Chapter 6
Mothers' Income and Economic Well-Being

Maria Cancian and Daniel R. Meyer[1]

Critics charged that the Aid to Families with Dependent Children (AFDC) program trapped people in a cycle of dependency. Some emphasized that the generosity of welfare payments (relative to available employment) made long-term welfare receipt an attractive alternative to work. Others argued that even when employment increased gross income, the total economic package offered by the welfare system dominated, because low-wage work generally did not provide benefits and required some job-related expenditures (child care and transportation, for example). Recent reforms have aimed to "make work pay." The Earned Income Tax Credit (EITC) has been dramatically expanded in the last decade. The AFDC program, which included an entitlement to cash assistance, has been replaced by TANF, which provides time-limited payments and which generally requires work. Wisconsin's TANF program, W-2, has been associated with declines in the receipt of public assistance (see Chapter 3) and increases in mother's earnings (see Chapter 4). In this chapter we consider whether the program has led to improvements in overall economic well-being for its participants.

In describing the level of economic well-being of those who received W-2, we cannot identify the *impact* of W-2. An analysis of impacts would require an explicit counterfactual (that is, the level of economic well-being under W-2 compared to some other policy regime), and we do not try to estimate what participants would have done in the absence of W-2.[2] Nonetheless, we believe the levels of economic well-being after receiving W-2 are important in their own right, and we are able to make some comparisons to outcomes in other states. We examine mothers who entered W-2 in its earliest months (between September 1997 and July 1998). We provide information on three different measures of economic well-being: personal income, family income (and poverty), and economic hardship. For most measures, we examine outcomes in 1998 and 1999.

Prior Literature

Despite the importance of welfare policy, for many years there was limited information on the economic well-being of those who had been welfare recipients. Recent work has provided some descriptions of economic well-being among those who left welfare under AFDC, the prior policy regime. One national study of levels of well-being for five years after leaving welfare found that a substantial proportion of the leavers were not doing well: about two-fifths of leavers had family incomes below the poverty line in the fifth year after leaving welfare . However, there is substantial diversity in outcomes, as more than one-fifth had family incomes above two times the poverty line in the fifth year, and average family incomes increased substantially over the five-year period (Meyer and Cancian, 1998). That study also found substantial differences based on the measure of income considered: 64 percent had *personal* incomes below poverty in the fifth year, compared to 41 percent with *family* incomes below poverty.

Some studies in individual states have examined the economic well-being of those who left the state's TANF program. Although comparison across studies presents substantial difficulties(see U.S.

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[1]The authors thank Hwa-Ok Park for excellent research assistance.

[2]Several strategies are possible for evaluating the impacts of welfare reform in the absence of an experiment. See Barnow, Kaplan, and Moffitt (2000) for a discussion of alternative approaches to evaluating W-2, and a discussion of the value of monitoring outcomes when impact assessments are not feasible.

General Accounting Office, 1999, or Isaacs and Lyon, 2000, for a discussion), some approximate comparisons can be made. These studies tend to show high levels of poverty. For example, in Wisconsin, 72 percent of those who left welfare at the time of transition to TANF had personal incomes below poverty in the next year (Cancian et al., 2000). In Washington and Missouri, 58 percent of leavers had household incomes below poverty (Isaacs and Lyon, 2000).

In some of these states, measures of economic hardship have been reported in addition to measures of income. For example, in Michigan, about one-fourth of welfare leavers reported they "sometimes" or "often" did not have enough food, and over one-third either had this food problem or had a problem with their housing (eviction, homelessness, or utility disconnection) (Corcoran et al., 1999). Arizona leavers also reported fairly high levels of hardship: nearly one-fourth had not had enough to eat, about one-fifth had had their utilities cut off or had had to move because they could not pay their bills (Isaacs and Lyon, 2000). Some studies have also included whether leavers received help with basic necessities: in Arizona, about one-fifth had received food from a shelter or food bank. One national study also shows that former welfare recipients experience substantial levels of hardship (Loprest, 1999): for example, over one-third reported that they had sometimes or often "worried that food would run out before [they] got money to buy more," and a similar percentage reported "a time in the last year when [they] were not able to pay mortgage, rent, or utility bills."

For a comprehensive view of economic well-being, both those who have left welfare and those who continue to receive payments or other services should be examined. This chapter reports some of the first overall measures of economic well-being for TANF recipients in Wisconsin, examining measures of hardship as well as measures of income.

Data, Sample, and Methods

We examine resident mothers who entered W-2 in its first months, that is, between September 1997 and July 1998. We consider only women who were demographically eligible for child support and who received the full W-2 program.[3] This group totals 12,501 mothers, the majority of W-2 recipients. We examine personal (gross) income for all these mothers, using data from the state's administrative records. We also use information from the Survey of Wisconsin Works Families, which surveyed a random sample of the mothers included in the administrative data. The survey provides a fuller measure of income, including information on other sources of personal income and the earnings and other income of a spouse or partner. The survey also included questions on economic hardship, though these questions were asked of only a (randomly selected) subset of mothers. Mothers were interviewed in the spring of 1999 (questions covering 1998) and 2000 (questions covering 1999). In the analysis of family income, we examine 1,088 mothers in 1998 and 1,035 in 1999, those for whom we have full income information. In the analysis of hardship, we examine 572 mothers in 1998 and 1,081 in 1999.

[3]Women are demographically eligible for child support if they are not living with the father of their children although he is alive. One of the features of W-2, a full pass-through of child support, was implemented in an experimental design, so that only a portion of W-2 recipients receive the full pass-through. In contrast to most experiments that have a small experimental group, however, over three-fourths of recipients are in the experimental group. We examine only experimental-group participants.

Our measure of personal income is the sum of formal earnings, W-2 payments, the cash value of food stamps, and the amount of child support.[4] The measure is not ideal. It does not include a complete measure of earnings, only those reported to the Wisconsin Unemployment Insurance system. Nor does it include self-employment and payments from programs other than W-2 and food stamps (so it does not include the Earned Income Tax Credit, social security benefits, unemployment benefits, etc.).[5] We do not have adequate measures of child care expenditures (so do not use information on subsidies) or other work expenses. Despite these limitations, our measure of personal income is easily comparable to other studies and is the most comprehensive measure available in our administrative data. Moreover, this measure gives one indication of the economic resources under a mother's control. (Family income, though a fuller measure of economic resources, includes sources to which the mother may not have full access, such as the earnings of a partner.)

Our measure of family income is taken completely from the survey.[6] It covers additional sources of mother's personal income as well as an estimate of the income of a spouse or partner. Additional

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[4]For 1998, we also include with W-2 payments small amounts of AFDC payments received by mothers before AFDC was eliminated.

[5]Whether in-kind benefits should be treated as income, and how they should be valued, is controversial. We include the cash value of food stamps but do not include a measure of Medicaid or BadgerCare in income.

[6]In the survey, mothers were first asked for the amount of earnings from the previous year. If they reported that they did not know, they were given a series of ranges. They were then asked if they received a particular source of income. When all sources of personal income had been asked, respondents were asked the amount of each of the sources they said they received. If mothers had a spouse or partner in the home at the time of the survey (or if they did not have a current spouse/partner, but had one in the previous year), they were then asked whether the spouse/partner worked and the amount of earnings, again with ranges provided for those who did not provide an amount. Finally, they were asked to estimate the amount of all other income of the spouse/partner, again with ranges provided for those who did not provide an amount.

We used several imputation rules when respondents refused to answer a question or stated they did not know. First, those who refused or said they did not know in answer to the question of whether a particular source of income was received were treated either as not receiving that source (for sources received by fewer than 10 percent of our sample) or missing (for sources received by at least 10 percent of our sample). Second, if respondents refused to answer or reported that they did not know the amount of their own earnings and the earnings or other income of a spouse/partner, but did provide a range, they were assigned the median amount within that range (among those who had provided an explicit amount). For those who did not provide a range, we treated the amount as missing. Third, for all sources other than own earnings, spouse/partner's earnings, and spouse/partner's other income, we imputed median amounts if respondents stated they had the source but refused to answer or stated they did not know the amount.

We also top-coded several governmental payments in which the potential maximum amount is known. We set the maximum amount of Unemployment Compensation at $7,722, the maximum in Wisconsin in 2000; this affected six cases in 1998 and four cases in 1999. We top-coded Supplemental Security Income at $10,813, the maximum in Wisconsin for a couple with no other income in 2000; this affected two cases in 1998 and one case in 1999. We top-coded Social Security benefits at $35,379.60, the maximum amount of survivors' benefits for a family in 2000; this affected one case in 1998. We top-coded Food Stamps at $9,204, the maximum amount for a family of eight in FY 2000; this affected three cases in 1998 and six in 1999 (none of which had more than eight members). Finally, we top-coded W-2/AFDC at $8,076, the maximum amount of W-2 payments in both 1998 and 1999; this affected six cases in 1998 and two in 1999.

We report total income only for those cases in which no amounts were missing for all relevant sources after we completed imputations. These rules result in our excluding 183 cases in 1998 and 209 cases in 1999 for whom we had incomplete income.

sources include unemployment compensation, worker's compensation, Supplemental Security Income (SSI), Social Security benefits, alimony, and "any other source of income."[7] Although this is a fuller measure of income, it still does not account for nondiscretionary expenditures, the EITC, or taxes.

Finally, we consider several measures of economic hardship from the survey.[8] We consider mothers to have had a food hardship if they reported that they "often" or "sometimes" did not have enough to eat in the previous year. A "shelter hardship" is defined as having one's gas or electricity disconnected, moving in with others because one cannot pay the rent, living in a shelter, or being homeless. Finally, we consider that those who had spent time without a telephone or who had their telephone disconnected because they could not pay the bill experienced a "telephone hardship." We summarize by counting those who experienced at least one area of hardship. This measure of hardship may be too narrow, in that some people may have been at risk of food or housing insufficiency but received help from a community agency, religious group, or family and friends that prevented the hardship. To capture a broader concept, those at risk of food hardship, we add to those who were often or sometimes hungry the group that did not report hunger but did report that they received help with food. Similarly, those who received help with utilities or rent were included along with those who had an actual shelter hardship in a group denoted those "at risk of shelter hardship." Finally, those who received help with a telephone bill were included with those who had a telephone hardship. For our most comprehensive measure, we aggregate the number who were at risk of at least one of these hardships.

Results

Personal Income

Our first measure of personal income is based on administrative data. Figure II.6.1a examines quarterly income in the quarter that women entered W-2 and the six subsequent quarters. Mothers had low levels of personal income, about $2,500 in each of the first seven quarters after entry, equivalent to about $10,000 a year. The figure shows substantial differences in trends among the four income sources. Child support and earnings both approximately doubled over this period: child support showed a small but gradual increase in dollar terms, from $120 in the quarter of entry to $217 in the sixth quarter after entry. Earnings showed a more substantial increase, most of which occurred within the first year; average earnings grew from $779 in the quarter of entry to $1,539 in the sixth quarter. The two sources of welfare income both declined over the period. Food stamp amounts declined slightly, from $548 to $456, and W-2 cash payments declined more dramatically, from $1,137 (combined AFDC and W-2) in the quarter of entry to $337. The increases in earnings and child support were almost exactly offset by the decreases in W-2 and food stamps, so that total personal income remained basically unchanged over this period.

Most of the remaining analysis in this chapter relies on data from the survey, the only source of information on other sources of income and economic hardship. The survey includes information on

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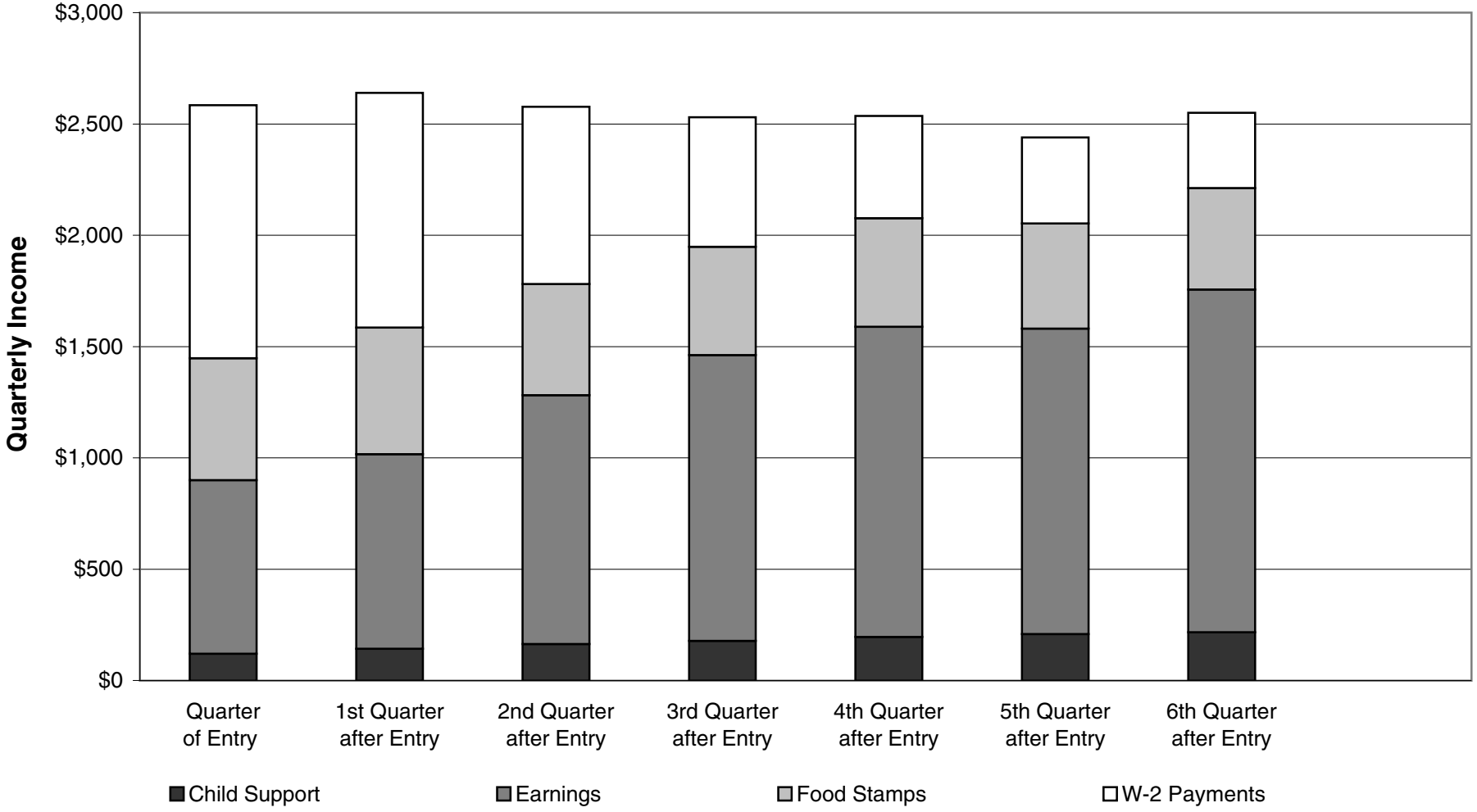
[7]In 1998, we asked a question about "income from any other sources"; the most common types reported were SSI for a child and money from family or friends. The 1999 survey asked about these sources specifically, and also asked the general question about "any other income sources."

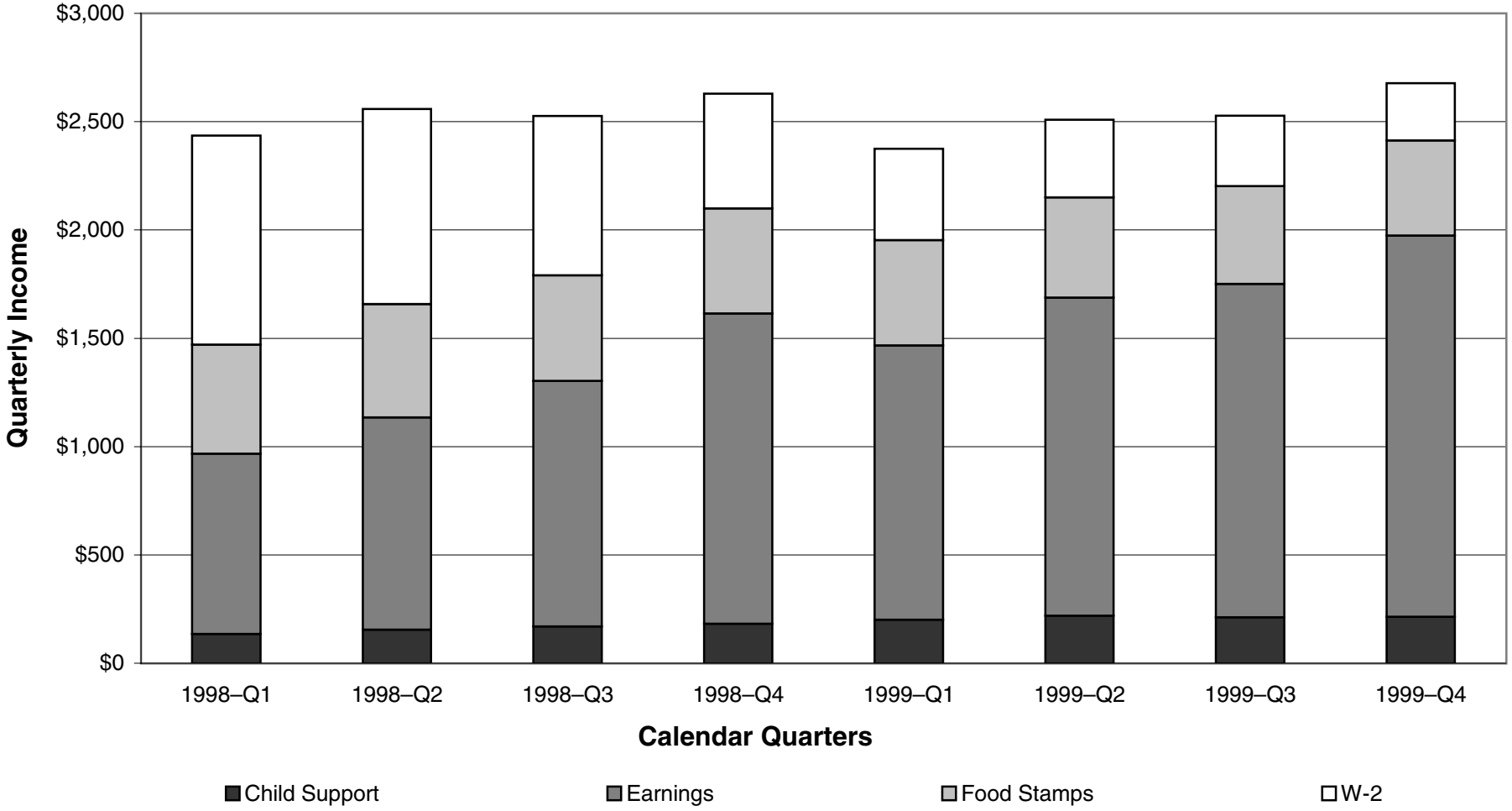
[8]The sample size for these questions is smaller than the overall survey sample. Because of constraints on the overall length of the survey, the 1998 survey asked the questions about economic hardship of only half the sample. The first weeks of the 1999 survey followed a similar rule, but we quickly discovered we had more time than anticipated, and began to ask this sequence of all mothers.

Figure II.6.1a
Mothers' Personal Income Sources Relative to Quarter of Entry
(Administrative Data)



Sample: 12,501 resident mothers (experimental group only). **Data:** CARES, KIDS, and UI.

Figure II.6.1b
Mothers' Personal Income Sources, for Calendar Quarters
(Administrative Data)



Sample: 12,501 resident mothers (experimental group only). **Data:** CARES, KIDS, and UI.

income in calendar years 1998 and 1999 (rather than years relative to W-2 entry). For comparability, Figure II.6.1b repeats the analysis of Figure II.6.1a, using the same data and measure of income, but examining calendar years. Because our sample entered W-2 between September 1997 and July 9, 1998, the calendar years cover differing periods relative to W-2 entry. Figure II.6.1b tells a similar story to Figure II.6.1a; small increases in child support together with large increases in earnings were largely offset by small declines in food stamps and large declines in W-2 cash payments. The figure also suggests that earnings were somewhat seasonal, with October–December earnings (quarter 4) particularly high.

From 1998 to 1999, there was little change in mean personal income (which fell slightly, from $10,150 to $10,090) or median personal income (which fell from $9,771 to $9,430). However, these figures obscure substantial change in the distribution of income over all mothers. In Figure II.6.2 we compare the distribution of mothers' personal income in 1998 and 1999, using administrative data. The figure shows increasing inequality: the proportion of mothers with low incomes ($5,000 or less) increased from 14 percent to 22 percent, and the proportion with higher incomes (above $20,000) increased from 4 percent to 7 percent.

The stability of average income also fails to capture the substantial portion of mothers who experienced significant changes in economic status over this period. Figure II.6.3 focuses on the change between 1998 and 1999, continuing to use administrative data on personal income. It shows relatively large changes in income; only one-fifth of the sample experienced a change of less than $1,000 (about 10 percent, at the mean). There were slightly more whose income declined; 29 percent experienced a decline of $1,000 to $4,999, and 13 percent a very large decline (of over $5,000), compared to 26 percent who experienced an increase of $1,000 to $4,999 and 12 percent who experienced a large increase.

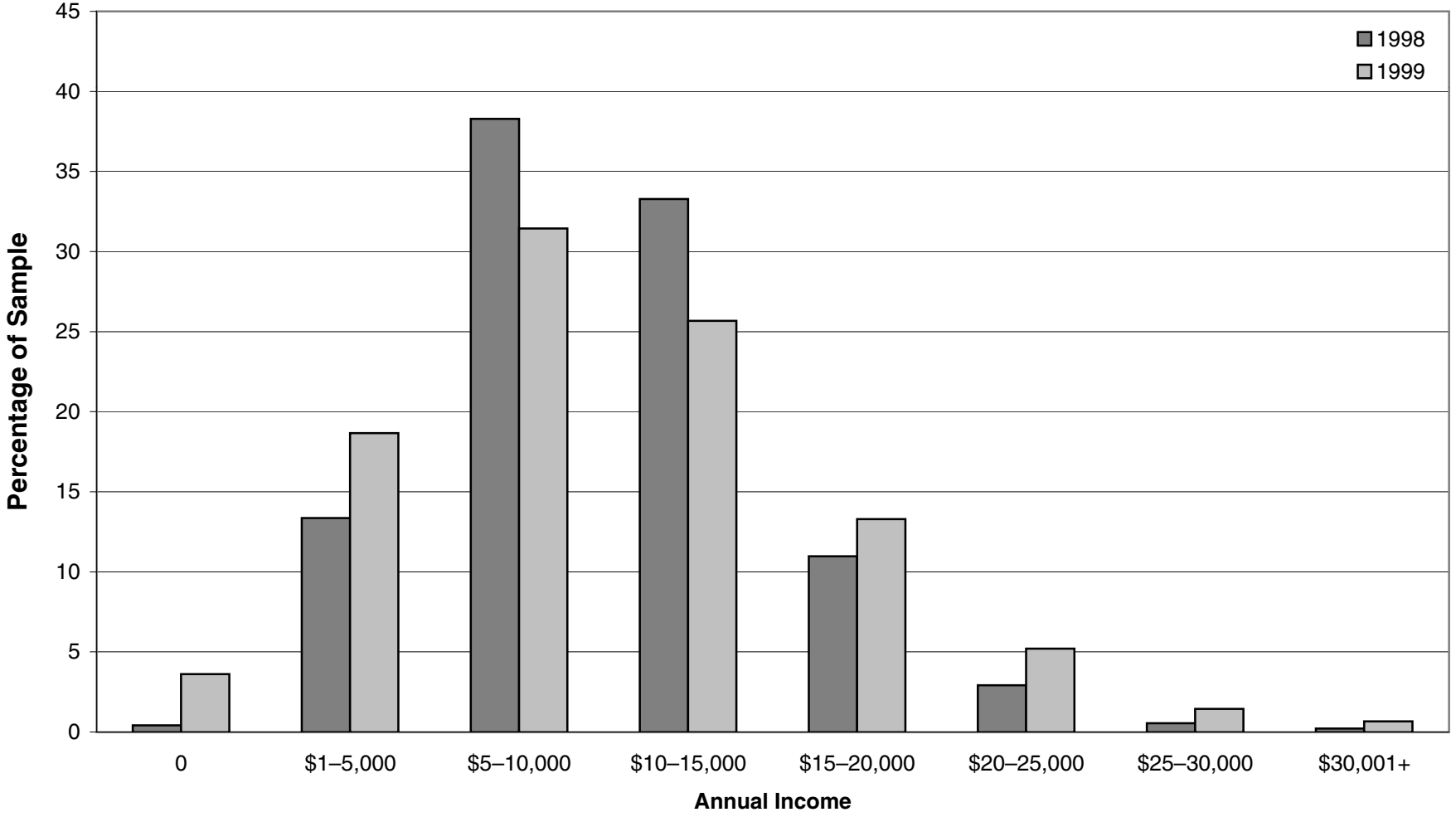
Family Income

As discussed above, the survey includes a broader array of income sources than are available in our administrative data. Figure II.6.4 shows mean amounts of family income by source. The lower four segments of each bar show the same four sources included in personal income, but reflect mothers' own reports. Like the administrative data, the survey shows small increases in child support from 1998 to 1999, large increases in earnings, small declines in food stamps, and large declines in W-2. However, in contrast to the results from administrative data, the decreases did not completely offset the increases. Based on mothers' reports, personal income increased between 1998 and 1999, from about $10,000 to about $11,000.[9]

Figure II.6.4 also shows aggregate income sources not included in our measure of personal income. Mother's other income included a variety of government payments and other income sources,

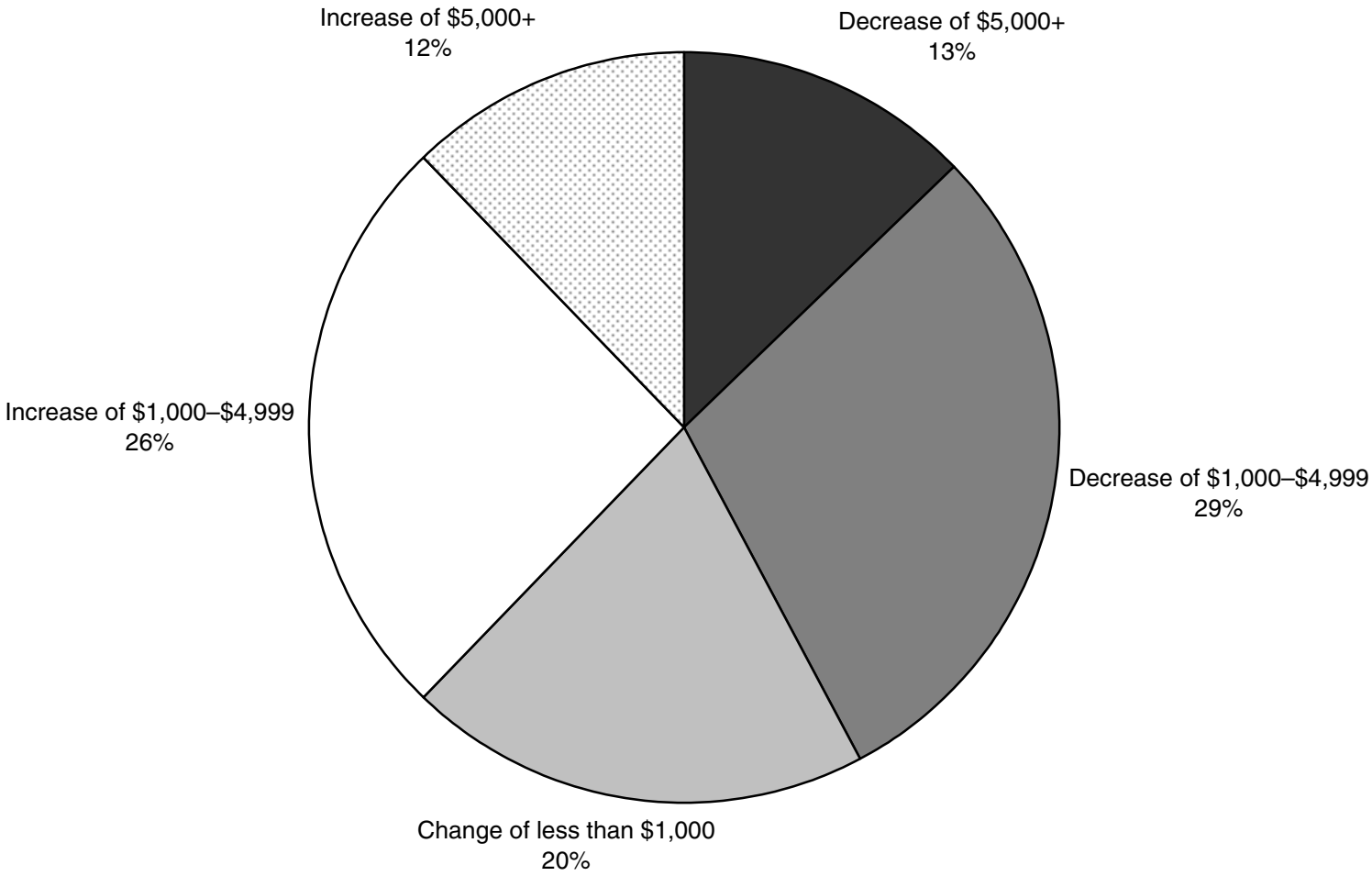
[9]The discrepancy between survey and administrative reports reflects differences in samples, as well as the tendency for mothers to report higher levels of earnings and lower levels of W-2, food stamps, and child support than shown in administrative records. Calculated over the same sample, mean personal income in 1998 was $10,608 according to administrative sources, and $9,896 according to the survey. Most of the gap was due to the underreporting of W-2 payments and food stamps in the survey. Mean personal income in 1999 was $10,958 according to administrative sources, and $11,006 according to the survey. In that year survey reports of earnings were again higher, whereas reports of government payments and child support were again lower than in administrative data. Because of the increasing importance of earnings (which are higher in the survey) and the declining importance of government payments (which are lower in the survey) the survey measure of personal income is higher than the administrative measure in the second year. (See Chapter 3 Appendix for a discussion of survey and administrative measures of program participation.)

Figure II.6.2
Distribution of Mothers' Personal Incomes
(Administrative Data)



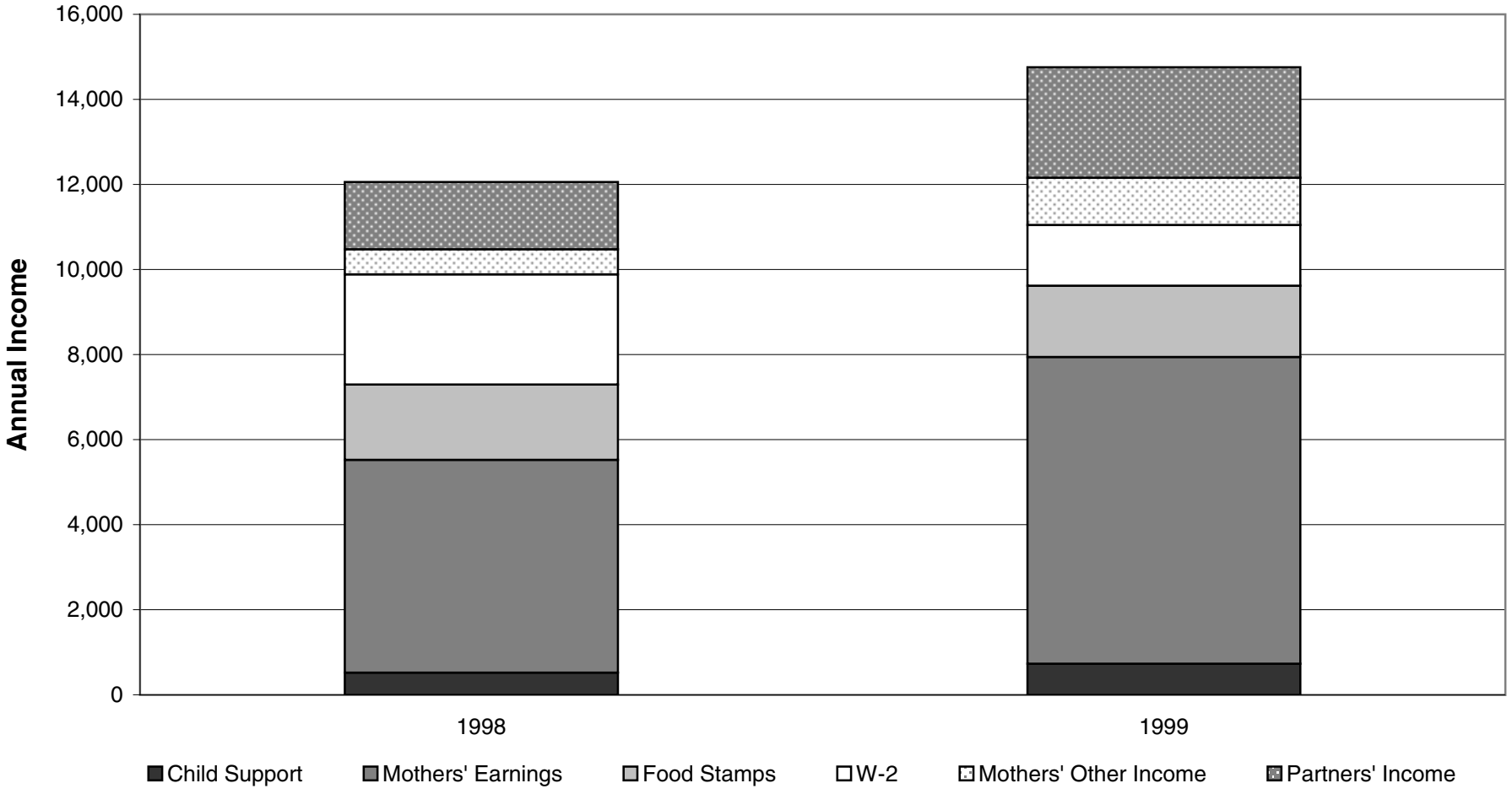
Sample: 12,501 resident mothers (experimental group only). **Data:** CARES, KIDS, and UI.

Figure II.6.3
Changes in Mothers' Personal Income, 1998–1999
(Administrative Data)



Sample: 12,501 resident mothers (experimental group only). **Data:** CARES, KIDS, and UI.

Figure II.6.4
Mothers' Family Income Sources
(Survey Data)



Sample: 1,088 resident mothers for 1998 and 1,035 for 1999 (experimental group only). **Data:** Survey of Wisconsin Works Families.

each of which was generally small. The largest source was SSI, averaging about $200 in 1998, and increasing to over $400 in 1999. The uppermost segment shows income from a spouse or partner. The percentage of mothers with a spouse or partner increased from 23 percent in 1998 to 27 percent in 1999. However, only about four-fifths of these partners had earnings. When this source of income was present, it was substantial, averaging well over $10,000. This brought the overall average of income from a spouse or partner (including the zeroes) to about $1,600 in 1998 and $2,500 in 1999. The increase in income from a partner, combined with the increase of over $2,000 in mothers' own earnings, led to a substantial increase in family income between 1998 and 1999. Mean family income grew from $12,082 to $14,779, and median income from $10,838 to $12,371.

The mean and median income figures mask substantial diversity in family income. Figure II.6.5 shows the distribution of family income in 1998 and 1999. Overall incomes were fairly low; over two-fifths of the sample were under $10,000 in 1998, and less than 15 percent were above $20,000. On average, incomes increased over time. The proportion of mothers in the four lowest categories decreased and the proportion in the four highest categories increased between the two years. The highest-income group, those with over $30,000, more than doubled, but remained less than 10 percent of the sample.

By definition, family incomes are higher than personal incomes; a comparison of Figure II.6.5 to Figure II.6.2 provides one indication of the level of difference and the extent to which the sources not easily captured in administrative data make a difference to the picture of family economic well-being. The level of income is substantially higher in Figure II.6.5. For example, only 4 percent of families had personal income over $20,000 in 1998, compared to 13 percent with family incomes over $20,000; comparable figures for 1999 were 7 percent and 21 percent. The figure for personal income suggests growing inequality, whereas the figure for family income suggests a more uniform growth in incomes over time. This may be because those who had a source of income not measured in the administrative data (a spouse or partner, for example) tended to work less, and therefore show as having lower levels of personal income.

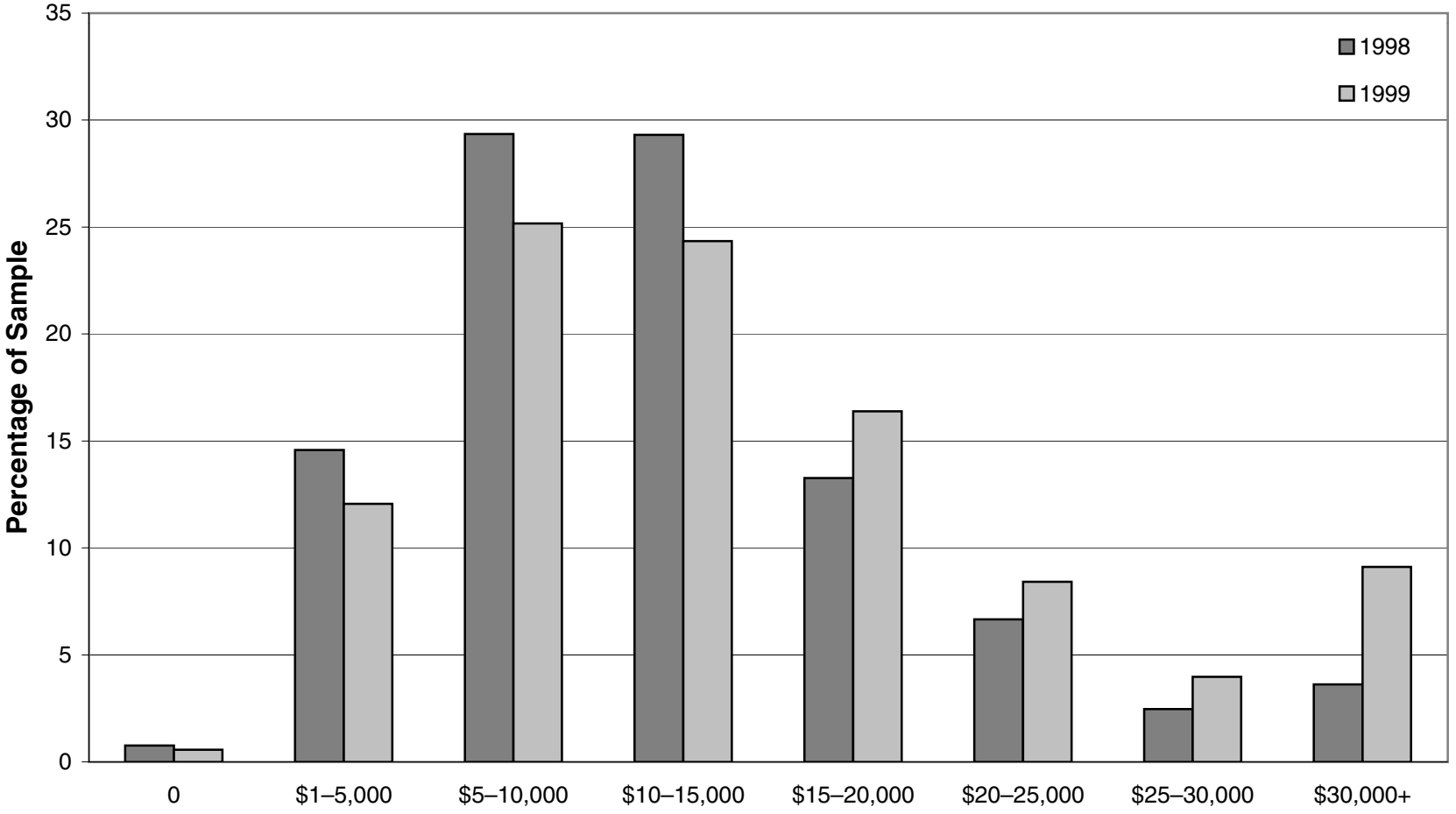
Figure II.6.6 provides a more direct examination of changes in family income between 1998 and 1999. Family incomes declined for a large minority of mothers: about one-sixth of the sample experienced a decline of over $5,000 between these two years, and another one-sixth experienced a smaller decline (between $1,000 and $5,000). Relatively few mothers (13 percent) had comparable incomes in the two years. On the other hand, nearly one-third had a substantial increase in income (over $5,000), and over one-fifth had a smaller increase. Increases in income, especially large increases, are more common for family income than personal income.

To provide a measure comparable to previous studies, we also calculate total family income as a proportion of the official poverty line. This measure has the additional advantage of adjusting for changes in family size. The family-size adjustment is potentially important, because increases in family income in part reflect the increasing portion of mothers with partners; these partners often provide income, but they also increase household expenses. Figure II.6.7 shows that the poverty rate was quite high: 77 percent in 1998 and 67 percent in 1999, with nearly one in three mothers reporting family incomes less than half the poverty line.

Hardship and Help

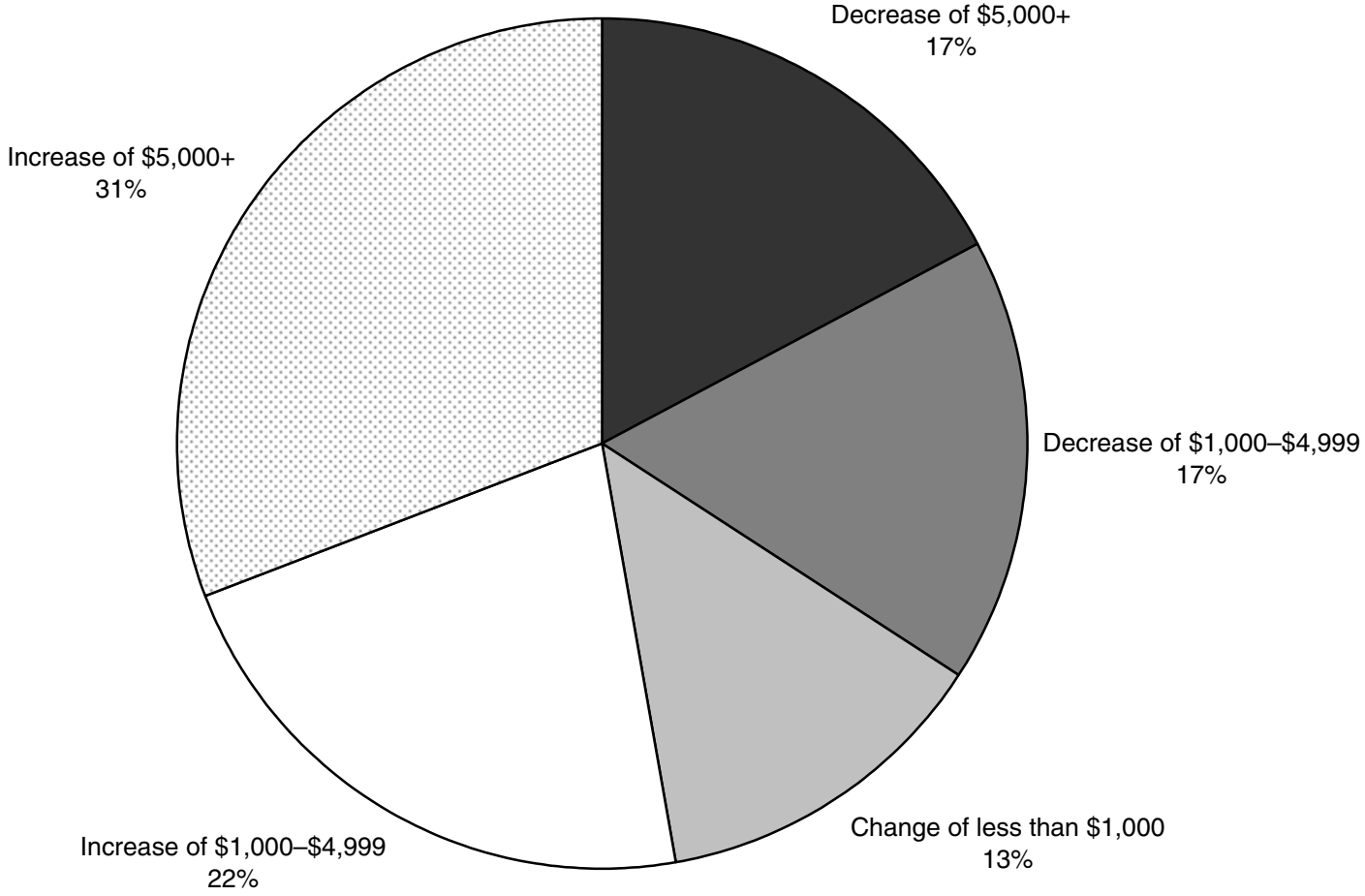
We now turn to measures of economic hardship. Figure II.6.8 shows the extent to which mothers experienced various types of hardship. In 1998, 19 percent of mothers said they "often" or "sometimes" did not have enough to eat. The most common types of shelter problems were having utilities disconnected and moving in with others: 22 percent of mothers had their gas or electricity turned off and

Figure II.6.5
Distribution of Mothers' Family Incomes
(Survey Data)



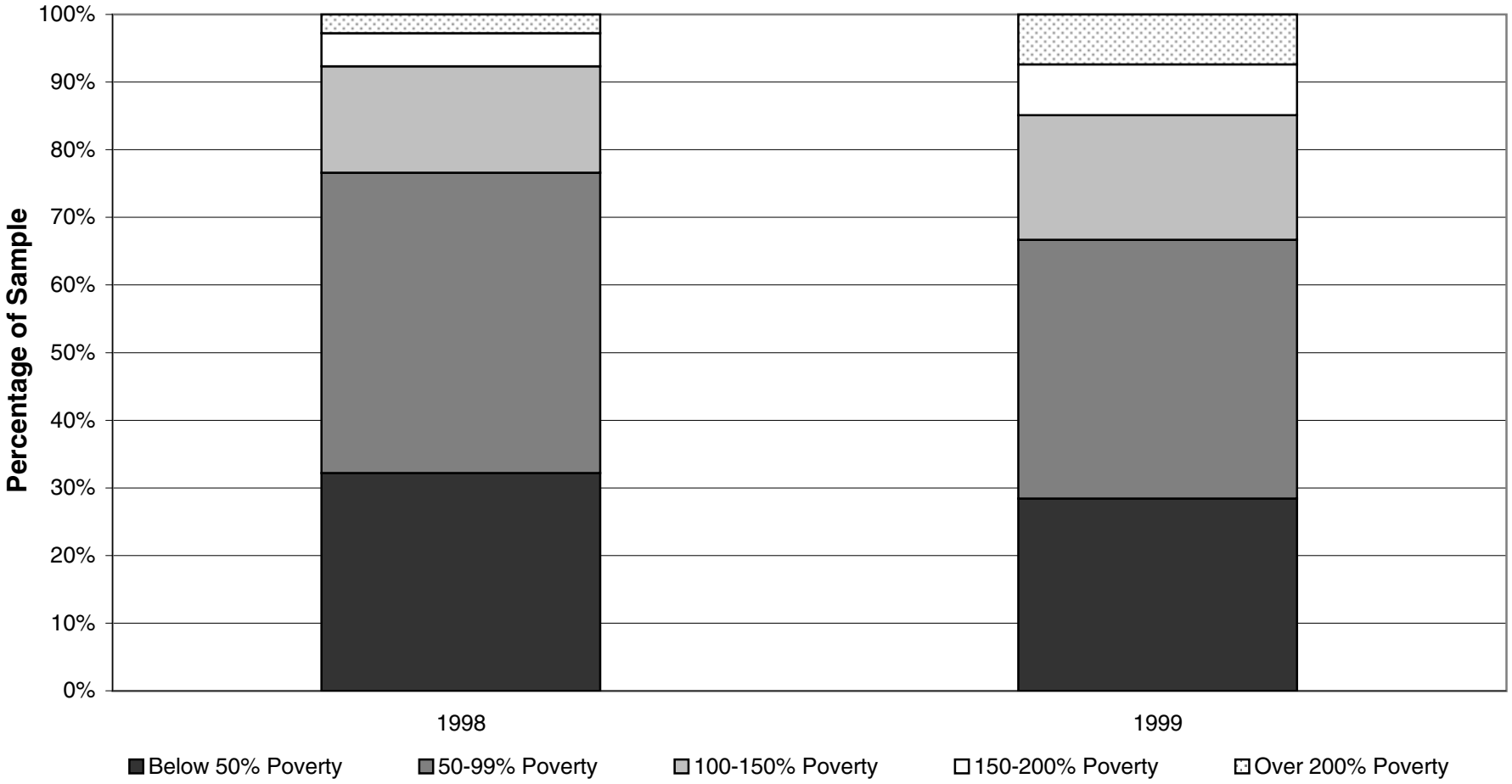
Sample: 1,088 resident mothers for 1998 and 1,035 for 1999 (experimental group only). **Data:** Survey of Wisconsin Works Families.

Figure II.6.6
Changes in Family Income, 1998-1999
(Survey Data)



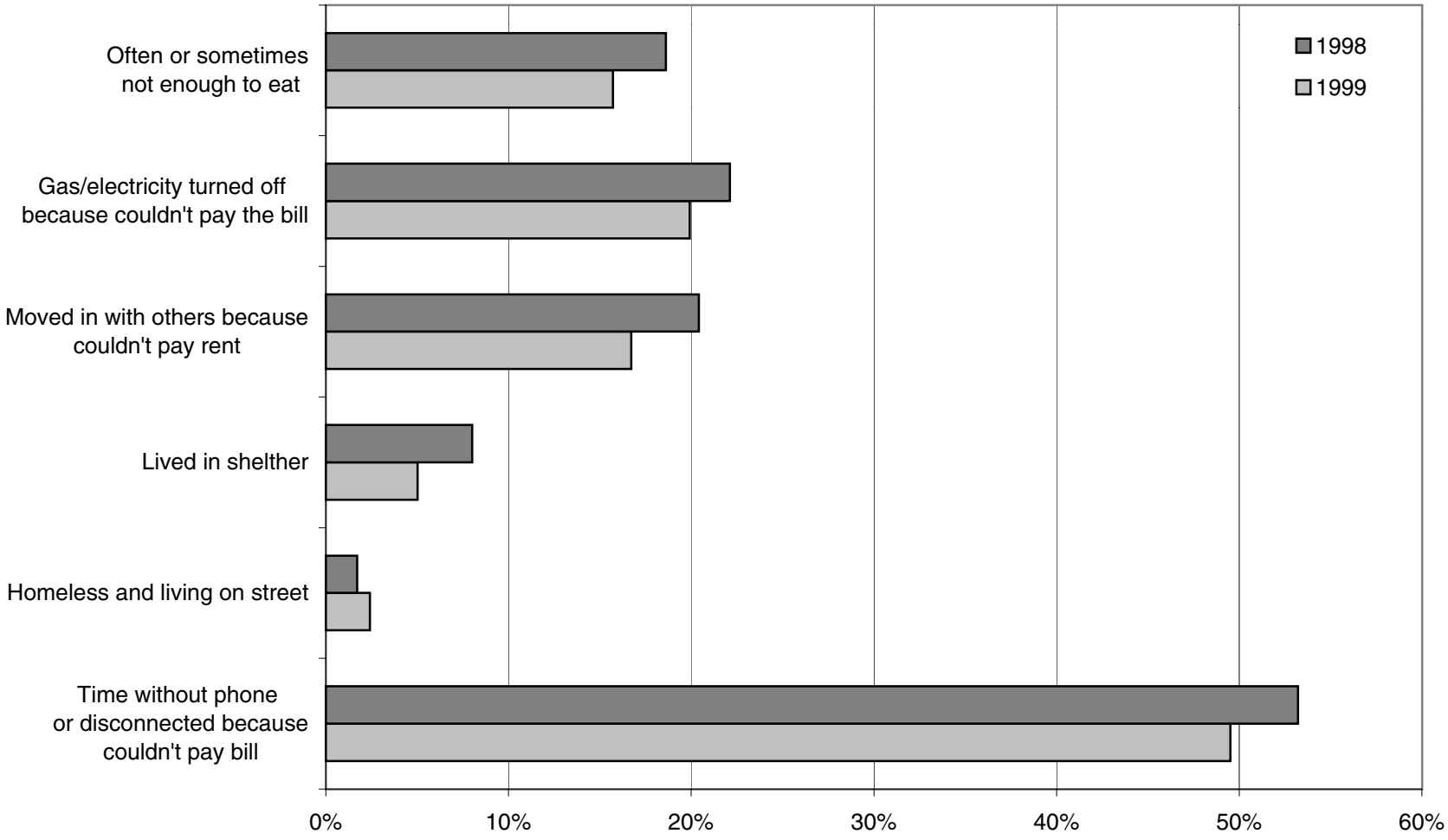
Sample: 1,088 resident mothers for 1998 and 1,035 for 1999 (experimental group only). **Data:** Survey of Wisconsin Works Families.

Figure II.6.7
Mothers' Family Poverty Status
(Survey Data)



Sample: 1,088 resident mothers for 1998 and 1,035 for 1999 (experimental group only). **Data:** Survey of Wisconsin Works Families.

Figure II.6.8
Economic Hardship for Mothers
(Survey Data)



Sample: 572 resident mothers for 1998 and 1,081 for 1999 (experimental group only). **Data:** Survey of Wisconsin Works Families.

20 percent moved in with others because they could not pay the rent. Living in a shelter or being homeless was less common: in 1998, 8 percent lived in a shelter, and 2 percent were homeless. The type of hardship most frequently mentioned was a telephone hardship, experienced by 53 percent of mothers. In 1999, all measures except homelessness appear to decline slightly, though in most instances the change is not statistically significant.

As discussed above, some of these mothers were able to avoid hardship because they received help from a charity, religious group, or family or friends. Figure II.6.9 shows the proportion of mothers who reported receiving help from one of these sources. Receiving help was fairly common, especially from family or friends: in 1998 more than one-third received help from family or friends to buy food, and nearly one-fifth received help to pay a utility bill, to pay rent, or to pay the phone bill. Help from charities or religious groups was less common, but still substantial: 20 percent received money or vouchers to buy food, and 8.5 percent received money or vouchers to pay their rent, utilities, or telephone. For both family/friends and charities or religious groups, assistance with food was more common than assistance with shelter or telephone needs. In all of these measures, the proportion receiving help appears to have declined slightly between 1998 and 1999, though in most instances the change was not statistically significant.

Many families that reported hardships also reported receiving help, but there are differences between the two groups. For example, more than one-third of those with a food hardship in 1999 did not receive help. Conversely, over one-third of those who did not report a food hardship *did* receive help. Considering the sample as a whole in 1999, 55 percent reported neither experiencing a food hardship nor receiving any help, 29 percent reported no hardship but did receive help (which may have prevented a hardship), 6 percent had a hardship but did not receive help, and 10 percent both had a hardship and received help. Comparable numbers for shelter are 53 percent, 14 percent, 17 percent, and 16 percent.

Table II.6.1 provides a summary of the measures of hardship and help. Although only 19 percent experienced a food hardship in 1998, over 40 percent received some help with food, bringing the total "at risk" of a food hardship to 50 percent. Although both hardship and help declined by 1999, the proportion at risk was still high, 45 percent. About one-third experienced some type of shelter hardship or received some assistance with shelter, bringing the total at risk to 52 percent in 1998 and 47 percent in 1999. As noted above, telephone hardship was common; the table shows that the total number at risk was even larger, 62 percent in 1998 and 56 percent in 1999.[10] Finally, the bottom panel shows that over three in five mothers experienced a hardship in both years, and over half received some help. Thus, by our definition, most of the mothers reported being at risk of at least one hardship.

These figures provide only very basic indicators of hardship and help. More research is needed on economic hardship and the ameliorative potential of family and charitable support. These issues are likely to be of growing importance in the context of a shrinking public safety net and more frequent suggestions that private charity take the place of public payments.

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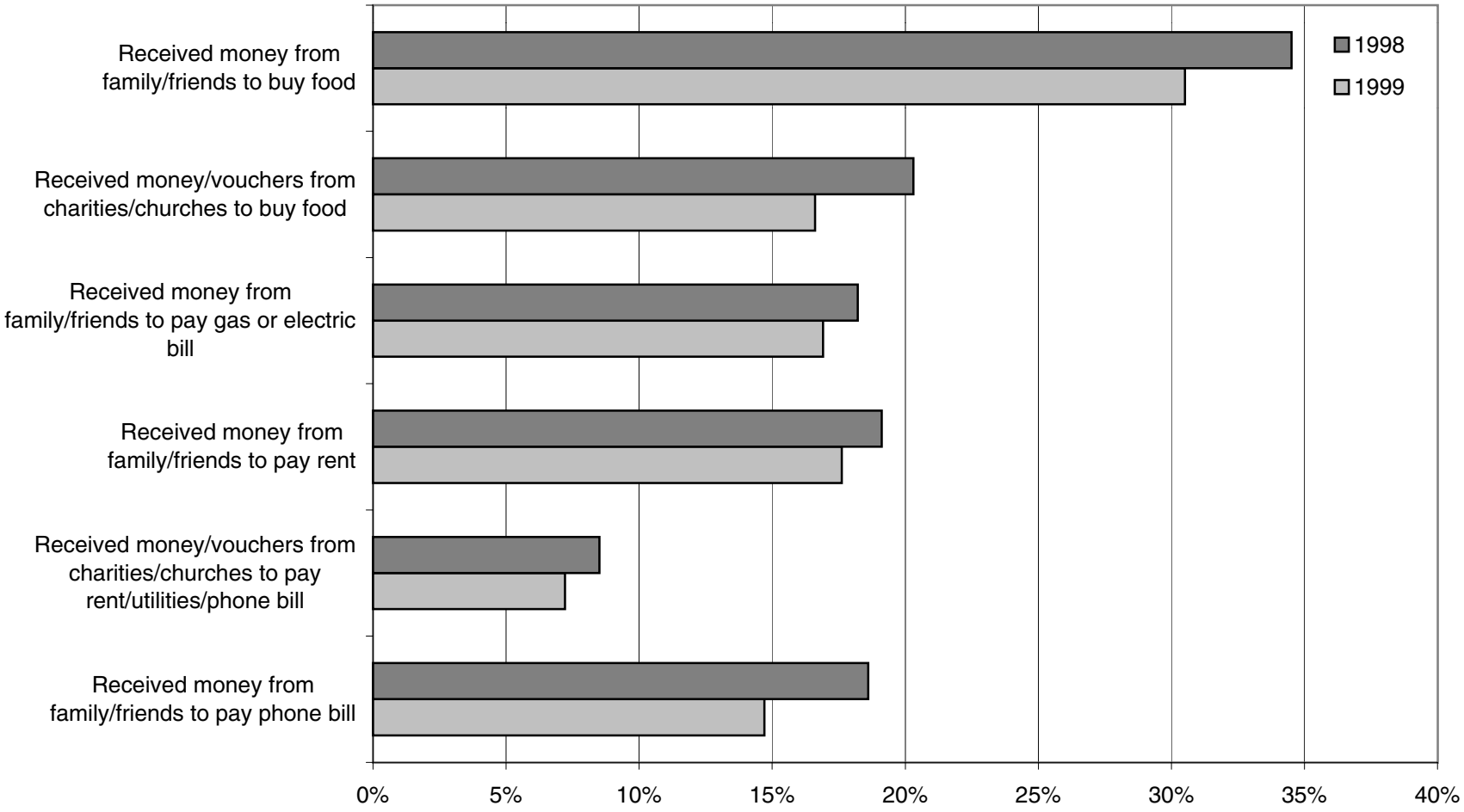
[10]Note that the questions about help do not exactly mimic the questions about hardship. In particular, there is a single question about money/vouchers from charities/churches that covers rent, utilities, and telephone. We consider anyone who said, in answer to this question, that they received help as receiving help for both shelter and telephone. If we assume that their answer does not indicate telephone help, there is not much difference in our results. For example, 60 percent are at risk for telephone hardship in 1998 (compared to 62 percent), and 54 percent are at risk in 1999 (compared to 56 percent).

Figure II.6.9
Percentage of Mothers Receiving Help
(Survey Data)



Sample: 572 resident mothers for 1998 and 1,081 for 1999 (experimental group only). **Data:** Survey of Wisconsin Works Families.

Table II.6.1
Mothers' Economic Hardship and Help

	1998	1999
Food	18.7%	15.7%
Hardship with food		
Help with food	43.5	38.9
At risk of food hardship	50.0	44.9
Shelter	36.7	33.0
Hardship with shelter		
Help with shelter	32.7	30.1
At risk of shelter hardship	51.6	47.2
Phone	53.2	49.5
Hardship with phone		
Help with phone	24.8	20.8
At risk of phone hardship	61.7	55.8
Any	64.8	61.1
Any hardship		
Any help	56.1	52.1
Any risk	77.0	74.0

Sample: Experimental-group mothers in the Survey of Wisconsin Works Families who responded to questions about economic hardship and help. N = 572 in 1998 and 1,081 in 1999.

Who Is Doing Well?

Our results have shown substantial diversity in outcomes. For example, about two-fifths of the mothers did not experience any of the three areas of hardship in 1999, whereas 7 percent experienced all three. Which types of mothers were doing better in 1999? We provide information on this question with a descriptive multivariate regression. We examine three outcomes, the natural log of personal income, whether a mother's family income was above poverty, and whether she experienced one of the hardships. In order to consider similar correlates for outcomes measured with administrative and survey data, we include only variables from the administrative data in our regressions. The variables include measures of the mother's experience prior to entering W-2 (her AFDC, earnings, and child support history), additional variables that may have affected her success in the labor market (the W-2 tier to which she was assigned when she entered, her age, race, and education, the number and ages of children, and whether there were other adults in the household), and two variables measuring the context (region/Milwaukee agency, and the local unemployment rate).

Our results are summarized in Table II.6.2. As expected, they suggest that women with higher previous earnings and those with higher previous child support had higher personal income and were more likely to have family incomes above poverty. There is no discernable relationship between these income-history variables and economic hardship. Those with longer AFDC histories had *higher* personal incomes, all else equal. However, the number of months of recent AFDC experience is not related to poverty status or hardship.[11] And, as expected, women who entered W-2 in a lower tier had lower levels of personal income and were less likely to have family income above poverty.

We also consider the relationship between economic status and women's age, race, education and family structure. Older mothers were less likely to have a hardship, though we do not discern a statistically significant relationship between age and personal income or poverty status. Women of color had lower personal incomes, though no higher poverty, and Latinas were *less* likely to report experiencing hardship. As expected, measures of economic well-being are strongly related to education: those with a high school degree or some education beyond high school had significantly higher personal incomes, and were more likely to have family incomes above poverty and to report no hardship. We find that mothers with older children only had lower personal incomes and were somewhat more likely to experience hardship. This may reflect the particularly disadvantaged position of women who rely on public assistance even when they do not have young children. Those with more children had somewhat higher personal incomes, but were more likely to be poor and to experience hardship. Taken as a whole, these results show that those with higher levels of human capital were more likely to be successful, a conclusion that can be expected from a policy approach that focuses on the labor market as the primary source of income for vulnerable families.

Summary and Discussion

This chapter reports on three measures of the economic well-being of mothers who received W-2: personal income, family income, and economic hardship. We consider a measure of personal income which includes the sum of administrative records of cash payments, food stamps, earnings and child support. This measure shows low levels of personal income, about $10,000 per year. We find no

[11]The association of prior AFDC history with higher personal income but no higher family income may reflect the fact that women with longer AFDC histories have a higher portion of their incomes from sources captured by our administrative measure of personal income.

Table II.6.2

Multivariate Analyses of Resident Mothers' Economic Well-Being: Personal Income, Family Poverty, and Economic Hardship

	Personal Income			Family Income over Poverty			Having No Hardship		
Independent Variables	Coeff.	S.E.	P-value	Coeff.	S.E.	P-value	Coeff.	S.E.	P-value
Earnings in the 8 Quarters before Entry (compared to 0)									
$1–$5,000	0.45	0.04	**<0.0001**	-0.07	0.13	0.579	0.01	0.12	0.954
$5,001–$15,000	0.97	0.06	**<0.0001**	0.45	0.16	**0.005**	0.16	0.15	0.296
$15,001+	1.28	0.20	**<0.0001**	1.14	0.40	**0.005**	0.43	0.37	0.245
Child Support History before Entry (compared to 0)									
$1–$999	0.12	0.05	**0.014**	-0.04	0.13	0.738	0.08	0.12	0.510
$1000+	0.31	0.05	**<0.0001**	0.27	0.13	**0.037**	0.03	0.12	0.794
Child Support Order at Entry (compared to No Order)									
Has a child support order	0.33	0.04	**<0.0001**	0.06	0.11	0.591	0.01	0.11	0.935
AFDC Receipt in 24 Months before Entry (compared to 0)									
1–6 months	-0.07	0.07	0.330	-0.08	0.16	0.627	-0.13	0.16	0.418
7–18 months	0.14	0.06	**0.026**	-0.12	0.14	0.419	-0.04	0.14	0.772
19–24 months	0.42	0.07	**<0.0001**	-0.20	0.16	0.212	0.05	0.15	0.753
W-2 Assignment (compared to Upper Tier)									
W-2 T and CSJ	-0.21	0.04	**<0.0001**	-0.30	0.10	**0.002**	-0.15	0.09	0.111
Caretaker of newborn	-0.05	0.07	0.439	-0.32	0.16	**0.046**	0.02	0.15	0.905
Age of Resident Parent (compared to 16–25 years)									
26–30	-0.09	0.05	0.054	0.16	0.12	0.200	0.18	0.12	0.123
31–40	-0.05	0.05	0.286	-0.24	0.14	0.082	0.19	0.13	0.128
41+	0.04	0.08	0.590	-0.30	0.24	0.224	0.49	0.23	**0.030**
Race of Resident Parent (compared to White)									
African American	-0.25	0.05	**<0.0001**	-0.17	0.14	0.242	-0.03	0.13	0.807
Hispanic	-0.19	0.07	**0.009**	-0.32	0.22	0.149	0.52	0.21	**0.013**
Other	0.02	0.09	0.780	-0.27	0.36	0.453	0.14	0.33	0.659
Unknown	-0.59	0.10	**<0.0001**	-0.03	0.28	0.913	0.31	0.25	0.222

Table II.6.2, continued

Independent Variables	Personal Income			Family Income over Poverty			Having No Hardship		
	Coeff.	S.E.	P-value	Coeff.	S.E.	P-value	Coeff.	S.E.	P-value
Race of Resident Parent (compared to White)									
African American	-0.25	0.05	**<0.0001**	-0.17	0.14	0.242	-0.03	0.13	0.807
Hispanic	-0.19	0.07	**0.009**	-0.32	0.22	0.149	0.52	0.21	**0.013**
Other	0.02	0.09	0.780	-0.27	0.36	0.453	0.14	0.33	0.659
Unknown	-0.59	0.10	**<0.0001**	-0.03	0.28	0.913	0.31	0.25	0.222
Education of Resident Parent (compared to Less than HS)									
High school diploma or equivalent	0.07	0.04	0.065	0.29	0.10	**0.002**	0.33	0.09	**0.000**
Beyond high school	0.13	0.06	**0.030**	0.47	0.15	**0.001**	0.45	0.14	**0.001**
Age of Youngest Child (compared to 1–2)									
Unborn child at W-2 Entry	0.13	0.06	**0.026**	-0.34	0.16	**0.033**	-0.23	0.15	0.116
3–5	-0.18	0.05	**0.000**	-0.04	0.12	0.742	-0.06	0.12	0.601
6–12	-0.20	0.05	**<0.0001**	-0.11	0.15	0.453	-0.32	0.14	**0.019**
13–17	-0.29	0.09	**0.001**	0.12	0.25	0.626	-0.42	0.23	0.063
Number of Children (compared to 0 or 1)									
2	-0.01	0.04	0.847	-0.09	0.11	0.441	-0.18	0.10	0.088
3+	0.08	0.05	0.092	-0.34	0.12	**0.006**	-0.48	0.12	**<0.0001**
Household Structure (compared to Live with Other Adults)									
Resident parent is only adult	-0.01	0.04	0.797	-0.10	0.10	0.290	-0.24	0.09	**0.009**
Location (compared to rural counties)									
Y-Works Agency	0.68	0.10	**<0.0001**	-0.17	0.24	0.479	-0.19	0.24	0.422
UMOS Inc. Agency	0.46	0.09	**<0.0001**	0.03	0.23	0.908	-0.30	0.23	0.182
OLC-GM Agency	0.79	0.09	**<0.0001**	-0.22	0.23	0.338	-0.03	0.22	0.879
Goodwill-Employment Solutions, Region 4	0.77	0.09	**<0.0001**	-0.25	0.23	0.286	-0.17	0.22	0.459
Goodwill-Employment Solutions, Region 5	0.68	0.09	**<0.0001**	-0.29	0.23	0.203	0.00	0.22	0.991
Maximus Agency	0.71	0.09	**<0.0001**	-0.06	0.22	0.768	0.03	0.21	0.898
Other urban counties	0.01	0.08	0.906	-0.20	0.18	0.263	-0.18	0.17	0.294

Table II.6.2, continued

Independent Variables	Personal Income			Family Income over Poverty			Having No Hardship		
	Coeff.	S.E.	P-value	Coeff.	S.E.	P-value	Coeff.	S.E.	P-value
Unemployment Rate in 1998 or 1999 (compared to Low)									
Middle (3.1–5.0)	-0.27	0.07	**0.000**	0.03	0.17	0.862	0.05	0.17	0.758
High (5.1+)	-0.20	0.14	0.144	0.38	0.35	0.273	-0.02	0.35	0.966
Intercept	7.80	0.11	**<0.0001**	0.14	0.24	0.556	-0.05	0.23	0.838
R-Square	0.076								
Log Likelihood				-295.3			-674.4		

Notes: Model also controls for the time period of W-2 entry. Probability values of 0.05 or less are shown in bold type.

(1) Personal Income (Regression): Sample—12,467 experimental-group resident mothers from the administrative data; 34 cases excluded because characteristics missing.

(2) Family Income Over Poverty (Probit): Sample—1,031 experimental-group resident mothers from the survey data; 4 cases excluded because characteristics missing.

(3) Having No Hardship (Probit): Sample—1,081 experimental-group resident mothers from the survey data; 4 cases excluded because characteristics missing.

overall growth in personal income between 1998 and 1999, as large increases in earnings and small increases in child support were offset by large declines in W-2 and small declines in food stamps. The measure of family income from the Survey of Wisconsin Works Families provides a somewhat more optimistic story. Although levels of income remained low and poverty rates high, the trend was positive. Mean family income rose from $12,082 to $14,779 (median from $10,838 to $12,371), and the poverty rate fell from 77 percent to 67 percent between 1998 and 1999. Finally, our measures of hardship suggest fairly high levels : about one-sixth had a food hardship, one-third a shelter hardship, and one-half a telephone hardship. There is some evidence that the level of hardship declined between the two years, but any declines were small and in most cases not statistically significant.

As we discussed above, we cannot formally evaluate the impact of the program because we do not have good measures of expected economic well-being in the absence of W-2. One point of comparison that is of potential interest is the economic status of AFDC or TANF participants in other states and periods of time. However, data are limited. As discussed in the first section of this chapter, a number of studies have considered the status of welfare leavers, who might be expected to have somewhat higher incomes than all recipients. National data on AFDC leavers also show high poverty rates (56 percent in the first year post-exit) and improvements over time (with the poverty rate declining to 41 percent in the fifth year) (Meyer and Cancian, 1998). More recent surveys of leavers in other states tend to show somewhat higher household incomes; for example, mean household incomes without food stamps ranged from $12,600 in Illinois to $17,100 in Missouri (Isaacs and Lyon, 2000). Household poverty rates in Washington and Missouri were 58 percent among families that had left TANF (Isaacs and Lyon, 2000).

Differences in questionnaire wording make exact comparisons of levels of economic hardship impossible, but some broad comparisons are possible. The levels of hardship we find are somewhat higher than among a general low-income population, but fairly comparable to a welfare population in other states. For example, 11 percent of families in the lowest income quintile nationally reported that they did not have enough food in 1995 (Bauman, 1999), compared to our figure of 15–17 percent. On the other hand, 24 percent of welfare recipients in Michigan stated that they sometimes or often did not have enough food (Corcoran et al., 1999). Similarly, 4 percent of the lowest income quintile nationally reported having their gas, electric power, or oil disconnected (Bauman, 1999), compared to our figure of 22 percent. Figures for Illinois and Arizona leavers are somewhat smaller than our figure: 12–17 percent had their utilities disconnected or had to move because of difficulty paying bills (Isaacs and Lyon, 2000). In a national sample, Loprest (1999) reports that 39 percent of former welfare recipients had difficulty paying rent or utility bills.

Although the measures of income and hardship presented here do not allow us formally to evaluate the impact of W-2, they do provide an important indicator of the success of W-2 in moving women out of poverty and towards economic self-sufficiency. The implementation of W-2 has coincided with a substantial decline in the receipt of cash assistance, and an increase in earnings. At the same time incomes remain very low. It is certainly encouraging that total family income appears to be rising. Nonetheless, given the apparent vulnerability of this population, there is a need for ongoing monitoring and policy initiatives aimed at increasing the incomes of vulnerable families.

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