BEFORE AND AFTER TANF:
THE ECONOMIC WELL-BEING OF WOMEN LEAVING WELFARE

Maria Cancian, Robert Haveman, Daniel R. Meyer, and Barbara Wolfe

Institute for Research on Poverty

University of Wisconsin–Madison

Release Date: December 14, 1999

This research was funded by the U.S. Department of Health and Human Services, Assistant Secretary for Planning and Evaluation. Data were provided by the Wisconsin Department of Workforce Development. Opinions expressed are those of the authors and not necessarily those of the sponsoring institutions.

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I. INTRODUCTION

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

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

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

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

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

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

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

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

In addition to providing new information on recent post-TANF outcomes, this paper contributes to the remarkably limited prior literature aimed at understanding the longer-term effects of reforms. Longer-term effects are critical because some proponents of recent welfare reforms expect long-term positive effects, even if there are short-term costs to moving people immediately into the labor market. While a few studies have reported on measures of economic well-being five years and ten years after leaving welfare (see, e.g., Meyer and Cancian 1998, 1999; Friedlander and Burtless, 1995), these studies examined those who left under the prior AFDC regime, and thus provide only suggestive information on likely outcomes during the post-PRWORA era. This paper extends these analyses by providing three-year outcomes for those who left welfare in Wisconsin in 1995, a group that faced an early pre-TANF version of work-based welfare reform.

II. DATA AND METHODS

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

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

which includes information collected in administering AFDC, W-2, and related means-tested programs; the Computer Reporting Network (CRN) system, the precursor of CARES, providing earlier AFDC administrative data useful for constructing an AFDC history for each case; and the Unemployment Insurance (UI) system, which includes information on quarterly earnings and employers. (Additional information on data construction and sources is contained in Appendix 1.)

Although these data allow us to consider a substantial range of outcomes, several important limitations must be kept in mind in interpreting our results. We have data only on public assistance received in Wisconsin and on mother's earnings reported to the Wisconsin UI system. Hence, we have no information on individuals who moved out of state, no measures of earnings of individuals in Wisconsin who are self-employed or in other employment not covered by the UI system (covered workers include about 91 percent of official Wisconsin workers), and no measures of spouse's or partner's earnings or other income received by the individuals. Thus we cannot distinguish between families who truly have no earnings and those who have unrecorded earnings or rely on earnings from household members other than the mother. Other analysis of post-exit well-being based on more inclusive survey data suggests that measures of income limited to only mother's earnings and benefit receipt will substantially overstate post-exit poverty.[1] We discuss the implications of this bias for the interpretation of our results in the concluding section.

[1]For example, Meyer and Cancian (1998) examine economic well-being in the first five years after leaving AFDC for a national sample. They present information on poverty rates in these five years using two different measures of income, "own income" and total family income, both based on self-reports. Although their measure of "own income" differs from that used here in that it includes child support and social insurance as well as a woman's own earnings, AFDC, and food stamps, it is a good proxy for our administrative data measure because child support and social insurance are received by relatively few leavers. They find poverty rates based on family income are 56, 50, 48, 45, and 41 percent over the 5 years; rates based on own income are 79, 72, 68, 70, and 64 percent. The gap between the two can be viewed as a measure of the degree to which the administrative income underestimates family income.

III. RESULTS COMPARING TWO COHORTS

A. Characteristics of Program Participants and of Leavers

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

Although the characteristics of the two groups of recipients are fairly similar, the 1997 recipients appear to have more barriers to work. Women receiving welfare in 1997 were more likely to have low levels of education (54 percent with less than a high school degree compared with 44 percent in 1995), have more children, very young children and disabled children on SSI. Moreover, recipients in the later year were also much more likely to be African American, and to live in Milwaukee County (the most urbanized county in the state). Those in the later year were in shorter welfare spells (27 percent of those in 1997 had entered welfare within the past 6 months compared to 21 percent of those in 1995) but they did not have substantially different participation rates over the past 24 months. On the other hand, those in 1997 were more likely to have some recent work experience (as measured by Unemployment Insurance-covered wages). (Appendix Table 1 shows characteristics separately for Milwaukee County, other urban counties, and rural counties.)

We follow women who received assistance in September of each year and count as “leavers” those who exit cash assistance within three months of our initial observation, and remain off the welfare caseload for at least two consecutive months. (Our sample does include those who returned to welfare within the next calendar year as well as those who stayed off.) The rate of exit is much higher in the

second period. Sixteen percent of women participating in AFDC in September of 1995 left the program in the next three months. Two years later, 40 percent of those receiving cash assistance in September had left within three months. Appendix Table 2 shows the relationship between individual characteristics and the probability of exit.

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

In the first period we find some evidence that women were more likely to leave if they had fewer barriers to employment. Factors that increased the probability of exit included greater education (as mentioned above), having fewer children, older children, more adults in the household, and more prior work experience. Women were also more likely to leave welfare if they were Hispanic or white than if they were African American or other, if they lived outside of Milwaukee, if they lived in an area with lower levels of female headship, if they had fewer months of prior welfare receipt, and, controlling for total welfare receipt, if they had previously cycled off and on to welfare. On the other hand, neither the presence of additional children in the household, nor a child with SSI, nor the county unemployment rate had a statistically discernible impact on the probability of leaving.

Overall, while the magnitude of effects varies between the two cohorts, the direction of most statistically significant relationships remains the same. There is one importance exception to this

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

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

B. Comparison of Outcomes for Two Cohorts

B1. *Employment and Earnings After Welfare*

Table 3 compares the earnings and work experience of the two cohorts in the year after exiting. About 70 percent of leavers in both years have some earnings in each quarter, with 81 percent of the

1995 cohort ever having earnings in the first year, compared to 84 percent of the second cohort. Earnings (in 1998 dollars) are lower in the second cohort, with mean annual earnings in the latter cohort totaling $1,400 less than the earlier cohort ($7,700 compared to $9,100), and median earnings are nearly $2,000 less.[2] These differences are consistent with the hypothesis that the new welfare policy regime pushes people with fewer employment skills into the labor market where they accept lower-paying jobs. They are also consistent with the hypothesis that the new policy regime pushes people with more barriers (e.g., child care difficulties) into the labor market where they work fewer hours.

Table 3 also provides information on the number of employers for women who worked. Note that we cannot distinguish whether a woman had two employers simultaneously or sequentially within the quarter, nor is it clear that staying with a single employer leads to better longer-term outcomes than changing employers.[3] Examining the early cohort, in each quarter about three quarters of the leavers have one employer, with most of the remainder having two. Multiple employers are more likely in the later cohort, but the differences are not large. Looking over the entire year, 41 percent of the leavers who were employed in the first cohort had one employer only, compared to 36 percent in the latter cohort.[4]

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

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

[3]In fact, both Cancian and Meyer (1999) and Rangarajan et al. (1998) find that, controlling for a variety of employment characteristics including tenure in the current job, a greater number of prior job changes is associated with higher current wages.

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

to 60 percent. Of those who worked, the percent who were employed by the same employer in each of the four quarters is also higher in the earlier cohort, 42 percent to 32 percent.

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

The results reported in Table 3 document substantial post-exit employment and suggest the potential importance of earnings to post-welfare economic status. At the same time, the results show substantial diversity in labor market experience. As an initial step towards understanding post-exit employment patterns, we now turn to an examination of characteristics associated with labor market success, using multivariate descriptive models. We examine two measures of labor market success: consistent employment (earnings in each of the four quarters of the first year) and the level of earnings in the first year (among those with earnings). In both cases we measure the impact of individual characteristics *at exit* on employment and earnings *in the first year after exit*. In addition to the characteristics included in our previous analysis of the probability of leaving welfare, we include an

indicator variable denoting whether the individual had earnings in the quarter of exit (the last quarter of 1995 or 1997) to differentiate recent earnings experience. We also include variables for the industry of the primary employer in the quarter of exit (last quarter of 1995 or 1997) and an indicator variable for having more than one employer in that quarter.

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

In Table 5, we show ordinary least squares estimates of the level of earnings in the first year, among those with any earnings. (A probit analysis of the characteristics associated with having earnings, and thus with being included in the analysis for this table, is in Appendix Table 3.) Among workers in the first cohort, earnings are significantly higher for those with more education, more work experience, those working in the quarter of exit, those living in areas with fewer female headed households and those living in areas with lower unemployment rates. Among those working at exit, those with multiple employers had higher later earnings. Earnings also varied significantly with industry of primary employer in the

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

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

In Table 6, we summarize cash assistance and food stamp receipt in the first year post-exit for the two cohorts, as background for our focus on total measured income. Over the first year, 29 percent of women leaving welfare in 1995 return to AFDC, with about 18 percent receiving cash benefits in each quarter. Women leaving in 1997 are somewhat less likely to return—25 percent receive benefits in the first year. Among those who return, the amount received is about $1000/year higher in the second cohort. A potential reason is that W-2 benefits (received by the second cohort) are higher than are AFDC maximum benefits (received by the first cohort) for families with one or two children The relatively low rate of returning to welfare in the second period is notable, given that the high proportion of cases leaving welfare in the second period included individuals with more substantial barriers to employment. On the other hand, differences in Food Stamp amounts are consistent with the view that individuals

leaving in the second period include more who continue to need assistance: 81 percent of the 1997 leavers receive Food Stamps compared with only 57 percent of those who left in 1995.

Our measure of post-exit income includes a woman's own earnings reported to the Unemployment Insurance system, estimated federal income taxes, payroll taxes and the EITC,[5] cash assistance, and Food Stamps.[6] The three columns of Table 7 show three measures of post-exit income: gross earnings, after-tax earnings (including estimated payroll taxes and the EITC), and after-tax earnings plus assistance (including cash received from AFDC/TANF and the cash value of food stamps). In the first row of each panel we compare each measure of income to the equivalent measure in the quarter prior to exit. This serves as one indicator of whether relative economic status has improved. We then compare the measures to the poverty line and 150 percent of the poverty line, as measures of absolute economic well-being.

Almost two-thirds of those who left AFDC in 1997 had higher average quarterly earnings in the year after exit than in the quarter prior to exit. However, only 35 percent had higher total measured income: for most women who left welfare, increases in earnings did not compensate for reductions in cash assistance and food stamps. (Recall, however, that our measure does not include income from a spouse or partner in either period.) The second and third rows show that 22 percent of leavers had gross earnings above poverty, but only 6 percent had gross earnings over 150 percent of poverty. Adjusting for payroll taxes and the EITC substantially increases the proportion of families with income above poverty, but actually reduces the proportion above 150 percent of poverty, a range in which the EITC declines.

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[5]See Appendix 1 for a discussion of the algorithm used to compute estimated income and payroll taxes and EITC.

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

When we consider total measured income—including cash assistance and Food Stamps, as well as after-tax earnings—we find 37 percent of the families are above poverty. However, most of these families are near-poor: only 6 percent have total measured income above 150 percent of poverty.

The second panel of Table 7 shows the same calculations for women leaving welfare in 1997. Leavers in 1997 on average had less work experience and earnings prior to exit. Thus, having income or earnings greater than the same measure in the quarter prior to exit (the first row) represents a lower standard on average. This partially explains why later leavers did about as well as the earlier cohort of leavers by this measure. The "absolute" measure, poverty rates, shows substantially higher poverty in 1997. Only 13 to 26 percent of 1997 leavers have incomes above poverty, compared to 22 to 37 percent using the same measures in 1995. Less than four percent of families who left welfare in 1997 have measured income above 150 percent of official poverty.

The figures shown in Table 7 reflect the income of all families, regardless of family size. When we disaggregate by family size, we find that smaller families generally do better than larger families, especially in terms of income relative to the poverty line. For example, among families with one child, total measured income was above poverty for 40 percent for those who left in 1995 and 33 percent for those who left in 1997. However, for families with three or more children the figures drop to 27 and 19 percent, respectively.

In Table 8 we examine the probability that after-tax income[7] is above the poverty line in the first year after exit, using a multivariate probit analysis. Not surprisingly, the characteristics associated with having income above the poverty line generally parallel those for total earnings. In particular, poverty rates are lower for those with more education, more work experience, those working in the quarter of exit, those living in areas with fewer female headed households and those living in areas with lower

[7]After-tax income includes measured earnings and benefits, adjusted by simulated payroll taxes, federal income taxes and the EITC. For more information see Appendix 1.

unemployment rates. Poverty rates also vary significantly with industry of primary employer in the quarter of exit, following the same pattern as for earnings.[8] Somewhat surprisingly, poverty rates are lower for those with more children, but there is not a consistent relationship between poverty and the age of the youngest child. While African Americans had lower earnings, they are actually less likely to be poor than are whites, all else equal. Overall, the results are generally similar for the 1997 cohorts, with the exception of the relationship between poverty and the number of children.

Overall, we find higher rates of employment than many other studies of women who have left welfare under recent reforms: in both cohorts, over four-fifths of leavers were employed at some point in the first year after exit; estimates from other states are generally closer to two-thirds (Cancian et al, 1999; U.S. DHHS, 1999a and 1999 b; U.S. GAO, 1999). This finding is consistent with other studies that show that Wisconsin has relatively high levels of labor force participation for single mothers (Wiseman, 1999). Given that individuals are working, our earnings estimates of $8000–$9000 per year are generally similar to other states (Brauner and Loprest, 1999; Cancian et al., 1999; U.S. GAO, 1999). Also similar to other states, we find that about 20 percent of leavers return to cash benefits within the first several months, and that food stamp recipiency is fairly common in the first year. Finally, consistent with the findings of other studies of leavers, we find poverty rates, based only on own income, are quite high (63–74 percent).

We also make explicit comparisons of leavers in different periods. While some of the simple descriptive data show that the second cohort is doing worse (lower levels of earnings and of continuous employment, higher rates of food stamp use, and higher poverty rates), most of these differences are attributable to differences in the characteristics of leavers. This is discussed further in Section V.

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

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

A. Longer-Term Employment and Earnings

Some have asserted that a "work first" strategy may have some short-term costs, but over the longer term, individuals will be able to use the experience they gain in their early job to attain moderate levels of economic well-being. We now turn to an examination of outcomes for the 1995 cohort of leavers over the first three years after leaving welfare.[9]

In Table 9, we show that the vast majority of the 1995 cohort of leavers, 88 percent, worked at some point in the first three years. However, the percentage with earnings declines somewhat, from 81 percent in the first year to 77 percent in the third. Among those who worked, earnings increased in each year, from means of about $9,100 to over $11,400 and medians of $8,600 to $10,900. These numbers can be compared to a previous study that used survey data on a national sample of women who left AFDC in the 1980s AFDC period (Cancian and Meyer, 1999). In that sample, the percent of leavers with earnings was 64 percent in the first year and 65 percent in the third year, and median earnings increase from around $6,100 to $8,200 between the first and third year. Both Wisconsin figures for the 1995 cohort and the national figures for an earlier period show substantial increases in earning over time, but the earnings of Wisconsin leavers are higher.

In the Wisconsin 1995 cohort, among those employed in any year, about 40 percent have a single employer, with small increases in the share with a single employer from year 1 to year 3. But looking over the entire three-year period, only 17 percent of those employed have had only one employer. Most individuals have had more than two; the median is 3. Twenty-five percent have had more than five employers.

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

Among those who have earnings, the average quarters with earnings were 8 of the 12 possible quarters in this period, with increases in quarters worked between year 1 and year 3. Consistent work over the three-year period is not common: only 42 percent of those ever employed were employed in all of the 12 quarters. Moreover, the proportion experiencing a period without employment is greater than we report because we lack information on those who had a spell of unemployment within a quarter or even bridging two quarters. Finally, over forty percent of individuals who had an employer in the first quarter of year 1 still have that employer in the last quarter of that year, and this percentage increases over the years. However, examining the total three-year period, only 14 percent of those ever-employed had earnings from the same employer in each of the twelve quarters. High levels of overall employment combined with relatively low levels of *consistent* employment is also a finding of the national leavers research (Cancian and Meyer, 1999).

B. Longer-Term Benefits, Income, and Poverty

While employment and earnings grew over the three-year period, cash assistance and Food Stamp benefits declined. As shown in Table 10, receipt of any cash assistance fell from 29 percent in the first year to 8 percent in the third year. Overall, 34 percent ever received cash assistance in the three years post-exit, and most of those who returned to welfare returned did so in the first year.[10] On the other hand, the mean amount of AFDC benefit for those who received benefits increased over the period, from $2,058 in the first year to $2,671 in the third year post exit. Over half of leavers received Food Stamps in the first year after exit, and, even in the third year, 35 percent continued to receive an average of $1,170 in benefits. Program participation is discussed in greater detail in a companion paper (Cancian et al., forthcoming).

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

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

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

IV. DISCUSSION AND CONCLUSIONS

To illustrate the extent of changes in outcomes for similar women before and after TANF, Table 12 presents simulated results for women in each cohort with the same characteristics. We consider the probability of leaving welfare, and for leavers, the probability of consistent employment and having income over the poverty line in the year following exit. We distinguish between women facing “high

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

The first two rows of Table 12 show the results for high and low barrier women in Milwaukee. High barrier women in Milwaukee were very unlikely to leave welfare in the early period—only 2 percent are estimated to leave in the last quarter of 1995. In contrast, 41 percent of women facing low barriers are predicted to leave. For both groups, exit rates grow substantially in the second period– to 10 percent for high barrier women and 66 percent for low barrier women. The rates of exit are higher in other urban counties, and higher still in rural counties. But, the overall pattern is the same: substantial increases in the probability of exiting between the two periods, as well as the expected differences between high and low barrier women.

While the probability of leaving welfare grew substantially in this period, the remaining columns of Table 12 suggest that first year post-exit employment stability and poverty remained fairly consistent across the periods. In both periods, in Milwaukee and other urban counties, 25 to 27 percent of high

[11]Results for high barrier women are based on simulations for women who are: age 22, with less than a high school education, African-American, 3 children, youngest child age 1, no other household members, a child on SSI, no work in previous two years, and received welfare 19-24 months in previous two years. Results for low barrier women are based on simulations for women who are: age 29, with more than 12 years of education, white, one child, youngest child age 12-18, no other household members, no children on SSI, worked 8 quarters in the previous two years, and received welfare 6 months or less in the previous two years. In all cases, we assume the mean percent of female headed households and mean unemployment rate for the region, and assume that the woman is working in a temporary agency in the quarter of exit.

barrier women and 72 to 78 percent of low barrier women are predicted to work in all four quarters following exit. The rates of consistent employment are somewhat lower for rural areas, but also do not change substantially between cohorts. In general, there are also not substantial changes over time in the proportion of women with a given set of characteristics who are predicted to have first year post-exit own income above the poverty line. The exception is the proportion who leave poverty among low-barrier women, which falls from 62 to 53 percent in other urban counties and from 55 to 42 percent in rural counties.

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

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

Finally, we note that the Earned Income Tax Credit has a significant effect on poverty rates, even when it is considered simultaneously with payroll taxes. For example, poverty rates based only on gross earnings are 78 percent in the first year; subtracting payroll taxes and adding the EITC decreases the

poverty rate to 70 percent.[12] In a policy regime in which single mothers are expected to rely primarily on their own earnings, earnings supports within the tax system are key components of economic well-being.

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

APPENDIX 1

Sample and Variable Definition

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

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

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

Demographic Variables

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

Employment and Earnings Variables

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

each of the twelve quarters after exit for the 1995 cohort. By using the employer IDs provided in these data we were able to calculate the number of employers the mother had during these periods. Using the SIC code of the place of employment we grouped workers into the following categories:

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

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

Food Stamp Variables

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

Geographic Variables

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

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

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

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

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

Calculation of After Tax Earnings

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

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

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

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

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

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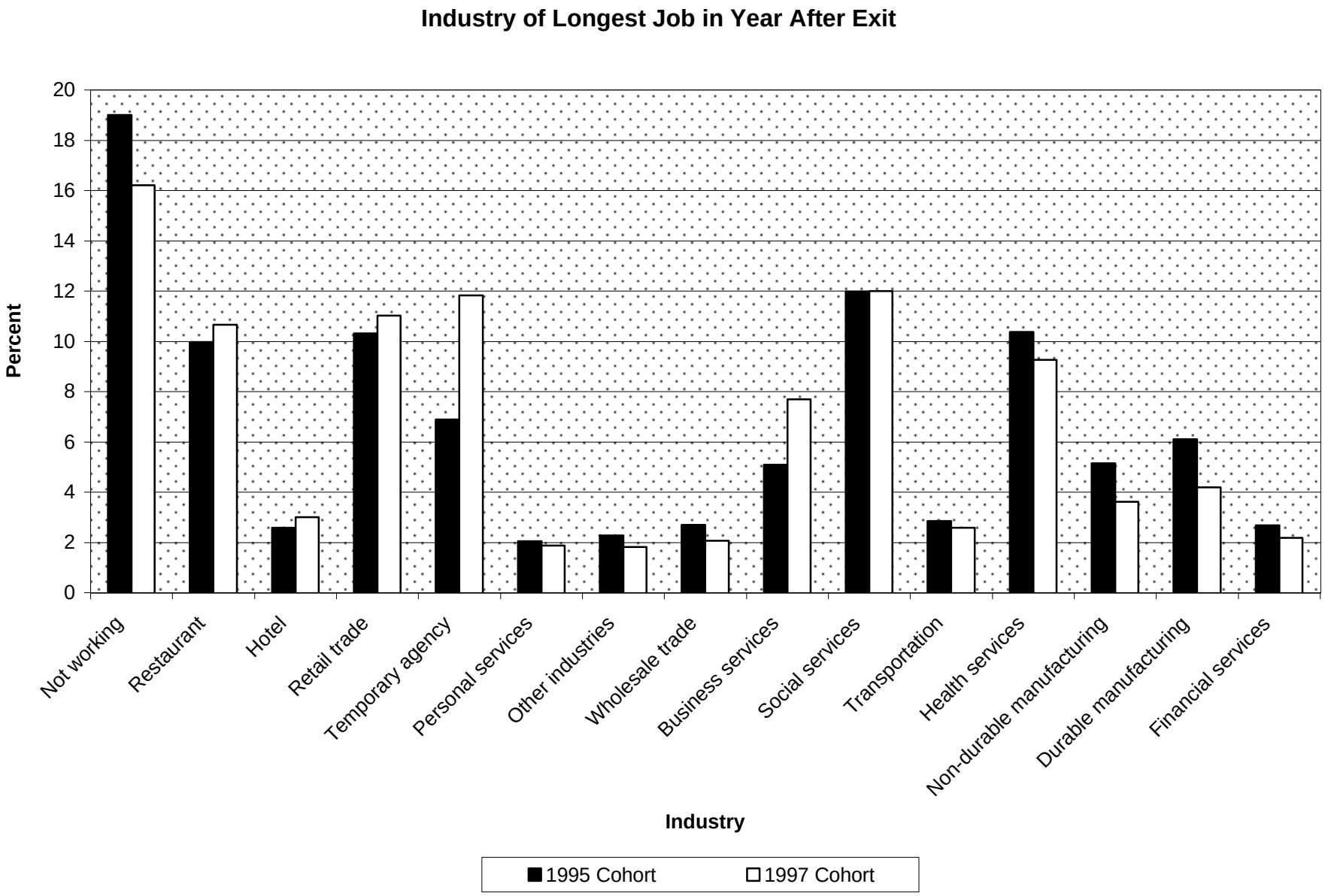
Industry of Longest Job in Year After Exit
Percent
20
18
16
14
12
10
8
6
4
2
0
Not working
Restaurant
Hotel
Retail trade
Temporary agency
Personal services
Other industries
Wholesale trade
Business services
Social services
Transportation
Health services
Non-durable manufacturing
Durable manufacturing
Financial services
Industry
1995 Cohort
1997 Cohort

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

	1995	1997
Total (N)	49,605	20,608
Region		
Milwaukee	54.6	74.9
Other Urban	29.6	17.7
Rural	15.8	7.4
Casehead's Age		
18-24	36.0	37.3
25-29	23.8	22.4
30-39	32.1	30.7
40+	8.1	9.6
Education		
<11 Years	24.3	29.4
11 years	19.3	25.0
12 Years	42.1	36.0
>12 Years	14.3	9.6
Race		
White	40.4	22.2
African American	42.1	57.1
Hispanic	7.0	8.4
Other	4.4	4.2
Unknown	6.0	8.1
Number of Own and Foster Children		
1	39.0	33.1
2	29.7	29.0
3+	31.3	37.9
Age of Youngest Child		
<1	18.5	23.5
1	17.1	17.7
2	13.1	11.2
3 to 5	24.1	21.7
6 to 11	19.4	18.6
12 to 18	7.8	7.3
Other Household Members		
Other Children Only	2.6	4.0
Other Adults Only	21.0	18.6
Other Adults and Other Children	7.5	7.5
Child on SSI	9.1	11.6
Start of Current Spell[1]		
0-3 months ago	14.8	17.0
4-6 months ago	6.8	9.8
7-9 months ago	5.2	6.8
10-12 months ago	4.4	5.3
13-18 months ago	7.1	6.4
19-24 months ago	6.1	4.6
more than 24 months ago	55.7	50.2
Number of Months Received Welfare in the Two Years Prior to September 1995 and 1997[1]		
6 months or less	10.0	8.5
7-12 months	9.1	9.4
13-18 months	12.0	14.4
19-24 months	68.9	67.7
Number of Quarters with Earnings in the Two Years Prior to September 1995 and 1997[1]		
None	29.0	22.4
1-3 quarters	31.9	34.4
4-7 quarters	29.1	33.9
8 quarters	10.0	9.4
Total Earnings in the Two Years Prior to September 1995 and 1997[1]		
<$500	39.3	33.4
$500-$2,499	18.7	21.7
$2,500-$7,499	20.8	24.0
$7,500 or more	21.3	20.9

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

TABLE 2
Probit Estimates of the Probability of Leaving AFDC

	1995 Cohort		1997 Cohort		1995 and 1997
	Coefficient	Std. Error	Coefficient	Std. Error	Cohorts Different
Casehead's Age					
Age	0.055 **	0.007	0.015	0.009	**
Age Squared	-0.001 **	0.000	0.000 *	0.000	**
Education (Compared to Less than a High School Degree)					
High school graduate	0.090 **	0.016	0.129 **	0.021	
More than high school graduate	0.123 **	0.022	0.293 **	0.034	**
Race (Compared to White)					
African American	-0.073 **	0.022	-0.335 **	0.029	**
Hispanic	0.116 **	0.031	-0.027	0.040	**
Other	-0.135 **	0.037	-0.255 **	0.052	
Number of Own and Foster Children (Compared to One)					
Two	-0.050 **	0.018	0.095 **	0.026	**
Three or more	-0.162 **	0.021	0.083 **	0.028	**
Age of Youngest Child (Compared to Less Than One)					
One	0.158 **	0.026	0.005	0.031	**
Two	0.241 **	0.027	-0.034	0.036	**
Three to Five	0.246 **	0.024	-0.024	0.030	**
Six to Eleven	0.247 **	0.027	-0.039	0.034	**
Twelve to Eighteen	0.306 **	0.036	-0.019	0.049	**
Other Adults in Household	0.049 **	0.017	0.043	0.024	
Other Children in Household	0.002	0.025	-0.038	0.032	
At Least One Child on SSI	-0.028	0.028	-0.131 **	0.032	*
County of Residence (Compared to Other Urban Counties)					
Milwaukee	-0.159 **	0.031	-1.043 **	0.050	**
Rural counties	0.107 **	0.021	-0.019	0.047	*
Number of Quarters with Earnings in Previous Two Years[1] (Compared to zero)					
1-3 quarters	0.340 **	0.020	0.449 **	0.027	**
4-7 quarters	0.492 **	0.021	0.623 **	0.028	**
8 quarters	0.759 **	0.026	0.949 **	0.039	**
Percent of Female Headed Households in Zipcode of Residence	-0.336 **	0.066	-0.182 *	0.072	
Number of Months Received Welfare in Previous Two Years[1] (Compared to 6 months or less)					
7-12 months	-0.152 **	0.028	-0.015	0.041	**
13-18 months	-0.247 **	0.028	-0.059	0.040	**
19-24 months	-0.371 **	0.022	-0.078 *	0.034	**
More than 1 Spell in Previous Two Years[1]	0.249 **	0.019	0.040	0.024	**
Unemployment Rate in County of Residence[2]	-0.013	0.011	0.048 **	0.015	**
Constant Term	-2.052 **	0.121	-0.153	0.148	**
Log Likelihood	-20003.4		-11762.0		

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

TABLE 3
Earnings and Work Experience of Leavers in Year After Exit (1998 Dollars)

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

TABLE 4
Probit Estimates of the Probability of Working All Four Quarters in the Year After Exit (Leavers Only)

	1995 Cohort		1997 Cohort		1995 and 1997
	Coefficient	Std. Error	Coefficient	Std. Error	Cohorts Different
Casehead's Age					
Age	0.034	0.018	0.017	0.016	
Age Squared	0.000	0.000	0.000	0.000	
Education (Compared to Less than a High School Degree)					
High school graduate	0.114 **	0.037	0.152 **	0.034	
More than high school graduate	0.186 **	0.049	0.234 **	0.051	
Race (Compared to White)					
African American	-0.095	0.053	-0.111 *	0.045	
Hispanic	-0.029	0.071	-0.007	0.064	
Other	-0.133	0.086	0.123	0.077	*
Number of Own and Foster Children (Compared to One)					
Two	0.005	0.040	-0.002	0.042	
Three or more	0.050	0.049	0.037	0.046	
Age of Youngest Child (Compared to Less Than One)					
One	0.037	0.063	-0.008	0.049	
Two	-0.016	0.065	0.004	0.059	
Three to Five	-0.080	0.058	-0.069	0.049	
Six to Eleven	-0.011	0.066	-0.061	0.056	
Twelve to Eighteen	-0.118	0.084	-0.117	0.082	
Other Adults in Household	-0.015	0.038	0.014	0.038	
Other Children in Household	0.091	0.060	-0.084	0.055	*
At Least One Child on SSI	-0.292 **	0.071	-0.232 **	0.058	
County of Residence (Compared to Other Urban Counties)					
Milwaukee	0.204 **	0.072	0.095	0.068	
Rural counties	-0.102 *	0.045	-0.201 **	0.056	
Number of Quarters with Earnings in Previous Two Years[1] (Compared to zero)					
1-3 quarters	0.345 **	0.063	0.328 **	0.058	
4-7 quarters	0.561 **	0.063	0.599 **	0.059	
8 quarters	0.980 **	0.072	1.059 **	0.073	
Percent of Female Headed Households in Zipcode of Residence	-0.131	0.163	-0.249	0.131	
Number of Months Received Welfare in Previous Two Years[1] (Compared to 6 months or less)					
7-12 months	0.021	0.060	0.060	0.060	
13-18 months	0.140 *	0.060	0.129 *	0.061	
19-24 months	0.177 **	0.049	0.163 **	0.052	
More than 1 Spell in Previous Two Years[1]	-0.061	0.040	-0.117 **	0.038	
Unemployment Rate in County of Residence[2]	-0.054 *	0.025	-0.007	0.021	
Not Working in Quarter of Exit	-1.246 **	0.070	-1.191 **	0.059	
Industry of Job in Quarter of Exit (Compared to Temporary Agency)					
Business services	0.180 *	0.089	-0.029	0.068	
Durable manufacturing	0.343 **	0.086	0.310 **	0.093	
Financial, insurance, real estate	0.662 **	0.125	0.289 *	0.130	*
Health services	0.401 **	0.075	0.272 **	0.067	
Hotels/lodging	0.203	0.115	0.249 *	0.104	
Non durable manufacturing	0.348 **	0.092	0.284 **	0.094	
Other industries	0.239 *	0.121	0.146	0.125	
Personal services	0.339 **	0.130	0.229	0.127	
Restaurants	0.220 **	0.076	0.089	0.063	
Retail trade	0.177 *	0.072	0.121 *	0.060	
Social services, public administration, education	0.533 **	0.074	0.409 **	0.065	
Transportation, communication, public utilities	0.574 **	0.113	0.458 **	0.109	
Wholesale trade	0.353 **	0.122	0.329 *	0.129	
More Than One Employer in Quarter of Exit	0.165 **	0.041	0.062	0.037	
Constant Term	-0.892 **	0.304	-0.649 *	0.256	**
Log Likelihood	-3995.1		-4443.2		

* Statistically significant at the 5% level.

** Statistically significant at the 1% level.

Note: Model also controls for missing race and percent of female headed households variables.

[1] October, 1993 through September, 1995 for the 1995 cohort, and October 1995 through September, 1997 for the 1997 cohort.

[2] September, 1995 for the 1995 cohort and September, 1997 for the 1997 cohort.

TABLE 5
OLS Estimates of Gross Earnings in the Year After Exit (Leavers with Earnings in Year After Exit Only)

	1995 Cohort		1997 Cohort		1995 and 1997
	Coefficient	Std. Error	Coefficient	Std. Error	Cohorts Different
Casehead's Age					
Age	336.7 **	80.3	103.3	68.0	*
Age Squared	-4.5 **	1.2	-0.6	1.0	*
Education (Compared to Less than a High School Degree)					
High school graduate	1,077.3 **	159.0	1,295.4 **	147.7	
More than high school graduate	2,582.6 **	205.6	2,710.6 **	219.6	
Race (Compared to White)					
African American	261.7	223.5	66.0	194.1	
Hispanic	523.5	311.8	547.4 *	278.5	
Other	757.2 *	377.3	1,745.5 **	335.7	
Number of Own and Foster Children (Compared to One)					
Two	339.8 *	170.0	281.0	180.8	
Three or more	908.6 **	207.6	484.8 *	199.4	
Age of Youngest Child (Compared to Less Than One)					
One	38.2	268.7	281.2	214.6	
Two	-277.9	277.4	516.6 *	255.8	*
Three to Five	-658.1 **	250.3	-419.8 *	212.6	
Six to Eleven	-260.4	278.7	-255.2	240.6	
Twelve to Eighteen	-763.5 *	356.5	-498.6	357.5	
Other Adults in Household	-230.8	162.7	134.0	164.9	
Other Children in Household	40.7	255.8	-24.2	239.1	
At Least One Child on SSI	-1,763.8 **	305.0	-1,073.2 **	254.5	
County of Residence (Compared to Other Urban Counties)					
Milwaukee	2,226.4 **	307.6	1,924.6 **	293.9	
Rural counties	-939.5 **	190.1	-709.4 **	246.0	
Number of Quarters with Earnings in Previous Two Years[1] (Compared to zero)					
1-3 quarters	430.9	295.5	211.1	266.9	
4-7 quarters	658.2 *	294.9	722.4 **	270.1	
8 quarters	2,340.5 **	323.6	2,723.1 **	313.6	
Percent of Female Headed Households in Zipcode of Residence	-2,505.1 **	684.5	-2,057.9 **	558.8	
Number of Months Received Welfare in Previous Two Years[1] (Compared to 6 months or less)					
7-12 months	-56.3	257.6	-114.8	258.8	
13-18 months	-88.7	256.7	-376.3	264.6	
19-24 months	-108.4	213.2	-433.8	224.9	
More than 1 Spell in Previous Two Years[1]	-416.4 *	168.6	-422.0 *	164.9	
Unemployment Rate in County of Residence[2]	-307.9 **	106.8	-242.7 **	88.1	
Not Working in Quarter of Exit	-3,455.8 **	317.9	-3,665.5 **	261.6	
Industry of Job in Quarter of Exit (Compared to Temporary Agency)					
Business services	1,416.1 **	389.5	-103.4	306.5	**
Durable manufacturing	3,243.7 **	371.7	3,999.2 **	400.2	
Financial, insurance, real estate	3,788.1 **	485.1	3,432.6 **	544.4	
Health services	2,757.7 **	317.6	1,892.7 **	287.5	*
Hotels/lodging	-596.3	500.4	-1,030.6 *	446.8	
Non durable manufacturing	2,972.4 **	391.0	2,543.5 **	402.0	
Other industries	543.5	522.9	-1,044.2	547.4	*
Personal services	433.2	552.0	280.0	534.1	
Restaurants	-691.3 *	331.7	-1,295.3 **	274.1	
Retail trade	-380.8	315.6	-675.2 **	260.0	
Social services, public administration, education	2,260.1 **	313.3	1,839.8 **	273.9	
Transportation, communication, public utilities	2,417.7 **	441.2	1,468.9 **	437.4	
Wholesale trade	1,227.2 *	509.5	1,464.2 **	537.5	
More Than One Employer in Quarter of Exit	430.6 **	165.1	-354.9 *	155.1	**
Constant Term	2,017.8	1,321.2	4,666.8 **	1,121.0	
R-square	0.2437				

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

TABLE 6
Benefit Receipt of Leavers in Year After Exit (1998 Dollars)

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

TABLE 7
Income Levels of the AFDC - Regular/W-2 Caseload during Year after Exit from AFDC

	Earnings	After Tax Earnings	After Tax Earnings Plus Assistance[1]
All Leavers (4th Q 1995 N=8,042)			
More than Same Measure in Qtr before Exit	61.1	59.8	35.3
More than the Poverty Line	21.7	30.2	37.3
More than 150% of the Poverty Line	6.0	5.0	5.9
All Leavers (4th Q 1997 N=8,162)			
More than Same Measure in Qtr before Exit	64.8	62.8	36.3
More than the Poverty Line	13.4	17.8	25.8
More than 150% of the Poverty Line	3.5	3.1	3.7

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

TABLE 8
Probit Estimates of the Probability of Having After-Tax Income Over the Poverty Line in the Year After Exit (Leavers Only)

	1995 Cohort		1997 Cohort		1995 and 1997
	Coefficient	Std. Error	Coefficient	Std. Error	Cohorts Different
Casehead's Age					
Age	0.034	0.019	0.000	0.017	
Age Squared	0.000	0.000	0.000	0.000	
Education (Compared to Less than a High School Degree)					
High school graduate	0.189 **	0.038	0.313 **	0.037	*
More than high school graduate	0.443 **	0.048	0.499 **	0.053	
Race (Compared to White)					
African American	0.191 **	0.052	0.033	0.048	*
Hispanic	0.237 **	0.072	0.105	0.068	
Other	0.037	0.090	0.174 *	0.086	
Number of Own and Foster Children (Compared to One)					
Two	-0.115 **	0.040	0.187 **	0.043	**
Three or more	-0.564 **	0.050	-0.331 **	0.050	**
Age of Youngest Child (Compared to Less Than One)					
One	0.001	0.064	0.072	0.054	
Two	-0.012	0.066	0.152 *	0.063	
Three to Five	-0.111	0.060	0.029	0.054	
Six to Eleven	0.000	0.066	0.069	0.060	
Twelve to Eighteen	-0.117	0.084	0.054	0.087	
Other Adults in Household	-0.093 *	0.039	-0.054	0.042	
Other Children in Household	-0.014	0.061	0.027	0.060	
At Least One Child on SSI	-0.621 **	0.080	-0.504 **	0.072	
County of Residence (Compared to Other Urban Counties)					
Milwaukee	0.506 **	0.073	0.592 **	0.081	
Rural counties	-0.157 **	0.046	-0.219 **	0.066	
Number of Quarters with Earnings in Previous Two Years[1] (Compared to zero)					
1-3 quarters	0.339 **	0.071	0.139 *	0.069	*
4-7 quarters	0.419 **	0.071	0.236 **	0.069	
8 quarters	0.818 **	0.077	0.630 **	0.079	
Percent of Female Headed Households in Zipcode of Residence	-0.511 **	0.160	-0.311 *	0.135	
Number of Months Received Welfare in Previous Two Years[1] (Compared to 6 months or less)					
7-12 months	-0.016	0.061	-0.012	0.064	
13-18 months	0.089	0.060	-0.130 *	0.066	*
19-24 months	0.129 **	0.050	-0.045	0.055	*
More than 1 Spell in Previous Two Years[1]	-0.030	0.040	-0.027	0.041	
Unemployment Rate in County of Residence[2]	-0.079 **	0.026	-0.060 *	0.025	
Not Working in Quarter of Exit	-1.134 **	0.075	-1.048 **	0.070	
Industry of Job in Quarter of Exit (Compared to Temporary Agency)					
Business services	0.246 **	0.090	-0.036	0.075	*
Durable manufacturing	0.518 **	0.086	0.462 **	0.094	
Financial, insurance, real estate	0.586 **	0.118	0.761 **	0.128	
Health services	0.491 **	0.074	0.362 **	0.069	
Hotels/lodging	-0.025	0.115	-0.092	0.115	
Non durable manufacturing	0.570 **	0.090	0.333 **	0.096	
Other industries	0.095	0.122	-0.244	0.142	
Personal services	0.126	0.127	0.100	0.127	
Restaurants	-0.129	0.077	-0.265 **	0.070	
Retail trade	-0.028	0.073	-0.069	0.064	
Social services, public administration, education	0.405 **	0.073	0.320 **	0.066	
Transportation, communication, public utilities	0.347 **	0.103	0.229 *	0.103	
Wholesale trade	0.217	0.118	0.320 *	0.127	
More Than One Employer in Quarter of Exit	0.041	0.039	-0.062	0.038	
Constant Term	-1.097 **	0.309	-0.872 **	0.280	**
Log Likelihood	-4034.3		-3789.9		

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

TABLE 9
Earnings and Work Experience of Leavers in Three Years After Exit (1998 Dollars)

	First Year After Exit	Second Year After Exit	Third Year After Exit	Over Three Years After Exit
All Leavers (4th Q 1995 N=8,042)				
Percent with Earnings	81.1	78.5	76.9	87.8
Among Those Working in Year				
Mean Earnings	$9,108	$10,294	$11,450	$27,644
Median Earnings	$8,608	$9,627	$10,924	$25,328
Number of Employers				
One Employer	41.1	42.1	44.7	17.1
Two Employers	29.1	28.1	26.7	18.1
More than Two Employers	29.8	29.8	28.6	64.9
Mean Number of Quarters Worked	3.0	3.2	3.3	8.0
Percent Continuously Employed	66.2	69.7	71.1	41.8
Percent Continuously Employed by Same Employer	42.4	44.7	45.3	14.2

TABLE 10
Benefit Receipt of Leavers in Three Years After Exit (1998 Dollars)

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

TABLE 11
Income Levels of the AFDC - Regular Caseload during the Three Years after Exit from AFDC

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

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

TABLE 12
Simulations of Probabilities for Women with Differing Barriers to Work

	Likelihood of Leaving Welfare		Likelihood of Consistent Employment in Year After Exit		Likelihood of Own Income Above Poverty Line in Year After Exit	
Case	1995 Cohort	1997 Cohort	1995 Cohort	1997 Cohort	1995 Cohort	1997 Cohort
High Barrier Woman in Milwaukee	0.021	0.102	0.272	0.280	0.062	0.065
Low Barrier Woman in Milwaukee	0.405	0.622	0.741	0.782	0.704	0.671
High Barrier Woman in Other Urban County	0.040	0.378	0.252	0.271	0.039	0.030
Low Barrier Woman in Other Urban County	0.512	0.916	0.720	0.774	0.621	0.531
High Barrier Woman in Rural County	0.051	0.397	0.215	0.209	0.027	0.016
Low Barrier Woman in Rural County	0.560	0.923	0.678	0.709	0.554	0.427

Notes: High barrier is defined as age 22, <12 years education, African-American, 3 children, youngest child age 1, no other household members, child on SSI, no work in previous two years, received welfare 19-24 months in previous two years, mean percent of female headed households and unemployment rate, worked in a temporary agency in quarter of exit.
Low barrier is defined as age 29, >12 years education, white, 1 child, youngest child age 12-18, no other household members, no children on SSI, worked 8 quarters in previous two years, received welfare 6 months or less in previous two years, mean percent of female headed households and unemployment rate, worked in a temporary agency in quarter of exit.

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

	1995			1997		
	Milwaukee	Other Urban	Rural	Milwaukee	Other Urban	Rural
Total (N)	27,096	14,676	7,833	15,444	3,643	1,521
Casehead's Age						
18-24	35.1	38.0	35.5	36.8	40.1	36.8
25-29	24.3	23.6	22.4	23.3	19.9	19.7
30-39	32.8	30.6	33.0	30.9	29.6	31.2
40+	7.9	7.9	9.2	9.1	10.5	12.3
Education						
<11 Years	28.7	19.4	17.9	31.2	25.1	21.2
11 years	22.4	17.1	13.0	26.5	21.9	17.1
12 Years	37.8	45.1	51.5	34.0	40.2	47.3
>12 Years	11.1	18.5	17.6	8.3	12.9	14.3
Race						
White	15.9	62.7	83.2	11.6	46.5	71.0
African American	65.9	20.2	0.9	68.7	31.4	1.3
Hispanic	9.2	5.7	2.1	9.3	6.9	2.8
Other	2.2	5.2	10.8	2.0	7.6	18.4
Unknown	6.9	6.1	3.1	8.4	7.7	6.5
Number of Own and Foster Children						
1	33.7	44.4	47.1	30.5	39.5	44.1
2	30.2	28.9	29.6	29.3	27.4	29.2
3+	36.1	26.7	23.3	40.1	33.2	26.7
Age of Youngest Child						
<1	17.4	20.0	19.4	20.6	32.1	33.2
1	16.8	17.6	17.1	18.0	17.3	15.8
2	12.9	13.5	12.6	12.1	9.2	6.8
3 to 5	24.3	24.1	23.8	23.0	17.9	17.0
6 to 11	20.4	18.0	18.8	19.0	16.8	18.7
12 to 18	8.2	6.8	8.3	7.4	6.6	8.4
Other Household Members						
Other Children Only	3.3	1.8	1.4	4.4	2.8	2.4
Other Adults Only	16.5	26.5	26.2	17.0	23.9	22.5
Other Adults and Other Children	5.4	9.5	10.9	7.1	8.1	10.3
Child on SSI	11.1	7.9	4.4	12.7	9.6	5.2
Start of Current Spell[1]						
0-3 months ago	10.2	18.9	22.9	15.9	17.3	27.8
4-6 months ago	5.3	8.2	9.3	8.9	12.3	13.0
7-9 months ago	3.9	6.3	7.8	5.9	9.5	9.4
10-12 months ago	3.6	5.5	5.3	4.7	7.3	6.9
13-18 months ago	6.1	8.4	7.9	6.1	7.6	6.9
19-24 months ago	5.6	6.9	6.4	4.4	5.1	5.1
more than 24 months ago	65.4	45.8	40.5	54.1	40.9	31.0
Number of Months Received Welfare in the Two Years Prior to September 1995 and 1997[1]						
6 months or less	6.6	13.3	15.9	5.7	14.6	23.2
7-12 months	6.6	11.8	12.9	7.7	13.6	16.0
13-18 months	9.3	14.8	16.0	13.7	16.2	17.0
19-24 months	77.6	60.2	55.3	72.8	55.6	43.9
Number of Quarters with Earnings in the Two Years Prior to September 1995 and 1997[1]						
None	29.5	29.3	26.8	22.4	22.9	20.9
1-3 quarters	31.9	32.1	31.3	34.0	36.0	34.7
4-7 quarters	29.2	29.6	31.7	34.0	32.7	35.4
8 quarters	10.5	9.1	10.3	9.6	8.5	9.0
Total Earnings in the Two Years Prior to September 1995 and 1997[1]						
<$500	40.7	39.0	35.0	33.6	34.4	29.9
$500-$2,499	18.7	18.8	18.4	21.3	23.4	22.3
$2,500-$7,499	19.6	21.6	23.4	24.0	24.3	22.9
$7,500 or more	21.1	20.7	23.2	21.2	17.9	24.9

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

APPENDIX TABLE 2
Percentage of Leavers, by Recipient Characteristics (Cases active in September 1995 and September 1997)

	1995			1997		
	Milwaukee	Other Urban	Rural	Milwaukee	Other Urban	Rural
Total (N)	27,096	14,676	7,833	15,444	3,643	1,521
Number of Leavers	3,124	2,950	1,968	4,517	2,513	1,132
Percentage of Leavers	11.5	20.1	25.1	29.2	69.0	74.4
Casehead's Age						
18-24	8.7	18.9	25.6	28.5	71.7	77.5
25-29	11.5	21.8	24.2	31.4	74.6	77.6
30-39	13.7	20.5	25.6	29.4	66.8	73.1
40+	15.3	19.3	23.5	26.4	54.1	63.6
Education						
<11 Years	9.2	16.7	23.1	25.2	62.6	70.3
11 years	8.4	17.8	23.4	25.2	69.9	69.6
12 Years	13.5	21.4	26.1	33.4	70.3	76.7
>12 Years	17.2	22.6	25.7	40.2	75.9	78.9
Race						
White	14.2	21.9	25.9	45.9	71.0	75.5
African American	10.8	17.1	11.6	26.1	69.7	95.0
Hispanic	12.6	21.0	34.1	33.8	71.6	85.7
Other	11.3	10.8	18.4	30.4	53.1	65.7
Unknown	11.2	19.1	26.6	26.9	66.8	78.8
Number of Own and Foster Children						
1	14.0	22.7	27.3	29.8	69.0	73.0
2	11.9	20.1	26.2	31.2	69.3	73.9
3+	8.9	15.8	19.4	27.5	68.7	77.3
Age of Youngest Child						
<1	6.9	17.7	22.2	28.1	75.5	81.2
1	8.7	16.4	22.7	27.2	70.5	76.4
2	9.8	21.2	25.0	28.0	70.5	71.2
3 to 5	12.7	21.0	27.1	31.0	64.0	71.8
6 to 11	14.8	22.7	26.2	30.7	64.8	69.4
12 to 18	18.0	24.6	29.6	30.3	55.8	63.3
Other Household Members						
Other Children Only	7.7	16.8	30.0	21.5	71.6	72.2
Other Adults Only	13.0	20.5	24.0	29.2	67.6	74.6
Other Adults and Other Children	9.6	21.3	26.2	24.9	76.4	83.3
Child on SSI	8.7	15.3	20.8	23.1	61.0	59.5
Start of Current Spell[1]						
0-3 months ago	26.8	31.6	36.6	38.9	69.1	74.3
4-6 months ago	20.9	26.5	31.3	35.1	71.5	78.4
7-9 months ago	14.3	23.4	28.5	30.6	71.3	78.1
10-12 months ago	16.6	21.6	25.3	32.2	67.9	76.3
13-18 months ago	12.4	18.5	21.9	29.4	75.5	67.7
19-24 months ago	10.1	16.4	20.1	31.2	66.9	69.6
more than 24 months ago	8.7	15.0	18.0	26.0	65.9	74.1
Number of Months Received Welfare in the Two Years Prior to September 1995 and 1997[1]						
6 months or less	20.3	28.9	33.5	41.7	71.4	79.3
7-12 months	18.2	25.8	31.5	36.4	70.9	75.1
13-18 months	19.2	24.4	29.8	33.9	71.9	75.7
19-24 months	9.9	16.4	19.9	27.5	66.3	71.4
Number of Quarters with Earnings in the Two Years Prior to September 1995 and 1997[1]						
None	5.7	10.6	13.4	15.6	49.5	59.5
1-3 quarters	10.0	19.2	24.8	28.1	70.4	75.7
4-7 quarters	15.1	26.2	30.7	35.2	76.8	79.0
8 quarters	27.2	36.6	39.4	50.3	80.7	87.7
Total Earnings in the Two Years Prior to September 1995 and 1997[1]						
<$500	5.6	11.5	15.2	17.1	54.1	64.0
$500-$2,499	8.4	18.4	23.6	26.8	73.2	76.8
$2,500-$7,499	14.1	24.7	30.6	36.0	77.7	81.0
$7,500 or more	25.4	34.3	35.8	46.0	78.0	79.3

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

APPENDIX TABLE 3
Probit Estimates of the Probability of Working in the Year After Exit (Leavers Only)

	1995 Cohort		1997 Cohort		1995 and 1997
	Coefficient	Std. Error	Coefficient	Std. Error	Cohorts Different
Casehead's Age					
Age	-0.014	0.022	-0.038 *	0.018	
Age Squared	0.000	0.000	0.000	0.000	
Education (Compared to Less than a High School Degree)					
High school graduate	0.015	0.048	0.068	0.046	
More than high school graduate	0.064	0.064	0.142 *	0.068	
Race (Compared to White)					
African American	-0.187 **	0.067	-0.159 **	0.060	
Hispanic	-0.213 *	0.085	-0.248 **	0.079	
Other	-0.113	0.106	-0.071	0.095	
Number of Own and Foster Children (Compared to One)					
Two	-0.011	0.052	0.030	0.055	
Three or more	-0.013	0.061	0.030	0.059	
Age of Youngest Child (Compared to Less Than One)					
One	0.069	0.077	-0.015	0.066	
Two	-0.003	0.081	-0.018	0.080	
Three to Five	-0.033	0.073	-0.045	0.065	
Six to Eleven	0.075	0.082	0.033	0.073	
Twelve to Eighteen	0.026	0.105	0.016	0.101	
Other Adults in Household	0.021	0.049	0.056	0.050	
Other Children in Household	0.015	0.073	-0.160 *	0.068	
At Least One Child on SSI	0.009	0.087	-0.137	0.071	
County of Residence (Compared to Other Urban Counties)					
Milwaukee	0.103	0.090	-0.162	0.089	*
Rural counties	0.062	0.058	-0.183 **	0.071	**
Number of Quarters with Earnings in Previous Two Years[1] (Compared to zero)					
1-3 quarters	0.453 **	0.057	0.517 **	0.055	
4-7 quarters	0.760 **	0.061	0.764 **	0.061	
8 quarters	1.205 **	0.097	1.033 **	0.102	
Percent of Female Headed Households in Zipcode of Residence	-0.220	0.208	-0.011	0.177	
Number of Months Received Welfare in Previous Two Years[1] (Compared to 6 months or less)					
7-12 months	0.165 *	0.073	0.069	0.077	
13-18 months	0.265 **	0.077	0.134	0.080	
19-24 months	0.311 **	0.058	0.248 **	0.066	
More than 1 Spell in Previous Two Years[1]	0.009	0.053	0.036	0.051	
Unemployment Rate in County of Residence[2]	-0.059	0.031	0.064 *	0.026	**
Not Working in Quarter of Exit	-1.191 **	0.088	-1.325 **	0.079	
Industry of Job in Quarter of Exit (Compared to Temporary Agency)					
Business services	0.243	0.138	-0.364 **	0.103	**
Durable manufacturing	0.373 **	0.138	-0.037	0.149	*
Financial, insurance, real estate	1.210 **	0.368	0.017	0.224	**
Health services	0.700 **	0.137	0.285 *	0.129	*
Hotels/lodging	0.147	0.177	0.194	0.189	
Non durable manufacturing	0.347 *	0.149	0.241	0.171	
Other industries	0.320	0.203	-0.184	0.189	
Personal services	0.189	0.199	0.160	0.232	
Restaurants	0.155	0.115	0.073	0.110	
Retail trade	0.368 **	0.117	0.117	0.105	
Social services, public administration, education	0.781 **	0.138	0.280 *	0.116	**
Transportation, communication, public utilities	0.613 **	0.213	0.276	0.220	
Wholesale trade	0.523 *	0.237	0.403	0.274	
More Than One Employer in Quarter of Exit	0.438 **	0.087	0.309 **	0.071	
Constant Term	1.104 **	0.368	1.500 **	0.311	**
Log Likelihood	-2262.1		-2354.1		

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

APPENDIX TABLE 4

Probit Estimates of the Probability of Having After-Tax Income Over the Poverty Line in the First and Third Year After Exit (1995 Leavers Only)

	First Year		Third Year	
	Coefficient	Std. Error	Coefficient	Std. Error
Casehead's Age				
Age	0.034	0.019	0.021	0.017
Age Squared	0.000	0.000	0.000	0.000
Education (Compared to Less than a High School Degree)				
High school graduate	0.189 **	0.038	0.210 **	0.035
More than high school graduate	0.443 **	0.048	0.390 **	0.045
Race (Compared to White)				
African American	0.191 **	0.052	0.141 **	0.049
Hispanic	0.237 **	0.072	0.083	0.067
Other	0.037	0.090	0.063	0.083
Number of Own and Foster Children (Compared to One)				
Two	-0.115 **	0.040	-0.094 *	0.037
Three or more	-0.564 **	0.050	-0.488 **	0.046
Age of Youngest Child (Compared to Less Than One)				
One	0.001	0.064	-0.024	0.059
Two	-0.012	0.066	-0.074	0.061
Three to Five	-0.111	0.060	-0.069	0.055
Six to Eleven	0.000	0.066	0.018	0.061
Twelve to Eighteen	-0.117	0.084	-0.006	0.078
Other Adults in Household	-0.093 *	0.039	-0.008	0.036
Other Children in Household	-0.014	0.061	0.001	0.056
At Least One Child on SSI	-0.621 **	0.080	-0.359 **	0.071
County of Residence (Compared to Other Urban Counties)				
Milwaukee	0.506 **	0.073	0.283 **	0.068
Rural counties	-0.157 **	0.046	-0.125 **	0.042
Number of Quarters with Earnings in Previous Two Years[1] (Compared to zero)				
1-3 quarters	0.339 **	0.071	0.290 **	0.059
4-7 quarters	0.419 **	0.071	0.456 **	0.059
8 quarters	0.818 **	0.077	0.853 **	0.067
Percent of Female Headed Households in Zipcode of Residence	-0.511 **	0.160	-0.289	0.150
Number of Months Received Welfare in Previous Two Years[1] (Compared to 6 months or less)				
7-12 months	-0.016	0.061	0.092	0.056
13-18 months	0.089	0.060	0.179 **	0.056
19-24 months	0.129 **	0.050	0.196 **	0.046
More than 1 Spell in Previous Two Years[1]	-0.030	0.040	-0.045	0.038
Unemployment Rate in County of Residence[2]	-0.079 **	0.026	-0.040	0.024
Not Working in Quarter of Exit	-1.134 **	0.075	-0.575 **	0.068
Industry of Job in Quarter of Exit (Compared to Temporary Agency)				
Business services	0.246 **	0.090	0.142	0.088
Durable manufacturing	0.518 **	0.086	0.338 **	0.084
Financial, insurance, real estate	0.586 **	0.118	0.402 **	0.114
Health services	0.491 **	0.074	0.268 **	0.073
Hotels/lodging	-0.025	0.115	0.022	0.113
Non durable manufacturing	0.570 **	0.090	0.164	0.089
Other industries	0.095	0.122	-0.028	0.120
Personal services	0.126	0.127	0.024	0.125
Restaurants	-0.129	0.077	-0.130	0.075
Retail trade	-0.028	0.073	-0.059	0.072
Social services, public administration, education	0.405 **	0.073	0.265 **	0.072
Transportation, communication, public utilities	0.347 **	0.103	0.273 **	0.103
Wholesale trade	0.217	0.118	0.095	0.116
More Than One Employer in Quarter of Exit	0.041	0.039	0.027	0.038
Constant Term	-1.097 **	0.309	-0.939 **	0.285
Log Likelihood	-4034.3		-4652.4	

* Statistically significant at the 5% level.

** Statistically significant at the 1% level.

Note: Model also controls for missing race and percent of female headed households variables.

[1] October, 1993 through September, 1995.

[2] September, 1995