

Chapter 5

Patterns of Labor Market Performance among Low-Income Wisconsin Single Mothers

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Introduction

This chapter reports on several aspects of the labor market performance of a sample of poor single mothers in Wisconsin. These mothers would have been potential recipients of Aid to Families with Dependent Children (AFDC) prior to the abolition of that program; at the time of our study they were participants in Wisconsin Works (W-2). We track labor market outcomes during calendar years 1998 and 1999, after the AFDC program was replaced by the W-2 program.²

Our sample includes single mothers who entered W-2 from the time of its initial implementation in September of 1997 until July of 1998. Consistent with most other chapters in this volume, we include only women who were eligible for the Child Support Demonstration Evaluation (CSDE), which includes about three-fourths of all W-2 participants during this period.³ Our analysis draws on data from the Survey of Wisconsin Works Families and merged administrative records, primarily from the CARES and Unemployment Insurance (UI) reporting system.⁴ Because our analysis of experimental impacts suggests fairly small effects,⁵ we include women in both the experimental group and the control group in our analysis so as to maximize the sample size.

UI data provide accurate measures of quarterly earnings in employment covered by the system. No information is available, however, on hours worked, wage rates, or the occupation or skills required in employment. We use administrative data from the UI system to track earnings for the 15,977 women for whom we have administrative records. For all other outcomes we rely on the Survey of Wisconsin Works Families, for which we have information on up to 2,295 respondents in 1998 and 2,242

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²W-2 replaced AFDC in September 1997. All existing AFDC cases transitioned to W-2, or were closed, by March 1998.

³See Technical Report 1 (Volume III), and Section 3 of Volume I for a discussion of the sample.

⁴These data sources are described in detail in Technical Reports 3 and 5.

⁵In Chapter 4, Section 4 of the first volume of this report, the experimental effects on mother's labor market outcomes are presented and discussed. As described there, we found very few statistically significant effects of the experimental treatment. We concluded that, overall, the experiment had at most a modest positive effect on work intensity and earnings for mothers in the experimental group in 1998, but no significant effect in 1999. We found no evidence to suggest that increases in child support *reduced* work intensity or earnings, as traditional economic theory would predict. For this reason, we do not explicitly address the impacts of the experiment on labor supply in this chapter, although we do include a set of experimental variables in our multivariate analyses.

respondents in 1999.⁶ While over 80 percent of the sample responded to the survey in each year, we use weights to adjust for nonresponse.⁷

The next section focuses on the labor market experiences of women in our sample, presenting descriptive information on the distribution of hourly wage rates, hours per week worked, and total earnings in both 1998 and 1999. We then consider variation in patterns of work, wages, and earnings for subgroups of the population defined by education, race, W-2 entry tier, past work experience and welfare receipt, and the age of the youngest child; we also show differences in the growth in these variables among the subgroups. To test the validity of these subgroup patterns, we also present the results of a series of multivariate regressions relating these subgroup characteristics to the work, wage, and earnings outcomes in this section. The final section provides conclusions.

Labor Market Outcomes of Resident Mothers: Overall Results for 1998 and 1999

In Volume I of this report we showed that the child support component of the W-2 policy did not appear to have a large impact on resident mothers' labor force participation, wages, or earnings. Nonetheless, the first two years of W-2 were a time of substantial change in some of these labor market outcomes. Clearly, implementation of W-2, the robust labor market, or other coincident factors substantially altered the work lives of the single mothers in our sample. In this section, we use the data collected through the CSDE to measure changes in labor market outcomes—work, wages, and earnings—for resident mothers during the first two years of W-2.

Figure II.5.1 shows the 1998 and 1999 distributions of average hours worked per week for all resident mothers, including those with zero hours of work. Between 1998 and 1999 the proportion of women who reported in the survey that they worked no hours declined.⁸ Over the same period, the proportion of working mothers employed at least 40 hours rose from 56 to 60 percent. While most mothers reported working full time when they worked, on average mothers worked only about 7 months in 1998 and about 8 months in 1999.

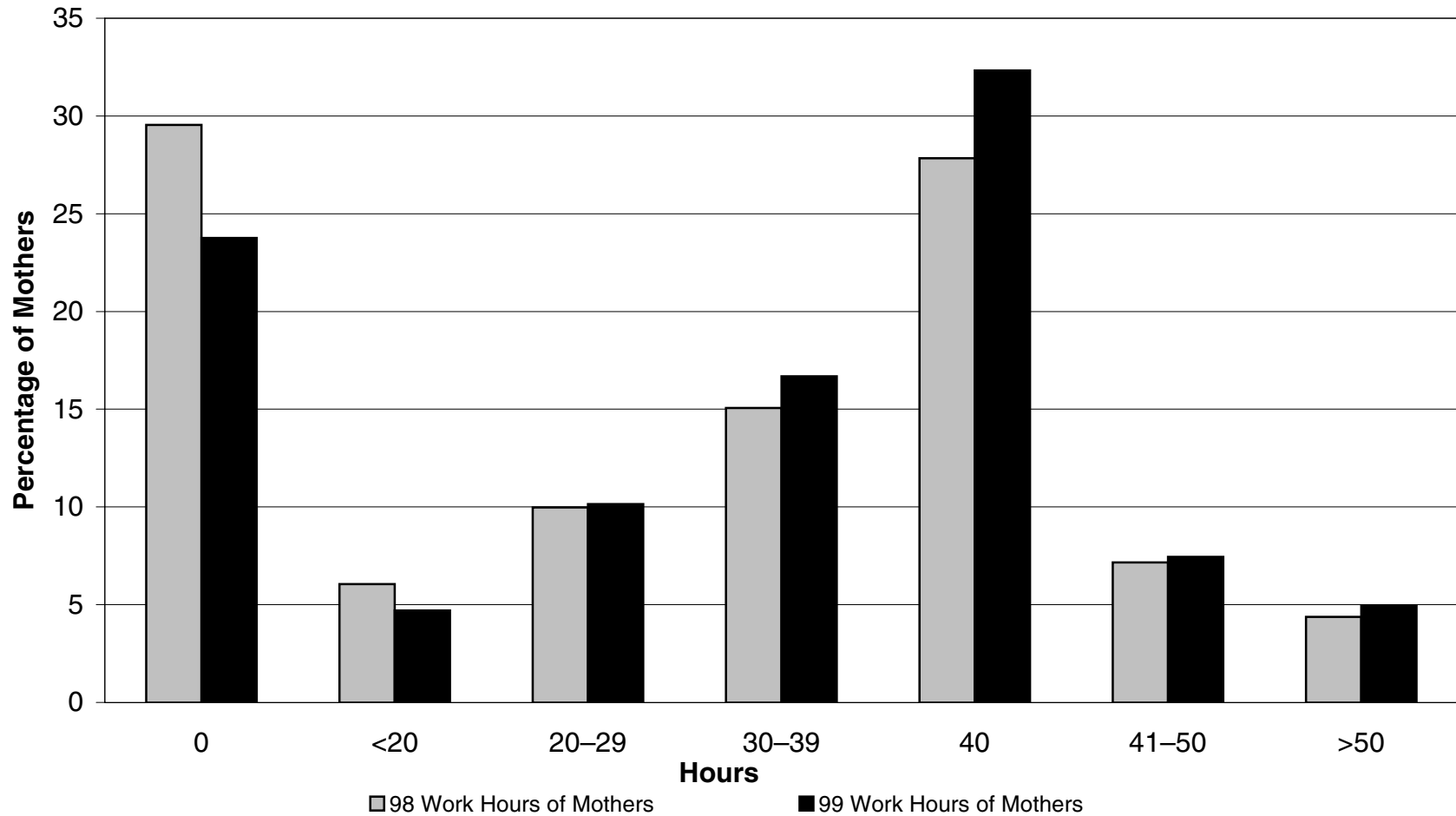
The increase in hours and months worked in part reflects mothers making the transition from W-2 to unsubsidized employment. It also reflects women spending more time in the labor force, potentially at the cost of time spent taking care of their children. However, while increases in hours may come at the cost of other activities, increases in wages are generally an unambiguously positive sign. Figure II.5.2 presents the distribution of hourly wage rates in 1998 and 1999 for resident mothers who worked in these years. The mean hourly wage was about \$7.30 per hour in 1998, and rose to about \$8.10 in 1999. For all of the wage rate categories below \$7.00 per hour, a smaller proportion of mothers worked in 1999 than in 1998. Conversely, a larger percentage of mothers worked in each of the categories above \$8.00 per hour in 1999 than in 1998. The most pronounced increase was in the percentage of mothers earning more than \$9.00 per hour. In 1998, only 15 percent of the mothers who worked earned in excess of \$9.00 per hour; by 1999, that figure had nearly doubled, to 27 percent.

⁶See the Appendix for a comparison of survey and administrative reports of earnings.

⁷Technical Report 6 provides a detailed discussion of survey nonresponse and the weights used here.

⁸Note, however, that administrative data for the same sample show a similar proportion with some earnings in each year. This discrepancy is discussed in the Appendix.

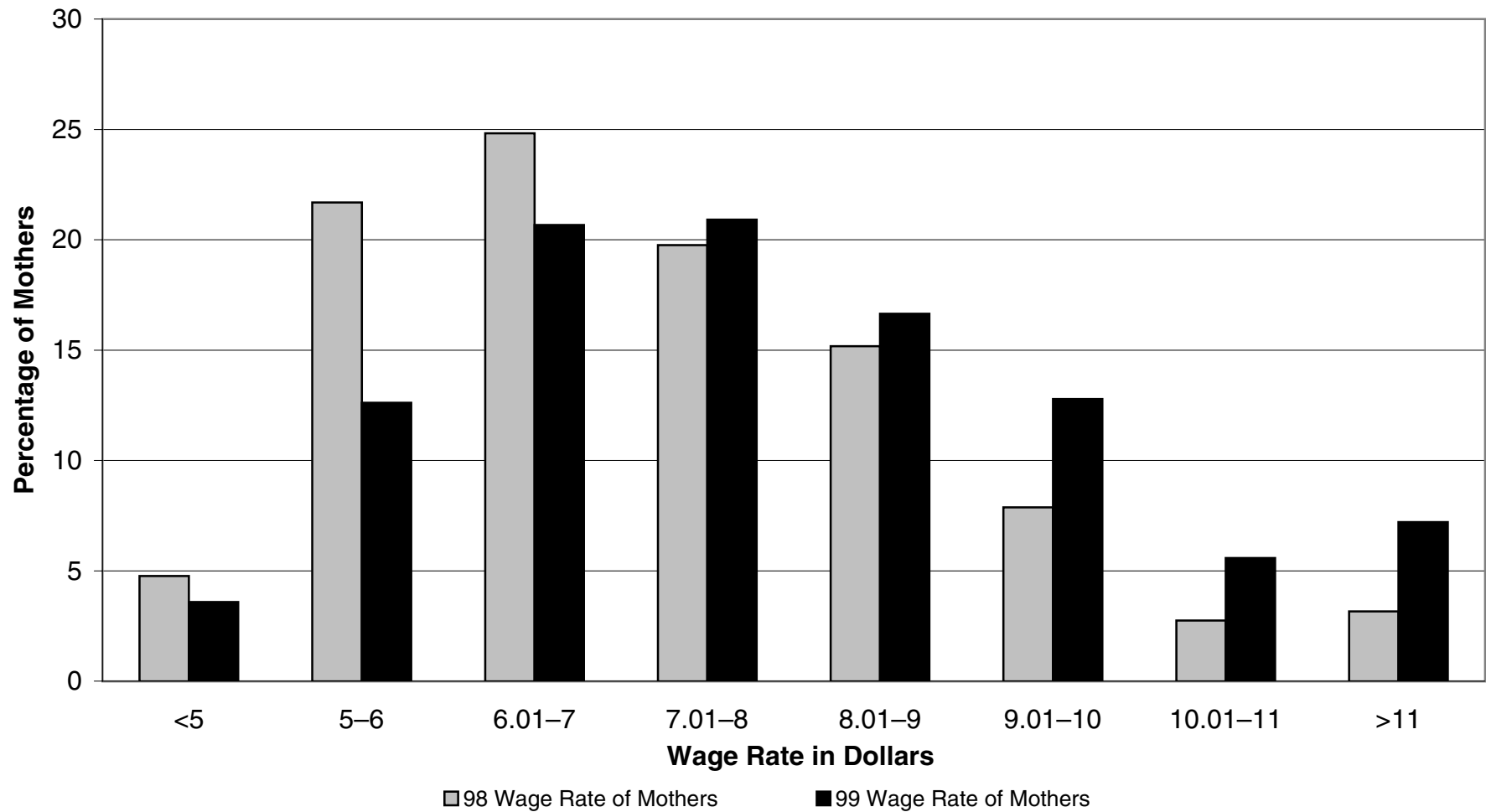
Figure II.5.1
Usual Hours Worked per Week by Resident Mothers in 1998 and 1999



Source: Resident mother survey sample.

Sample notes: Total sample was 2,295 in 1998. Missing cases include those with missing hours (23, most who indicated varying hours) or who did not know or refused to answer whether they worked (23). Total relevant sample in 1998 was 2,249. Total sample was 2,242 in 1999. Missing cases include those with missing hours (20, most who indicated varying hours) or those who did not know or refused to answer whether they worked (13). Total relevant sample in 1999 was 2,209. In 1998 424 mothers and in 1999 319 mothers were participating in a lower tier of W-2 in the past four weeks and were therefore not asked about current employment. These cases were assumed to be employed zero hours.

Figure II.5.2
Average Hourly Wage of Resident Mothers Who Worked in 1998 and 1999



Source: Resident mother survey sample.

Sample notes: Total sample in 1998 was 2,295 cases. Missing cases include those who had a W-2 assignment (424), with missing wages (100, most who refused to answer), who did not work (162), or did not know or refused to answer if they worked (23). Total relevant sample in 1998 was 1,586. Total sample in 1999 was 2,242 cases. Missing cases include those who were participating in a lower tier of W-2 (319), with missing wages (93, most who refused to answer), who did not work (151), or did not know or refused to answer if they worked (13). Total relevant sample in 1999 was 1,666.

Table II.5.1 shows the relationship of individual wage reports in 1998 and 1999 and includes women with wages observed in both years. For most categories, about a third of the women reported wages in the same range in both years (see diagonal of table). The majority of remaining cases had increases in wages. For example, among mothers earning \$6.00–\$7.00 per hour in 1998, only a few (12 percent) were earning less in 1999, whereas more than twice that proportion were earning over \$8.00 per hour. Appendix Table II.5.2 shows the distribution of wages for all women who responded to both surveys, including respondents for whom we have no wage information available (missing), as well as those who did not work and those participating in a lower tier of the W-2 program. Of particular interest are women who were in a lower tier of W-2 at first interview, about half of whom report a wage in the second year. For these women, median wages in 1999 were below \$7.00 per hour, and only about 10 percent reported a wage of \$9.00 or more (a wage earned in 1999 by almost 30 percent of those who worked in both years). A majority of women reporting participation in a lower tier of W-2 at the time of first interview were working a year later, but most were working at low wages.

We now turn to earnings, for which we rely on administrative data available for the full research sample. Figure II.5.3 shows the distribution of annual earned income in 1998 and 1999 for all resident mothers. Among all mothers, including those without earnings, mean earnings averaged about \$4,350 in 1998 and \$6,000 in 1999, an increase of over \$1,600 in a single year. (Mean earnings for those who worked increased from about \$5,600 to \$7,650, or by more than \$2,000 in a single year.) Our analysis of survey data suggests that these increases reflect increases in labor supply (hours per week, and especially, weeks per year) as well as in hourly wages. There is substantial growth in the proportion with earnings exceeding \$7,500 per year. In 1998, 28 percent of all mothers earned at least \$7,500 per year; by 1999, 34 percent had annual earnings in that range. The percentage of all mothers earning more than \$15,000 per year more than doubled from 1998 to 1999. Table II.5.2 shows a cross-tabulation of the patterns of earnings changes from 1998 to 1999 for all mothers. Among those earning between \$2,500 and \$17,500 in 1998, almost half had earnings in a higher category the following year, about 20 percent remained in the same earnings category in 1998 and 1999, and a third had earnings in a lower range.

These figures suggest a remarkable improvement in the earnings of most women who entered W-2 in 1997 and early 1998. Whereas previous studies of earnings of women with welfare histories (or those who have recently having left welfare)⁹ have found fairly low levels of wage growth, with the modest levels of earnings growth attributable to increases in labor supply, our results indicate growth in both wage rates and work intensity.

Before turning to a discussion of correlates of labor market outcomes, we present descriptive information on two job characteristics reported in the survey: occupation and required job skills. Table II.5.3 shows the distribution of working mothers across occupational categories, sorted from most to least common in 1998. The table shows a concentration of women working as nursing aides (10 percent in 1998, growing to 13 percent in 1999), in food preparation and service (9 percent in both years), as cashiers (9 percent falling to 7 percent), or in cleaning and building services (falling from 8 percent to 5 percent).¹⁰ These common categories include some of the lowest wage categories (cashiers, food preparation) as well as one of the higher (nursing aides). Wages rose in all the common occupational categories, and in all but a few categories included in the table.

⁹See Burtless (1995) and Cancian and Meyer (2000).

¹⁰The concentration in these categories reflects in part the definition of the occupational groups. Some of the groups encompass a large number of occupational categories.

Table II.5.1

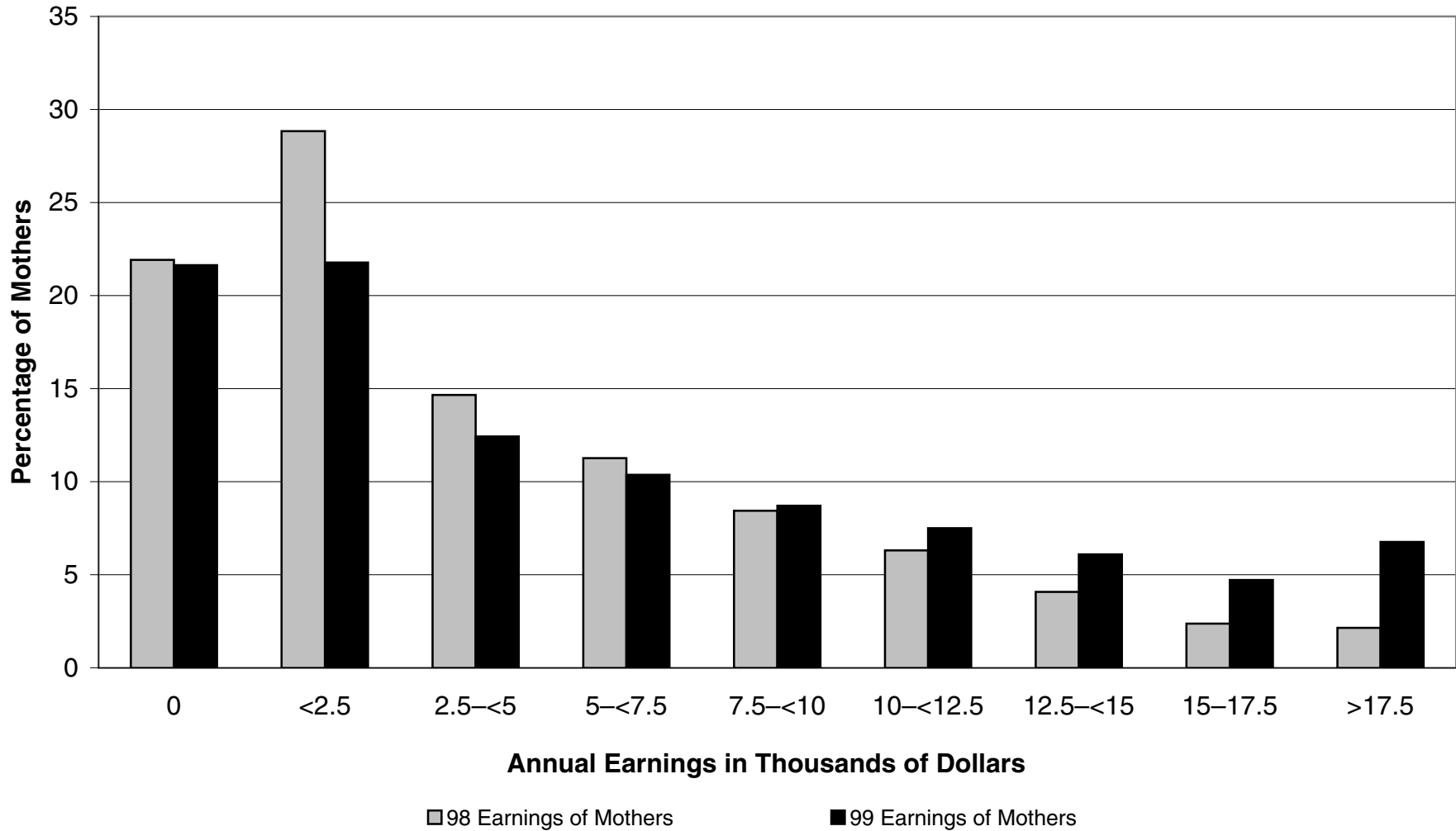
Cross-Tabulation of Average Hourly Wages for Resident Mothers Who Worked in 1998 and 1999 (Row Percent Shown)

		In 1999								
Wage Rate in Dollars:		<5	5-6	6.01-7	7.01-8	8.01-9	9.01-10	10.01-11	>11	Total
In 1998	<5	36	11	14	21	9	2	2	6	100
	5-6	3	31	29	19	8	7	1	2	100
	6.01-7	1	11	34	28	13	7	2	4	100
	7.01-8	3	8	13	29	24	14	5	4	100
	8.01-9	1	3	7	13	33	29	11	3	100
	9.01-10	2	0	3	14	10	37	22	13	100
	10.01-11	0	0	5	5	6	13	24	48	100
	>11	6	0	2	11	13	7	3	58	100
	All resident mothers with work	3	11	18	21	17	15	6	8	100

Source: Resident mother survey sample.

Sample notes: Total sample in 1998 and 1999 was 2,295 and 2,242 cases, respectively. Total sample that has either 1998 or 1999 cases was 2,552 cases; 310 cases of the 1998 sample and 257 cases of the 1999 sample did not match each other. Thus, the total matched sample was 1,985 cases. Excluded were 880 cases because they did not provide wage information, or did not work, or participated a lower tier of W-2 in either 1998 or 1999. Thus, the relevant sample was 1,105 cases with nonmissing wages in both 1998 and 1999.

Figure II.5.3
Annual Earnings of Resident Mothers in 1998 and 1999



Source: Unemployment Insurance records, resident mother sample.

Sample notes: Total sample was 15,977 cases; one case missing due to no matching social security number; total relevant sample was 15,976.

Table II.5.2
Cross-Tabulation of Earnings of Resident Mothers in 1998 and 1999 (Row Percent Shown)

Earnings, in thousands of dollars:		In 1999									Total
		0	<2.5	2.5-<5	5-<7.5	7.5-<10	10-<12.5	12.5-<15	15-<17.5	>17.5	
In 1998	0	59	24	7	4	3	1	1	0	1	100
	<2.5	22	38	17	10	6	4	2	1	1	100
	2.5-<5	10	22	19	16	13	9	6	4	3	100
	5-<7.5	5	13	14	19	16	13	9	6	6	100
	7.5-<10	3	7	10	14	18	17	14	9	8	100
	10-<12.5	2	4	7	8	12	19	20	13	16	100
	12.5-<15	0	2	6	6	8	12	18	22	26	100
	15-<17.5	0	2	4	3	5	7	9	22	48	100
	>17.5	1	1	2	2	3	8	3	7	72	100
	All resident mothers	22	22	12	10	9	8	6	5	7	100

Source: Unemployment Insurance records; resident mother sample.

Sample notes: Total sample was 15,977 cases; one case missing due to no matching social security number; total relevant sample is 15,976.

Table II.5.3
Occupation of Resident Mothers

Occupation Code in Parentheses	In 1998		In 1999		Percentage Change	
	Frequency	Median Wage	Frequency	Median Wage	Frequency	Median Wage
Nursing Aides (447)	9.8%	\$8.00	13.0%	\$8.75	32.7%	9.4%
Food Preparation and Service (433–444)	9.2	6.00	9.4	6.25	2.2	4.2
Cashiers (276)	9.2	6.00	6.8	6.50	-26.1	8.3
Cleaning and Building Service (448–455)	7.5	6.50	5.2	7.00	-30.7	7.7
Office Machine and Other Clerks Operators (345–378)	5.6	8.00	4.7	8.42	-16.1	5.3
Miscellaneous Administrative Support (379–389)	5.4	7.75	5.5	8.40	1.9	8.4
Machine Operations and Tenders (703–779)	5.4	7.80	4.1	8.00	-24.1	2.6
Secretaries, Information Clerks (313–323)	4.9	8.00	6.3	9.00	28.6	12.5
Personal Service (456–469)	4.9	6.00	5.2	7.00	6.1	16.7
Fabricators, Assemblers, and Hand Working; Production Inspectors, Testers (783–799)	4.8	7.00	3.0	7.25	-37.5	3.6
Professional Speciality (043–199)	4.3	7.25	5.9	7.25	37.2	0.0
Helpers and Material Handlers (864–889)	3.5	7.00	2.6	7.75	-25.7	10.7
Sales Workers (263–285)	3.4	6.50	2.7	7.00	-20.6	7.7
Managerial (0–037)	3.1	8.50	4.0	9.00	29.0	5.9
Recording Processing (325–344)	3.1	7.80	3.7	9.25	19.4	18.6
Private Household and Protective Service (403–427)	2.9	7.50	2.7	7.50	-6.9	0.0
Hand Packers and Packages (888)	2.8	6.50	2.3	7.25	-17.9	11.5
Technicians and Related Support (203–235)	2.1	8.50	1.9	9.36	-9.5	10.1
Precision Production, Craft, and Repair (503–699)	1.9	7.50	3.1	7.50	63.2	0.0
Dental Assistants, Health Aides (445–446)	1.9	7.50	1.8	8.25	-5.3	10.0
Supervisors and Proprietors, and Sales Representatives (243–259)	1.6	8.00	3.2	8.00	100.0	0.0
Bus Driver (808)	1.6	9.10	1.4	9.70	-12.5	6.6
Other Occupations ^a	1.3	7.54	1.7	8.41	30.8	11.5

Source: Resident mother survey sample.

Sample notes: Total sample was 2,295 cases in 1998. Of them, 609 cases did not work during the past 12 months or refused to answer whether they worked; 20 cases had missing occupation. Relevant sample was 1,666 in 1998. Total sample was 2,242 cases in 1999. Of them, 483 cases did not work during the past 12 months or refused to answer whether they worked. Relevant sample was 1,759 in 1999.

^aOther occupations included transportation and material moving (803–859); supervising occupations and computer equipment operators (303–309); farming, forest, and fishing occupations (473–499); and military occupations (903–905).

In addition to questions about occupation, respondents were asked about the skills required in their current or most recent jobs. Table II.5.4 shows the responses to a series of questions about job skills. Most respondents reported that their jobs required reading instructions (61 percent in 1998) and talking with customers face-to-face (58 percent in 1998). Relatively few said they supervised others (25 percent in 1998) or worked with computers (32 percent in 1998). The skills requirements associated with the greatest wage differential were reading instructions and working with computers—in both cases, jobs needing these skills paid about a dollar more in both years relative to jobs in which the respondent reported not needing this skill. As the final panel of the table shows, the number of required skills varies widely, and women reporting more skills required also reported higher median wages. Overall, the number of skills used on the job increased over time (as did the associated wages).

Correlates of Labor Market Outcomes of Resident Mothers: Results for 1999

In the previous section we described the patterns of employment and earnings of mothers in our sample. We documented the diversity of wages and, especially, earnings, and the generally encouraging change over time in these indicators. Although a full analysis of alternative explanations for these outcomes is beyond the scope of this paper, we provide descriptive information on the correlates of labor market outcomes. Table II.5.5 summarizes subgroup patterns within five outcomes: working, mean months worked, usual weekly hours worked, hourly wage rate, and annual earnings, showing the distribution of each outcome by W-2 tier at entry, employment over the two years before entry, education, race, welfare receipt over the two years before entry, and the age of the youngest child. We rely on administrative data for two of the outcomes (percentage working and mean earnings) and the measures of subgroup status. Our measures of months worked, hours worked, and wages are drawn from the survey.

While employment rates¹¹ and weekly hours remained fairly stable, mean months worked increased by 12 percent, average wages by 11 percent, and earnings by a very substantial 37 percent. For each of these outcomes, there was substantial variation over the subgroups. We find higher levels of employment and earnings for mothers who entered in an upper W-2 tier and for mothers who worked more during the two years prior to W-2 implementation. For the work intensity measures (employment, months worked, and weekly hours worked), there is remarkably little variation by education level, race, welfare receipt history, and the age of the youngest child. However, this is not the case for the wage rate and earnings variables, where there is more variation, especially by education categories.

These subgroup patterns can be explored more systematically through multivariate regression estimates. While some of the patterns described above may confound the effects of factors related to a characteristic with the effect of the characteristic itself, multivariate estimates show the variation in the outcome of interest while holding the other factors constant.

Table II.5.6 presents an overall summary of the multivariate estimates of the correlates of the three labor market variables on which we concentrate: employment, earnings, and wages. While we have estimated the models for both 1998 and 1999, our discussion and tables present only the 1999 estimates. With few exceptions, the patterns in the 1998 model estimates are similar to the 1999 results.¹²

¹¹Survey reports of employment rose substantially in this period. See Appendix.

¹²We focus on 1999 because our sample includes individuals entering W-2 as late as July 1998. As such, 1998 outcomes that consider the full year (for example, earnings) include some period prior to entry.

Table II.5.4
Job Skills of Resident Mothers

Job Skills	In 1998		In 1999	
	Percent	Median Wage	Percent	Median Wage
Do you read instructions, forms?				
No	38.9%	\$6.50	34.9%	\$7.25
Yes	61.1	7.50	65.1	8.03
Did you work with a computer?				
No	67.9	6.89	64.4	7.25
Yes	32.1	8.00	35.6	9.00
Did you do arithmetic, including change?				
No	56.0	7.00	53.1	7.75
Yes	44.0	7.00	46.9	8.00
Did you keep a close watch over gauges, dials?				
No	67.1	7.00	65.1	7.60
Yes	32.9	7.28	34.9	8.00
Did you talk with customers face-to-face?				
No	41.6	7.25	37.8	8.00
Yes	58.4	7.00	62.2	7.55
Did you talk with customers over the phone?				
No	53.5	7.00	47.8	7.50
Yes	46.5	7.19	52.2	8.00
Did you supervise other people?				
No	74.7	7.00	68.4	7.75
Yes	25.3	7.50	31.6	8.00
Total Number of Job Skills Required				
0	11.0	6.50	8.0	7.25
1	12.2	7.00	10.9	7.50
2	17.5	7.00	15.5	7.50
3	17.8	7.10	20.1	7.75
4	19.0	7.50	17.9	8.00
5	13.8	7.50	13.9	8.25
6	6.7	7.50	10.0	8.40
7	2.0	8.25	3.7	9.00

Source: Resident mother survey sample.

Sample notes: Total sample was 2,295 cases in 1998. Of them, 609 cases did not work during the past 12 months or refused to answer whether they worked; 22 cases had missing job skills. Relevant sample was 1,664 in 1998. Total sample was 2,242 cases in 1999. Of them, 483 cases did not work during the past 12 months or refused to answer whether they worked; 12 cases had missing job skills. Relevant sample was 1,747 in 1999.

Table II.5.5
Summary of Labor Market Outcomes of Mothers

	% Employed			Mean Months Worked			Usual Hours Worked per Week			Mean Hourly Wage			Mean Earnings			
	In	In	%	In	In	%	In	In	%	In	In	%	In	In	%	
	1998	1999	Change	1998	1999	Change	1998	1999	Change	1998	1999	Change	1998	1999	Change	
All Resident Mothers	78.1%	78.4%	0.4%	7.0	7.8	12.2%	36.0	36.8	2.3%	\$7.28	\$8.07	10.8%	\$5,576	\$7,652	37.2%	
Tier at Entry																
Caretaker of newborn	84.1	84.4	0.3	7.3	8.1	10.3	36.5	36.8	0.7	7.01	8.17	16.5	5,798	8,284	42.9	
Lower	70.0	72.8	4.0	6.0	7.3	20.8	35.1	36.4	3.7	7.28	7.97	9.6	4,200	6,540	55.7	
Upper	92.0	87.5	-5.0	8.1	8.6	5.4	37.1	37.5	1.1	7.38	8.20	11.2	7,561	9,284	22.8	
Number of Calendar Quarters Employed^a																
0 quarters	50.7	56.7	11.8	6.1	7.1	16.4	34.5	35.8	4.0	6.96	7.53	8.2	3,985	5,971	49.8	
1-4 quarters	78.6	78.4	-0.2	6.7	7.5	11.0	35.7	36.4	2.0	7.05	7.94	12.5	4,693	6,544	39.4	
5-7 quarters	90.5	89.2	-1.4	7.0	8.0	13.4	36.4	37.4	2.6	7.55	8.25	9.3	6,141	8,334	35.7	
8 quarters	96.2	91.7	-4.7	8.3	9.1	9.8	37.3	37.7	1.3	7.67	8.63	12.5	8,476	11,430	34.9	
Education																
No high school degree	75.1	76.2	1.4	6.3	7.0	12.1	35.4	36.5	3.1	6.97	7.66	9.8	4,514	6,240	38.2	
High school degree/GED	82.1	81.7	-0.4	7.5	8.4	12.6	36.2	37.0	2.2	7.34	8.31	13.1	6,382	8,705	36.4	
Beyond high school	79.3	77.8	-1.9	7.9	8.8	11.5	37.9	37.7	-0.3	8.45	8.96	6.0	8,007	11,147	39.2	
Race																
White	79.9	77.6	-2.9	7.7	8.5	11.2	36.6	36.2	-1.1	7.07	7.89	11.5	6,089	8,287	36.1	
Black	78.2	79.7	1.9	6.6	7.5	13.9	35.7	37.0	3.5	7.40	8.16	10.3	5,247	7,242	38.0	
Other	74.4	74.2	-0.2	7.3	8.0	8.9	35.7	37.4	4.9	7.23	8.06	11.4	6,056	8,326	37.5	
AFDC History^b																
0 months	81.4	80.8	-0.7	7.0	8.3	19.0	36.4	37.4	2.8	7.28	8.03	10.4	5,336	8,165	53.0	
1-18 months	82.1	81.2	-1.1	7.1	8.0	12.8	36.5	37.0	1.3	7.38	8.25	11.8	5,936	8,140	37.1	
19-24 months	74.8	76.0	1.6	6.9	7.5	9.2	35.5	36.5	3.0	7.22	7.96	10.3	5,393	7,203	33.6	

Table II.5.5, continued

	% Employed			Mean Months Worked			Usual Hours Worked per Week			Mean Hourly Wage			Mean Earnings		
	In	In	%	In	In	%	In	In	%	In	In	%	In	In	%
	1998	1999	Change	1998	1999	Change	1998	1999	Change	1998	1999	Change	1998	1999	Change
Age of Youngest Child at Entry															
Unborn ^c	78.5	81.9	4.4	6.4	7.6	19.4	35.7	37.2	4.3	7.44	8.18	9.9	4,518	7,525	66.5
0–2 years	81.3	81.3	0.1	7.1	7.8	10.8	36.6	37.2	1.6	7.12	8.08	13.5	5,486	7,529	37.2
3–5 years	78.7	78.5	-0.3	7.0	7.7	9.7	34.9	36.1	3.5	7.38	8.09	9.7	5,818	7,562	30.0
6–12 years	72.9	72.1	-1.2	6.9	8.0	16.8	36.2	36.4	0.7	7.44	8.00	7.5	6,116	8,159	33.4
13+ years	63.1	65.2	3.4	7.1	7.6	7.3	32.6	36.5	11.7	7.94	7.97	0.4	5,894	7,752	31.5

Source: Unemployment Insurance records; resident mother sample, for employment and earnings. Resident mother survey sample for months, hours, and wages.

Note: Except for % employed, all outcomes are only for those mothers who worked.

Sample notes: For % employed, total relevant sample is 15,976. For mean months worked, total sample was 2,295 in 1998 and 2,242 in 1999. Of them, 654 (491) cases did not work or did not answer whether they worked, and 9 (3) cases did not answer the number of months worked in 1998 (1999). Thus total relevant sample is 1,632 in 1998 and 1,748 in 1999. For usual hours worked per week, the sample includes only those who worked in 1998 or 1999. Total relevant sample is 1,663 in 1998 and 1,739 in 1999. For average hourly wage, total relevant sample is 1,586 in 1998 and 1,666 in 1999. For mean earnings, sample includes only those who have any earnings in UI data in 1998 or 1999. Total relevant sample is 12,477 in 1998 and 12,525 in 1999.

^aIn a total of 8 quarters.

^bIn the two years preceding mother's entry.

^cBut born within 7 months of W-2 entry.

Table II.5.6
Multivariate Analysis: Employment Outcomes of Resident Mothers, 1999

Characteristics	Any Earnings in UI	Earnings in UI, >0	Mean Hourly Wage (Survey Data)
In Milwaukee County	+++	+++	+++
Tier at Entry (compared to upper)			
Lower	---	---	
Caretaker of newborn		---	
Period of Entry (compared to Sep. 1, 1997 to Mar. 16, 1998)			
Mar. 17, 1998 to May 10, 1998	+++		
May 11, 1998 to Jul. 8, 1998		+	
Education (compared to no high school degree)			
High school degree/GED	+++	+++	+++
Beyond high school		+++	+++
Race (compared to white)			
Black	+++	---	++
Hispanic		++	++
Other	+	+++	
Age at Entry (compared to 25 years or younger)			
26–30 years	---	+++	
31–40 years	---	+++	
41 years or older	---	++	
AFDC History in 24 Months Prior to Oct. 1, 1997 (compared to 19–24 months of welfare receipt)			
0 months			
1–18 months		++	+
Work History in 8 Quarters Prior to Oct. 1, 1997 (compared to 0 quarters with any earnings in UI)			
1–4 quarters	+++	++	
5–7 quarters	+++	+++	
8 quarters	+++	+++	++
CARES Case Type (compared to divorce case)^a			
Legal father exists or paternity case			
Mix of above			
No Child Support Order in Effect on Oct. 1, 1997	--	--	
Number of Children Living with Mother at Entry (compared to 0 or 1)			
2 children			
3 or more children			

Table II.5.6, continued

Characteristics	Any Earnings in UI	Earnings in UI, >0	Mean Hourly Wage (Survey Data)
Age of Mother's Youngest Child at Entry (compared to 0–2 years)			
Unborn ^b			
3–5 years	--	---	
6–12 years	--	--	
13 years or older			
Non-English-Speaking		+++	na
Most Recent Job Skill (compared to low)^c			
Medium	na	na	
High	na	na	+++
Mother Owned Car in the Year	na	na	+++
Experimental Group			
Experimental Group and Lower Tier			
Experimental Group and Caretaker of Newborn	--		
Experimental Group and No Child Support			
Order in Effect on Oct. 1, 1997			--

Key:	Positive	Negative
Significant at the 1% level	+++	---
Significant at the 5% level	++	--
Significant at the 10% level	+	-
Variable not used in the model	na	na

Blanks indicate that the difference was not statistically significant.

Source: Unemployment Insurance records, resident mother sample, for any earnings and earnings. Resident mother survey sample for wages.

Notes: The probability of any earnings in the UI record was estimated with a probit mode; all others are ordinary least squares. "Mean Hourly Wage" is a weighted OLS to correct for selection bias and nonresponse in survey data.

Earnings in UI, >0 includes only those resident mothers with non-zero earnings (i.e., those who worked).

Mean Hourly Wage model includes an indicator variable for unknown/missing mother's race.

Also, an indicator for "mother out of scope for car ownership" in the year was included. In 1999, there were 66 cases who were not asked about car ownership and were considered "out of scope." Cases where the mother did not know or refused to answer whether she owned a car during the year were left as missing cases.

^a"CARES case type" is the means by which the father is established as legal father or the identification of paternity status.

^b"Unborn" means child not yet born at W-2 entry, but was born within seven months of entry.

^c"Most recent job skill" was created from seven questions in the resident parent survey which asked about the kinds of tasks the mother performed in her current or last job (last job information was used if current job information not available). If she performed the task asked, a value of 1 was assigned to that particular question. If she did not, a value of 0 was assigned. The values assigned to each question were then summed (possible range was 0 through 7). If the mother had a job skill rating of 0–2, she was considered "low skill"; 3–4 was considered "medium skill"; 5–7 was considered "high skill." Missing values arise if the mother did not know or refused to answer whether she performed a particular task in her job.

Employment and earnings measures are from administrative records, while our measure of wages comes from the survey.

For each estimated model, we have included a number of indicators of participation status and individual characteristics as independent variables. These include socioeconomic background characteristics (e.g., race, age, location), standard human capital variables (e.g., schooling, prior work experience, prior welfare experience, non-English-speaking), family structure characteristics (e.g., type of case, divorce and/or paternity), number of children living with mother, age of mother's youngest child), and a variety of variables describing the mother's tie to the W-2 program (e.g., tier at entry, period of entry). In addition, the experimental-group status of the mothers is included as an explanatory variable. Appendix Tables II.5.4–5 present the model estimates for the three labor market variables summarized in Table II.5.6.

The summary in Table II.5.6 indicates strong positive effects on work, wages, and earnings of a number of variables reflecting the level of human capital, skill and experience possessed by the mother, including her years of schooling, work history, a high-skill job, and entry into the W-2 program in the highest tier (theoretically an indicator of assessed job readiness). These results are consistent with the bivariate patterns shown in the previous table.

The summary in Table II.5.6 also shows that black and Hispanic mothers tended to have stronger ties to work and higher earnings overall than did white mothers. However, while black mothers had a higher probability of working, the earnings of the black workers tended to be somewhat less than the earnings of white workers. Interestingly, mothers who did not speak English tended to have higher earnings than mothers who were English speakers. Older mothers (those over 26 years) had a lower probability of being employed than did younger mothers, but if employed their earnings tended to be significantly greater than those of younger mothers. Mothers who lived in Milwaukee County had significantly greater probabilities of work and higher earnings than mothers who lived elsewhere, perhaps reflecting the higher level of wages and employment opportunities in this large city during the late 1990s.

Somewhat surprisingly, while mothers who had from 1–18 months of prior welfare receipt in the 24 months before October 1, 1997, had somewhat higher earnings and wage rates than mothers with 24 months of welfare receipt, mothers with no welfare experience at all appeared to have no better labor market performance than mothers who had been on welfare for a long period.

Conclusion

We have explored the patterns of labor market performance among low-skilled women who were participants in the W-2 program. We document substantial growth in employment and earnings over the short period considered here. From 1998 to 1999, the intensity of labor force participation increased, and median wages grew from about \$7.00 per hour to about \$7.75 per hour. Over the same period, average earnings among those who worked increased from about \$5,600 to \$7,750 per year (median earnings from about \$4,150 to \$6,150). Substantial increases were recorded over a single year of observation.

Especially given the substantial caseload reductions that preceded the implementation of W-2, it is not surprising that many of the women in our sample had low levels of education, substantial family responsibilities, and a history of reliance on welfare. Notwithstanding these barriers, most were employed, and hours of work and wages increased over time. In many ways the employment and earnings trends documented here are encouraging. However, it is important to recognize that few of these women had earnings sufficient to raise their families out of poverty. Even were the observed rates of growth to continue, many of these mothers will have to rely on additional income sources if they are to provide for

themselves and their children. Future policy initiatives must build on the current success at the same time recognizing that for most, own earnings will not be sufficient.

APPENDIX**Comparison of Survey and Administrative Measures of Earnings**

Having two sources of earnings information, the survey and the administrative (UI) records, allows us to compare the information on this variable across data sources. In Appendix Table II.5.1 we summarize these patterns by showing mean and median earnings levels for both 1998 and 1999 for three samples of mothers who worked during the relevant year, namely:

1. UI information on mothers who worked in the full sample;
2. UI information on mothers who responded to the survey;
3. Survey information on mothers who responded to the survey.

While the UI information is similar for both the full sample and for the survey mothers, the percentage of survey mothers reporting earnings is smaller (especially in 1998), and earnings values reported by the mothers in the survey are substantially larger than those reported by employers to the UI system. In comparing earnings information for the same group of mothers—those included in the survey—mean reported earnings were about \$1,400 greater than UI earnings in both 1998 and 1999. Median earnings reported to the survey exceeded those found in the UI records by about \$1,800 in 1998 and \$2,000 in 1999. These gaps are substantial and warrant additional investigation.

Appendix Table II.5.1
Mean and Median Earnings among Mothers Who Worked, Survey and Administrative Data,
1998 and 1999

	UI Information for Full Sample ^a	UI Information for Survey Mothers ^b	Survey Information for Survey Mothers ^c
In 1998			
% with earnings	78.1%	80.6%	69.7%
Mean among mothers who worked	\$5,576	\$5,799	\$7,241
Median among mothers who worked	\$4,170	\$4,237	\$6,000
In 1999			
% with earnings	78.4%	81.3%	75.6%
Mean among mothers who worked	\$7,652	\$7,993	\$9,364
Median among mothers who worked	\$6,148	\$6,582	\$8,000

^aTotal sample was 15,976.

^bTotal sample was 2,294 in 1998 and 2,241 in 1999.

^cTotal sample was 2,249 in 1998 and 2,174 in 1999.

Appendix Table II.5.2

Cross-Tabulation of Average Hourly Wages for Resident Mothers Who Worked in 1998 and 1999 (Row Count Shown)

		In 1999												
		Total	Total N with Wage	Missing	No Work	W-2 Lower Tier	<\$5	\$5- \$6	\$6.01- \$7	\$7.01- \$8	\$8.01- \$9	\$9.01- \$10	\$10.01- \$11	>\$11
In 1998	Total	1,985	1,443	85	146	310	52	184	297	302	244	184	80	101
	Total N with wage	1,304	1,105	40	34	125	38	122	203	232	190	163	71	86
	Missing	106	53	24	13	16	1	5	9	16	6	4	6	6
	No work	153	53	5	62	32	5	10	16	7	10	4	0	2
	W-2 lower tier	422	232	17	37	136	7	47	69	47	39	12	3	7
	<\$5	56	47	0	2	7	17	5	7	10	4	1	1	3
	\$5-\$6	271	212	9	11	39	6	65	61	40	17	16	3	4
	\$6.01-\$7	325	258	16	8	43	4	28	88	73	33	18	5	10
	\$7.01-\$8	256	225	6	5	19	7	18	28	66	54	32	11	9
	\$8.01-\$9	207	191	2	5	9	2	6	14	24	64	55	21	6
	\$9.01-\$10	107	93	5	1	8	2	0	3	13	9	34	20	12
	\$10.01-\$11	38	37	0	1	0	0	0	2	2	2	5	9	18
	>\$11	43	41	2	0	0	2	0	1	4	6	3	1	24

Source: Resident mother survey sample.

Sample notes: Total sample in 1998 and 1999 was 2,295 and 2,242 cases, respectively. Total sample that had either 1998 or 1999 cases was 2,552; 310 cases from 1998 sample and 257 cases from 1999 sample could not be matched to each other. Thus, total matched sample was 1,985 cases.

Appendix Table II.5.3
Likelihood of Any Earnings Reported in the Unemployment Insurance System
among All Resident Mothers

	In 1998		In 1999	
	Coefficient	P-Value	Coefficient	P-Value
In Milwaukee County	-0.05	0.1613	0.12	0.0005
Tier at Entry (compared to upper)				
Lower	-0.66	<0.0001	-0.32	<0.0001
Caretaker of newborn	-0.57	<0.0001	-0.04	0.734
Period of Entry (compared to Sep. 1, 1997 to Mar. 16, 1998)				
Mar. 17, 1998 to May 10, 1998	0.32	<0.0001	0.17	0.0048
May 11, 1998 to Jul. 8, 1998	0.27	<0.0001	0.07	0.2139
Education (compared to no high school degree)				
High school degree/GED	0.10	0.0003	0.11	<0.0001
Beyond high school	0.08	0.088	0.06	0.1983
Race (compared to white)				
Black	0.11	0.0033	0.13	0.0002
Hispanic	0.05	0.3648	0.04	0.4964
Other	-0.01	0.8959	0.13	0.0503
Age at Entry (compared to 25 years or younger)				
26–30 years	-0.22	<0.0001	-0.25	<0.0001
31–40 years	-0.47	<0.0001	-0.37	<0.0001
41 years or older	-0.74	<0.0001	-0.66	<0.0001
AFDC History in 24 Months Prior to Oct. 1, 1997 (compared to 19–24 months of welfare receipt)				
0 months	-0.03	0.5094	0.01	0.8575
1–18 months	0.03	0.3967	0.01	0.7752
Work History in 8 Quarters Prior to Oct. 1, 1997 (compared to 0 quarters with any earnings in UI)				
1–4 quarters	0.61	<0.0001	0.49	<0.0001
5–7 quarters	1.09	<0.0001	0.92	<0.0001
8 quarters	1.55	<0.0001	1.09	<0.0001
CARES Case Type (compared to divorce case)^a				
Legal father exists or paternity case	0.02	0.7135	0.00	0.922
Mix of above	0.03	0.6009	0.06	0.3496
No Child Support Order in Effect on Oct. 1, 1997	-0.04	0.477	-0.13	0.0125

Appendix Table II.5.3, continued

	In 1998		In 1999	
	Coefficient	P-Value	Coefficient	P-Value
Number of Children Living with Mother at Entry (compared to 0 or 1)				
2 children	0.09	0.0077	0.05	0.1283
3 or more children	0.13	0.0003	0.05	0.1318
Age of Mother's Youngest Child at Entry (compared to 0–2 years)				
Unborn ^b	-0.16	0.0002	-0.01	0.8656
3–5 years	-0.08	0.0322	-0.09	0.0109
6–12 years	-0.03	0.4148	-0.09	0.0147
13 years or older	-0.06	0.3779	-0.09	0.1572
Non-English-Speaking	-0.03	0.668	-0.08	0.2988
Experimental Group	0.02	0.8148	0.07	0.2798
Experimental Group and Lower Tier	-0.08	0.3433	-0.10	0.1507
Experimental Group and Caretaker of Newborn	-0.08	0.5575	-0.31	0.0111
Experimental Group and No Child Support Order in Effect on Oct. 1, 1997	0.00	0.9746	0.07	0.2372
Regression N's ^c	15,478		15,478	
Log likelihood	-6597.730968		-7087.160966	

Source: Unemployment Insurance records, resident mother sample.

Notes: Probit model (dependent variable 1="had earnings in the UI record during the year" versus 0="no earnings in the UI record during the year"). Probability values of 0.05 or less are shown in bold type.

^a"CARES case type" is the means by which the father is established as legal father or the identification of paternity status.

^b"Unborn" means child not yet born at W-2 entry, but was born within seven months of entry.

^cTotal sample was 15,977 resident mothers. One had missing value for the dependent variable due to no matching social security number. A further 498 cases were dropped from the regression because of missing values for the independent variables, mostly unknown or missing mother's race.

Appendix Table II.5.4
Earnings as Reported in the Unemployment Insurance System for Resident Mothers with Work

	In 1998		In 1999	
	Coefficient	P-Value	Coefficient	P-Value
In Milwaukee County	512.13	<0.0001	984.17	<0.0001
Tier at Entry (compared to upper)				
Lower	-2,389.67	<0.0001	-1,706.42	<0.0001
Caretaker of newborn	-1,005.66	0.0017	-1,090.94	0.0095
Period of Entry (compared to Sep. 1, 1997 to Mar. 16, 1998)				
Mar. 17, 1998 to May 10, 1998	-574.13	0.002	257.67	0.2969
May 11, 1998 to Jul. 8, 1998	-391.25	0.0444	465.08	0.0739
Education (compared to no high school degree)				
High school degree/GED	1,275.34	<0.0001	1,868.60	<0.0001
Beyond high school	2,590.36	<0.0001	3,983.65	<0.0001
Race (compared to white)				
Black	-269.82	0.0262	-418.85	0.0092
Hispanic	337.01	0.0843	626.41	0.0154
Other	763.78	0.0016	1,070.79	0.0007
Age at Entry (compared to 25 years or younger)				
26–30 years	442.34	0.0003	507.09	0.0016
31–40 years	614.45	<0.0001	559.88	0.0015
41 years or older	851.59	0.0005	776.69	0.0139
AFDC History in 24 Months Prior to Oct. 1, 1997 (compared to 19–24 months of welfare receipt)				
0 months	-201.21	0.2316	150.38	0.4969
1–18 months	246.25	0.0167	316.50	0.019
Work History in 8 Quarters Prior to Oct. 1, 1997 (compared to 0 quarters with any earnings in UI)				
1–4 quarters	283.46	0.0356	333.63	0.0499
5–7 quarters	1,462.31	<0.0001	1,749.47	<0.0001
8 quarters	3,508.80	<0.0001	4,334.95	<0.0001
CARES Case Type (compared to divorce case)^a				
Legal father exists or paternity case	-187.35	0.2873	-358.93	0.1242
Mix of above	-167.83	0.4483	-86.03	0.7687
No Child Support Order in Effect on Oct. 1, 1997	-611.17	0.0012	-550.66	0.0273

Appendix Table II.5.4, continued

	In 1998		In 1999	
	Coefficient	P-Value	Coefficient	P-Value
Number of Children Living with Mother at Entry (compared to 0 or 1)				
2 children	214.58	0.0612	93.51	0.5332
3 or more children	328.53	0.0079	162.31	0.3151
Age of Mother's Youngest Child at Entry (compared to 0–2 years)				
Unborn ^b	-812.98	<0.0001	-73.37	0.6999
3–5 years	-271.13	0.0283	-575.10	0.0004
6–12 years	-333.69	0.0178	-387.19	0.0357
13 years or older	-304.32	0.245	-478.98	0.1569
Non-English-Speaking	1,541.47	<0.0001	1,971.95	<0.0001
Experimental Group	359.00	0.0574	280.47	0.2688
Experimental Group and Lower Tier	-341.95	0.1194	-194.05	0.5064
Experimental Group and Caretaker of Newborn	-581.11	0.1079	100.12	0.833
Experimental Group and No Child Support Order in Effect on Oct. 1, 1997	262.02	0.2081	130.80	0.6333
Regression N's ^c		12,105		12,155
Adj. R-squared		0.1897		0.1416

Source: Unemployment insurance records, resident mother sample.

Notes: Ordinary least squares model on only those resident mothers with non-zero earnings (dependent variable “total earnings in the UI during the year” in dollars). Probability values of 0.05 or less are shown in bold type.

^a“CARES case type” is the means by which the father is established as legal father or the identification of paternity status.

^b“Unborn” means child not yet born at W-2 entry, but was born within seven months of entry.

^cTotal sample was 15,977 resident mothers. One had missing value for the dependent variable due to no matching social security number. In 1998 3,499 cases had zero earnings and were not included. A further 372 cases were dropped from the regression because of missing values for the independent variables, mostly unknown or missing mother's race. In 1999 3,448 cases had zero earnings and were not included. A further 373 cases were dropped from the regression because of missing values for the independent variables, mostly unknown or missing mother's race.

Appendix Table II.5.5
Average Hourly Wage for Resident Mothers with Work, as Reported in Survey Data

	In 1998		In 1999	
	Coefficient	P-Value	Coefficient	P-Value
In Milwaukee County	0.14	0.2968	0.82	<0.0001
Tier at Entry (compared to upper)				
Lower	-0.14	0.3767	-0.30	0.1374
Caretaker of newborn	-0.45	0.0745	-0.18	0.5782
Period of Entry (compared to Sep. 1, 1997 to Mar. 16, 1998)				
Mar. 17, 1998 to May 10, 1998	0.25	0.2045	0.20	0.4368
May 11, 1998 to Jul. 8, 1998	-0.05	0.7841	-0.27	0.2909
Education (compared to no high school degree)				
High school degree/GED	0.28	0.008	0.48	0.0006
Beyond high school	1.20	<0.0001	0.86	0.0001
Race (compared to white)				
Black	0.51	0.0002	0.37	0.0386
Hispanic	0.62	0.0067	0.62	0.0307
Other	-0.26	0.3713	0.29	0.4858
Unknown/missing	0.06	0.8544	-0.28	0.4445
Age at Entry (compared to 25 years or younger)				
26–30 years	0.19	0.1632	0.03	0.8638
31–40 years	0.18	0.2628	-0.25	0.2289
41 years or older	0.18	0.5168	-0.31	0.3738
AFDC History in 24 Months Prior to Oct. 1, 1997 (compared to 19–24 months of welfare receipt)				
0 months	0.31	0.0856	0.26	0.2791
1–18 months	0.23	0.0651	0.29	0.062
Work History in 8 Quarters Prior to Oct. 1, 1997 (compared to 0 quarters with any earnings in UI)				
1–4 quarters	0.09	0.5458	0.26	0.1715
5–7 quarters	0.48	0.0031	0.27	0.2031
8 quarters	0.50	0.0079	0.57	0.0205
CARES Case Type (compared to divorce case)^a				
Legal father exists or paternity case	-0.11	0.5794	0.31	0.2321
Mix of above	0.18	0.4754	0.51	0.1165
No Child Support Order in Effect on Oct. 1, 1997	-0.10	0.5223	-0.02	0.91
Number of Children Living with Mother at Entry (compared to 0 or 1)				
2 children	0.12	0.3676	0.12	0.4578
3 or more children	0.05	0.6978	-0.04	0.8141

Appendix Table II.5.5, continued

	In 1998		In 1999	
	Coefficient	P-Value	Coefficient	P-Value
Age of Mother's Youngest Child at Entry (compared to 0–2 years)				
Unborn ^b	0.16	0.3802	0.09	0.6952
3–5 years	0.03	0.8498	-0.05	0.7801
6–12 years	0.01	0.9365	-0.02	0.9361
13 years or older	0.61	0.0451	0.37	0.3104
Mother's Most Recent Job Skill (compared to low)^c				
Medium	0.19	0.0929	0.16	0.2634
High	0.44	0.001	0.63	0.0002
Mother Owned Car in the Year (compared to did not own car)				
Did own car	0.43	0.0038	1.04	<0.0001
Mother out of scope ^d	0.41	0.0004	0.58	0.083
Experimental Group	0.13	0.4447	0.24	0.2927
Experimental Group and Lower Tier	0.23	0.2774	0.26	0.3343
Experimental Group and Caretaker of Newborn	0.38	0.2568	0.27	0.5443
Experimental Group and No Child Support Order in Effect on Oct. 1, 1997	-0.35	0.0774	-0.55	0.0334
Regression N's ^e		1,574		1,654
Adj. R-squared		0.096		0.0925

Source: Resident mother survey sample.

Notes: Ordinary least squares model (dependent variable “average hourly wage from current job or last job if worked within the past year” in dollars), weighted to correct for selection bias and nonresponse. Probability values of 0.05 or less are shown in bold type.

^a“CARES case type” is the means by which the father is established as legal father or the identification of paternity status.

^b“Unborn” means child not yet born at W-2 entry, but was born within seven months of entry.

^c“Mother’s most recent job skill” was created from seven questions in the resident parent survey which asked about the kinds of tasks the mother performed in her current or last job (last job information was used if current job information not available). If she performed the task asked, a value of 1 was assigned to that particular question. If she did not, a value of 0 was assigned. The values assigned to each question were then summed (possible range was 0 through 7). If the mother had a job skill rating of 0–2, she was considered “low skill”; 3–4 was considered “medium skill”; 5–7 was considered “high skill.” Missing values arise when the mother did not know or refused to answer whether she performed a particular task in her job.

^d“Mother out of scope” means that the mother was never asked if she owned a car during the year. There were 797 of these cases in 1998 and 66 in 1999. Cases where the mother did not know or refused to answer whether she owned a car during the year were left as missing cases.

^eTotal sample in 1998 was 2,295 resident mothers; 709 had missing values for the dependent variable: 424 were in a lower tier of W-2, 100 with missing wages (most who refused to answer), 162 who did not work, and 23 who did not know or refused to answer whether they worked. A further 12 cases were dropped from the regression because of missing job skill. Total sample in 1999 was 2,242 resident mothers; 576 had missing values for the dependent variable: 319 who had a W-2 assignment, 93 with missing wages (most who refused to answer), 151 who did not have work, and 13 who did not know or refused to answer whether they worked. A further 12 cases were dropped from the regression because of missing values for the independent variables, mostly missing job skill.

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