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The Impact of South Carolina's Family Independence Program on Movers, Stayers, and Those In Between

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Abstract

In its 1999 report, the National Research Council's (NRC) Panel on Welfare Reform Evaluation states that "good" welfare reform studies should distinguish between long-term, short-term, and "cycler" recipients in describing reform results. In this paper we question the utility of this prescription on practical and theoretical grounds. Instead we distinguish among welfare cases in South Carolina on the basis of expected case duration (ECD) in the absence of reform. We find that when evaluated on this basis, the caseload is indeed diverse, but no natural division, tripartite or otherwise, is apparent. We find that the consequences of introduction of South Carolina's Temporary Assistance for Needy Families program for closure and for outcomes for leavers are related to our measure of expected case duration. To the extent that comparisons are possible, our results appear consistent with many other studies of welfare leavers, although no other studies differentiate on an ECD basis. Among all leavers, those who would have been expected to leave welfare fastest appear on average to be most vulnerable to incidents of food deprivation. Recent studies that attempt to implement NRC guidelines are reviewed; judged from work available to date, the long-term/short-term/cycler distinction has been difficult to apply in practice.

The Impact of South Carolina's Family Independence Program on Movers, Stayers, and Those In Between

Between March 1994 and the end of 1999, the number of families receiving cash assistance in the United States fell by 54 percent, from a peak of 5.1 to just 2.3 million cases. Time series analyses typically attribute a significant portion of this unprecedented contraction to the effects of a robust economy, but most studies also link the turndown to effects of state welfare reform demonstrations on assistance applicants and recipients (Council of Economic Advisers, 1999). These initiatives altered standard operating procedures for the Aid to Families with Dependent Children (AFDC) program and the related Job Opportunities and Basic Skills (JOBS) program in a variety of ways, most commonly to increase work requirements and the sanctions applied to recipients who failed to comply with them. In 1996 the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) replaced AFDC/JOBS with Temporary Assistance for Needy Families (TANF). PRWORA promoted the move to greater rigor in the enforcement of work obligations that was evident in the state demonstrations.

Caseload decline and case closure were not unknown in AFDC. However, given entitlement and the relatively weak employment requirements imposed by the Work Incentive program and JOBS, it could reasonably be assumed—or at least argued—that those who were eligible but not receiving assistance did so voluntarily. Thus cases closed when persons either lost categorical eligibility or experienced a positive change in circumstance so that assistance was no longer required. Given this implicit presumption, it seemed unnecessary for state social services agencies or researchers to give much thought to the status of persons leaving welfare beyond attention to the issue of extended access to Medicaid and food stamps.

The plausibility of this closures-are-benign assumption diminished when states began to emphasize caseload constriction (strategically termed "dependency reduction") as a policy goal and to eliminate all family benefits in cases in which adults refused to comply with job search and work requirements. Concern increased when Congress in PRWORA eliminated entitlement to TANF cash

benefits. This change largely precluded legal recourse for eligible families denied benefits without cause. The exceptional size of the caseload decline since 1994 and suspicions about the policies behind it have led to increased interest in the situation of those who left—the "welfare leavers" (U.S. General Accounting Office, 1999a). The number of such studies has grown rapidly, encouraged in 1998 by competitive grants issued by the U.S. Department of Health and Human Services (DHHS). A recent review by the Congressional Research Service cites studies from 39 states and the District of Columbia plus a national review based on the Urban Institute's National Survey of America's Families (Devere, 2001). The studies vary widely in technique, coverage, and competence of execution, and in consequence it is difficult to summarize the results in anything but superficial ways. However, most work concludes that the majority of clients who have left welfare since TANF are working and that most families were not made substantially worse off by their exit from welfare (see Acs and Loprest, 2001).

In 1998 the National Research Council (NRC) established a panel of experts to investigate current work on welfare reform evaluation. The panel's initial report faulted leaver studies on conceptual and methodological grounds, suggested changes in future rounds of leaver investigations, and encouraged DHHS to assume a leadership role in improving quality and promoting greater comparability across such investigations (Moffitt and Ver Ploeg, 1999). The panel's final report, released in 2001, expands upon, but does not materially change, these recommendations (Moffitt and Ver Ploeg, 2001).

The 1999 NRC report asserts a number of hypotheses about the dynamics of welfare receipt in the post-PRWORA era. For example, in commenting on the impact of economic change on welfare caseloads, the report states:

> As the economy improves . . . recipients who are better off in general and have greater skill potential tend to leave the program, so the worst-off cases remain. Thus, the caseload becomes increasingly composed of long-termers who have the greatest number of difficulties (sometimes also called the hard-to-serve). Not only do the exit rates of the better-off families increase, but the first-time entry and reentry rates of such families also decline as individuals who have better income potential or networks of support are less likely to lose their jobs or supports and become participants. These changes reinforce the change in the composition of the caseload. (Moffitt and Ver Ploeg, 1999, p. 21; citations that immediately follow are from this source.)

The authors go on to suggest that work-oriented reforms likely contribute to this compositional effect, since "better-off recipients are more likely to leave the program as they find jobs or other supports, and they are less likely to enter the program for the same reason." The exception occurs with application of reforms that emphasize time limits, sanctions, and diversion. These "literally push recipients out of programs or prevent them from entering." The incidence of involuntary exits is likely, the authors state, to be greatest among the relatively worse off.

These hypotheses are based both on deduction from certain premises about the nature of recent state welfare reforms and on evidence drawn from pre-PRWORA studies of welfare dynamics. Although we consider these propositions to be plausible, we think they should be tested, and that is the object of this paper. Beyond this, we make a first attempt at applying one of the NRC panel's lessons: "A good welfare reform study should distinguish between different types of recipients in describing its results. . . . All results and findings should be stratified by whether the recipients were long-termers, cyclers, or short-termers."[1]

The problem with this recommendation is that such classifications can only be made with certainty after the fact. We cannot classify cases as, for example, "cyclers" a priori. Looking backwards, that is at case history, does not necessarily help, for in some instances adults may have been categorically eligible only for a brief interval before the point at which data are collected. When this happens, the fact that they have not been recipients long may tell us nothing about the relative likelihood of their becoming short-term, cycler, or long-term cases as defined by the panel. More generally, the patterns proposed by the panel for case classification may be thought of as the outcome of three processes, one involving initial case opening, a second involving closure, and the third recidivism. If we begin with open cases,

[1]The panel defines these categories as follows: "Short-termers, the least disadvantaged of the three, have only a brief experience with the welfare system and are, for the most part, relatively independent of welfare over their lifetimes. In contrast, cyclers move on and off the welfare rolls periodically and end up, over time, with a long-term dependence on the system for repeated assistance, being unable to achieve self-sufficiency. Long-termers, the most disadvantaged of the three, have long spells on welfare uninterrupted by time off the rolls, and have the heaviest dependence on the welfare system for support" (pp 20–21).

subsequent dynamics involve only the probability of closure and then, given closure, the probability of return. Considered in this framework, in each month subsequent to initial opening short-termers have a high probability of closure and a low probability of reopening; long-termers have a low probability of closure and, if closed, a high probability of return. Cyclers fall in between. But over any fixed interval, especially if the period is short, some short-termers may stay on most of the time; some long-termers may close; and some cyclers may not close or, if they leave, may not return.

We think policy analysis is better served by looking at the determinants of the three core probabilities. One is the likelihood of an initial opening—the focus of state diversion efforts and, indirectly, policies aimed at reducing out-of-wedlock births. The second is the probability that a closure will occur—the focus of welfare-to-work policy. The third is the probability that a closed case will reopen—the focus of job retention and advancement. Fortunately, all this need not be done at once. In this paper we concentrate on the probability of case closure, with emphasis on the postclosing experience of cases that would most likely have been long-termers under pre-PRWORA policy. The advantage to this is that we do not need equations for both the probability of closure and the probability of return to identify the long-term group; it is low probability of closure that counts.

Our data come from South Carolina, which produced eight quarterly surveys of leaver cohorts from the inception of TANF in October 1996 through September 1998. These were the first comprehensive leaver surveys in the country (South Carolina Department of Social Services, 1998).[2] The present paper was motivated by the difficulty encountered in attempting to analyze the first rounds of these surveys by applying categorization principles proposed by Gottschalk and Moffitt (1994), who suggest that cases should be differentiated on the basis of cumulative time on welfare over a fixed time interval. When this procedure was followed, some cases headed by young mothers with a first baby were classed as "short-term" on the basis of the mothers' brief welfare histories, even though their prospects

[2]Donald Klos designed the South Carolina leaver survey instrument; elements of this survey have been adopted in surveys in many other states.

were for long-term dependence (Edelhoch, Liu, and Martin, 1999). This paper develops and applies a method of case classification that we believe to be more useful in practice. In the next two sections we provide background for the study and our method. We then report and interpret our results. We conclude with a reflection on the NRC panel's recommendations. We concentrate on the period 1994–1998, which is from the beginning of the national caseload decline through PRWORA and the first years of TANF operation.

BACKGROUND

We begin with context, setting the stage for welfare as South Carolina knew it in 1994. Then and now, use of welfare is the product of interaction of the families at risk with economic opportunities and the way the welfare system is operated.

Demography and the Labor Market

South Carolina is a small, low-income southern state with an ethnically diverse population that is substantially rural. In 1990, the population was 3.5 million, including 926,000 children. Over the 1990s the population grew by about 1.3 percent per year, reaching 3 million adults and 1 million children in the 2000 census. Approximately two-thirds of the population is non-Hispanic white; most of the remainder is African American. As happened elsewhere in the country, South Carolina's labor market began to improve in 1993, and over the next 7 years the state unemployment rate fell from over 7 percent to under 4 percent.

Welfare: From AFDC to FI

South Carolina's welfare system is administered by counties with state supervision. Counties are responsible for determining eligibility as well as for supervising payments. Single parents head most recipient families. In 1984 the state extended eligibility to two-parent families rendered needy by the unemployment of the "principal earner," but by 1994 these AFDC-Unemployed Parent (AFDC-UP) cases

accounted for only 1 percent of the caseload (Committee on Ways and Means, 1996, p. 491). As elsewhere, most adults in South Carolina's AFDC families could be required to undertake welfare-to-work activities in the JOBS program established by the federal Family Support Act of 1988. Participation was mandatory for at least one adult in AFDC-UP families and for single parents if they were not exempted due to incapacity, the presence of young (less than 3 years old) children, the absence of an accessible program, or other considerations allowed by federal law. By national standards, an extraordinarily high proportion of South Carolina's adult recipients were exempt from JOBS participation, and even among nonexempt recipients the incidence of actual participation in JOBS activities was low (Committee on Ways and Means, 1996, p. 426).

In 1994 the AFDC benefit in South Carolina for a three-person family was only $201 per month, compared with the median amount for all states of $366 (Committee on Ways and Means, 1994, Table 10–11). Most AFDC recipients also received food stamps, and given average housing costs the food stamp benefit for recipient families was greater than that received from AFDC—$295. The federal government paid 71 percent of AFDC benefit costs and all costs for food stamps. The very low AFDC benefit meant that, at least for smaller families, virtually any full-time job that paid the minimum wage would lead to loss of welfare eligibility. An important additional implication is that those receiving assistance tended to be extremely disadvantaged and, in comparison with cases in other states, slow to leave.

In 1995 the administration of Governor David Beasley initiated consideration of strategies for reforming the AFDC program. Like many other states, South Carolina applied for waivers of restrictions imposed on state AFDC programs by federal law that appeared to preclude some features of the contemplated reforms (U.S. Department of Health and Human Services, 1997). The South Carolina waiver request was submitted to the U.S. Department of Health and Human Services in June 1995 and was approved in July 1996. The initiatives for which waivers were sought covered provisions established by state legislation, the Family Independence Act of 1995; the combination was termed the Family Independence program, or FI. However, by the time the waiver was granted, it had become evident that

national welfare reform was in the offing. The prospective federal legislation offered more latitude than was available under waivers. The state delayed significant change until a modified plan, also called FI, could be established as the state's TANF program.

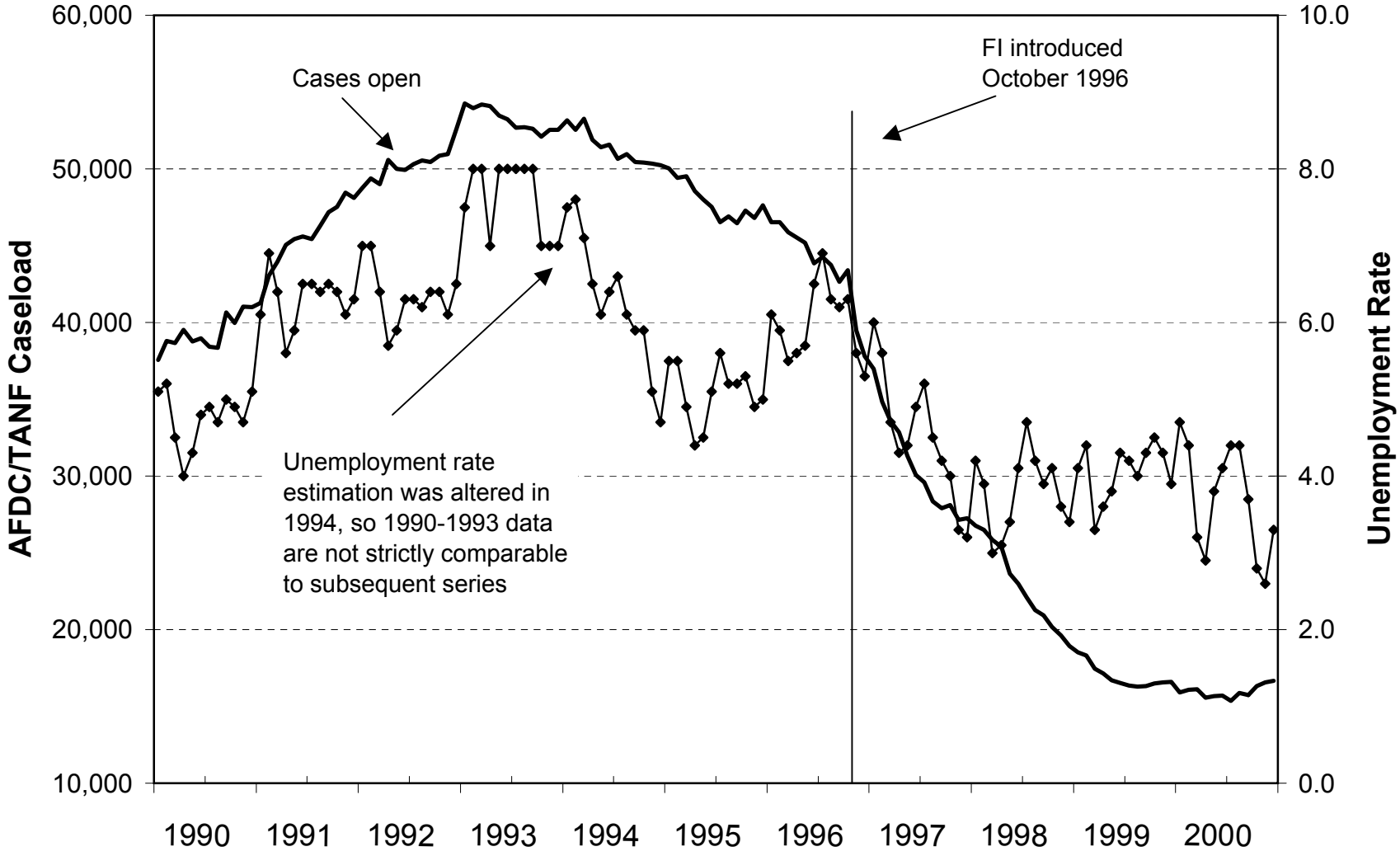
Overall, the Family Independence program substantially increased the emphasis placed on employment and ending welfare receipt as objectives of state policy. The program grants fewer exemptions from participation in employment and training activities than was the practice in JOBS, but FI provides more work-related supports such as assistance with transportation. Transitional benefits, including up to 2 years of Medicaid and child care subsidies, are provided to those who leave for earned income.

Under FI, cases with adults mandated to work are subject to time limits of 24 months in 10 years, and 60 months in a lifetime. Such cases are also subject to full-family sanctions for noncompliance with program requirements. This means that if an adult in the case fails to comply with work requirements, the entire grant is lost. Compared with other states, South Carolina treats cases with earnings relatively stringently (Giannarelli and Wiseman, 2001). For the first 4 months after welfare recipients take jobs, 50 percent of earnings is disregarded in benefit calculation, but thereafter only the first $100 is disregarded. As a result, full-time minimum wage employment leads in short order to loss of eligibility for TANF cash benefits for all but the very largest recipient families. Thus, to move recipients to work, the state relies more on time limits, sanctions, and activity requirements than upon financial incentives. The basic cash benefit has not been changed since the shift from AFDC to TANF (it is still $201 per month for a family of three, one of the lowest benefit levels in the country). The decline in the real value of TANF payments has been in part offset by an increase in the value of the food stamp benefit.

The Caseload

Figure 1 shows the total number of AFDC/TANF cases, by month, over the past decade. As was true for the rest of the country, the beginning of the decline of the welfare caseload predates PRWORA. However, once FI began, the decline accelerated.

FIGURE 1
South Carolina AFDC/TANF Caseload and Unemployment



The early decline was the product of both an increase in terminations and a decline in accessions. However, the substantial decline that followed October 1996 was largely the product of case closure. This contraction attracted considerable attention within the state, and concerns were voiced as early as 1996 about the circumstances of the families that had left the rolls. To investigate these concerns, the South Carolina Department of Social Services (SCDSS) initiated a series of telephone-based surveys of welfare leavers. The first such survey was conducted in late 1997. The results are a valuable resource for assessment of the consequences of the state's PRWORA program and for planning state policy.

In sum, over the period 1994–2000 South Carolina experienced declines in the public assistance caseload similar to those in the rest of the nation. Unlike other states, South Carolina operated its AFDC/JOBS program right up to the national change from AFDC to TANF. The state's TANF program is more restrictive and more "push" oriented than was AFDC. Thus the state's experience offers an opportunity for investigating the validity of the NRC panel's conjectures, both with regard to differences across cases in the likelihood of post-TANF closure and with regard to the reasons such closures occur. The next section outlines our method.

THE BASELINE: STAYERS, MOVERS, AND THE IN-BETWEENS BEFORE PRWORA

Our procedure is to use administrative data as the basis for estimating coefficients in a logit model of the likelihood of case closure. With this model, we categorize cases receiving welfare when FI began as movers and stayers (and some in between) on the basis of pre-PRWORA experience. This categorization permits examination of outcomes by expected case duration, using both administrative and survey data sources. In this section we identify our data sources, explain our procedure for classifying cases, and present the classification results.

Data Sources

Our study employs three sources of data. The first is the SCDSS administrative database. We used this source to extract information on (1) the beginning and ending dates of each welfare episode for

cases going back to 1988, (2) monthly welfare benefits, and (3) certain demographic characteristics of the participating clients.

The second data source is the quarterly survey conducted by SCDSS of former mandatory clients whose cases closed during the four quarters following implementation of FI in October 1996. Data were collected through telephone interviews (for most of the respondents) and home interviews (for respondents who could not be reached by phone), most within 9 to 12 months after case closure. As was common in the first phase of leaver surveys, ex-recipients were not interviewed if they had returned to FI. (The state has since come to appreciate better the usefulness of paying more attention to the correlates of recidivism; we present some evidence on the incidence of recidivism later.) The combined response rate was 77 percent for the survey waves we employ.

Our third data source is quarterly individual UI wage records maintained by the South Carolina Employment Security Commission (ESC), at the client level. State analysts believe UI data undercount quarterly employment of former welfare recipients in South Carolina by about 15 percent, since only South Carolina employers with more than five employees report wages to the ESC and no reports are received for military or other federal employees. Nevertheless, assuming that the mix of job placement by firm size does not change over time, the UI wage data are useful for investigating trends in the incidence of "formal" employment and wage progression among those who acquire covered jobs.

Construction of Pre-FI Samples

We use the administrative data to construct a database for two pre-FI caseload cross sections and the caseload at the point FI was initiated. The first pre-FI data set covers all cases open on January 1, 1994; the second all cases open January 1, 1995. The "Eve-of-FI" database covers all cases open on October 1, 1996. To capture the cases most likely to be affected by TANF policies, we consider only cases headed by a single black or white adult aged 18–50 who is herself receiving assistance, that contain only the head's children, and in which the youngest child is less than 17 (additional detail on restrictions is provided in Appendix 1). We would have preferred to exclude all cases that could be candidates for

TANF exemptions, especially those in which the case heads were ill or needed to take care of ill family members, but this was not possible because of a lack of relevant health data or detailed information on family circumstances.

This process resulted in 36,076 and 33,810 cases in the 1994 and 1995 cohorts, respectively. The 1996 cohort has 28,689 cases.

Definition of Expected Long-Term Cases

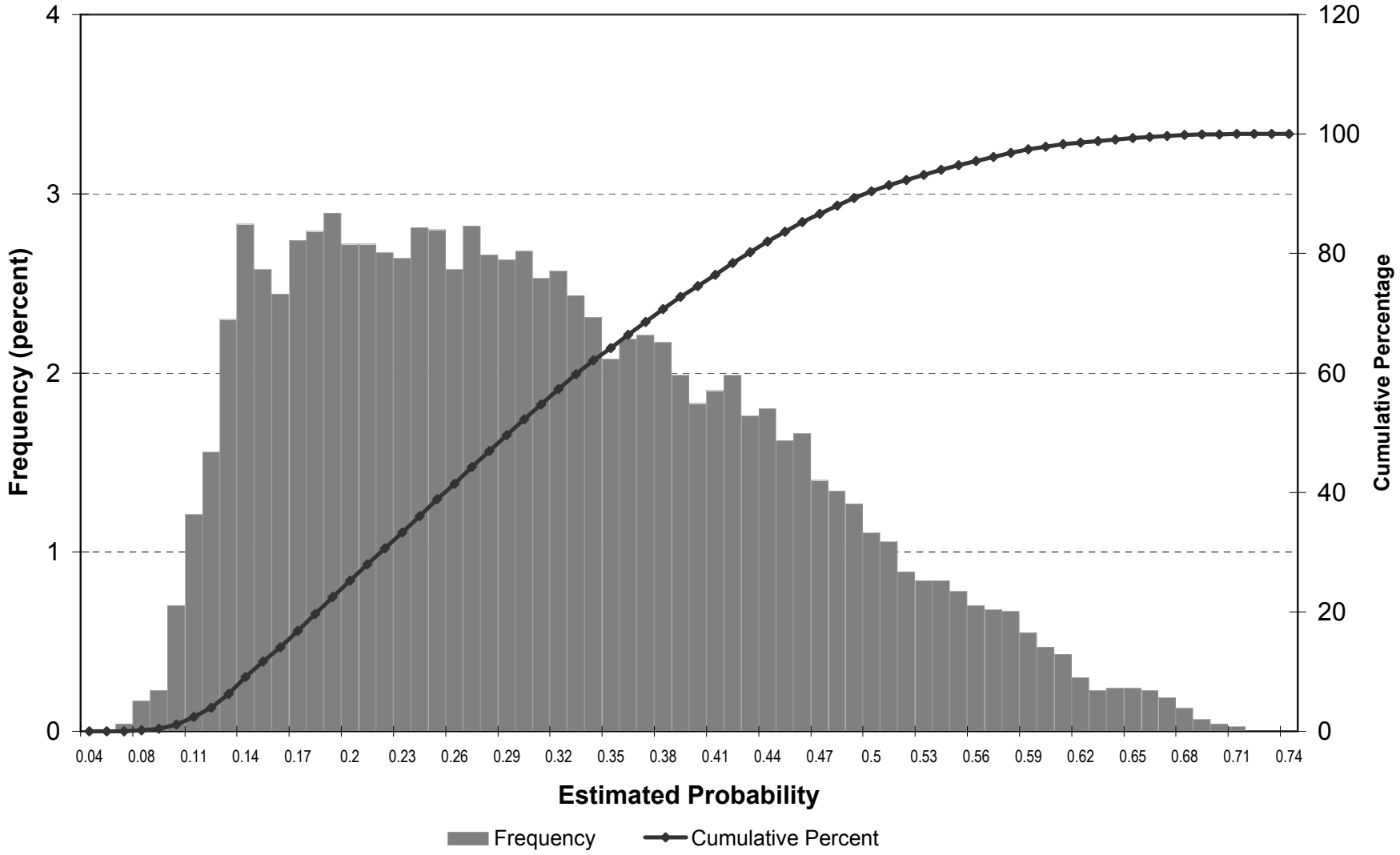
We are interested in comparing caseload composition and rates of case closure before FI to the developments following TANF introduction. Our approach is to use the 1994 cohort to estimate a logit model of case closure. Since the experimentation we did with measures of case duration renders the formal interpretation of tests of significance suspect, we used the 1995 sample for validation. The basic model has the common form

$$\Pr(EXIT = 1) = F(z = X'\beta)$$

where $F(z) = e^z/(1+e^z)$ is the cumulative logistic distribution. The right-hand variables (X) include the local (county) unemployment rate as well as indicators for urban/rural location, age, education, and race of the mother, number and ages of children, and recent case history. The formal definitions of all variables are reported in Appendix 1. When the 1994 model was applied to the 1995 data, the fit, judged on the basis of procedures suggested by Hosmer and Limeshow (2000), was not appreciably worse. When the model was reestimated without experimentation using the 1995 data, with few exceptions the estimated coefficients were similar in magnitude and sign to those estimated for 1994. We conclude that the experimental derivation of the functional form did not compromise its utility in out-of-sample application. The estimated coefficients for the 1994 and 1995 cohorts are reported in Appendix 2.

Once the model was estimated, we used it to develop a histogram of the distribution of closure probabilities within the 1994 cohort. The result appears in Figure 2, which also includes an approximate cumulative distribution. The median estimated probability of closure is 0.291. Should this point estimate hold over time, a case with the median annual probability of closure would be expected to stay open

FIGURE 2
Frequency and Cumulative Distribution of Estimated Probability of Case Exit, 1994



almost 3.5 years in addition to duration to date. On average, cases open in January 1994 had been open 32 months. This is long, but the caseload includes a substantial number of cases with much longer durations and, at the other end of the distribution, some that are expected to close very quickly. Correlates of staying include being young, being African American, and having an infant or toddler, little education, and a long AFDC history.[3] On the other hand, if a case includes a mother over 25 years old, with some post-high school education, no preschool children, and little time on AFDC, the odds are better than even that closure will occur within a year. Of course these point-in-time distributions include more stayers and fewer movers than would appear should similar analysis be applied to all cases ever open during, say, a year.

Figure 2 has several interesting features. One is the clear implication that, as anticipated, South Carolina's caseload was in 1994 made up of people who were for the most part long-term dependents. The odds of closure within 12 months are even or better for less than 10 percent of the caseload. A second feature is the distribution's continuity. There are no obvious points to distinguish between stayers and movers. On this specific issue, the NRC panel itself offers no advice. Absent such guidance, we arbitrarily choose to divide the caseload into thirds on the basis of expected probability of closure over a year. We label the three groups, in order of increasing closure likelihood, stayers, in-betweens, and movers. Table 1 reports the lower probability cutoff, population share, mean within-group estimated closure probability, and the actual incidence of closure for the 1994 and 1995 cohorts. The 1995 data are sorted using the 1994 prediction model with two different assumptions about the unemployment rate.

Looking first at the baseline 1994 data, note that within categories as broad as these, the correspondence between estimated and actual closure probabilities for 1994 is quite close. For example,

[3]We include time on AFDC in our model even though it is, as indicated earlier, constrained to be no greater than the woman's categorical eligibility. We include other variables in the equation to capture those circumstances (e.g., "case head is # 21 and has been a welfare recipient since the birth of the oldest child in the case") associated with low prospect of closure regardless of duration to date. The idea is not to throw out useful information, but to recognize that duration to date is not in many cases an adequate indicator for prospective discrimination between movers and stayers.

TABLE 1
Distribution of Caseload Cohorts by Estimated and Actual Closure Incidence

Year, Assumption	Mobility (Expected Case Duration) Category	Lower Probability Cutoff	Share of Cohort in Category	Mean Estimated Closure Probability	Actual Incidence of Closure
1994 Baseline Cohort					
	Movers	0.361	0.333	0.464	0.466
	In-betweens	0.230	0.333	0.293	0.290
	Stayers	0.000	0.333	0.168	0.168
1995 Cohort, Using 1994 Prediction Model, 1994 Unemployment Rate					
	Movers	0.361	0.328	0.465	0.478
	In-betweens	0.230	0.334	0.293	0.317
	Stayers	0.000	0.339	0.168	0.187
1995 Cohort, Using 1994 Prediction Model, 1995 Unemployment Rate					
	Movers	0.361	0.353	0.469	0.470
	In-betweens	0.230	0.339	0.294	0.307
	Stayers	0.000	0.309	0.170	0.183

Source: Calculations by authors using administrative data on welfare exits. See text for procedures and definitions of terms.

for the third of cases classed as in-betweens, the mean estimated rate of closure is .293, and indeed 29 percent of cases in the cohort did exit within the following year. It is a comparison such as this that underlies the statements made earlier about the fit of the baseline regression. But it is also worth noting that a logit regression that fits well in this sense will not seem to provide much information when applied to individuals. For *all* of the cases in the stayer and in-between categories, the best guess taken a priori on an individual basis is that no exit will occur. For stayers as a group, this prediction would be wrong only about one time out of six.

In Table 1 the 1995 cohort is subdivided by calculating expected probability of closure using the 1994 base logit and the 1994 category cutoffs. Review of Figure 1 indicates that the 1994 cohort experienced unemployment conditions that were considerably different from those applicable to the 1995 group—the average monthly South Carolina unemployment rate was 6.3 percent in 1994 and 5.1 percent in 1995. Table 1 shows the distribution of the 1995 cohort under alternative unemployment specifications. The first uses 1994 data and the second adjusts the distribution to the 1995 unemployment data. In both cases the unemployment rates used in estimation are for the recipient's county. Comparing the two distributions, we find that the reduction in unemployment is calculated to have had a small effect on the distribution of cases by mover status. The baseline logit indicates the change moved about 3 percent of the 1995 cohort from the stayer to the in-between category (.339 ! .309 = .03) and about 2.5 percent of the 1995 cohort from in-between to mover (.353 ! .328 = .025). When the change in unemployment rate is incorporated in the estimates, the model predicts exit rates for the three categories well, although in all cases the estimate errs in the direction of small understatement.

This apparatus in hand, we turn to the impact of the Family Independence program.

IMPACT OF THE FAMILY INDEPENDENCE PROGRAM

Perhaps surprisingly, the distribution of cases by predicted closure rates—that is, among stayer, mover, and in-between categories—changed little between 1994 and the point where FI began. However,

the distribution of outcomes changed dramatically. Table 2 replicates Table 1, but this time it is the composition and outcomes for the 1996 eve-of-FI cohort that is the focus. By October 1996 the unemployment rate had fallen again; between October 1996 and September 1997, the monthly average was virtually identical (5.1 percent) to the unemployment rate in 1995, but the trend was much different. In 1995 the rate was steady; in 1996 the rate was declining. As Figure 1 suggests, the trend in South Carolina's unemployment rate over the 12 months following initiation of FI was similar to that experienced in 1994, albeit beginning from a lower level. Thus we have some confidence that our 1994 model, adjusted for the change in unemployment rates, can provide a good forecast of what would have happened to the South Carolina caseload in the absence of FI.

Again, the lower probability cutoff for each tryptile is the bound established using the 1994 baseline sample and is repeated from Table 1. The "share of cohort in category" data indicate that quite apart from the influence of a lower unemployment rate, by 1996 the caseload had shifted moderately from both the stayer and the mover categories to the in-betweens (recall that if the distribution had remained unchanged, the shares would have stayed .33/.33/.33). When the effects of the decline in the level of unemployment are factored in, there is additional shuffling, with an increase in the share of families classed as movers, reduction in the share identified as stayers, and no change in the proportion classed as in-between.

What is new in Table 2 is the dramatic underprediction of exit rates. In contrast to the results for 1994 and 1995, in each category actual incidence of closure substantially exceeds the predicted incidence—by 43 percent for those classed as movers, 92 percent for those classed as in-betweens, and an astonishing 162 percent for those cases that would in the past have been expected to have the least chance of exiting welfare.

Most authorities have argued that the post-PRWORA collapse of state welfare caseloads has led to an increasing concentration of welfare use among the hard-to-serve, i.e., the stayers. This was supposed to come about because movers move and stayers don't. This first cut at South Carolina's experience indicates the opposite; unless the effect was wholly offset by arrival of new "stayers," the initial impact of

TABLE 2
Distribution of 1996 Caseload Cohort by Estimated and Actual Closure Incidence

Year, Assumption	Mobility (Expected Case Duration) Category	Lower Probability Cutoff	Share of Cohort in Category	Mean Estimated Closure Probability	Actual Incidence of Closure
1996 Cohort, Using 1994 Prediction Model, 1994 Unemployment Rate					
	Movers	0.361	0.321	0.463	0.667
	In-betweens	0.230	0.355	0.293	0.570
	Stayers	0.000	0.324	0.170	0.456
1996 Cohort, Using 1994 Prediction Model, 1996 Unemployment Rate					
	Movers	0.361	0.339	0.465	0.666
	In-betweens	0.230	0.355	0.293	0.564
	Stayers	0.000	0.306	0.172	0.452

Source: Calculations by authors using administrative data on welfare exits. See text for procedures and definitions of terms.

welfare reform was to shift caseload composition in the direction of families that, prior to PRWORA, were *most* likely to exit.

For South Carolina this result contradicts popular perceptions of the immediate impact of PRWORA, but it underscores the importance of exit follow-up. If these were the cases that, in the judgment of the NRC panel, had "the heaviest dependence on the welfare system for support," why did they leave, and how did they manage without assistance?

FOLLOWING UP: THE LEAVER SURVEYS

South Carolina was the first state to initiate surveys of welfare leavers in the wake of PRWORA. Beginning in 1997, the state attempted to interview the family head for closed cases at some time between 9 and 12 months following closure (in a few cases the delay was greater). The state's surveys were limited to those cases that had closed and not reopened at any time during the interval between departure and the survey, so the standard was slightly stricter than the restriction used in examining rates of closure in the previous section. The surveys were conducted in quarterly waves, so that, for example, cases that closed in the fourth quarter of 1996 were sought out for interviews in the fourth quarter of 1997. It is therefore possible to use the survey data to obtain more detail on the leavers' postdeparture circumstances that produced the exit rates evident in Table 2.

Table 3 shows the relation between the interviews and earlier data presentations. Of the approximately 45,000 cases open in October 1996, 29,000 met the criteria established earlier in the paper for inclusion in our analysis. Of these 29,000, almost two-thirds had closed within 1 year. About 15 percent of these closed cases returned in less than 6 months. Of the 16,000 that did not, 1,354 fell within the sample frame, and interviews were obtained with 77 percent of this group. Overall response rates were slightly better for cases that fell into the expected long-term dependence category, slightly worse for cases that were expected to be short-term. Among the latter group, the nonresponse was largely attributable to the inability of interviewers to locate the families involved.

TABLE 3
October 1996 Leaver Cohort and Leaver Surveys

	Count	Percent**
Case open, October 1996	44,557	100.0%
Cases with mandatory FI participants meeting criteria*	28,689	64.0
Cases closed before October 1997	18,961	66.1
And did not return for 6 months or more	16,184	85.4
Interview sample	1,252	7.7
Interviews available	967	77.2

*Single parent, black or white, aged 18–50, with youngest child <17. See text.
**For all lines except the first, percentages refer to share of preceding total.

Breakdown by Expected Case Duration

	1996 Leaver Cohort		Interviews	
	Number	Percent	Number	Percent
Stayers	3,974	25%	247	25.6%
In-betweens	5,740	35	367	37.9
Movers	6,471	40	353	36.5
Total	16,185	100	967	100.0

Response Rate by Expected Case Duration

	Interview Sample	Interviews Available	Response Rate
Stayers	295	247	83.7%
In-betweens	470	367	78.1
Movers	487	353	72.5
Total	1,252	967	77.2

Reasons for nonresponses:
Refusal: 5.3%
Could not locate: 12.3%
No response to repeated contacts: 5.3%

Reasons for Termination

Table 4 reports official reasons for case closure for those in the interview sample. These reasons are declared by caseworkers, not by recipients. In the "Earned income" category, closures occurred because either earnings went up and crossed the break-even level or the reduction in the disregard after 4 months of jobholding led to termination. Closures due to sanction occur because of failure of the case head to comply with employment requirements. Recipients are required to report monthly (by mail) on employment status; failure to do so leads to termination for failure to provide information. "Voluntary withdrawal" is self-explanatory, and the last category is the catchall. Compared with the entire October 1996 closure cohort, the survey sample includes a higher proportion of cases closed due to earned income and fewer cases closed as a result of failure to provide information or other reasons. In drawing inferences concerning outcomes for leavers by expected dependence class, it would be appropriate to reweight the interview sample data to adjust for these differences. However, for simplicity and because the difference in distributions is not large, the discussion that follows is based entirely on unweighted data.

Table 4 verifies that reasons for closure post-FI are related to pre-FI expected dependence. When common criteria for statistical inference are applied, the incidence of four of the five closure reasons varies by dependence class. Stayers are much more likely to close due to sanction. Movers are far more likely to close due to earned income. As discussed above, FI moved South Carolina policy from partial benefit sanction for noncompliance to so-called "full family" sanction in which infractions lead to complete benefit cessation. The state's leaver survey effort was motivated in part by concern about the high incidence of the sanctions and the implications for family, and especially child, well-being. As anticipated by the NRC report, sanctions are much more significant as a reason for closure for cases that traditionally would have been expected to stay open.

TABLE 4
Administrative Closure Reasons for Survey Respondents by Expected Welfare Dependence Category

Reasons for Closure	All n=967	Expected Case Duration (ECD) Pre-FI			Variation by ECD Significant at
		Stayers n=247	In-between n=367	Movers n=353	
Earned income	42%	32%	40%	50%	$p < .01$
Sanction	26	34	29	18	$p < .01$
Failure to provide information	14	12	12	17	$p < .10$
Voluntary withdrawal	14	18	14	10	$p < .05$
Ineligibility or other reasons	4	4	4	4	

Source: Tabulation by authors of data from South Carolina Department of Social Services administrative database. Column percentages may not sum to 100 due to rounding.

Employment Status

Table 5 reports information on post-FI employment experience. The table reflects the situation of former recipients at the time of the leaver interview, in general about 12 months after case closure. Table 5 says that almost two-thirds of former recipients reported being employed, but at the same time 16 percent reported having never done so. Both the incidence of current work and having never worked are significantly associated with stayer/leaver status.

Leavers were asked about wage rates, but because of a design mistake, reported wages were coded only in nearest whole dollar numbers. As a result, the median reported hourly wage was $6.00, the mean $6.23. Though the point estimates suggest recipients in the movers class were doing better than the stayers or the in-betweens, there is so much variation in the hourly wage reports given the integer constraint that the difference could well be a chance outcome of a process where all are taking jobs at the same expected wage.

In the unlikely event that a former recipient works absolutely full time, that is 2,000 hours per year, an hourly wage of $6.23 means $12,460 per year. In 1997, $12,460 in earnings would have produced $3,544 in anticipated gain from the Earned Income Tax Credit (EITC). FICA taxes would have amounted to $953, hence net income would have been $15,051. With this total income a family of three would have been eligible for $1,340 in food stamps. Thus total purchasing power ($16,391) would have pushed the family well above the poverty standard of $12,931. However, this requires full-time employment at the mean hourly wage; Table 5 indicates that 35 percent of welfare leavers were not employed a year later, and the high variance of reported wage indicates that many of those who were working had wages significantly below $6.23.

Most studies of welfare outcomes use earnings as reported through state Unemployment Insurance (UI) systems. Such data have the important advantage that they can be obtained cheaply and regularly from administrative data systems. The disadvantages are that not all workers are covered and that not all income is derived from wages. Nevertheless, the incidence and amounts of UI earnings can

TABLE 5
Employment Status of Survey Respondents by Expected Case Duration Category

Employment Status at Time of Interview	All Respondents n=967	Expected Case Duration (ECD) Pre-FI			Variation by ECD Significant at
		Stayer n=247	In-between n=367	Mover n=353	
Currently working	65%	61%	63%	70%	$p < .05$
Once worked, not working	20	18	21	19	
Never worked	16	21	16	11	$p < .01$

Source: Tabulation by authors of data from South Carolina Department of Social Services administrative database. Column percentages may not sum to 100 due to rounding.

reveal trends in earnings over time and differences among groups in employment experience. Figure 3 reports the proportion of case heads from the 1996 leaver cohort that had UI-covered earnings by quarter before, quarter of, and quarters after exodus. UI wage data are reported by employers on the basis of calendar quarters, so reported earnings in the quarter of exit may reflect work both before and after formal case closing. As might be expected, the quarter of FI departure was associated with a substantial increase in the incidence of employment, from an average of 48 to 60 percent. Once established, this incidence continued through six quarters. Interestingly, there is no significant difference between the UI-covered employment rate of movers and in-betweens, but the incidence of UI-covered employment is significantly less for stayers.

Actual UI earnings fall substantially below what would, given survey-reported wage rates, be earned from full-time employment. In Figure 4 we plot median quarterly earnings for case heads for whom some amount of UI earnings are reported (i.e., for those counted in Figure 3). A modest upward trend in earnings is reported, with median reported earnings in the 4th quarter after termination of $2,047. The difference across groups in (average) earnings in the 4th quarter is statistically significant ($p < .001$). Given the wage rates reported in the survey, the message of the UI data is that leavers are not working full time, at least in covered employment.

Other Income Sources

Table 6 shows other resources used by leavers to make ends meet. Once again, expected dependence category makes a difference, but principally for formal aid and benefit programs—food stamps, Supplemental Security Income, Medicaid, and the like. The incidence of informal assistance, from parents, friends, or someone else inside or outside of the home, is not significantly associated with expected dependence. Interviewers for the leavers survey did not draw a distinction between child support paid informally and child support paid in accord with court orders, but receipt of some child support is widespread, and it is reported most commonly among the stayers and in-between cases.

FIGURE 3
Percentage of 1996 Cohort with UI Wages for Quarters before, of, and after Exit

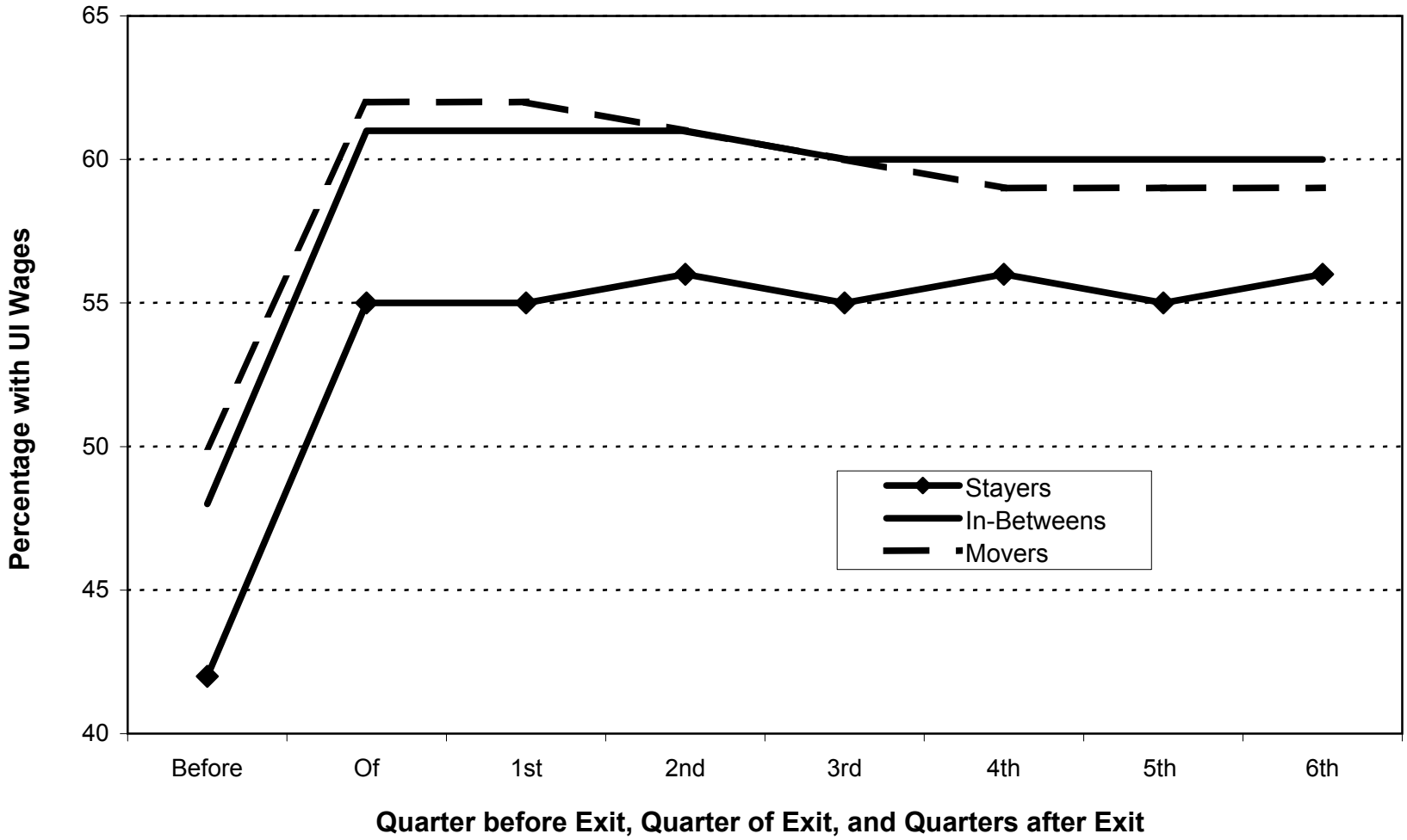


FIGURE 4
Median Quarterly UI Wages of 1996 Leaver Cohort for Quarters before, of, and after Exit

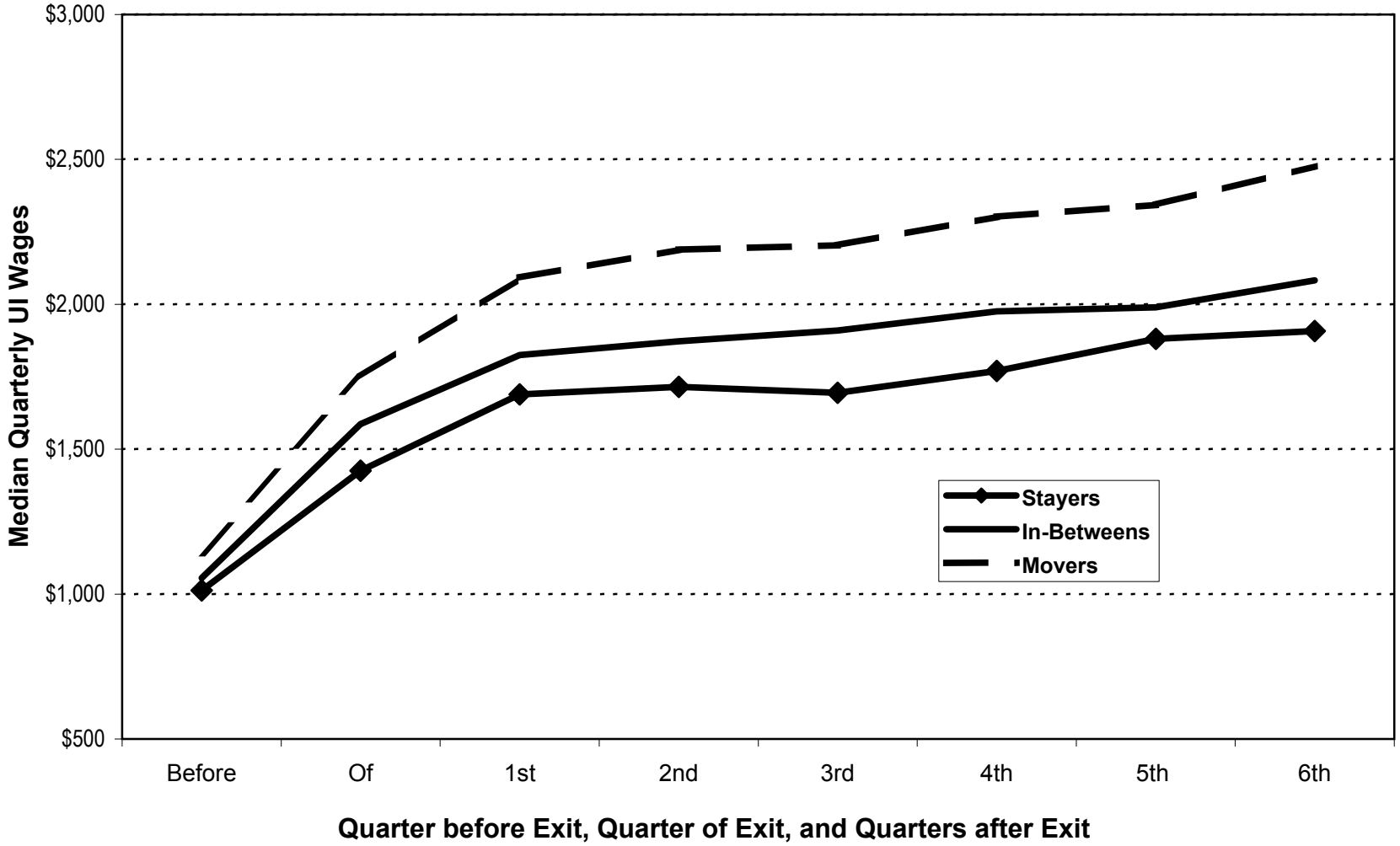


TABLE 6
Percentage of Survey Respondents Receiving Other Types of Assistance/Income by Expected Case Duration Category

	ECD Category Pre-FI			All Respondents
	Stayers	In-between	Movers	
Food stamps***	78%	66%	50%	63%
Child support***	45	43	30	39
Social Security	11	9	7	9
SSI***	16	15	7	12
Medicaid***	83	79	73	78
Private medical insurance**	17	19	26	21
Public housing/housing subsidy***	35	29	18	27
Free housing from parents/relative	11	14	12	12
Someone in home helps to pay bills	8	11	10	10
Someone outside home helps to pay bills	15	15	15	15

Source: Calculated by authors from South Carolina Leavers Survey data.
Significance level for rejection of null hypothesis of no association between dependence category and receipt of indicated benefit: * $p < .10$, ** $p < .05$, *** $p < .01$.

Table 6 may provide some explanation of why stayers left. For some of these households, loss of the cash benefit would have made little difference in net income. The reason involves both the very low South Carolina benefit and the interaction between welfare and child support, food stamps, and public housing. Consider child support. Under AFDC, when child support was collected formally on behalf of recipients, the first $50 per month was "passed through" to the family. The rest was retained by state and federal government as compensation for benefits paid. When South Carolina began FI, the state eliminated any pass-through of child support income. Therefore after FI began, net income for child support recipients declined. At least in instances in which child support was reliable, this change increased the attractiveness of leaving assistance altogether. For most families, a departure from TANF would increase food stamps by about $0.30 for every $1 in benefits lost. And for some in public housing, reduction in the TANF grant could mean some compensation in increased housing benefits. Long-term recipients and those in between are considerably more likely to report each of these compensatory benefits. Even at lower wage rates and earnings levels, they may be more secure than the families classed as movers. For movers, low rates of receipt of food stamps, child support, and public housing subsidy could mean increased vulnerability to budgeting problems even given higher rates of employment and, ultimately, probably greater gain from the EITC.

Deprivation

Survey data have both disadvantages and advantages over administrative data. One great advantage is that in a survey it is possible to move beyond amounts earned or received to more direct measures of well-being. The South Carolina leavers surveys have included several common questions intended to identify significant problems experienced by families. Table 7 reports the results of standard questions related to family budgeting and disruption.

Here again, we see significant differences by expected case duration. However, there is so much variation within classes that significance in the statistical sense is in many places not readily achieved. There are perhaps some surprises. As panel A indicates, the greatest incidence of reports of having had

TABLE 7
Incidence of Reported Deprivations after Leaving Welfare, by Expected Case Duration Category

A. By Expected Case Duration Category

Deprivation: Since leaving welfare, respondent reported:	ECD Category Pre-FI			All Cases
	Stayers	In-between	Movers	
Had problem buying food	11%	15%	19%	15%*
Had to move	4	5	6	5
Had to place kids with someone else	3	2	3	3
Water got cut off	7	4	5	5
Had to go without electricity	11	8	6	8

*Differences by expected case duration significant at $p < .05$.

B. Differentiated by Employment Status at Time of Interview

Deprivation	ECD Category Pre-FI					
	Stayers		In-between		Movers	
	Not Working	Working	Not Working	Working	Not Working	Working
Had problem buying food	11%	11%	16%	14%	23%	17%
Had to move	6	2^	7	4	7	5
Had to place kids with someone else	4	1	2	3	3	2
Water got cut off	8	7	5	3	6	5
Had to go without electricity	18	7**	9	7	7	6

^Differences by employment status significant at $p < .10$.
**Differences by employment status significant at $p < .01$.

TABLE 7, continued

C. Differentiated by Current and Intervening Employment Status

Deprivation	ECD Category Pre-FI								
	Stayers			In-between			Movers		
	Never Worked	Once Worked	Working	Never Worked	Once Worked	Working	Never Worked	Once Worked	Working
Had problem buying food	8%	16%	11%	12%	19%	14%	13%	29%	17%**
Had to move	4	9	2*	10	4	4	3	10	5
Had to place kids with someone else	6	2	1	2	3	3	3	4	2
Water got cut off	6	11	7	3	5	3	6	11	7
Had to go without electricity	13	23	7**	8	9	7	3	10	6

Source: Calculated by authors from South Carolina Leavers Survey data.
*Differences by employment status significant at $p < .05$.
**Differences by employment status significant at $p < .01$.

problems buying food is found among those cases predicted to be short-term. Panel B repeats the tabulations in panel A with cases further subclassified on the basis of employment status at the time of the leaver interview. We find that among expected stayers, those who are not working at the time of the interview report significantly more problems than those who are. It is interesting that working long-term recipients (i.e., stayers) report fewer problems than do workers classified as movers, despite the generally higher wages of the mover group (see Figure 4). One hypothesis is that the stayers have been poor longer and have better learned to cope. Another, derived from our earlier discussion, is that the stayers have access to more stable benefits.

Panel C pushes differentiation by employment status one step further by distinguishing between persons who were not employed at the time of the leaver interview but who had worked since leaving FI from those who had never been employed. In general, it appears that being currently unemployed after some intervening period of jobholding is a marker for family disruption. It is interesting that for all three expected dependence categories, it is those families in the "once worked" category that report the most food and utilities problems. For the movers the incidence of food problems is quite high. This result is especially notable given the quite low incidence of food stamp receipt for this group (see Table 6).

Food Stamps and Food Problems

Use of food stamps is a matter of considerable policy concern (U.S. General Accounting Office, 1999b; American Public Human Services Association, 2001; Wiseman, 2002). Table 8 disaggregates the data on food stamps receipt by expected dependence and employment status. Panel A verifies that for all three employment status categories, those classed as movers are less likely to report food stamp receipt. At the same time, Panel B shows that—again for all three employment status categories—movers are more likely to report having problems paying for food. Panel C shows that for cases classed as stayers and in-betweens, those not receiving food stamps are more likely than those who are to report problems with paying for food. This difference is less evident among the movers; for movers there is no significant difference between those with and without food stamps in the incidence of reported problems of this type.

TABLE 8
Food Stamps and Food Problems

A. Percentages Receiving Food Stamps at Time of Interview

	Stayers (n=247)	In-betweens (n=367)	Movers (n=353)	All (n=967)
Working (n=626) **	72%	61%	50%	59%
Once worked (n=190) **	89	73	49	68
Never worked (n=151) **	87	75	59	75
All (n=967) **	78	66	50	63
B. Percentages Reporting Having Problem Paying for Food after FI				
Working (n=626)	10.7%	14.4%	16.7%	14.4%
Once worked (n=190)	15.9	19.2	29.4	22.1
Never worked (n=151)	7.6	11.9	12.8	10.6
All (n=967) *	10.9	15.0	18.7	15.3

C. Percentages Reporting Having Problem Paying for Food after FI, by Food Stamp Receipt

	Stayers (n=247)		In-Betweens (n=367)		Movers (n=353)	
	On FS (n=371)	Not on FS (n=255)	On FS (n=129)	Not on FS (n=61)	On FS (n=113)	Not on FS (n=38)
Working (n=626)	9.2%	14.3%	9.2%	22.5%*	14.7%	18.5%
Once worked (n=190)	15.4	20.0	15.8	28.6	30.3	28.6
Never worked (n=151)	2.1	42.9*	4.5	33.3*	13.0	12.5
All (n=967)	8.8	18.5*	9.9	24.8*	17.4	20.0

Source: Calculated by authors from South Carolina Leavers Survey data.
^ Differences by employment status significant at $p < .10$.
* Differences by employment status significant at $p < .05$.
**Differences by employment status significant at $p < .01$.

SUMMARY

Our study has led to several conclusions.

First, at least when assessed on the basis of likelihood of closure, the data do not support the notion that recipients cluster in groups related to closure probability. If discrete differentiation between "movers, stayers, and cyclers" is to make sense, it must arise from differentiation operating on the probability of return. These statements refer, of course, to South Carolina. But the NRC panel did not cast its hypotheses about caseload categorization in terms that would have excluded this state.

Second, the switch to TANF was associated with a substantial increase in closure probabilities for all cases. The increase in closure rates was highest for those cases that, on the basis of earlier experience, would have been expected to remain open for the greatest time. Those cases that would have been expected in the pre-FI era to be long-term dependents were most likely to be removed from the rolls through sanction. This did not, however, translate into substantially higher rates of reported deprivation.

Third, 12 months after closure, about 65 percent of former recipients were working. Eighty-five percent had been employed at some point in the year between closure and interview. Both the incidence of current employment and never having worked are related to the measure of expected welfare dependence we developed. Wages are in general low and consistent with ongoing eligibility for food stamps and significant gain from the EITC. At least for the leaver cohort studied here, evidence of positive earnings progression is hard to find.

Fourth, closed cases continue to derive significant benefits from programs other than TANF. About one in seven families reports income from informal transfers, but such income is not related to our measure of expected welfare dependence. Families classified as movers are least likely to report current receipt of food stamps or child support. The absence of food stamp receipt translates into substantially higher rates of reported food deprivation among households classed as movers. These problems are most pronounced among cases in which adults had worked at some time following FI departure but who were,

at the time of the interview, jobless. These data suggest that among all leavers those who would have been expected to leave welfare fastest turned out, on average, to be the most vulnerable to incidents of food deprivation.

COMPARISON WITH OTHER LEAVER STUDIES

The ASPE Leaver Studies

Acs and Loprest (2001) have reviewed a set of leaver studies conducted under grants made by the Office of the Assistant Secretary for Planning and Evaluation of the Department of Health and Human Services in 1998. Their current report covers 11 sites: Arizona, the District of Columbia, Florida, Georgia, Illinois, Missouri, New York, Washington, Cuyahoga County (Ohio), Los Angeles County (California), and a consortium of San Mateo, Santa Clara, and Santa Cruz Counties, as well as a related study conducted in Wisconsin using administrative data (Acs and Loprest, 2001, pp. 1–2).[4] Five of these studies combined administrative data with results of leaver surveys. In general the report covers states with higher benefit levels, less stringent sanction policies, more generous treatment of earned income, and longer time limits than present in South Carolina. These reports attempt no categorization of cases on the basis of expected dependency.

Direct comparison of outcomes with the Acs and Loprest results is complicated because of different conventions regarding leaver definition, date of status assessment, and issues investigated. However, the following generalizations can be justified. First, the rate of employment revealed at the end of a year within our group is higher than is commonly reported for the sites included in the synthesis. This may result in part from the fact that our employment rates are estimated from survey data and therefore include employment in jobs not covered by UI systems, the common source of administrative data on

[4]ASPE also provided support for a follow-up study of leavers in South Carolina; results from this study, which incorporated some of the same survey data as employed here, will appear in a later synthesis report.

earnings. It also results from our concentration on continuous leavers, that is cases that have closed and not returned. Other studies combine outcomes for cases that have returned to TANF with those that have not resumed welfare receipt. Second, it appears that recidivism, at least as revealed in Table 3, is lower in South Carolina than in many of the states covered by the ASPE studies; indeed, return rates in some locations—notably Cuyahoga County and Missouri—are consistent with the NRC's idea of "cyclers," while ours are not. Third, as low as it is, food stamp receipt among families in the South Carolina data is in general higher 1 year after departure than has been found in other leaver studies. This becomes apparent when comparison is made with rates for "continuous" leavers, that is cases that have closed and remained so for a year (Acs and Loprest, 2001, p. 12). These few generalizations are consistent with Devere's more broadly focused leavers summary (Devere, 2001). Ours is the first study to offer a formal definition of long-term recipients that is based on case behavior in the pre-TANF era and to explore connections between such a classification and post-PRWORA outcomes.

The National Survey of America's Families

The work we have reported and the ASPE leaver studies have a common structure: Administrative data are used to identify a cohort of recipients who leave assistance, and then data on the circumstances of these individuals and their families at subsequent points in time are collected either from administrative sources or from direct interviews. An alternative approach is to begin with a sample of households from some population at risk of needing welfare and then to identify leavers directly by finding people who report receiving TANF (or AFDC) benefits in the past but who are not, at the time of the interview, doing so. This is the approach taken by Pamela Loprest in her studies of AFDC/TANF leavers using the 1997 and 1999 waves of the National Survey of America's Families (NSAF) (Loprest, 1999, 2001) and Sheila Zedlewski's studies of food stamps leavers using the same source (Zedlewski and Brauner, 1999; Zedlewski with Gruber, 2001).

The NSAF is a national telephone-based survey of households; it is specifically designed to oversample low-income families (that is families with incomes less than twice the relevant poverty

standard). Since households are sampled without regard to welfare status, the NSAF includes families receiving welfare, families that in the recent past have left welfare, and low-income families without a recent history of welfare receipt. This provides perspective on differences between recent welfare recipients and other low-income families and helps identify the extent to which problems faced by leavers are exceptional and deserve special targeting. The shortcoming of data of this sort is that it is difficult to use such information to depict the situation of former recipients before departure, and leavers cannot be observed at fixed time intervals following case closure. Loprest reports that nationwide about 66 percent of single-parent leavers were employed at the time of their interview in 1997 and 71 percent were employed when a new wave of the NSAF was conducted in 1999 (Loprest, 2001, p. 3). This is very close to our estimate of 65 percent measured for South Carolina leavers at the interview date in 1997–1998. Zedlewski does report that among poor single-parent leaver families in poverty in the 1999 NSAF, those families not reporting receipt of food stamps tended to have "more able" adults than those who did, and such adults were more likely to be working (Zedlewski with Gruber, 2001, pp. 20–21). There could be some overlap between this group and our "mover" classification; if so the failure of people in these cases to connect with food stamp benefits is common across both studies.

The Tales of Three Cities, Wisconsin, and Baltimore

A slightly different approach is taken in what is termed the Three-City Study (TCS) (Winston et al., 1999). The TCS includes household surveys in high-poverty target neighborhoods in Boston, Chicago, and San Antonio. Initial results from the research emphasize the diversity of leavers (Moffitt and Roff, 2000) and the importance of sanctions as a factor in welfare terminations (Cherlin et al., 2001). As with the present study, results from the TCS indicate that TANF implementation was associated with exodus from welfare both by recipients who appeared job-ready (and therefore likely to move in any case) and by unskilled recipients. Exodus by the latter group was more frequently associated with sanctions. As is true for the NSAF, it is difficult to translate the information from the cross-sectional TCS interviews into a classification of households on the basis of expected welfare use. Robert Moffitt and Jennifer Roff

identify a subset of TCS interviewees as "dependency leavers" if (a) they were not receiving TANF assistance at the time of the interview, (b) they received assistance for the entire penultimate year before the interview, and (c) they received assistance for only 6 months or less during the 12 months preceding the interview. Compared with other, "conventional," leavers, dependency leavers were slightly less likely to be employed at the time of the interview, were slightly more likely to report having never been employed since leaving TANF, reported lower earnings if working, and reported greater receipt of non-TANF assistance (Moffitt and Roff, 2000, pp. 5–6). The statistical significance of these differences is not reported, but they are all consistent with the differentials we observe between leavers in our "stayer" and "mover" classes, although our classification is done ex ante.

In its first report, the NRC suggested that leavers outcomes should be stratified on the basis of prior welfare history—differentiating among "stayers, cyclers, and movers." Michelle Ver Ploeg (2001) has attempted to make this distinction operational and to examine the results of such stratification using data from a previous study of welfare leavers in Wisconsin (Cancian et al., 2000). She considered all single-parent cases that were open in July 1995 and then stopped receiving benefits for 2 consecutive months during the period August 1995–August 1996. She then stratified these leavers as stayers, movers, or cyclers on the basis of preexit welfare history and tabulated and compared subsequent outcomes by class. Generally speaking, the three-way division does not seem to fit the caseload: More than half of cases open in 1995 had been on for only one spell; less than 14 percent reported more than two.[5] Thus there weren't many "cyclers" at all. What seems to be more important as a predictor of both the likelihood of leaving and earnings postexit is simply work history prior to the baseline 1995 observation. Ver Ploeg's study is a valuable addition to the literature on a number of grounds, and it is methodologically more sophisticated than earlier studies of Wisconsin welfare leavers. However, given the lack of empirical utility of the mover/cycler/stayer distinction, it would now be useful to explore other possible

[5]We note that Ver Ploeg begins with the point-in-time caseload; had she considered all families ever on during the year, she might have found more cyclers.

clusterings of recipient characteristics or to use earlier Wisconsin data to construct better indicators for differentiating among recipients in her 1995 cohort.

Moffitt and Stevens (2001) also use administrative data to look at the distribution of AFDC and TANF cases in Baltimore by welfare dependency status. However, this paper focuses on case histories of successive cohorts of women assessed over 5-year periods that begin at age 19. The three-way classification is constructed on the basis of experience during the 5-year window (between ages 19 and 23): Long-termers have one or two spells with an average length of 21 months or more; short-term cases have one or two spells with an average length of 20 months or less; and cyclers are what's left—women with three or more spells. Again, very few of the women ever receiving welfare report more than two spells. Over 11 cohorts (from 1985 to 1995) cyclers account for an average (weighted by cohort size) of only about 8 percent of cases, although there is clear evidence of an increase in this share post-PRWORA (Moffitt and Stevens, 2001, Table 2). The authors suggest that this change may be the consequence of welfare reform: "It is quite likely that women who would have been long-termers in the absence of reform are now short-termers and cyclers, and that welfare reform has caused a reduction in the number of long spells on welfare" (p. 19). This means, of course, that termination rates have risen for those who would have been expected to be long-term recipients absent reform. This is consistent with our results.

Moffitt and Stevens's results must be interpreted with caution, for their method possibly confounds differentiation among families with respect to propensity to use welfare with variation over time in the timing of first pregnancy. To see why this is so, it is important to understand that for many, perhaps most, women in each of the cohorts they study, it is impossible to be on welfare for the full 5-year window. This is because the study is not limited to months in which each woman is categorically eligible. Moffitt and Stevens construct each cohort by looking through their administrative data set for all women who were 19 in the initial year. Thus for the first cohort women are included if their first birthday fell between April 1, 1985, and March 31, 1986, and if at some time during the interval 1985:2 and 1990:1 they were AFDC recipients. Once the cohort is so identified, the women are classified as short-term, long-term, or cyclers on the basis of the pattern of receipt during this period. But presumably some

women do not have children until the fourth or possibly even the fifth year of the "window," and as a result they can only be short-term. The decade of the 1990s was a period of substantial decline in teen pregnancy rates (Ventura et al., 2000). If teen pregnancy rates in Baltimore fell as well, it is possible that the average duration between 19th birthday and first case opening increases over the span of Moffitt and Stevens's data, and as a result the "window" for achieving long-term or cycler status contracts. Indeed, it is possible that long-term status is a marker for very early childbearing; as our own logit indicates, other things equal, women who bore their first child as a teenager are stayers. But if this is the case, "long-term, short-term, or cycler" is not the distinction that is most useful to draw.

CONCLUSIONS

Years ago Mary Jo Bane and David Ellwood introduced the idea of categorizing welfare cases as stayers, movers, and cyclers (Bane and Ellwood, 1994). Bane and Ellwood's research was based largely on annual data from the Panel Study of Income Dynamics and referred to patterns of welfare receipt over multiple years. The NRC panel used the Bane and Ellwood categories as the basis for declaring that good welfare reform studies should distinguish along the same lines. We question the usefulness of this advice, principally because the mover/stayer/cycler categorization seems ad hoc. The actual pattern of welfare utilization is the product of the interaction of separate initial accession, termination, and recidivism processes; we think progress in understanding TANF effects is better served by directly examining changes over time in these components of change. We take a step in this direction by focusing on termination rates and developing an index of the propensity of cases to close based on pre-TANF experience. We then use this index as an aid in examining the consequences of TANF for case duration in

South Carolina.[6] We find that, indeed, there was great diversity within South Carolina's welfare population at the advent of TANF and that the initial consequences of the new program differ substantially across the dimension of this diversity associated in the past with expected case duration.

Perhaps the biggest problem for replicating our method post-PRWORA lies in the role played by welfare duration-to-date (or, for that matter, the number of spells of assistance) as a source of information for predicting future case duration or outcomes postclosure. Time limits—especially limits as extreme as South Carolina's—now severely restrict welfare "careers." Given the variation in postwelfare outcomes evident in all leaver studies, it would be beneficial to find other features of cases that might be used to enhance agency ability to focus resources on those at greatest risk of unfavorable outcomes. Collection of detailed case information is now common practice on intake in most TANF programs. Are the characteristics associated with unsatisfactory post-TANF outcomes just the usual candidates—education, location, disability, and so on—or can experience refine the list? In any event, more than 5 years have passed since TANF was implemented. Clearly attention in leaver studies must shift from comparison to AFDC as we knew it to the consequences of alternative strategies for improving the prospects of families in TANF as we now have it.

[6]The procedure we use is similar in some respects to the use by Bloom et al. (2000) of an index of risk of long-term dependence to study the consequences of Florida's Family Transition Program. FTP outcomes are assessed by a random assignment, so it is possible for the authors of that study to evaluate net effects by dependence class. Kemple and Snipes (2001) apply a similar methodology to a study of the effects of an innovation called Career Academies on the likelihood that students drop out of high school.

APPENDIX 1
The Closure Logits

A. Sample Restrictions

(1) Case head received benefit (no child-only cases)
(2) Case head was either black or white (excluded other races constituted about 1 percent of caseload)
(3) Case head was a single parent between 18 and 50 years old
(4) All children in the case are children of the case head
(5) The youngest child in the case was #17
(6) 1994 cohort received benefit in Jan 1994, 1995 cohort received benefit in Jan 1995, and 1996 cohort received benefit in Oct 1996.

B. Variable Definitions

Outcome variable

EXIT: 1=closed Jan–Dec 94, Jan–Dec 95, Oct 96–Sep 97 and remained off for 6 months
2=otherwise

Independent variables

COH1UNEM: average county unemployment rate, Jan–Jun 1994
COH2UNEM: average county unemployment rate, Jan–Jun 1995
COH3UNEM: average county unemployment rate, Oct 1996–Mar 1997

LMETRO: Beale code = 0,1,2 with # 25 percent of the population in rural areas
SMETRO: Beale code = 0,1,2 with more than 25 percent of the population in rural areas
URBAN: Beale code = 3, 4, 5
RURAL: Beale code = 6, 7, 8, 9
(For explanation of Beale codes, see Butler and Beale, 1994.)

PILT20: age < 20
PI20_25: 20 # age <25
PI25_35: 25 # age <35
PI35_: age $ 35

BLACK: black=1, white=0

NCHILD: total number of children in the case

INFANT: has child(ren) # 1
TODDLER: has child(ren) older than 1 and #4
PRESCH: has child(ren) older than 4 and #6
ESCHOOL: has child(ren) older than 6 and #13
MSCHOOL: has child(ren) over 13

ED12: case head had 12 years of education
ED13_: case head had 13+ years of education

TOTMON: total months on AFDC in past 5 years

LSMON: total months on AFDC in current spell (if gap between current spell and the previous one was #3 months, number of months in the previous spell was added)

ALWAYSON: case head was #21 and had always been on since the birth month ±4 of the first child

STBF20: case head was #23 and started AFDC before 20

APPENDIX 2
Logistic Regression Results, Probability of Case Closure

Variable Type and Name	1994 Cohort (baseline model)			1995 Cohort (replication test)		
Variable	Mean	Estimated Coefficient	Probability	Mean	Estimated Coefficient	Probability
Independent Variable						
Exit from assistance within subsequent 12 months	0.308			0.326		
Dependent Variables						
Constant	1.00	0.448	.0001	1.00	0.548	.0001
County unemployment rate	6.87	-0.025	.0001	4.98	-0.042	.0001
Resides in small metropolitan area	0.23	0.135	.0001	0.23	-0.015	.6643
Resides in urban area	0.24	0.139	.0005	0.24	0.011	.7811
Resides in rural area	0.29	0.175	.0002	0.29	0.086	.0547
Mother's age under 20	0.07	-0.189	.0173	0.07	-0.120	.1301
Age between 20 and 25	0.29	-0.039	.2958	0.30	0.058	.1199
Age 35 or older	0.18	-0.123	.0011	0.19	-0.061	.1031
Ethnicity is black	0.79	-0.474	.0001	0.78	-0.445	.0001
Total number of children	2.17	-0.045	.0116	2.16	-0.086	.0001
Infant(s) in household	0.18	-0.318	.0001	0.17	-0.224	.0001
Toddler(s) in household	0.50	-0.218	.0001	0.49	-0.130	.0002
Preschool aged child(ren) in household	0.31	0.059	.0742	0.32	0.081	.0160
Elementary school aged child(ren) in household	0.49	0.069	.0762	0.49	0.165	.0001
Middle school aged child(ren) in household	0.21	0.177	.0001	0.21	0.216	.0001
12 years of education	0.44	0.333	.0001	0.43	0.334	.0001
13 or more years of education	0.13	0.419	.0001	0.14	0.367	.0001
Total months on welfare in past 8 years	31.9	-0.017	.0001	33.1	-0.016	.0001
Total months on welfare in current episode	22.5	-0.012	.0001	21.8	-0.011	.0001
Mother now #21, had been on since birth of first child	0.10	-0.167	.0085	0.10	-0.203	.0013
Mother now # 23 and started welfare before 20	0.18	-0.104	.0370	0.18	-0.117	.0182
Sample size		36,076			33,810	

Source: Calculated by authors using administrative data. See Appendix 1 for data restrictions and detail on variable definitions.

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