates of employment rates and average income would tend to be upward-biased. On the other hand, if we include all those for whom we have no records (and count their incomes and earnings as zero), we are treating some who have earnings and benefits in another state as if they had none. Thus, our estimates of employment and earnings would be downward-biased.

In this report we include all individuals, regardless of their appearance in subsequent administrative records. Appendix Table 1 illustrates the sensitivity of employment estimates to alternative treatments of “disappearers.” The lowest employment estimates are based on the full sample, regardless of availability in subsequent records (N=6,515). The second column shows somewhat higher employment rates as those individuals who never appear in administrative records in the 16 quarters after July 1990 are excluded (remaining N=6,372). The third column excludes those who do not appear in records for that calendar year. The annual sample size varies in each of the four years from 5,761 to 6,306. The penultimate column includes only those who appear in some administrative data during the

given quarter. The quarterly sample size varies from 5,423 to 6,204. The final column includes only those 4,517 cases for which we have some administrative record in every one of the 16 quarters.

The results become more sensitive to alternative definitions over time, as more cases “disappear” from the third and fourth samples. In the final quarter, 50.5 percent of those in the full sample are employed, compared with 60.6 percent of those who have some administrative record in that quarter.

APPENDIX TABLE 1
Percentage Who Worked in Each Quarter among Alternative Samples
(Women Receiving AFDC July 1990)

Percentage Worked in	All (N=6,515)	All Who Appear in Any of 16 Quarters (N=6,372)	Those Who Appear in Each Year (N=5,761–6,306)	Those Who Appear in Each Quarter (N=5,423–6,204)	Those Who Appear in All 16 Quarters (N=4,517)
1st Quarter 1991	33.5	34.3	34.6	35.2	36.6
2nd Quarter 1991	36.6	37.4	37.8	38.8	40.2
3rd Quarter 1991	38.7	39.5	39.9	41.6	42.3
4th Quarter 1991	38.6	39.4	39.8	42.1	42.7
1st Quarter 1992	36.3	37.1	39.0	40.1	40.6
2nd Quarter 1992	39.8	40.7	42.8	44.5	44.3
3rd Quarter 1992	42.6	43.5	45.7	47.8	47.6
4th Quarter 1992	43.8	44.8	47.0	49.7	49.3
1st Quarter 1993	40.9	41.9	45.4	47.0	46.9
2nd Quarter 1993	42.6	43.6	47.3	49.6	48.9
3rd Quarter 1993	44.3	45.2	49.1	51.5	51.3
4th Quarter 1993	45.5	46.5	50.5	53.6	53.0
1st Quarter 1994	44.4	45.4	50.2	52.7	52.0
2nd Quarter 1994	46.6	47.6	52.7	55.9	54.8
3rd Quarter 1994	48.5	49.6	54.9	58.1	57.1
4th Quarter 1994	50.5	51.6	57.1	60.6	59.8

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