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Before and After TANF: The Economic Well-Being of Women Leaving Welfare

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Abstract

Welfare caseloads have fallen dramatically in the last several years, raising questions about the economic well-being of those who left. In this paper we use administrative data from Wisconsin to identify those who left welfare and to provide information on their economic well-being. We provide a context for understanding post-welfare well-being by comparing welfare leavers under early Wisconsin reforms (those who left in the fourth quarter of 1995) with those who left under the later, more stringent TANF program (those who left in the fourth quarter of 1997). We also provide three-year outcomes for those who left under the early reforms to examine changes in economic well-being over time.

We find substantially higher rates of exit in the later cohort. In both cohorts, about 70 percent of leavers have earnings in each quarter of the next year. Earnings are lower in the second cohort, a finding consistent with the hypothesis that the new welfare regime pushes people with fewer employment skills into the labor market where they accept lower-paying jobs. Multivariate analyses show that those with higher levels of human capital (education, employment experience, previous earnings) do better when they leave welfare. We measure post-exit income by adding earnings, cash assistance, Food Stamps, and the estimated EITC and subtracting estimated payroll and income taxes. This limited measure of net income neglects other income sources and employment-related expenses. We find that leavers have substantially higher earnings and EITC than they did prior to exit, but the decline in benefits outweighs these increases so that total measured net income in the year following exit is lower. In both cohorts less than one-third of the leavers have higher incomes than they did previously. Official poverty rates are high in both cohorts, over 60 percent, but are especially high in the later cohort. In the first cohort, earnings increase over the three-year period, benefits decline, and overall net income shows small increases.

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I. INTRODUCTION

In the two years since passage of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA), welfare caseloads have fallen dramatically, raising questions about (1) who has left welfare, (2) the level of employment, earnings, and government benefits of those who have left, and (3) broader measures of their post-exit economic well-being. Early evidence suggests that most women who left welfare under initial reforms found jobs, although most of them did not earn enough to escape poverty. (For reviews of state-specific studies of AFDC leavers, see Loprest, 1999; GAO, 1999; and Cancian et al., 1998.) Less is known about how employment and earnings patterns change over the first few years after exit. Moreover, because women with fewer barriers to employment were more likely to leave welfare under initial reforms, questions remain regarding the employment and income of those women who have left welfare recipiency more recently.

In this paper we analyze the employment and earnings of two groups of former welfare recipients in Wisconsin. A forthcoming paper will consider the receipt of Food Stamps and Medicaid by these same groups. The experience of Wisconsin is of particular interest because it has often been viewed as a leader in welfare reform. It began work-based welfare reforms in the late 1980s and implemented several additional reforms prior to PRWORA. After PRWORA, Wisconsin was one of the first states to establish a radically different approach to assisting low-income families; since 1997 no cash assistance has been available to families unless they participate in work or work-like activities through the Wisconsin Works (W-2) program. Wisconsin has provided a model that many states are now considering.

For this reason, an analysis of the later circumstances of those who left the caseload during Wisconsin welfare initiatives in the mid-1990s provides important information on outcomes for an early group of welfare leavers and may offer insight into the prospects of those who have left and will leave under reforms now being implemented in other states. Moreover, a comparison of those who left welfare

under the early Wisconsin reforms (which had a work emphasis, but were not totally work-based) with those who left under the later, more stringent, work-based regime can give insight into the relationship between these different policy models and levels of employment and economic well-being.

In this report we study the time patterns of employment, earnings, and incomes for two groups—women who left welfare in late 1995 (under early welfare reform) and women who left welfare two years later, after the implementation of W-2, the state's post-PRWORA program. We first compare the socioeconomic characteristics and work, earnings, and income patterns of these two cohorts in the year after they left welfare (1996 and 1998). We then focus on longer-term outcomes for the earlier cohort, describing patterns of program participation, employment, and income over the three years after they first left welfare (i.e., from 1996 through 1998).

There is a growing literature on the economic well-being of women who have left welfare. (For national studies, see, for example, Harris, 1996; Meyer and Cancian, 1998; and Pavetti and Acs, 1997. For studies in individual states or groups of states, see, for example, Brauner and Loprest, 1999; Cancian et al., 1999; Friedlander and Burtless, 1995; Loprest, 1999; U.S. Department of Health and Human Services, 1999a,b; U.S. General Accounting Office, 1999.) One of these reviews of the previous literature suggests that most studies find that about two-thirds of leavers work in the first years after exiting, and that they earn around $6.50 to $7.50 per hour. Poverty rates are quite high, more than 50 percent in the early years after leaving (Cancian et al., 1999).

However, there is little prior literature that explicitly compares the economic well-being of those who have left welfare at different times. In a related study, Cancian, Kaplan, and Meyer (1999) compare outcomes for AFDC recipients in Wisconsin in 1990 and 1995 and find that the later cohort has higher levels of employment and earnings. One might expect that those who left AFDC in 1995 would be doing better than those who left in 1997 because the most work-ready participants are likely to be the first to leave. Early evidence shows that those who remain on welfare have more barriers to employment than

those who leave (see, for example, Cancian and Meyer, 1995). On the other hand, leavers in the later cohort exited after the implementation of stricter time limits and work requirements, and this change in regime might encourage or demand increased earnings. This report provides new information on whether outcomes differ between those who leave welfare during two time periods with different policy regimes.

In addition to providing new information on recent post-TANF outcomes, this report contributes to the remarkably limited prior literature aimed at understanding the longer-term effects of reforms. Longer-term effects are critical because some proponents of recent welfare reforms expect long-term positive effects, even if there are short-term costs to moving people immediately into the labor market. Although a few studies have reported on measures of economic well-being five years and ten years after leaving welfare (see, for example, Meyer and Cancian, 1998, forthcoming; Friedlander and Burtless, 1995), these studies examined those who left under the prior AFDC regime and thus provide only suggestive information on likely outcomes during the post-PRWORA era. This paper extends these analyses by providing three-year outcomes for those who left welfare in Wisconsin in 1995, a group that faced an early pre-TANF version of work-based welfare reform.

II. DATA AND METHODS

This paper reports on the demographic characteristics, employment, and economic well-being of two cohorts of single mothers who left cash assistance in Wisconsin. We compare outcomes for those who left during initial welfare reform (the final quarter of 1995) and the early stages of TANF (the final quarter of 1997). We also report on the longer-term outcomes for the first cohort, for whom we have information for three years after exit. We define a woman as having left welfare if she does not receive cash benefits for two consecutive months, beginning in the last quarter of 1995 or 1997.

The analysis reported here is based on administrative data from the state of Wisconsin. We have merged data from (1) the Client Assistance for Re-employment and Economic Support (CARES) system,

which includes information collected in administering AFDC, W-2, and related means-tested programs, (2) the Computer Reporting Network (CRN) system, the precursor of CARES, providing earlier AFDC administrative data useful for constructing an AFDC history for each case, and (3) the Unemployment Insurance (UI) system, which includes information on quarterly earnings and employers. (Additional information on data construction and sources is contained in the Appendix.)

Although these data allow us to consider a substantial range of outcomes, several important limitations must be kept in mind in interpreting our results. We have data only on public assistance received in Wisconsin and on mothers' earnings reported to the Wisconsin UI system. Hence, we have no information on individuals who moved out of state, no measures of earnings of individuals in Wisconsin who are self-employed or in other employment not covered by the UI system (covered workers include about 91 percent of official Wisconsin workers), and no measures of spouses' or partners' earnings or other income received by the individuals. Thus we cannot distinguish between families who truly have no earnings and those who have unrecorded earnings or rely on earnings from household members other than the mother. Other analysis of post-exit well-being based on more inclusive survey data suggests that measures of income limited to only mothers' earnings and benefit receipt will substantially overstate post-exit poverty. For example, Meyer and Cancian (1998) examine economic well-being in the first five years after leaving AFDC for a national sample. They present information on poverty rates in these five years using two different measures of income, "own income" and total family income, both based on self-reports. Although their measure of "own income" differs from that used here in that it includes child support and social insurance as well as a woman's own earnings, AFDC, and Food Stamps, it may be comparable to our administrative data measure because child support and social insurance are received by relatively few leavers. They find poverty rates based on family income are 56, 50, 48, 45, and 41 percent over the five years; rates based on own income are 79, 72, 68, 70, and 64 percent. The gap between the two can be viewed as a measure of the degree to which the administrative income measure

underestimates family income. We discuss the implications of this bias for the interpretation of our results in the concluding section.

III. RESULTS COMPARING TWO COHORTS

A. Characteristics of Program Participants and of Leavers

Before considering the outcomes for the groups of 1995 and 1997 leavers, we first review the characteristics of the entire population of welfare recipients in each period, and the probability that those with various characteristics left cash assistance. The first column of Table 1 shows the characteristics of the 49,605 women meeting the sample criteria who received cash welfare in September 1995. (For details on the sample definition, see the Appendix.) The second column shows results for the much smaller caseload of 20,608 women meeting our sample criteria and receiving benefits two years later, on the eve of the implementation of W-2.

Although the characteristics of the two groups of recipients are fairly similar, the 1997 recipients appear to have more barriers to work. Women receiving welfare in 1997 were more likely to have low levels of education (54 percent with less than a high school degree compared with 44 percent in 1995), more children, very young children, and disabled children on SSI. Moreover, recipients in the later year were also much more likely to be African American and to live in Milwaukee County (the most urbanized county in the state). Those in the later year were in shorter welfare spells (27 percent of those in 1997 had entered welfare within the past six months compared to 21 percent of those in 1995), but they did not have substantially different participation rates over the past 24 months. On the other hand, those in 1997 were more likely to have some recent work experience (as measured by UI-covered wages). (Appendix Table 1 shows characteristics separately for Milwaukee County, other urban counties, and rural counties.)

TABLE 1
Characteristics of AFDC-Regular Caseload in Wisconsin
(cases active in September 1995 and September 1997)

	1995	1997
Total (N)	49,605	20,608
Region		
Milwaukee	54.6	74.9
Other urban	29.6	17.7
Rural	15.8	7.4
Casehead's Age		
18–24	36.0	37.3
25–29	23.8	22.4
30–39	32.1	30.7
40+	8.1	9.6
Education		
<11 years	24.3	29.4
11 years	19.3	25.0
12 years	42.1	36.0
>12 years	14.3	9.6
Race		
White	40.4	22.2
African American	42.1	57.1
Hispanic	7.0	8.4
Other	4.4	4.2
Unknown	6.0	8.1
Number of Own and Foster Children		
1	39.0	33.1
2	29.7	29.0
3+	31.3	37.9
Age of Youngest Child		
<1	18.5	23.5
1	17.1	17.7
2	13.1	11.2
3–5	24.1	21.7
6–11	19.4	18.6
12–18	7.8	7.3

(table continues)

TABLE 1, continued

	1995	1997
Other Household Members		
Other children only	2.6	4.0
Other adults only	21.0	18.6
Other adults and other children	7.5	7.5
Child on SSI	9.1	11.6
Start of Current Spell[1]		
0–3 months ago	14.8	17.0
4–6 months ago	6.8	9.8
7–9 months ago	5.2	6.8
10–12 months ago	4.4	5.3
13–18 months ago	7.1	6.4
19–24 months ago	6.1	4.6
> 24 months ago	55.7	50.2
Number of Months Received Welfare in the Two Years Prior to September 1995 and 1997[1]		
6 months or less	10.0	8.5
7–12 months	9.1	9.4
13–18 months	12.0	14.4
19–24 months	68.9	67.7
Number of Quarters with Earnings in the Two Years Prior to September 1995 and 1997[1]		
None	29.0	22.4
1–3 quarters	31.9	34.4
4–7 quarters	29.1	33.9
8 quarters	10.0	9.4
Total Earnings in the Two Years Prior to September 1995 and 1997[1]		
<$500	39.3	33.4
$500–$2,499	18.7	21.7
$2,500–$7,499	20.8	24.0
$7,500 or more	21.3	20.9

[1]Sample in the first column includes caseheads who were 18 or older in October 1993 (N=46,047); the second column includes those 18 or older in October 1995 (N=18,689).

We follow women receiving assistance in September of each year and count as "leavers" those who exit cash assistance within three months of our initial observation, and remain off the welfare caseload for at least two consecutive months. (Our sample does include those who returned to welfare within the next calendar year as well as those who stayed off.) The rate of exit is much higher in the second period. Sixteen percent of women participating in AFDC in September 1995 left the program in the next three months. Two years later, 40 percent of those receiving cash assistance in September had left within three months. Appendix Table 2 shows the relationship between individual characteristics and the probability of exit.

Table 2 presents the results of a multivariate analysis, presenting probit estimates of the probability of leaving welfare in each period. Because separate models fit the data better than a combined model, we show results separately for the 1995 and 1997 leavers. The final column of the table indicates whether the coefficients for the two cohorts are significantly different from each other. For example, considering the second panel, we see that relative to those with less than a high school degree, high school graduates were significantly more likely to leave welfare in both cohorts, with no statistically significant difference in the effect of high school graduation between the two cohorts. Having more than a high school degree also had a significant positive impact on probability of leaving welfare, but in this case the magnitude of the effect is significantly larger in the second period.

In the first period we find some evidence that women were more likely to leave if they had fewer barriers to employment. Factors that increased the probability of exit included greater education (as mentioned above) and having fewer children, older children, more adults in the household, and more prior work experience. Women were also more likely to leave welfare if they were Hispanic or white than if they were African American or other, if they lived outside of Milwaukee, if they lived in an area with lower levels of female headship, if they had fewer months of prior welfare receipt, and, controlling for total welfare receipt, if they had previously cycled off and onto welfare. On the other hand, neither

TABLE 2
Probit Estimates of Probability of Leaving AFDC

	1995 Cohort		1997 Cohort		1995 and 1997
	Coefficient	Std. Error	Coefficient	Std. Error	Cohorts Different
Casehead's Age					
Age	0.055**	0.007	0.015	0.009	**
Age squared	-0.001**	0.000	0.000*	0.000	**
Education (compared to less than a high school degree)					
High school graduate	0.090**	0.016	0.129**	0.021	
More than high school graduate	0.123**	0.022	0.293**	0.034	**
Race (compared to white)					
African American	-0.073**	0.022	-0.335**	0.029	**
Hispanic	0.116**	0.031	-0.027	0.040	**
Other	-0.135**	0.037	-0.255**	0.052	
Number of Own and Foster Children (compared to one)					
Two	-0.050**	0.018	0.095**	0.026	**
Three or more	-0.162**	0.021	0.083**	0.028	**
Age of Youngest Child (compared to less than one)					
1	0.158**	0.026	0.005	0.031	**
2	0.241**	0.027	-0.034	0.036	**
3–5	0.246**	0.024	-0.024	0.030	**
6–11	0.247**	0.027	-0.039	0.034	**
12–18	0.306**	0.036	-0.019	0.049	**
Other Adults in Household	0.049**	0.017	0.043	0.024	
Other Children in Household	0.002	0.025	-0.038	0.032	
At Least One Child on SSI	-0.028	0.028	-0.131**	0.032	*

(table continues)

TABLE 2, continued

	1995 Cohort		1997 Cohort		1995 and 1997
	Coefficient	Std. Error	Coefficient	Std. Error	Cohorts Different
County of Residence (compared to other urban counties)					
Milwaukee	-0.159**	0.031	-1.043**	0.050	**
Rural counties	0.107**	0.021	-0.019	0.047	*
Number of Quarters with Earnings in Previous Two Years[1] (compared to zero)					
1–3 quarters	0.340**	0.020	0.449**	0.027	**
4–7 quarters	0.492**	0.021	0.623**	0.028	**
8 quarters	0.759**	0.026	0.949**	0.039	**
Percentage of Female-Headed Households in Zipcode of Residence	-0.336**	0.066	-0.182*	0.072	
Number of Months Received Welfare in Previous Two Years[1] (compared to 6 months or less)					
7–12 months	-0.152**	0.028	-0.015	0.041	**
13–18 months	-0.247**	0.028	-0.059	0.040	**
19–24 months	-0.371**	0.022	-0.078*	0.034	**
More than One Spell in Previous Two Years[1]	0.249**	0.019	0.040	0.024	**
Unemployment Rate in County of Residence[2]	-0.013	0.011	0.048**	0.015	**
Constant Term	-2.052**	0.121	-0.153	0.148	**
Log Likelihood	-20003.4		-11762.0		

*Statistically significant at the 5 percent level.
**Statistically significant at the 1 percent level.
Note: Model also controls for missing race and percentage of female-headed households variables.
[1]October 1993 through September 1995 for the 1995 cohort, and October 1995 through September 1997 for the 1997 cohort.
[2]September 1995 for the 1995 cohort and September 1997 for the 1997 cohort.

the presence of additional children in the household, nor a child with SSI, nor the county unemployment rate had a statistically discernible impact on the probability of leaving.

Overall, though the magnitude of effects varies between the two cohorts, the direction of most statistically significant relationships remains the same. There is one important exception to this otherwise consistent pattern. Women with more children are less likely to leave welfare in the first period, but they are actually *more* likely to leave in the second. This change is consistent with the changes in grant amounts over this period. In both periods we expect that, all else equal, women with larger families generally face more substantial barriers to employment. In 1995, women with larger families were also eligible for more generous cash assistance, so their lower likelihood of leaving is not surprising. However, for the later cohort, W-2 payments do not vary with family size. While larger families experienced substantial declines in the level of benefits, smaller families—especially those with only one or two children—experienced potential gains. Thus, it may be that in the later period women with only one child were less likely to leave welfare than those with larger families because their potential benefits actually rose over these two years. Other noteworthy differences between the two cohorts include the age of youngest child, which has no discernible impact in the second period, while, in contrast, the unemployment rate has a significant (and counterintuitive) impact only in the second period. Having a child on SSI has a significant negative impact only in the second period. Finally, while women in Milwaukee were less likely to exit in both periods, the coefficient in the latter period is much larger, showing increasing differences between exit patterns in Milwaukee and the rest of the state.

In the next section we compare outcomes for those who left in the two periods. We focus first on employment and earnings and then analyze relative economic well-being, considering cash assistance and Food Stamps as well as after-tax (and EITC) earnings in the first year after exit for both cohorts. After reporting on cohort comparisons, in Section IV we consider longer-run outcomes for those women who left in 1995 and discuss the implications for expected outcomes for the post-TANF cohort.

B. Comparison of Outcomes for Two Cohorts

B1. *Employment and Earnings after Welfare*

Table 3 compares the earnings and work experience of the two cohorts in the year after exiting. Employment rates do not differ markedly between the two periods, with about 70 percent of leavers in both years having some earnings in each quarter, and 81–84 percent ever having earnings in the first year. However, earnings (in 1998 dollars) are lower in the second cohort, with mean annual earnings in the latter cohort totaling $1,400 less than in the earlier cohort ($7,700 versus $9,100), and median earnings totaling nearly $2,000 less.[1] These differences are consistent with the hypothesis that the new "work first" strategy emphasizes entry into the labor market, perhaps pushing people with fewer employment skills to accept lower-paying jobs. They are also consistent with the hypothesis that the new strategy pushes people with more barriers (e.g., child care difficulties) into the labor market where they work fewer hours.

Table 3 also provides information on the number of employers for women who worked. Note that we cannot distinguish whether a woman had two employers simultaneously or sequentially within the quarter, nor is it clear that staying with a single employer leads to better longer-term outcomes than changing employers.[2] Examining the early cohort, in each quarter about three-quarters of the leavers have one employer, with most of the remainder having two. Multiple employers are more likely in the later cohort, but the differences are not large. Looking over the entire year, 41 percent of the leavers who were employed in the first cohort had one employer only, compared with 36 percent in the latter cohort.[3]

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[1]Note that these differences decline modestly if we consider the full sample (including those with no earnings), for whom 1995 mean and median earnings are $7,385 and $6,479 versus 1997 mean and median earnings of $6,467 and $5,016.

[2]In fact, both Cancian and Meyer (forthcoming) and Rangarajan et al. (1998) find that, controlling for a variety of employment characteristics including tenure in the current job, a greater number of prior job changes is associated with higher current wages.

[3]The overall percentage with a single employer varies between the cohorts by less than the percentage among workers only. In particular, 33 percent of all 1995 leavers and 30 percent of all 1997 leavers had a single employer.

TABLE 3
Earnings and Work Experience of Leavers in Year after Exit (1998 dollars)

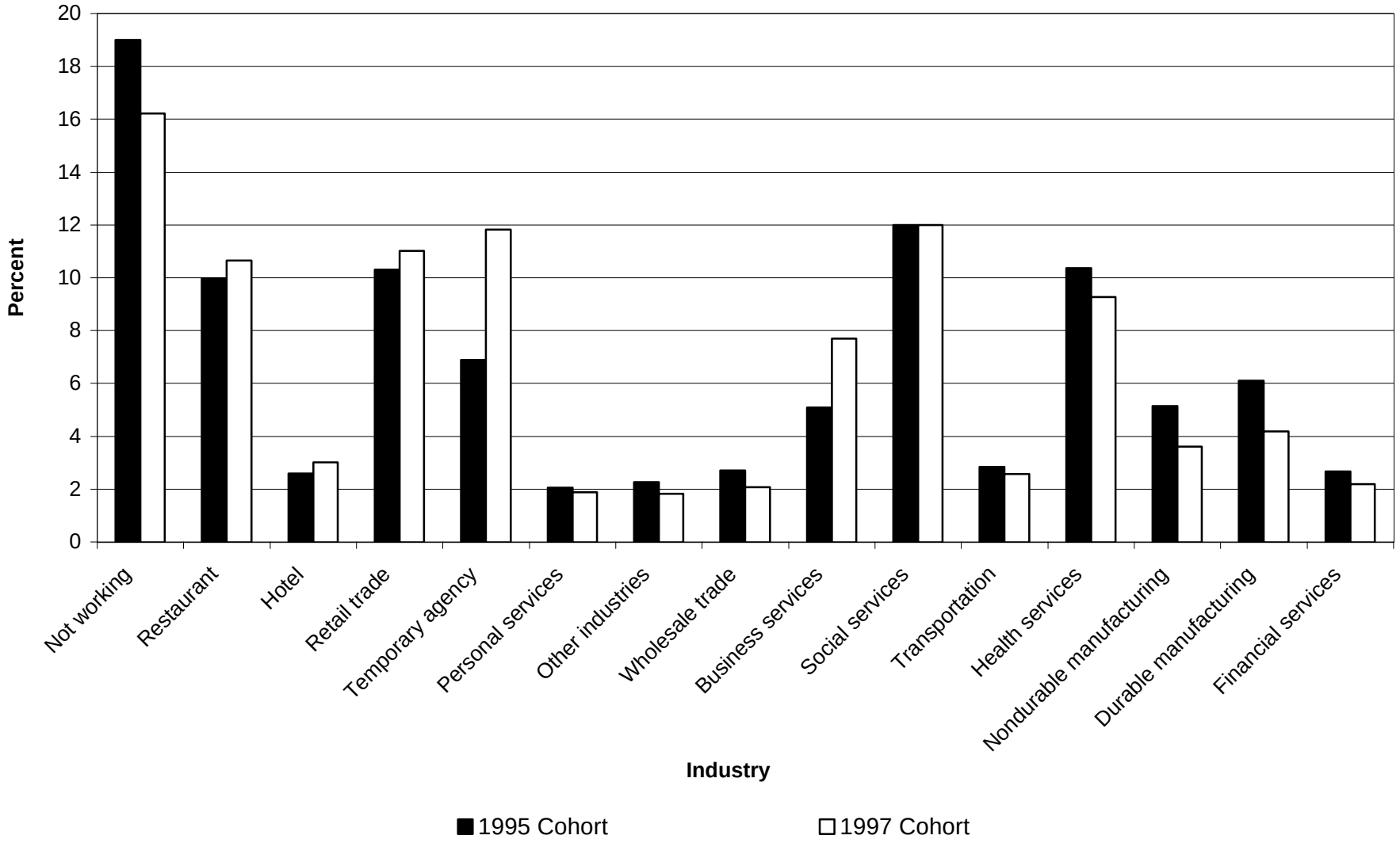
	1st Quarter after Exit	2nd Quarter after Exit	3rd Quarter after Exit	4th Quarter after Exit	Year after Exit
All Leavers (4th Q 1995, N=8,042)					
Percent with earnings	69.0	68.8	68.9	68.7	81.1
Among those working in quarter/year					
Mean earnings	$2,545	$2,630	$2,616	$2,940	$9,108
Median earnings	$2,538	$2,626	$2,539	$2,896	$8,608
Number of employers					
One employer	76.2	76.0	74.1	72.4	41.1
Two employers	19.7	19.4	19.9	22.0	29.1
More than two employers	4.1	4.6	6.0	5.7	29.8
Mean number of quarters worked	—	—	—	—	3.0
Percent continuously employed	—	—	—	—	66.2
Percent continuously employed by same employer	—	—	—	—	42.4
All Leavers (4th Q 1997, N=8,162)					
Percent with earnings	69.6	68.3	68.3	68.1	83.9
Among those working in quarter/year					
Mean earnings	$2,081	$2,275	$2,338	$2,744	$7,709
Median earnings	$1,924	$2,101	$2,163	$2,579	$6,662
Number of employers					
One employer	75.2	71.7	69.5	70.7	35.7
Two employers	19.9	22.2	23.2	22.7	28.2
More than two employers	4.9	6.1	7.3	6.6	36.1
Mean number of quarters worked	—	—	—	—	3.0
Percent continuously employed	—	—	—	—	60.0
Percent continuously employed by same employer	—	—	—	—	31.9

Table 3 also provides three measures of employment stability over the whole year (results in last column only). In both cohorts, women who were employed were employed an average of 3.0 quarters. The second measure shows the percentage of ever-employed leavers who were employed in four of the four quarters ("continuously employed"). This percentage is somewhat higher in the earlier cohort, 66 percent to 60 percent. Of those who worked, the percentage who were employed by the same employer in each of the four quarters is also higher in the earlier cohort, 42 percent to 32 percent.

Figure 1 shows the industry of the main job in the first year after welfare for the 1995 and 1997 leavers. We first assign each woman's main employer to one of 14 industries. We then rank the 14 industry groups by the first year earnings of the women in our sample who begin in a particular industry. Under this ranking, the industry with the lowest earnings for the 1995 cohort is restaurants, and the highest-earning industry is financial services. This ranking of industries enables us to examine the extent to which individuals begin in a "good" industry (from the perspective of earnings only). The figure displays the percentage of each cohort not working (the first bars) and the percentage working in various industries, with the lowest-earning industry, restaurants, shown in the second bars and the highest-earning industry (financial services) in the final bars. The figure shows that the second cohort is more likely to be working, but less likely to be working in the highest-earning sectors (financial services, durable manufacturing, and nondurable manufacturing). They are somewhat more likely to be working in the three lowest-earning sectors (restaurants, hotels, and retail trade), and substantially more likely to be working in temporary agencies.

The results reported in Table 3 document substantial post-exit employment and suggest the potential importance of earnings to post-welfare economic status. At the same time, the results show substantial diversity in labor market experience. As an initial step toward understanding post-exit employment patterns, we now turn to an examination of characteristics associated with labor market success, using multivariate descriptive models. We examine two measures of labor market success:

FIGURE 1
Industry of Longest Job in Year after Exit



consistent employment (earnings in each of the four quarters of the first year) and level of earnings in the first year (among those with earnings). In both cases we measure the impact of individual characteristics *at exit* on employment and earnings *in the first year after exit*. In addition to the characteristics included in our previous analysis of the probability of leaving welfare, we include an indicator variable denoting whether the individual had earnings in the quarter of exit (the last quarter of 1995 or 1997) to differentiate recent earnings experience. We also include variables for the industry of the primary employer in the quarter of exit (last quarter of 1995 or 1997) and an indicator variable for having more than one employer in that quarter.

Table 4 reports the results of a probit analysis of consistent employment among women who left welfare. For consistency, we again show separate results for the two cohorts, though in this case we cannot reject a hypothesis that the same model fits both cohorts. In both cohorts, consistent employment is more likely for those with more education and more prior work experience, those employed in the quarter of exit, and, among those employed, those with more than one employer. Consistent employment is less likely among African Americans, those with a child on SSI, those living in other urban or rural counties (compared to those in Milwaukee), or those living in areas with high unemployment. Contrary to expectations, consistent employment is significantly more likely among those who had more months of welfare receipt in the 24 months prior to the sample being drawn. Finally, as might be expected, employment in any industry other than a temporary agency in the quarter of exit is associated with more consistent employment in the following year. As shown in the last column of Table 4, there are relatively few differences between the two cohorts in the relationships of initial characteristics and consistent employment.

In Table 5, we show ordinary least squares estimates of the level of earnings in the first year, among those with any earnings. (A probit analysis of the characteristics associated with having earnings, and thus with being included in the analysis for this table, is in Appendix Table 3.) Among workers in the

TABLE 4
Probit Estimates of Probability of Working All Four Quarters in Year after Exit (leavers only)

	1995 Cohort		1997 Cohort		1995 and 1997
	Coefficient	Std. Error	Coefficient	Std. Error	Cohorts Different
Casehead's Age					
Age	0.034	0.018	0.017	0.016	
Age squared	0.000	0.000	0.000	0.000	
Education (compared to less than a high school degree)					
High school graduate	0.114**	0.037	0.152**	0.034	
More than high school graduate	0.186**	0.049	0.234**	0.051	
Race (compared to white)					
African American	-0.095	0.053	-0.111*	0.045	
Hispanic	-0.029	0.071	-0.007	0.064	
Other	-0.133	0.086	0.123	0.077	*
Number of Own and Foster Children (compared to one)					
Two	0.005	0.040	-0.002	0.042	
Three or more	0.050	0.049	0.037	0.046	
Age of Youngest Child (compared to less than one)					
1	0.037	0.063	-0.008	0.049	
2	-0.016	0.065	0.004	0.059	
3–5	-0.080	0.058	-0.069	0.049	
6–11	-0.011	0.066	-0.061	0.056	
12–18	-0.118	0.084	-0.117	0.082	
Other Adults in Household	-0.015	0.038	0.014	0.038	
Other Children in Household	0.091	0.060	-0.084	0.055	*
At Least One Child on SSI	-0.292**	0.071	-0.232**	0.058	

(table continues)

TABLE 4, continued

	1995 Cohort		1997 Cohort		1995 and 1997
	Coefficient	Std. Error	Coefficient	Std. Error	Cohorts Different
County of Residence (compared to other urban counties)					
Milwaukee	0.204**	0.072	0.095	0.068	
Rural counties	-0.102*	0.045	-0.201**	0.056	
Number of Quarters with Earnings in Previous Two Years[1] (compared to zero)					
1–3 quarters	0.345**	0.063	0.328**	0.058	
4–7 quarters	0.561**	0.063	0.599**	0.059	
8 quarters	0.980**	0.072	1.059**	0.073	
Percentage of Female-Headed Households in Zipcode of Residence	-0.131	0.163	-0.249	0.131	
Number of Months Received Welfare in Previous Two Years[1] (compared to 6 months or less)					
7–12 months	0.021	0.060	0.060	0.060	
13–18 months	0.140*	0.060	0.129*	0.061	
19–24 months	0.177**	0.049	0.163**	0.052	
More than One Spell in Previous Two Years[1]	-0.061	0.040	-0.117**	0.038	
Unemployment Rate in County of Residence[2]	-0.054*	0.025	-0.007	0.021	
Not Working in Quarter of Exit	-1.246**	0.070	-1.191**	0.059	

(table continues)

TABLE 4, continued

	1995 Cohort		1997 Cohort		1995 and 1997
	Coefficient	Std. Error	Coefficient	Std. Error	Cohorts Different
Industry of Job in Quarter of Exit (compared to temporary agency)					
Business services	0.180*	0.089	-0.029	0.068	
Durable manufacturing	0.343**	0.086	0.310**	0.093	
Financial, insurance, real estate	0.662**	0.125	0.289*	0.130	*
Health services	0.401**	0.075	0.272**	0.067	
Hotels/lodging	0.203	0.115	0.249*	0.104	
Nondurable manufacturing	0.348**	0.092	0.284**	0.094	
Other industries	0.239*	0.121	0.146	0.125	
Personal services	0.339**	0.130	0.229	0.127	
Restaurants	0.220**	0.076	0.089	0.063	
Retail trade	0.177*	0.072	0.121*	0.060	
Social services, public administration, education	0.533**	0.074	0.409**	0.065	
Transportation, communication, public utilities	0.574**	0.113	0.458**	0.109	
Wholesale trade	0.353**	0.122	0.329*	0.129	
More Than One Employer in Quarter of Exit	0.165**	0.041	0.062	0.037	
Constant Term	-0.892**	0.304	-0.649*	0.256	**
Log Likelihood	-3995.1		-4443.2		

*Statistically significant at the 5 percent level.
**Statistically significant at the 1 percent level.
Note: Model also controls for missing race and percentage of female-headed households variables.
[1]October 1993 through September 1995 for the 1995 cohort, and October 1995 through September 1997 for the 1997 cohort.
[2]September 1995 for the 1995 cohort and September 1997 for the 1997 cohort.

TABLE 5
OLS Estimates of Gross Earnings in Year after Exit (leavers with earnings in year after exit only)

	1995 Cohort		1997 Cohort		1995 and 1997
	Coefficient	Std. Error	Coefficient	Std. Error	Cohorts Different
Casehead's Age					
Age	336.7**	80.3	103.3	68.0	*
Age squared	-4.5**	1.2	-0.6	1.0	*
Education (compared to less than a high school degree)					
High school graduate	1,077.3**	159.0	1,295.4**	147.7	
More than high school graduate	2,582.6**	205.6	2,710.6**	219.6	
Race (compared to white)					
African American	261.7	223.5	66.0	194.1	
Hispanic	523.5	311.8	547.4*	278.5	
Other	757.2*	377.3	1,745.5**	335.7	
Number of Own and Foster Children (compared to one)					
Two	339.8*	170.0	281.0	180.8	
Three or more	908.6**	207.6	484.8*	199.4	
Age of Youngest Child (compared to less than one)					
1	38.2	268.7	281.2	214.6	
2	-277.9	277.4	516.6*	255.8	*
3–5	-658.1**	250.3	-419.8*	212.6	
6–11	-260.4	278.7	-255.2	240.6	
12–18	-763.5*	356.5	-498.6	357.5	
Other Adults in Household	-230.8	162.7	134.0	164.9	
Other Children in Household	40.7	255.8	-24.2	239.1	
At Least One Child on SSI	-1,763.8**	305.0	-1,073.2**	254.5	

(table continues)

TABLE 5, continued

	1995 Cohort		1997 Cohort		1995 and 1997
	Coefficient	Std. Error	Coefficient	Std. Error	Cohorts Different
County of Residence (compared to other urban counties)					
Milwaukee	2,226.4**	307.6	1,924.6**	293.9	
Rural counties	-939.5**	190.1	-709.4**	246.0	
Number of Quarters with Earnings in Previous Two Years[1] (compared to zero)					
1–3 quarters	430.9	295.5	211.1	266.9	
4–7 quarters	658.2*	294.9	722.4**	270.1	
8 quarters	2,340.5**	323.6	2,723.1**	313.6	
Percentage of Female Headed Households in Zipcode of Residence	-2,505.1**	684.5	-2,057.9**	558.8	
Number of Months Received Welfare in Previous Two Years[1] (compared to 6 months or less)					
7–12 months	-56.3	257.6	-114.8	258.8	
13–18 months	-88.7	256.7	-376.3	264.6	
19–24 months	-108.4	213.2	-433.8	224.9	
More than One Spell in Previous Two Years[1]	-416.4*	168.6	-422.0*	164.9	
Unemployment Rate in County of Residence[2]	-307.9**	106.8	-242.7**	88.1	
Not Working in Quarter of Exit	-3,455.8**	317.9	-3,665.5**	261.6	

(table continues)

TABLE 5, continued

	1995 Cohort		1997 Cohort		1995 and 1997
	Coefficient	Std. Error	Coefficient	Std. Error	Cohorts Different
Industry of Job in Quarter of Exit (compared to temporary agency)					
Business services	1,416.1**	389.5	-103.4	306.5	**
Durable manufacturing	3,243.7**	371.7	3,999.2**	400.2	
Financial, insurance, real estate	3,788.1**	485.1	3,432.6**	544.4	
Health services	2,757.7**	317.6	1,892.7**	287.5	*
Hotels/lodging	-596.3	500.4	-1,030.6*	446.8	
Nondurable manufacturing	2,972.4**	391.0	2,543.5**	402.0	
Other industries	543.5	522.9	-1,044.2	547.4	0
Personal services	433.2	552.0	280.0	534.1	
Restaurants	-691.3*	331.7	-1,295.3**	274.1	
Retail trade	-380.8	315.6	-675.2**	260.0	
Social services, public administration, education	2,260.1**	313.3	1,839.8**	273.9	
Transportation, communication, public utilities	2,417.7**	441.2	1,468.9**	437.4	
Wholesale trade	1,227.2*	509.5	1,464.2**	537.5	
More Than One Employer in Quarter of Exit	430.6**	165.1	-354.9*	155.1	**
Constant Term	2,017.8	1,321.2	4,666.8**	1,121.0	
R^2	0.2437				

*Statistically significant at the 5 percent level.
**Statistically significant at the 1 percent level.
Note: Model also controls for missing race and percentage of female-headed households variables.
[1]October 1993 through September 1995 for the 1995 cohort, and October 1995 through September 1997 for the 1997 cohort.
[2]September 1995 for the 1995 cohort and September 1997 for the 1997 cohort.

first cohort, earnings are significantly higher for those with more education and more work experience, those working in the quarter of exit, those living in areas with fewer female-headed households, and those living in areas with lower unemployment rates. Among those working at exit, those with multiple employers had higher later earnings. Earnings also varied significantly with industry of primary employer in the quarter of exit. For example, women working in temporary agencies in that quarter earned more in the following year than those initially employed in restaurants, but significantly less than those in business, financial, health or social services, transportation, wholesale trade, or manufacturing. Somewhat surprisingly, among workers, those with more children and younger children actually had higher earnings, though the differences are small. This may reflect that women with greater family responsibilities or higher child care costs need more substantial earnings in order to leave welfare or to be employed given that they have left welfare. Those in Milwaukee and other urban counties have higher earnings than those in rural counties. There are few differences between the cohorts in the relationship between earnings levels and other characteristics. One important exception is that in the later cohort, those with more than one employer have *lower* earnings than those with one employer, compared with *higher* earnings in the first cohort. Finally, once other characteristics (and the returns to those characteristics) have been controlled, earnings in the later cohort are not statistically different from earnings in the early cohort.

B2. *Benefits, Income, and Poverty after Welfare*

In Table 6 we summarize cash assistance and Food Stamp receipt in the first year after exit for the two cohorts, as background for our focus on total measured income. Over the first year, 29 percent of women leaving welfare in 1995 return to AFDC, with about 18 percent receiving cash benefits in each quarter. Women leaving in 1997 are somewhat less likely to return—25 percent receive benefits in the first year. Among those who return, the amount received is about $1,000/year higher in the second cohort. A potential reason is that W-2 benefits (received by the second cohort) are higher than are AFDC

TABLE 6
Benefit Receipt of Leavers in Year after Exit (1998 dollars)

	1st Quarter after Exit	2nd Quarter after Exit	3rd Quarter after Exit	4th Quarter after Exit	Year after Exit
All Leavers (4th Q 1995, N=8,042)					
Percent receiving AFDC/TANF	17.5	18.5	17.8	16.1	29.0
Mean AFDC/TANF amount for recipients	$661	$864	$926	$971	$2,058
Percent receiving Food Stamps	45.6	43.1	39.4	37.3	57.4
Mean Food Stamp amount for recipients	$437	$469	$482	$478	$1,343
All Leavers (4th Q 1997, N=8,162)					
Percent receiving AFDC/TANF	13.3	16.1	16.9	14.9	24.5
Mean AFDC/TANF amount for recipients	$1,048	$1,291	$1,274	$1,225	$3,037
Percent receiving Food Stamps	71.9	66.0	61.9	59.2	80.6
Mean Food Stamp amount for recipients	$650	$597	$576	$578	$1,934

maximum benefits (received by the first cohort) for families with one or two children The relatively low rate of returning to welfare in the second period is notable, given that a high proportion of cases leaving welfare in the second period included individuals with more substantial barriers to employment. On the other hand, differences in Food Stamp amounts are consistent with the view that individuals leaving in the second period include more who continue to need assistance: 81 percent of the 1997 leavers receive Food Stamps compared with only 57 percent of 1995 leavers.

Our broadest measure of post-exit income includes a woman's own earnings reported to the UI system, estimated federal income taxes, payroll taxes and the EITC,[4] cash assistance, and Food Stamps.[5] We do not have available income from a partner, child support, or other unearned income (e.g., SSI). We also have no measure of child care costs, transportation expenses, or the non-monetary costs of employment. Figure 2 compares mean income in the third quarter of 1995 (and 1997) with mean income in 1996 (and 1998). The first bar shows annualized income for the first cohort in the quarter immediately prior to leaving AFDC (July to September, 1995), and shows that these leavers had significant earnings even before exit, averaging about $4700 when annualized.[6] Estimated "net taxes" (EITC benefits less

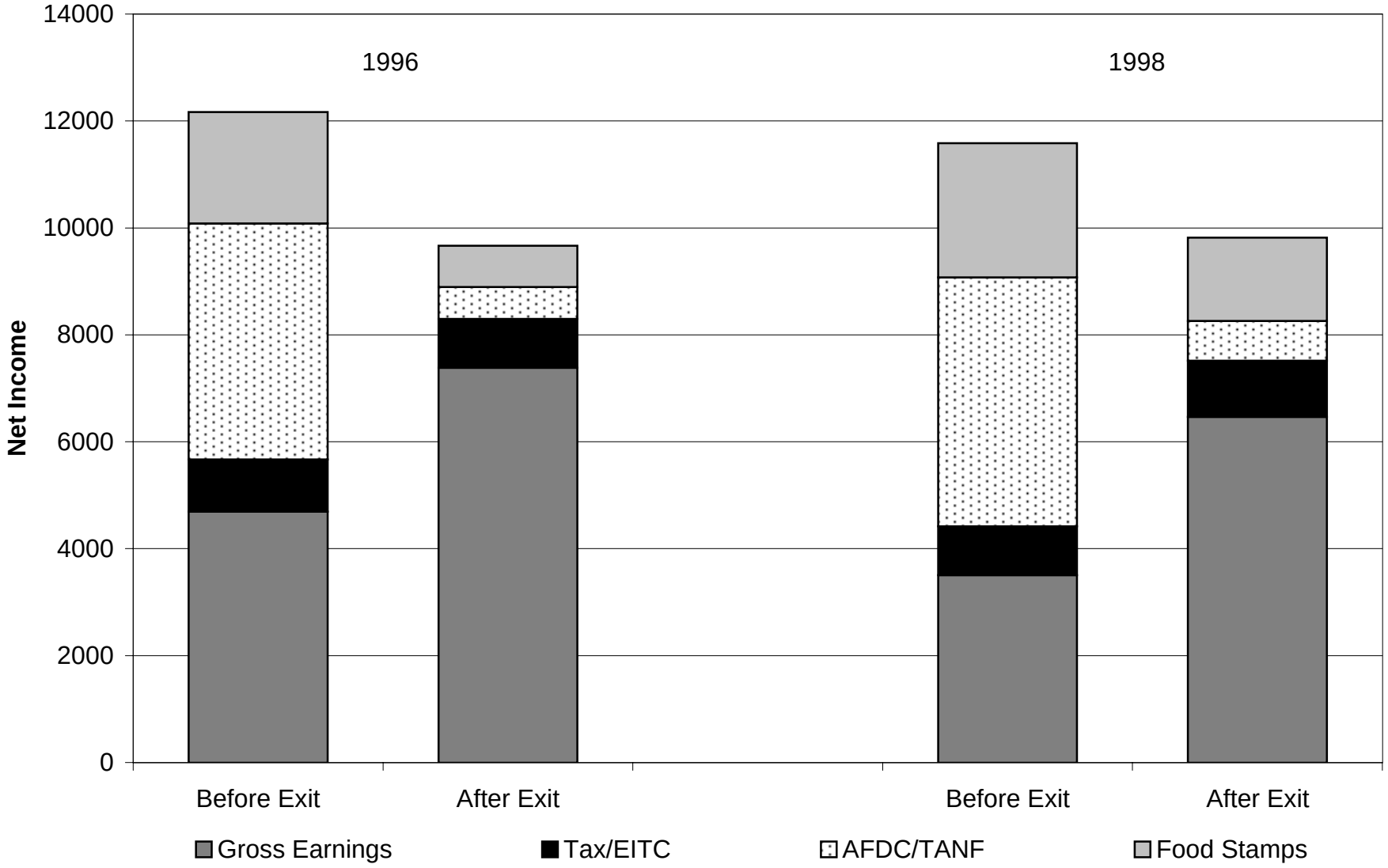
[4]See the Appendix for a discussion of the algorithm used to compute estimated income and payroll taxes and EITC.

[5]As noted above, this measure has limitations that should be considered in interpreting the results. Despite these limitations, we believe the analysis of measured post-exit income remains of interest. Administrative data are the only consistently available source of information on recent AFDC/TANF leavers. Although our measure is limited, it does allow an assessment of self-sufficiency based on own earnings, a focus of current policy proposals. Finally, inasmuch as the downward bias of our measure is consistent across time periods, it is of less concern when used as the basis of cross-cohort comparisons.

Another limitation is that our measure does not include any estimates of work expenses other than payroll taxes. We would like to subtract child care expenses (net of subsidies), transportation costs, and other non-discretionary work expenses from income to get "disposable" income. However, we have no measures of expenses, nor do we have a consistent measure of subsidies that offset these expenses. Although some child care expense offsets are included in "pre-leaving" income (because those paying for child care while receiving AFDC receive higher AFDC checks), we do not know out-of-pocket expenditures in any of the periods. Because the increased earnings seen in the post-exit period are likely to be the result of greater hours of work, we suspect that out-of-pocket expenditures on child care are higher after leaving welfare than they were while receiving it. Thus, if these expenses were included, the decline in economic well-being that we find in the figures that follow would be even greater.

[6]We annualize quarterly income (July–September) by multiplying by four.

FIGURE 2
Pre- and Post-Exit Income

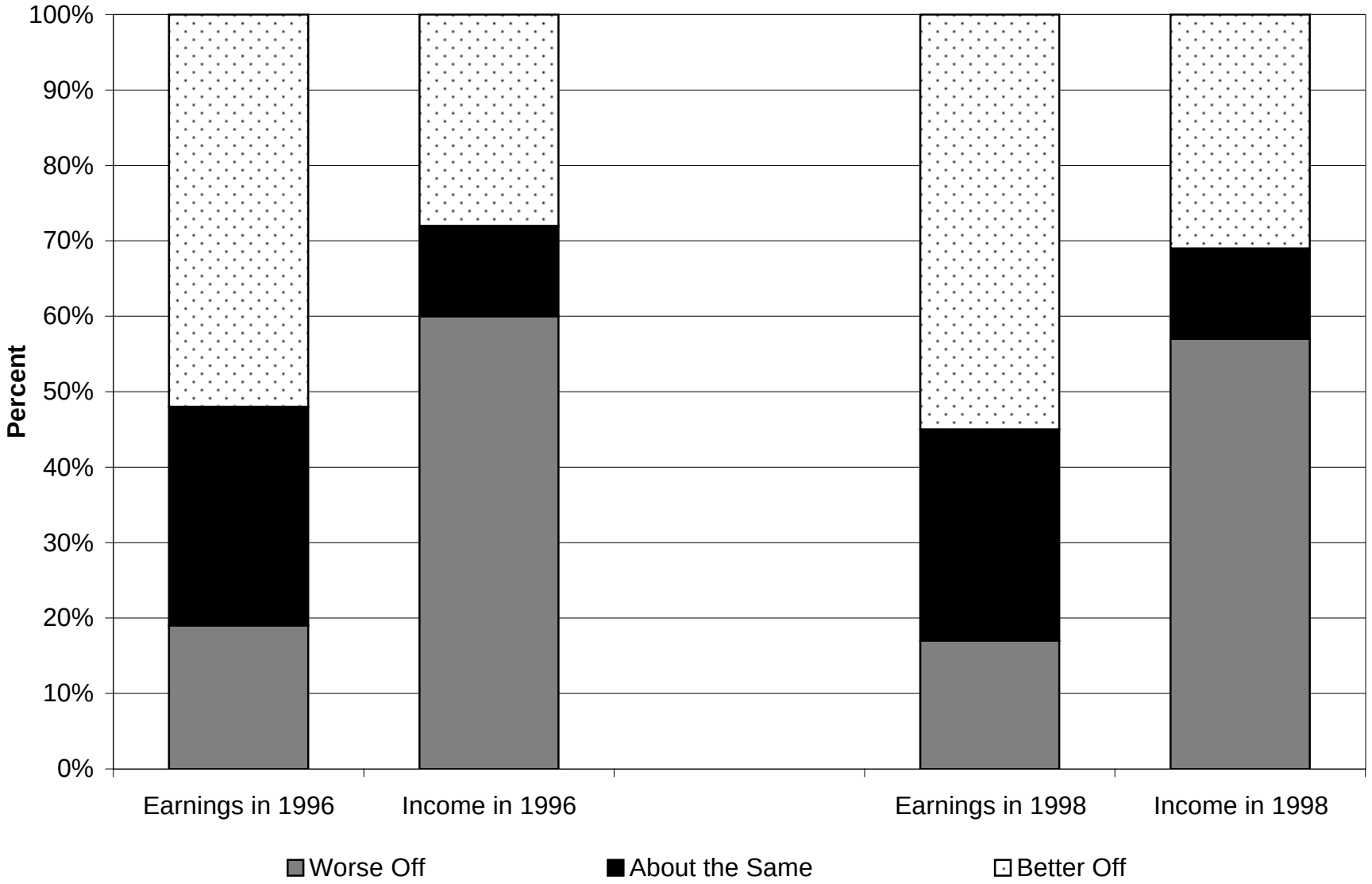


Note: This measure of income includes only gross earnings reported to the Wisconsin Unemployment Insurance system, AFDC/TANF cash payments and Food Stamps received in Wisconsin, and estimated Federal EITC and payroll taxes. All leavers are included; see Tables 3 and 6 for mean earnings and benefit levels for only those with nonzero amounts.

payroll and income taxes) add about $1,000 in income, AFDC about $4,400, and Food Stamps about $2,100. In the year after exit (1996), earnings for this cohort of leavers have increased substantially, to $7,400; increases in EITC are offset by increased taxes; and AFDC and Food Stamps are *much* lower. Thus, total income is substantially lower, despite the large earnings increase. The later cohort tells a similar story—lower total measured income as large increases in earnings are outweighed by large declines in TANF and Food Stamps.

The average income figures mask substantial diversity in outcomes. In Figure 3 we divide individuals into three categories: those who are "worse off" (earnings or income has declined by $1,000 or more), "about the same" (earnings or income within $1,000 of previous amounts), and "better off" (earnings or income has increased by $1,000 or more). We compare pre-exit income (four times the amount in the third quarter of 1995 or 1997) with post-exit income (annual income in 1996 or 1998). We use two measures of income, gross earnings (without EITC or taxes) and "net income" (earnings, EITC, taxes, AFDC/W2, and Food Stamps). The figure demonstrates that earnings have increased for most leavers. In the first cohort, 52 percent of leavers have more earnings than they did before exit, 29 percent have similar earnings (many of these are without earnings in either period), and the remaining 19 percent have lower earnings. The second cohort's figures are slightly better, with corresponding percentages of 55, 28, and 17, respectively. In contrast to the improved earnings, most of the sample has lower income. In the first cohort, 60 percent have lower income and only 28 percent have higher income. There is a

FIGURE 3
Pre/Post Comparisons of Earnings and Income



Note: "Worse off" and "better off" refer to decreases or increases of more than $1000/year when comparing annual measured income to four times the third-quarter income of the previous year.

slight improvement in the second cohort, with 57 percent having lower income and 31 percent having higher.[7]

We now turn to a comparison with an absolute measure of economic well-being, comparing two measures of income (after-tax earnings plus the EITC and our total net income measure) to the poverty line and 150 percent of the poverty line. Figure 4 shows that 70 percent of the first cohort have after-tax earnings below poverty, with 25 percent near-poor (between 100 and 140 percent of poverty) and only 5 percent having earnings of at least 150 percent of the poverty line. Adding in benefits decreases the poverty rate somewhat, to 63 percent. The second cohort has even higher poverty rates—80 percent based on after-tax earnings and 72 percent based on net income. (However, our measure does not include income from a spouse or partner in either period.)

Figure 4 reflects the poverty status of all families, regardless of family size. When we disaggregate by family size, we find that smaller families generally do better than larger families, especially in terms of income relative to the poverty line. For example, among families with one child, total measured income was above poverty for 41 percent of those who left in 1995 and for 34 percent of those who left in 1997. However, for families with three or more children the figures drop to 26 percent and 19 percent, respectively.

In Table 7 we examine the probability that after-tax income[8] is above the poverty line in the first year after exit, using a multivariate probit analysis. Not surprisingly, the characteristics associated with

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[7]Note that the length of the time period differs in the comparison we make in this figure: pre earnings/income comes from a single quarter (multiplied by four) and post earnings/income comes from a full year. We have conducted a quarter-to-quarter comparison of gross earnings as well, and these lead to similar conclusions. When we compare gross earnings in the third quarter of 1995 with earnings in the third quarter of 1996, 22 percent of the first cohort is doing worse, 31 percent doing about the same, and 47 percent doing better. Figure 3 (the comparison between a quarter and the year following) shows 19, 29, and 52 percent, respectively. For the second cohort, the quarter-to-quarter figures are 21, 31, and 48, compared to Figure 3's 17, 28, and 55 percent, respectively. So even with a quarter-to-quarter comparison, we still find that most women have higher gross earnings after welfare than they did before, and that the cohorts do not differ a great deal in this regard.

[8]After-tax income includes measured earnings and benefits, adjusted by simulated payroll taxes, federal income taxes, and the EITC. For more information, see the Appendix.

FIGURE 4
Poverty Status after Leaving AFDC/TANF

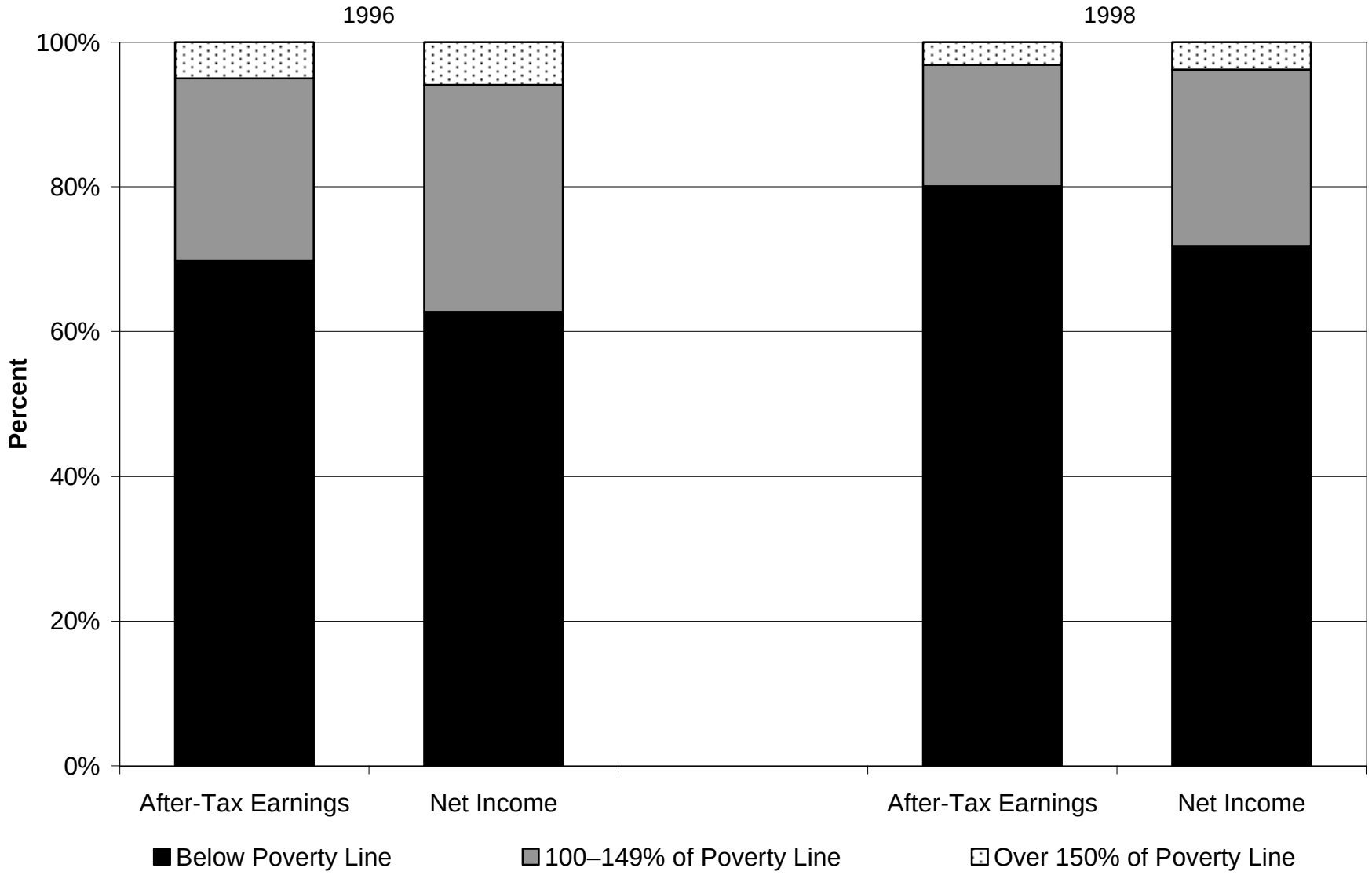

TABLE 7
Probit Estimates of Probability of Having After-Tax Income above Poverty Line in Year after Exit (leavers only)

	1995 Cohort		1997 Cohort		1995 and 1997
	Coefficient	Std. Error	Coefficient	Std. Error	Cohorts Different
Casehead's Age					
Age	0.034	0.019	0.000	0.017	
Age squared	0.000	0.000	0.000	0.000	
Education (compared to less than a high school degree)					
High school graduate	0.189**	0.038	0.313**	0.037	*
More than high school graduate	0.443**	0.048	0.499**	0.053	
Race (compared to white)					
African American	0.191**	0.052	0.033	0.048	*
Hispanic	0.237**	0.072	0.105	0.068	
Other	0.037	0.090	0.174*	0.086	
Number of Own and Foster Children (compared to one)					
Two	-0.115**	0.040	0.187**	0.043	**
Three or more	-0.564**	0.050	-0.331**	0.050	**
Age of Youngest Child (compared to less than one)					
1	0.001	0.064	0.072	0.054	
2	-0.012	0.066	0.152*	0.063	
3–5	-0.111	0.060	0.029	0.054	
6–11	0.000	0.066	0.069	0.060	
12–18	-0.117	0.084	0.054	0.087	
Other Adults in Household	-0.093*	0.039	-0.054	0.042	
Other Children in Household	-0.014	0.061	0.027	0.060	
At Least One Child on SSI	-0.621**	0.080	-0.504**	0.072	

(table continues)

TABLE 7, continued

	1995 Cohort		1997 Cohort		1995 and 1997
	Coefficient	Std. Error	Coefficient	Std. Error	Cohorts Different
County of Residence (compared to other urban counties)					
Milwaukee	0.506**	0.073	0.592**	0.081	
Rural counties	-0.157**	0.046	-0.219**	0.066	
Number of Quarters with Earnings in Previous Two Years[1] (compared to zero)					
1–3 quarters	0.339**	0.071	0.139*	0.069	*
4–7 quarters	0.419**	0.071	0.236**	0.069	
8 quarters	0.818**	0.077	0.630**	0.079	
Percentage of Female-Headed Households in Zipcode of Residence	-0.511**	0.160	-0.311*	0.135	
Number of Months Received Welfare in Previous Two Years[1] (compared to 6 months or less)					
7–12 months	-0.016	0.061	-0.012	0.064	
13–18 months	0.089	0.060	-0.130*	0.066	*
19–24 months	0.129**	0.050	-0.045	0.055	*
More than One Spell in Previous Two Years[1]	-0.030	0.040	-0.027	0.041	
Unemployment Rate in County of Residence[2]	-0.079**	0.026	-0.060*	0.025	
Not Working in Quarter of Exit	-1.134**	0.075	-1.048**	0.070	

(table continues)

TABLE 7, continued

	1995 Cohort		1997 Cohort		1995 and 1997
	Coefficient	Std. Error	Coefficient	Std. Error	Cohorts Different
Industry of Job in Quarter of Exit (compared to temporary agency)					
Business services	0.246**	0.090	-0.036	0.075	*
Durable manufacturing	0.518**	0.086	0.462**	0.094	
Financial, insurance, real estate	0.586**	0.118	0.761**	0.128	
Health services	0.491**	0.074	0.362**	0.069	
Hotels/lodging	-0.025	0.115	-0.092	0.115	
Nondurable manufacturing	0.570**	0.090	0.333**	0.096	
Other industries	0.095	0.122	-0.244	0.142	
Personal services	0.126	0.127	0.100	0.127	
Restaurants	-0.129	0.077	-0.265**	0.070	
Retail trade	-0.028	0.073	-0.069	0.064	
Social services, public administration, education	0.405**	0.073	0.320**	0.066	
Transportation, communication, public utilities	0.347**	0.103	0.229*	0.103	
Wholesale trade	0.217	0.118	0.320*	0.127	
More Than One Employer in Quarter of Exit	0.041	0.039	-0.062	0.038	
Constant Term	-1.097**	0.309	-0.872**	0.280	**
Log Likelihood	-4034.3		-3789.9		

*Statistically significant at the 5 percent level.
**Statistically significant at the 1 percent level.
Note: Model also controls for missing race and percentage of female-headed households variables.
[1]October 1993 through September 1995 for the 1995 cohort, and October 1995 through September 1997 for the 1997 cohort.
[2]September 1995 for the 1995 cohort and September 1997 for the 1997 cohort.

having income above the poverty line generally parallel those for total earnings. In particular, poverty rates are lower for those with more education and more work experience, those working in the quarter of exit, those living in areas with fewer female-headed households, and those living in areas with lower unemployment rates. Poverty rates also vary significantly with industry of primary employer in the quarter of exit, following the same pattern as for earnings.[9] Somewhat surprisingly, poverty rates are lower for those with more children, but there is not a consistent relationship between poverty and the age of the youngest child. Although African Americans had lower earnings, they are actually less likely to be poor than are whites, all else equal. Overall, the results are generally similar for the 1997 cohorts, with the exception of the relationship between poverty and the number of children.

Overall, we find higher rates of employment than have many other studies of women who have left welfare under recent reforms. In both cohorts, over four-fifths of leavers were employed at some point in the first year after exit; estimates from other states are generally closer to two-thirds (Cancian et al., 1999; U.S. DHHS, 1999a,b; U.S. GAO, 1999). This finding is consistent with other studies that show that Wisconsin has relatively high levels of labor force participation for single mothers (Wiseman, 1999). Given that individuals are working, our earnings estimates of $8,000–$9,000 per year are generally similar to other states (Brauner and Loprest, 1999; Cancian et al., 1999; U.S. GAO, 1999). Also similar to outcomes in other states, we find that about 20 percent of leavers return to cash benefits within the first several months, and that Food Stamp recipiency is fairly common in the first year. Finally, consistent with the findings of other studies of leavers, we find poverty rates, based only on own income, to be quite high (63–74 percent).

We also make explicit comparisons of leavers in different periods. Though some of the simple descriptive data show that the second cohort is doing worse (lower levels of earnings and of continuous

[9]In particular, women working in temporary agencies in that quarter were less likely to be poor in the following year than those initially employed in restaurants, but significantly more likely to be poor than those in business, financial, health or social services, transportation, wholesale trade, or manufacturing.

employment, higher rates of Food Stamp use, and higher poverty rates), most of these differences are attributable to differences in the characteristics of leavers. This is discussed further in Section V.

IV. RESULTS: LONGER-TERM OUTCOMES FOR THE 1995 COHORT

A. Longer-Term Employment and Earnings

Some have asserted that a "work first" strategy may have some short-term costs, but over the longer term, individuals will be able to use the experience they gain in their early employment to attain moderate levels of economic well-being. We now turn to an examination of outcomes for the 1995 cohort of leavers over the first three years after leaving welfare.[10]

In Table 8, we show that the vast majority, 88 percent, of the 1995 cohort of leavers, worked at some point in the first three years. However, the percentage with earnings declines somewhat, from 81 percent in the first year to 77 percent in the third. Among those who worked, earnings increased in each year, from means of about $9,100 to over $11,400 and medians of $8,600 to $10,900. These numbers can be compared to a previous study that used survey data on a national sample of women who left AFDC in the 1980s AFDC period (Cancian and Meyer, forthcoming). In that sample, the percentage of leavers with earnings was 64 percent in the first year and 65 percent in the third year, and median earnings increased from around $6,100 to $8,200 between the first and third year. Both Wisconsin figures for the 1995 cohort and the national figures for an earlier period show substantial increases in earnings over time, but the earnings of Wisconsin leavers are higher.

In the Wisconsin 1995 cohort, among those employed in any year, about 40 percent had a single employer, with small increases in the share with a single employer from year 1 to year 3. But looking

[10]Because data are only available through 1998, in this section we consider outcomes only for the 1995 cohort.

TABLE 8
Earnings and Work Experience of Leavers in Three Years after Exit (1998 dollars)

	First Year after Exit	Second Year after Exit	Third Year after Exit	Over Three Years after Exit
All Leavers (4th Q 1995, N=8,042)				
Percent with earnings	81.1	78.5	76.9	87.8
Among those working in year				
Mean earnings	$9,108	$10,294	$11,450	$27,644
Median earnings	$8,608	$9,627	$10,924	$25,328
Number of employers				
One employer	41.1	42.1	44.7	17.1
Two employers	29.1	28.1	26.7	18.1
More than two employers	29.8	29.8	28.6	64.9
Mean number of quarters worked	3.0	3.2	3.3	8.0
Percent continuously employed	66.2	69.7	71.1	41.8
Percent continuously employed by same employer	42.4	44.7	45.3	14.2

over the entire three-year period, only 17 percent of those employed had just one employer. Most individuals had more than two; the median is three. Twenty-five percent had more than five employers.

Among those who had earnings, the average number of quarters with earnings was eight of the 12 possible quarters in this period, with increases in quarters worked between year 1 and year 3. Consistent work over the three-year period is not common; only 42 percent of those ever employed were employed in all 12 quarters. Moreover, the proportion experiencing a period without employment is greater than we report because we lack information on those who had a spell of unemployment within a quarter or even bridging two quarters. Finally, over 40 percent of individuals who had an employer in the first quarter of year 1 still had that employer in the last quarter of that year, and this percentage increases over the years. However, examining the total three-year period, only 14 percent of those ever-employed had earnings from the same employer in each of the 12 quarters. High levels of overall employment combined with relatively low levels of *consistent* employment is also a finding of the national leavers research (Cancian and Meyer, forthcoming).

B. Longer-Term Benefits, Income, and Poverty

While employment and earnings grew over the three-year period, cash assistance and Food Stamp benefits declined. As shown in Table 9, receipt of any cash assistance fell from 29 percent in the first year to 8 percent in the third year. Overall, 34 percent ever received cash assistance in the three years post-exit, and most of those who returned to welfare did so in the first year.[11] On the other hand, the mean amount of AFDC benefit for those who received benefits increased over the period, from $2,058 in the first year to $2,671 in the third year after exit. Over half of leavers received Food Stamps in the first year after exit, and even in the third year 35 percent continued to receive an average of $1,170 in

[11]Only 5 percent of the leavers returned in the second or third year after not returning in the first year after exit (34 percent ever receiving cash assistance less 29 percent receiving in the first year).

TABLE 9
Benefit Receipt of Leavers in Three Years after Exit (1998 dollars)

	First Year after Exit	Second Year after Exit	Third Year after Exit	Over Three Years after Exit
All Leavers (4th Q 1995, N=8,042)				
Percent receiving AFDC/TANF	29.0	18.0	7.5	34.4
Mean AFDC/TANF amount for recipients	$2,058	$2,519	$2,671	$3,637
Percent receiving Food Stamps	57.4	42.9	35.3	65.8
Mean Food Stamp amount for recipients	$1,343	$1,327	$1,170	$2,664

benefits. Program participation is discussed in greater detail in a companion paper (Cancian et al., forthcoming).

Table 10 shows the net impact of earnings gains and benefit reductions on total measured income over the three years after exit. The proportion with income greater than the quarter of exit grows relatively modestly: earnings exceed previous levels for 61 percent in the first year and 64 percent in the third, while total measured income exceeds previous levels for 35 percent in the first year and 40 percent in the third. The percentage with earnings above poverty grows by 8 percentage points—from 22 to 30 percent—but the growth in the percentage with total measured after-tax income over poverty grows by only 4 percentage points (from 37 to 41 percent). The disparity between these patterns and those describing earnings growth is accounted for by the reduction in cash and Food Stamp benefits accompanying higher earnings. On the other hand, the proportion with earnings or total measured income above 150 percent of poverty is close to double in the third year relative to the first. Sixteen percent have earnings, and 11 percent have total measured after-tax incomes, above 150 percent of the poverty line. When we estimate the probability of leaving poverty in the third year using a probit analysis, our results are largely similar to those reported in Table 7 for the first year post-exit (see Appendix Table 4).

The figures on poverty rates using own income are not directly comparable to other measures of longer-term poverty post-exit because other measures have not incorporated taxes and the EITC in the same way. Nonetheless, the national figures (using own income but not allowing for taxes or the EITC) also show declines in poverty over the three years, albeit somewhat larger declines (Cancian and Meyer, 1998, for example, report declines from 79 percent in the first year to 68 percent in the third).

IV. DISCUSSION AND CONCLUSIONS

To illustrate the extent of changes in outcomes for similar women before and after TANF, Table 11 presents simulated results for women in each cohort with the same characteristics. We consider the

TABLE 10
Income Levels of AFDC-Regular Caseload during Three Years after Exit from AFDC

	Earnings	After-Tax Earnings	After-Tax Earnings Plus Assistance[1]
All Leavers (4th Q 1995, N=8,042)			
First Year after Exit			
More than same measure in qtr before exit	61.1	59.8	35.3
More than the poverty line	21.7	30.2	37.3
More than 150% of the poverty line	6.0	5.0	5.9
Second Year after Exit			
More than same measure in qtr before exit	61.4	60.5	38.0
More than the poverty line	26.5	34.2	38.8
More than 150% of the poverty line	9.6	8.2	9.1
Third Year after Exit			
More than same measure in qtr before exit	64.2	61.7	39.7
More than the poverty line	29.9	37.4	40.5
More than 150% of the poverty line	15.6	10.8	11.3

[1]Assistance includes cash received from AFDC/TANF and the cash value of Food Stamps received.

TABLE 11
Simulations of Probabilities for Women with Differing Barriers to Work

Case	Likelihood of Leaving Welfare		Likelihood of Consistent Employment in Year after Exit		Likelihood of Own Income above Poverty Line in Year after Exit	
	1995 Cohort	1997 Cohort	1995 Cohort	1997 Cohort	1995 Cohort	1997 Cohort
High-barrier woman in Milwaukee	0.021	0.102	0.272	0.280	0.062	0.065
Low-barrier woman in Milwaukee	0.405	0.622	0.741	0.782	0.704	0.671
High-barrier woman in other urban county	0.040	0.378	0.252	0.271	0.039	0.030
Low-barrier woman in other urban county	0.512	0.916	0.720	0.774	0.621	0.531
High-barrier woman in rural county	0.051	0.397	0.215	0.209	0.027	0.016
Low-barrier woman in rural county	0.560	0.923	0.678	0.709	0.554	0.427

Notes: A high-barrier woman is defined as aged 22, <12 years education, African American, three children, youngest child aged 1, no other household members, a child on SSI, no work in previous two years, received welfare 19–24 months in previous two years.

A low-barrier woman is defined as aged 29, >12 years education, white, one child, youngest child aged 12–18, no other household members, no children on SSI, worked eight quarters in previous two years, received welfare six months or less in previous two years.

All cases assume mean percentage of female-headed households, mean unemployment rate for the region, and that the woman is working in a temporary agency in the quarter of exit.

probability of leaving welfare and, for leavers, the probability of consistent employment and having income over the poverty line in the year following exit. We distinguish between women facing "high barriers" and "low barriers" to self-sufficiency,[12] and between those living in Milwaukee, in other urban counties, and in rural counties. To the extent that individual differences are captured by our measures, Table 11 illustrates the change in outcomes for similar individuals in the two periods. Of course, unobserved heterogeneity in the women leaving in the two periods may also explain part of the difference across cohorts. For example women with less-favorable unobserved characteristics may have been more likely to leave welfare under W-2 reforms in late 1997. If this is the case, high-barrier women in the later cohort may actually face even greater obstacles than those faced by women with similar *observed* characteristics in 1995.

The first two rows of Table 11 show the results for high- and low-barrier women in Milwaukee. High-barrier women in Milwaukee were highly unlikely to leave welfare in the early period—only 2 percent are estimated to have left in the last quarter of 1995. In contrast, 41 percent of women facing low barriers are predicted to have left. For both groups, exit rates grow substantially in the second period—to 10 percent for high-barrier women and 66 percent for low-barrier women. The rates of exit are higher in other urban counties, and higher still in rural counties. But the overall pattern is the same—substantial increases in the probability of exiting between the two periods, as well as the expected differences between high- and low-barrier women.

[12]Results for high-barrier women are based on simulations for women with the following characteristics: aged 22, less than a high school education, African American, three children, youngest child aged 1, no other household members, a child on SSI, no work in previous two years, received welfare 19–24 months in previous two years. Results for low-barrier women are based on simulations for women with the following characteristics: aged 29, more than 12 years of education, white, one child, youngest child aged 12–18, no other household members, no children on SSI, worked eight quarters in previous two years, received welfare six months or less in previous two years. In all cases, we assume the mean percentage of female-headed households and mean unemployment rate for the region, and that the woman is working in a temporary agency in the quarter of exit.

Although the probability of leaving welfare grew substantially in this period, the remaining columns of Table 11 suggest that first-year post-exit employment stability and poverty remained fairly consistent across the periods. In both periods, in Milwaukee and other urban counties, 25 to 27 percent of high-barrier women and 72 to 78 percent of low-barrier women are predicted to have worked in all four quarters following exit. The rates of consistent employment are somewhat lower for rural areas, but also do not change substantially between cohorts. In general, substantial changes over time are not observed in the proportion of women with a given set of characteristics who are predicted to have had first-year post-exit own income above the poverty line. The exception is the proportion who leave poverty among low-barrier women, which falls from 62 to 53 percent in other urban counties and from 55 to 42 percent in rural counties.

The encouraging news from this report is that even by our somewhat limited measure of resources, 37 percent of women leaving welfare in the early cohort escaped poverty the following year. Economic status appears to improve over time, with 41 percent of families having total measured income over the poverty line by the third year after exit. On the other hand, these poverty rates remain quite high, and, while there is a decrease over the three years, the decline is fairly small.

Among those who left in 1997, we can only measure outcomes in 1998, the first year after exit. Twenty-six percent had total measured income above poverty in the first year after leaving welfare. The relatively lower proportion in the later cohort is a cause for concern, but is not unexpected. As discussed above, the dramatic increase in exits during the transition to TANF in 1997 appears to involve those with greater barriers to self-sufficiency. The fact that those in the later cohort appear to have fewer employment skills and face more barriers to employment suggests that additional services may be needed for welfare leavers to achieve moderate levels of economic well-being.

The first challenge of welfare reform, to move recipients into the labor market quickly, seems to have been successfully met for many participants. In both cohorts we see that over half of leavers have

substantially higher earnings in the first year post-welfare than they had in the quarter before leaving. However, we would argue that this is only part of the story. Another policy goal should be to increase economic well-being, and the early results suggest that this is a much stiffer challenge; only about 30 percent of the leavers had higher net income in the year following welfare than they had in the quarter before leaving. Ongoing monitoring of broader measures of economic well-being is needed to know whether policy reforms have met this second challenge.

Finally, we note that the Earned Income Tax Credit has a significant effect on poverty rates, even when it is considered simultaneously with payroll taxes. For example, poverty rates based only on gross earnings are 78 percent in the first year; subtracting payroll taxes and adding the EITC decreases the poverty rate to 70 percent.[13] In a regime in which single mothers are expected to rely primarily on their own earnings, earnings supports within the tax system are key components of economic well-being.

[13]Note that we have added estimated EITC to earnings in the first year post-exit even though most households would not receive the EITC payment until after the end of the year.

APPENDIX

Sample and Variable Definition

We extracted data from the CARES database for all 65,823 AFDC-Regular recipients in Wisconsin in September 1995 and all 30,980 recipients of either AFDC-Regular or W-2 cash benefits in Wisconsin in September 1997. For both samples, we excluded cases in which there were no children identified in the assistance group (n=716, 1995; n=195, 1997), cases in which the children are not cared for by a parent (n=6,165, 1995; n=3,543, 1997), cases in which the casehead was receiving SSI (n=6,269, 1995; n=5,516, 1997), cases in which the casehead was less than 18 or more than 65 years old (n=294, 1995; n=91, 1997), cases in which the casehead was a male (n=1,679, 1995; n=504, 1997), cases with two parents present in the household (n=482, 1995; n=136, 1997), and cases which were open in September but received $0 in cash benefits in both September and October (n=613, 1995; n=387, 1997).

This results in final sample sizes of 49,605 for the 1995 cohort, and 20,608 for the 1997 cohort. Most of the analyses in this report are performed on the subset of each cohort that left cash assistance in the fourth quarter of the year. Specifically, leavers are defined as those who received $0 in cash assistance for two consecutive months between October and January. By this definition there were 8,042 leavers in the 1995 cohort and 8,162 leavers in the 1997 cohort.

Unlike some earlier reports on welfare leavers in Wisconsin (e.g., Cancian, Haveman, Kaplan, and Wolfe, 1999) we include *all* leavers, even those who do not appear in any administrative records after leaving welfare ("disappearers"). Thus these results are comparable in this respect to DHHS leavers' studies in other states.

Demographic Variables

The demographic variables were taken from the CARES database and reflect the characteristics as of September 1995/1997. These variables include mother's age, mother's education level, mother's race, the number of own and foster children in the household, the age of the youngest child in the household, the presence of other household members, SSI status of children, mother's AFDC status, and county of residence. For analysis purposes the counties are grouped as follows: Milwaukee County, other urban counties (Brown, Calumet, Chippewa, Dane, Douglas, Eau Claire, Kenosha, La Crosse, Marathon, Outagamie, Ozaukee, Pierce, Racine, Rock, St. Croix, Sheboygan, Washington, Waukesha, and Winnebago), and rural counties (all other counties).

Employment and Earnings Variables

Employment and earnings information came from the state UI database. We have information on quarterly earnings and place of employment of the mother from first quarter 1993 through fourth quarter 1998. These data were used to calculate the number of quarters the mother worked in the two years before we observe her (fourth quarter 1993 through third quarter 1995 for the 1995 cohort and fourth quarter 1995 through third quarter 1997 for the 1997 cohort) as well as her total earnings during this period. We also calculated total earnings in each of the four quarters after exit for the 1997 cohort and in each of the 12 quarters after exit for the 1995 cohort. By using the employer IDs provided in these data

we were able to calculate the number of employers the mother had during these periods. Using the SIC code of the place of employment we grouped workers into the following categories:

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

For periods in which the mother had multiple employers, we assigned her to the SIC code group of the employer from whom she had the most earnings during the period.

Food Stamp Variables

Information on Food Stamp receipt for all household members in our samples was obtained from the CARES database. This information was obtained for the period July 1995 through December 1998 for the 1995 cohort and the period July 1997 through December 1998 for the 1997 cohort. These data were used to determine whether anyone in the household was receiving assistance in each of the quarters following exit, as well as the total amount of Food Stamp benefits received by the household.

Geographic Variables

The percentage of female-headed households in the Zipcode of residence was taken from the 1990 census Zipcode-level database, STF3B.

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

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

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

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

Calculation of After-Tax Earnings

The after-federal-tax earnings numbers are calculated on an annual basis as follows: after-tax earnings = UI earnings + federal EITC – federal income tax – payroll tax. The estimation of EITC, federal income tax and payroll tax is as follows:

- The EITC was calculated under the assumptions that the casehead claims all eligible children in the case at entry for tax purposes and that the earnings reported to the UI system are the only earnings reported for tax purposes. The source of the Earned Income Credit parameters is the 1998 *Green Book*.

- The federal income tax was calculated under the assumptions that the casehead files as head of household, takes the standard deduction, and has exemptions equal to the number of children plus 1. Taxable income is the maximum of {(UI earnings − standard deduction − exemptions),0}. The appropriate year's tax rate schedules are used to calculate the tax due.

- Payroll tax is calculated based on the earnings reported to the UI system. The source for the rates is the 1998 *Green Book*, Table 1-35.

After calculating the after-tax earnings on a calendar year basis, we calculated the ratio of after-tax to before-tax earnings and applied this ratio to the quarterly before-tax earnings to create quarterly after-tax earnings.

APPENDIX TABLE 1
Characteristics of AFDC-Regular Caseload in Wisconsin (cases active in September 1995 and September 1997)

	1995			1997		
	Milwaukee	Other Urban	Rural	Milwaukee	Other Urban	Rural
Total (N)	27,096	14,676	7,833	15,444	3,643	1,521
Casehead's Age						
18–24	35.1	38.0	35.5	36.8	40.1	36.8
25–29	24.3	23.6	22.4	23.3	19.9	19.7
30–39	32.8	30.6	33.0	30.9	29.6	31.2
40+	7.9	7.9	9.2	9.1	10.5	12.3
Education						
<11 years	28.7	19.4	17.9	31.2	25.1	21.2
11 years	22.4	17.1	13.0	26.5	21.9	17.1
12 years	37.8	45.1	51.5	34.0	40.2	47.3
>12 years	11.1	18.5	17.6	8.3	12.9	14.3
Race						
White	15.9	62.7	83.2	11.6	46.5	71.0
African American	65.9	20.2	0.9	68.7	31.4	1.3
Hispanic	9.2	5.7	2.1	9.3	6.9	2.8
Other	2.2	5.2	10.8	2.0	7.6	18.4
Unknown	6.9	6.1	3.1	8.4	7.7	6.5
Number of Own and Foster Children						
1	33.7	44.4	47.1	30.5	39.5	44.1
2	30.2	28.9	29.6	29.3	27.4	29.2
3+	36.1	26.7	23.3	40.1	33.2	26.7

(table continues)

APPENDIX TABLE 1, continued

	1995			1997		
	Milwaukee	Other Urban	Rural	Milwaukee	Other Urban	Rural
Age of Youngest Child						
<1	17.4	20.0	19.4	20.6	32.1	33.2
1	16.8	17.6	17.1	18.0	17.3	15.8
2	12.9	13.5	12.6	12.1	9.2	6.8
3–5	24.3	24.1	23.8	23.0	17.9	17.0
6–11	20.4	18.0	18.8	19.0	16.8	18.7
12–18	8.2	6.8	8.3	7.4	6.6	8.4
Other Household Members						
Other children only	3.3	1.8	1.4	4.4	2.8	2.4
Other adults only	16.5	26.5	26.2	17.0	23.9	22.5
Other adults and other children	5.4	9.5	10.9	7.1	8.1	10.3
Child on SSI	11.1	7.9	4.4	12.7	9.6	5.2
Start of Current Spell[1]						
0–3 months ago	10.2	18.9	22.9	15.9	17.3	27.8
4–6 months ago	5.3	8.2	9.3	8.9	12.3	13.0
7–9 months ago	3.9	6.3	7.8	5.9	9.5	9.4
10–12 months ago	3.6	5.5	5.3	4.7	7.3	6.9
13–18 months ago	6.1	8.4	7.9	6.1	7.6	6.9
19–24 months ago	5.6	6.9	6.4	4.4	5.1	5.1
> 24 months ago	65.4	45.8	40.5	54.1	40.9	31.0
Number of Months Received Welfare in the Two Years Prior to September 1995 and 1997[1]						
6 months or less	6.6	13.3	15.9	5.7	14.6	23.2
7–12 months	6.6	11.8	12.9	7.7	13.6	16.0
13–18 months	9.3	14.8	16.0	13.7	16.2	17.0
19–24 months	77.6	60.2	55.3	72.8	55.6	43.9

(table continues)

APPENDIX TABLE 1, continued

	1995			1997		
	Milwaukee	Other Urban	Rural	Milwaukee	Other Urban	Rural
Number of Quarters with Earnings in the Two Years Prior to September 1995 and 1997[1]						
None	29.5	29.3	26.8	22.4	22.9	20.9
1–3 quarters	31.9	32.1	31.3	34.0	36.0	34.7
4–7 quarters	29.2	29.6	31.7	34.0	32.7	35.4
8 quarters	10.5	9.1	10.3	9.6	8.5	9.0
Total Earnings in the Two Years Prior to September 1995 and 1997[1]						
<$500	40.7	39.0	35.0	33.6	34.4	29.9
$500–$2,499	18.7	18.8	18.4	21.3	23.4	22.3
$2,500–$7,499	19.6	21.6	23.4	24.0	24.3	22.9
$7,500 or more	21.1	20.7	23.2	21.2	17.9	24.9

[1]Sample in columns 1–3 include caseheads who were 18 or older in October 1993 (N=46,047), and columns 4–6 include those 18 or older in 1995 (N=18,689).

APPENDIX TABLE 2

Percentage of Leavers, by Recipient Characteristics (cases active in September 1995 and September 1997)

	1995			1997		
	Milwaukee	Other Urban	Rural	Milwaukee	Other Urban	Rural
Total (N)	27,096	14,676	7,833	15,444	3,643	1,521
Number of leavers	3,124	2,950	1,968	4,517	2,513	1,132
Percentage of leavers	11.5	20.1	25.1	29.2	69.0	74.4
Casehead's Age						
18–24	8.7	18.9	25.6	28.5	71.7	77.5
25–29	11.5	21.8	24.2	31.4	74.6	77.6
30–39	13.7	20.5	25.6	29.4	66.8	73.1
40+	15.3	19.3	23.5	26.4	54.1	63.6
Education						
<11 years	9.2	16.7	23.1	25.2	62.6	70.3
11 years	8.4	17.8	23.4	25.2	69.9	69.6
12 years	13.5	21.4	26.1	33.4	70.3	76.7
>12 years	17.2	22.6	25.7	40.2	75.9	78.9
Race						
White	14.2	21.9	25.9	45.9	71.0	75.5
African American	10.8	17.1	11.6	26.1	69.7	95.0
Hispanic	12.6	21.0	34.1	33.8	71.6	85.7
Other	11.3	10.8	18.4	30.4	53.1	65.7
Unknown	11.2	19.1	26.6	26.9	66.8	78.8
Number of Own and Foster Children						
1	14.0	22.7	27.3	29.8	69.0	73.0
2	11.9	20.1	26.2	31.2	69.3	73.9
3+	8.9	15.8	19.4	27.5	68.7	77.3

(table continues)

APPENDIX TABLE 2, continued

	1995			1997		
	Milwaukee	Other Urban	Rural	Milwaukee	Other Urban	Rural
Age of Youngest Child						
<1	6.9	17.7	22.2	28.1	75.5	81.2
1	8.7	16.4	22.7	27.2	70.5	76.4
2	9.8	21.2	25.0	28.0	70.5	71.2
3–5	12.7	21.0	27.1	31.0	64.0	71.8
6–11	14.8	22.7	26.2	30.7	64.8	69.4
12–18	18.0	24.6	29.6	30.3	55.8	63.3
Other Household Members						
Other children only	7.7	16.8	30.0	21.5	71.6	72.2
Other adults only	13.0	20.5	24.0	29.2	67.6	74.6
Other adults and other children	9.6	21.3	26.2	24.9	76.4	83.3
Child on SSI	8.7	15.3	20.8	23.1	61.0	59.5
Start of Current Spell[1]						
0–3 months ago	26.8	31.6	36.6	38.9	69.1	74.3
4–6 months ago	20.9	26.5	31.3	35.1	71.5	78.4
7–9 months ago	14.3	23.4	28.5	30.6	71.3	78.1
10–12 months ago	16.6	21.6	25.3	32.2	67.9	76.3
13–18 months ago	12.4	18.5	21.9	29.4	75.5	67.7
19–24 months ago	10.1	16.4	20.1	31.2	66.9	69.6
> 24 months ago	8.7	15.0	18.0	26.0	65.9	74.1
Number of Months Received Welfare in the Two Years Prior to September 1995 and 1997[1]						
6 months or less	20.3	28.9	33.5	41.7	71.4	79.3
7–12 months	18.2	25.8	31.5	36.4	70.9	75.1
13–18 months	19.2	24.4	29.8	33.9	71.9	75.7
19–24 months	9.9	16.4	19.9	27.5	66.3	71.4

(table continues)

APPENDIX TABLE 2, continued

	1995			1997		
	Milwaukee	Other Urban	Rural	Milwaukee	Other Urban	Rural
Number of Quarters with Earnings in the Two Years Prior to September 1995 and 1997[1]						
None	5.7	10.6	13.4	15.6	49.5	59.5
1–3 quarters	10.0	19.2	24.8	28.1	70.4	75.7
4–7 quarters	15.1	26.2	30.7	35.2	76.8	79.0
8 quarters	27.2	36.6	39.4	50.3	80.7	87.7
Total Earnings in the Two Years Prior to September 1995 and 1997[1]						
<$500	5.6	11.5	15.2	17.1	54.1	64.0
$500–$2,499	8.4	18.4	23.6	26.8	73.2	76.8
$2,500–$7,499	14.1	24.7	30.6	36.0	77.7	81.0
$7,500 or more	25.4	34.3	35.8	46.0	78.0	79.3

[1]Sample in columns 1–3 includes caseheads who were 18 or older in October 1993 (N=46,047) and columns 4–6 include those 18 or older in October 1995 (N=18,869).

APPENDIX TABLE 3
Probit Estimates of Probability of Working in Year after Exit (leavers only)

	1995 Cohort		1997 Cohort		1995 and 1997
	Coefficient	Std. Error	Coefficient	Std. Error	Cohorts Different
Casehead's Age					
Age	-0.014	0.022	-0.038*	0.018	
Age squared	0.000	0.000	0.000	0.000	
Education (compared to less than a high school degree)					
High school graduate	0.015	0.048	0.068	0.046	
More than high school graduate	0.064	0.064	0.142*	0.068	
Race (compared to white)					
African American	-0.187**	0.067	-0.159**	0.060	
Hispanic	-0.213*	0.085	-0.248**	0.079	
Other	-0.113	0.106	-0.071	0.095	
Number of Own and Foster Children (compared to one)					
Two	-0.011	0.052	0.030	0.055	
Three or more	-0.013	0.061	0.030	0.059	
Age of Youngest Child (compared to less than one)					
1	0.069	0.077	-0.015	0.066	
2	-0.003	0.081	-0.018	0.080	
3–5	-0.033	0.073	-0.045	0.065	
6–11	0.075	0.082	0.033	0.073	
12–18	0.026	0.105	0.016	0.101	
Other Adults in Household	0.021	0.049	0.056	0.050	
Other Children in Household	0.015	0.073	-0.160*	0.068	
At Least One Child on SSI	0.009	0.087	-0.137	0.071	

(table continues)

APPENDIX TABLE 3, continued

	1995 Cohort		1997 Cohort		1995 and 1997
	Coefficient	Std. Error	Coefficient	Std. Error	Cohorts Different
County of Residence (compared to other urban counties)					
Milwaukee	0.103	0.090	-0.162	0.089	*
Rural counties	0.062	0.058	-0.183**	0.071	**
Number of Quarters with Earnings in Previous Two Years[1] (compared to zero)					
1–3 quarters	0.453**	0.057	0.517**	0.055	
4–7 quarters	0.760**	0.061	0.764**	0.061	
8 quarters	1.205**	0.097	1.033**	0.102	
Percentage of Female-Headed Households in Zipcode of Residence	-0.220	0.208	-0.011	0.177	
Number of Months Received Welfare in Previous Two Years[1] (compared to 6 months or less)					
7–12 months	0.165*	0.073	0.069	0.077	
13–18 months	0.265**	0.077	0.134	0.080	
19–24 months	0.311**	0.058	0.248**	0.066	
More than One Spell in Previous Two Years[1]	0.009	0.053	0.036	0.051	
Unemployment Rate in County of Residence[2]	-0.059	0.031	0.064*	0.026	**
Not Working in Quarter of Exit	-1.191**	0.088	-1.325**	0.079	

(table continues)

APPENDIX TABLE 3, continued

	1995 Cohort		1997 Cohort		1995 and 1997
	Coefficient	Std. Error	Coefficient	Std. Error	Cohorts Different
Industry of Job in Quarter of Exit (compared to temporary agency)					
Business services	0.243	0.138	-0.364**	0.103	**
Durable manufacturing	0.373**	0.138	-0.037	0.149	*
Financial, insurance, real estate	1.210**	0.368	0.017	0.224	**
Health services	0.700**	0.137	0.285*	0.129	*
Hotels/lodging	0.147	0.177	0.194	0.189	
Nondurable manufacturing	0.347*	0.149	0.241	0.171	
Other industries	0.320	0.203	-0.184	0.189	
Personal services	0.189	0.199	0.160	0.232	
Restaurants	0.155	0.115	0.073	0.110	
Retail trade	0.368**	0.117	0.117	0.105	
Social services, public administration, education	0.781**	0.138	0.280*	0.116	**
Transportation, communication, public utilities	0.613**	0.213	0.276	0.220	
Wholesale trade	0.523*	0.237	0.403	0.274	
More Than One Employer in Quarter of Exit	0.438**	0.087	0.309**	0.071	
Constant Term	1.104**	0.368	1.500**	0.311	**
Log Likelihood	-2262.1		-2354.1		

*Statistically significant at the 5 percent level.
**Statistically significant at the 1 percent level.
Note: Model also controls for missing race and percentage of female-headed households variables.
[1]October 1993 through September 1995 for the 1995 cohort, and October 1995 through September 1997 for the 1997 cohort.
[2]September 1995 for the 1995 cohort and September 1997 for the 1997 cohort.

APPENDIX TABLE 4
Probit Estimates of Probability of Having After-Tax Income above Poverty Line in First and Third Year after Exit
(1995 leavers only)

	First Year		Third Year	
	Coefficient	Std. Error	Coefficient	Std. Error
Casehead's Age				
Age	0.034	0.019	0.021	0.017
Age squared	0.000	0.000	0.000	0.000
Education (compared to less than a high school degree)				
High school graduate	0.189**	0.038	0.210**	0.035
More than high school graduate	0.443**	0.048	0.390**	0.045
Race (compared to white)				
African American	0.191**	0.052	0.141**	0.049
Hispanic	0.237**	0.072	0.083	0.067
Other	0.037	0.090	0.063	0.083
Number of Own and Foster Children (compared to one)				
Two	-0.115**	0.040	-0.094*	0.037
Three or more	-0.564**	0.050	-0.488**	0.046
Age of Youngest Child (compared to less than one)				
1	0.001	0.064	-0.024	0.059
2	-0.012	0.066	-0.074	0.061
3–5	-0.111	0.060	-0.069	0.055
6–11	0.000	0.066	0.018	0.061
12–18	-0.117	0.084	-0.006	0.078
Other Adults in Household	-0.093*	0.039	-0.008	0.036
Other Children in Household	-0.014	0.061	0.001	0.056

(table continues)

APPENDIX TABLE 4, continued

	First Year		Third Year	
	Coefficient	Std. Error	Coefficient	Std. Error
At Least One Child on SSI	-0.621**	0.080	-0.359**	0.071
County of Residence (compared to other urban counties)				
Milwaukee	0.506**	0.073	0.283**	0.068
Rural counties	-0.157**	0.046	-0.125**	0.042
Number of Quarters with Earnings in Previous Two Years[1] (compared to zero)				
1–3 quarters	0.339**	0.071	0.290**	0.059
4–7 quarters	0.419**	0.071	0.456**	0.059
8 quarters	0.818**	0.077	0.853**	0.067
Percentage of Female-Headed Households in Zipcode of Residence	-0.511**	0.160	-0.289	0.150
Number of Months Received Welfare in Previous Two Years[1] (compared to 6 months or less)				
7–12 months	-0.016	0.061	0.092	0.056
13–18 months	0.089	0.060	0.179**	0.056
19–24 months	0.129**	0.050	0.196**	0.046
More than One Spell in Previous Two Years[1]	-0.030	0.040	-0.045	0.038
Unemployment Rate in County of Residence[2]	-0.079**	0.026	-0.040	0.024
Not Working in Quarter of Exit	-1.134**	0.075	-0.575**	0.068

(table continues)

APPENDIX TABLE 4, continued

	First Year		Third Year	
	Coefficient	Std. Error	Coefficient	Std. Error
Industry of Job in Quarter of Exit (compared to temporary agency)				
Business services	0.246**	0.090	0.142	0.088
Durable manufacturing	0.518**	0.086	0.338**	0.084
Financial, insurance, real estate	0.586**	0.118	0.402**	0.114
Health services	0.491**	0.074	0.268**	0.073
Hotels/lodging	-0.025	0.115	0.022	0.113
Nondurable manufacturing	0.570**	0.090	0.164	0.089
Other industries	0.095	0.122	-0.028	0.120
Personal services	0.126	0.127	0.024	0.125
Restaurants	-0.129	0.077	-0.130	0.075
Retail trade	-0.028	0.073	-0.059	0.072
Social services, public administration, education	0.405**	0.073	0.265**	0.072
Transportation, communication, public utilities	0.347**	0.103	0.273**	0.103
Wholesale trade	0.217	0.118	0.095	0.116
More Than One Employer in Quarter of Exit	0.041	0.039	0.027	0.038
Constant Term	-1.097**	0.309	-0.939**	0.285
Log Likelihood	-4034.3		-4652.4	

*Statistically significant at the 5 percent level.
**Statistically significant at the 1 percent level.
Note: Model also controls for missing race and percentage of female-headed households variables.
[1]October 1993 through September 1995.
[2]September 1995.

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