

# Discussion Papers

Helping Women Stay  
Off Welfare:  
The Role of Post-Exit  
Receipt of Work Supports

Gregory Acs  
Pamela Loprest

*The Urban Institute*

07-04

August  
2007



Assessing  
the New  
Federalism

*An Urban Institute  
Program to Assess  
Changing Social  
Policies*

*Assessing the New Federalism* is a multiyear effort to monitor and assess the devolution of social programs from the federal government to the state and local levels. In collaboration with Child Trends, the project studies changes in family well-being.

Key components of the project include a household survey and studies of policies in 13 states, available at the Urban Institute's web site, <http://www.urban.org>. This paper is one in a series of discussion papers analyzing information from these and other sources.

The *Assessing the New Federalism* project is currently supported by The Annie E. Casey Foundation and The John D. and Catherine T. MacArthur Foundation

This paper was funded by a grant from the Annie E. Casey Foundation to the Urban Institute's *Assessing the New Federalism* project. The authors thank Sandra Danziger, Julia Isaacs, Caroline Ratcliffe, and Sheila Zedlewski for their helpful comments and Sandi Nelson and Justin Resnick for their assistance with the data analysis and production of this paper.

The nonpartisan Urban Institute publishes studies, reports, and books on timely topics worthy of public consideration. The views expressed are those of the authors and should not be attributed to the Urban Institute, its trustees, its funders, or other authors in the series.

Publisher: The Urban Institute, 2100 M Street, NW, Washington, DC 20037

Copyright © 2007. Permission is granted for reproduction of this document, with attribution to the Urban Institute.

## Contents

Background	2
Data and Methods	6
Results	12
Discussion	20
References	25
Tables	27
Appendix A	37

## **Abstract**

This paper assesses the role of work support programs (specifically, food stamps and Medicaid) and other factors in reducing welfare reentry and promoting stable employment among women exiting the TANF program. Using data from the 1996 and 2001 panels of the Survey of Income and Program Participation, the paper finds that welfare leavers who use food stamps as a transitional support when they leave TANF are less likely to return to TANF and more likely to be stably employed (for the year after exit) than women who do not receive food stamps when they exit welfare.

## **Helping Women Stay Off Welfare: The Role of Post-Exit Receipt of Work Supports**

Over the past decade, millions of families have left welfare for work, and millions more have toiled in low-paying jobs struggling to stay off welfare. Studies show that about one-quarter of the women heading families that leave welfare for work end up returning to welfare within a year of exit, and every year some families enter welfare for the first time (Acs and Loprest 2004). “Work support” programs targeted at welfare leavers and low-income working families seek to increase the economic security of working families and help them stay off welfare. These programs include food stamps, health insurance assistance (Medicaid and SCHIP), child care, the earned income tax credit (EITC), and others.

This paper uses data from the 1996 and 2001 panels of the Survey of Income and Program Participation (SIPP) to assess how many women leaving welfare use these work-support programs and whether they effectively keep families off welfare. It also assesses how strongly job-specific factors, individual and family characteristics (e.g., age, education, family size), and state welfare policies influence welfare reentry. Gaining a better understanding of what helps keep families off welfare and whether these factors have changed since the early years of welfare reform will help policymakers better design and target programs aimed at supporting work.

Food stamps can help women make lasting exits from welfare and remain stably employed. Specifically, women who use food stamps as a transitional benefit—that is, they receive food stamps when they exit TANF but subsequently exit the Food Stamp program—are less likely to return to welfare than women who do not receive food stamps when they exit TANF. Being enrolled in Medicaid in the month of exit is not associated with lower rates of

return to welfare. In addition, women with high school degrees, whites, those without work-limiting disabilities, and those living in states with lower TANF benefits are also less likely to return to TANF than other women.

## **Background**

A considerable body of research examines the factors associated with exits from welfare, and there is growing interest in welfare entry. Fewer papers focus on welfare reentry, particularly during the TANF era. Because the factors that help move families off welfare are likely related to the factors that reduce reentry, we briefly discuss research on welfare exits. We then turn to work on welfare entry in general and reentry in particular.

Most research on welfare exits dates back to the Aid to Families with Dependent Children (AFDC) program and uses longitudinal or administrative data from the 1970s and 1980s (Bane and Ellwood 1983; Blank 1989; Ellwood 1986; Engberg, Gottschalk, and Wolf 1990; Fitzgerald 1991; Hutchens 1981; Meyer 1993; O'Neill, Bassi, and Wolf 1987; Plotnick 1983). Acs and Loprest (1999) use longitudinal data from the early 1990s, and two recent studies examine exit rates during the mid-1990s (Hofferth, Stanhope, and Harris 2002; Ribar 2005). In general, this body of research concludes that women with less education and more children are less likely to exit welfare and have longer welfare spells. Older women are more likely to exit AFDC, as are women who are not disabled. Having some previous work experience increases the probability that a woman will exit welfare. Many studies find that nonwhite or black women have lower exit rates than white women. In addition, the amount of child support received is positively associated with leaving welfare, at least in Wisconsin (Meyer 1993).

Many studies also assess the influence of state welfare policies on welfare exits. During the mid- and late 1990s, states implemented significant welfare policy changes under AFDC

waivers and as a result of welfare reform. These changes include the imposition of time limits, work requirements, sanctions and family caps, as well as changes in earned income disregards. Ribar (2005) finds that during the period of state waivers (before welfare reform) higher maximum welfare benefits reduce the likelihood of exiting welfare. Using the Panel Study of Income Dynamics (PSID), Hofferth and colleagues (2002) examine the influence of other welfare policy indicators on welfare exit rates and find that generous earnings disregards reduce the probability that a woman leaves welfare and extend the average welfare spell length, while state requirements that mothers of very young children work increase the probability that a woman leaves welfare.

There is also a body of research on the correlates of welfare entry. Research on welfare entry using data from the 1970s finds that younger women and women with a work-limiting disability are more likely to begin participating in AFDC (Plotnick 1983). In addition, higher wage rates and other income reduce the likelihood that a woman will enter AFDC (Hutchens 1981; Plotnick 1983).<sup>1</sup> And larger AFDC guarantees are associated with higher entry rates. Using a more sophisticated analytic method and Survey of Income and Program Participation (SIPP) data from the late 1980s, Blank and Ruggles (1996) examine spells of eligibility for AFDC. Although not explicitly an “entry” analysis, Blank and Ruggles estimate a model in which a woman who is eligible for AFDC can either start receiving AFDC or become ineligible

---

<sup>1</sup> Hutchens (1981) uses annual data from the PSID to examine transitions on and off welfare in 1970 and 1971. To measure wage rate, he uses a five-year average of hourly wages. For women with no earnings over the five years, he sets their wage to 0 and a variable, no earnings, to 1. Plotnick (1983) uses monthly data from the control group of the Denver Income Maintenance Experiment (DIME) to study welfare transitions from 1971 through 1974. Since many women in his sample do not report a wage, Plotnick imputes wages using a two-step Heckman procedure.

for benefits.<sup>2</sup> Never-married, black, and disabled women are more likely to end an eligibility spell by entering AFDC than white, ever married, nondisabled women.

More recent work has incorporated the potential effects of welfare reform policies on welfare entry. These more recent studies tend to find that benefit levels affect entry (Acs, Ross Phillips, and Nelson 2005; Grogger 2004; Ribar 2005), but they do not consistently find that reform policies have affected entry. For example, focusing on the presence of any state waivers to AFDC, Gittleman (2001) finds that through 1995, women living in states with waivers are more likely to enter welfare. Ribar (2005), however, concludes that waiver policies, in general, have little impact on welfare entry rates. Acs and colleagues (2005) find that the introduction of new policies like time limits, full-family sanctions, and family caps under welfare reform account for part of the drop in welfare entry rates during the 1990s. Similarly, the expansion of the EITC during the 1990s is associated with declines in welfare entry (Grogger 2004).

Research on welfare reentry is far less extensive than research on entry and exit, and there is little information specifically on the role of work support programs in reentry. Estimates of reentry rates vary considerably across studies examining different periods and using different data sources. In the pre-welfare reform era, Blank and Ruggles (1994), using SIPP data, find that a little over 20 percent of welfare leavers return over a two-year period. In contrast, Harris (1996), using the PSID, finds that over 40 percent of leavers return within two years and nearly 60 percent return within six years of exit. Ellwood (1986), also using the PSID, finds that about 40 percent of women leaving welfare return to the program. Loprest (2002), using NSAF data for the post-welfare reform period, finds that approximately 20 percent of welfare leavers return over a two-year period. Studies for specific geographic areas (e.g., states, large counties)

---

<sup>2</sup> Specifically, Blank and Ruggles (1996) estimate a competing risk duration model of AFDC eligibility spells that start without participation in the first month. The risks are ending the spell without AFDC receipt versus ending the spell with AFDC receipt—in other words, entering AFDC.

conducted during the late 1990s find a range of return rates that cluster around 20 to 25 percent (Acs and Loprest 2004).

Descriptive research on returns to welfare (re-entry) finds that blacks, never-married women, those with no postsecondary education, no recent work experience, and those in poor mental or physical health are more likely to return to welfare than other welfare leavers (Loprest 2002). Qualitative research indicates that unstable jobs and low wages also contribute to reentry (Anderson, Halter, and Gryzlak 2004). Using multivariate models, Harris (1996) finds that younger women, those living in urban areas, and those with no recent work experience are more likely to return to welfare. Also, after remaining off welfare for a year, the likelihood of returning declines over time (Harris 1996). Hofferth, Stanhope, and Harris (2005) focus on the influence of welfare policies adopted under waivers on returns to welfare and find that they do not appear to influence reentry rates.

Finally, the reason for welfare exit may influence reentry. Results from the PSID and the NSAF suggest that work is the most common reason women exit from welfare (Hofferth et al. 2002; Loprest 1999). Women who are working when they exit, regardless of whether work or marriage was the primary reason for exit, are less likely to be poor in the five years following their exit from AFDC than women who are not working (Meyer and Cancian 1998).

None of these papers explicitly examine the role of participation in work-support programs after exiting welfare on the likelihood of reentry. However, Loprest (2002) provides some evidence that women who received Medicaid, child care assistance, or job training assistance in the first months after exit were less likely to return to welfare over the following two years.

This paper updates past research by using data from the 1996 and 2001 panels of the SIPP and examines the role of work-support programs in reentry to welfare. It considers whether participation in benefit programs that can provide support to working families who left TANF, specifically food stamps and Medicaid, lead to lower rates of welfare reentry. It also considers how personal and family characteristics, job characteristics, and TANF policies influence welfare reentry. By enhancing our understanding of what helps keep families off welfare and whether these factors have changed since the early years of welfare reform, the findings from this research will help policymakers better design and target programs aimed at helping women become and remain independent of government cash assistance.

### **Data and Methods**

Examining the factors that help keep former welfare recipients from returning to the welfare rolls requires longitudinal data that track families over time as they leave welfare and strive toward self-sufficiency. With the imposition of federal time limits on the receipt of cash assistance and substantial differences in the rules governing eligibility and benefits between the AFDC and the TANF programs, it is particularly important to focus on welfare leavers during the TANF era, from 1996 forward. The 1996 and 2001 panels of the SIPP provide an excellent source of data for this analysis.

The SIPP includes detailed information on work effort, earnings, family composition, and the receipt of public assistance such as TANF, food stamps, and Medicaid. Each SIPP panel begins with a nationally representative sample of the civilian, noninstitutionalized population 15 years of age and older and follows them, and others who move into their households, over a period lasting from 48 months (1996 panel) to 36 months (2001 panel). The sample is

reinterviewed every four months for the duration of the panel; the four-month intervals are called waves.

The variables in our data from the SIPP include information about personal characteristics, family characteristics, work status and job characteristics, program participation, and a geographic identifier. Using the state identifier, we add information on state-level AFDC/TANF policies including benefits levels, time limits, and sanction policies.

Our analysis sample includes single mothers (or guardians) who report receiving TANF during the first wave of either the 1996 or 2001 SIPP panels and subsequently leave welfare within the first seven waves (28 months) of the 1996 panel or within the first four waves (16 months) of the 2001 panel.<sup>3</sup> This ensures that we have at least 20 months of data on women after exit during which we can observe returns to welfare. To minimize the impact of reporting errors and short-term TANF case closures for administrative reasons, a woman must remain off welfare for at least two consecutive months to be considered a welfare leaver. Our final sample consists of 674 welfare leavers (see appendix A for a description of the sample disposition).

To assess the factors that influence welfare reentry, we initially use descriptive statistics to compare welfare reentry across selected subgroups of welfare leavers. We then estimate a series of multivariate models to isolate the influence of work-support programs and other key factors in reentry while controlling for observable differences between welfare leavers. Specifically, we estimate discrete time hazard models.

These models examine transitions back onto welfare over time for women who have recently left the program. The unit of analysis here is a person-month. A woman enters the sample in the month after she exits welfare and she is then “at risk” of reentering. Women who

---

<sup>3</sup> Because welfare receipt is generally underreported or misreported in survey data, we also include women who report receiving AFDC, general assistance, or “other welfare.”

do not reenter in the first month off welfare remain “at risk” for reentry in the subsequent month. Women continue providing person-months of data to the model until they reenter TANF or stop providing information to the SIPP.<sup>4</sup> These models can be estimated using a logit model where the dependent variable ( $R$ ) equals 1 if a woman returns to welfare during the month and 0 otherwise. The probability that a former welfare recipient returns to welfare in a given month ( $t$ ) conditional on not returning in the prior month (month  $t - 1$ ) can be written:

$$\Pr(R_t = 1 | I_{t-1} = 0) = f(X_0, P_0, b_0, t)$$

where  $X_0$  measures a woman’s personal, family and job characteristics,  $P_0$  represents the welfare policies in her state of residence at the time of exit, and  $b_0$  measures her receipt of transitional benefits (food stamps and public health insurance) at the time of exit, and  $t$  represents a series of dummy variables indicating how many months she has remained off welfare.

Our major question centers on the role of work supports and transitional benefits in welfare reentry. Specifically, we focus on how the receipt of food stamps and Medicaid for the adult leaver at the time of exit influences returns to welfare. In theory, these benefits support work among TANF leavers in the sense that they can continue to provide material support to families after they exit TANF. As such, they help to make work more attractive than welfare.<sup>5</sup>

In reality, however, those who are eligible for and take up such benefits are likely to be in worse economic circumstances than those ineligible or not participating in these programs. For example, participants may have worse jobs, lower incomes, or closer ties to the welfare system than those who do not take up the benefits. Because these same differences by group may

---

<sup>4</sup> Women who enter the SSI program are treated as censored cases.

<sup>5</sup> Food stamps and Medicaid are means-tested. As income rises, food stamps are reduced until the point where recipients are no longer eligible. This phasing out of benefits could be a disincentive to increasing hours of work and taking higher-wage jobs among low-wage workers in low-income families. For Medicaid, the loss of all benefits at some threshold earnings also creates disincentives.

themselves be related to faster returns to welfare, estimates may show that those who receive these benefits are more likely to return to welfare.

One potential correction for this problem involves using instrumental variables. Here, this requires finding an “instrumental variable” that is associated with the use of transitional benefits or work supports but not with receipt of TANF, and this poses quite a challenge. Among the potential instruments we considered were state variations in the rules and practices involved in maintaining eligibility for food stamps and transitional Medicaid benefits, but state-to-state variation in these largely federal programs is quite modest, limiting their usefulness as instruments.<sup>6</sup>

In lieu of using instrumental variables, we estimate a model in which we include variables for food stamp receipt and Medicaid enrollment<sup>7</sup> in the prior calendar month (at time  $t - 1$ ) along with our measures of food stamp and Medicaid use at the time of exit (time = 0).

$$\Pr(R_t = 1 | I_{t-1} = 0) = f(X_0, P_0, b_0, b_{t-1}, t)$$

The variables measuring food stamp and Medicaid use immediately before each month a leaver is at risk of returning to TANF identify the women who are the most likely to have significant difficulties staying off TANF, while the variables measuring use at exit capture the effects of food stamps and Medicaid when these programs are used as transitional benefits. Thus we estimate a base model (Model 1) with only participation at exit and our preferred model (Model 2), which also includes participation in these programs (separately) at time  $t - 1$ .

In addition to these models, we estimate a third model (Model 3) that addresses the underlying problem by limiting the sample to the group likely eligible for benefits at exit. This

---

<sup>6</sup> Further, the traditional instrumental variables approach is designed for use in linear models, not the nonlinear logit models that are appropriate for our analyses.

<sup>7</sup> Our results for Medicaid include self-reports of Medicaid or other public health insurance receipt for the adult leaver. For the remainder of the paper we use “Medicaid” to refer to this public health insurance coverage.

model uses the specification from Model 2, but we restrict the sample to only nonworking and low-earning welfare leavers, a proxy for those with economic eligibility for food stamps and Medicaid.<sup>8</sup> This should eliminate women who do not use these benefits because they are ineligible for them due to high earnings.

All our models include measures of women's age, race or ethnicity, schooling, and health. Age is measured using a series of dummy variables with "under 25" serving as the reference category. Race or ethnicity is measured using indicators for black, non-Hispanic (henceforth black), and Hispanic (nonwhite, nonblack), with "white, non-Hispanic and other" as the reference group. Schooling is measured with dummy variables for high school degree or schooling beyond high school, with "less than high school" as the reference category. Our measure of health is limited to a single dummy variable indicating whether the woman reports having a disability that limits work. It is unclear whether older or younger leavers are more likely to return to welfare. Because nonwhites on average have a harder time in the labor market and are less likely to marry, we expect them to have a higher reentry rate. Similarly, we expect that less-educated women and those with disabilities are at elevated risk of returning to welfare.

Family characteristics include dummy variables indicating if there are exactly two children in the family and if there are more than two children present; the reference category is families with exactly one child. In addition, a series of dummy variables indicates the age of the youngest child with children less than 1 year old serving as the comparison group. We also include a series of indicator variables describing the women's living arrangements: never married with no other adults present, never married with other adults present, previously married with no other adults present, and previously married with other adults present. The reference

---

<sup>8</sup> We also estimate Model 1 on this restricted sample of nonworking and lower-earning leavers; our findings (not shown) are similar to those in the original Model 1.

category is “currently married.” In non-currently married families, the other adult is not necessarily the romantic partner of the mother or the father of any children present in the family. We expect that women with more children and younger children along with those who are not married and live with no other adults will be at elevated risk of returning to welfare. Note that to be part of our sample, women must be unmarried mothers on welfare at the start of one of the SIPP panels. As such, all women who are married at the time of welfare exit are recently wed.

In our descriptive analyses, we compare the probability of returning to welfare across the types of industries in which leavers are working: manufacturing, sales, services, agriculture, and other industries. We also compare the probability of returning to welfare by reason for exit: working at exit or not working at exit. In our multivariate analyses, we simply include a variable indicating whether the leaver is working in the month of exit. On balance, we expect women who left welfare with jobs to be less likely to return than women who left without work, but nonwork exits are varied, and some reasons for exit, like marrying an employed man, may well reduce the likelihood of reentering TANF.

The state welfare policies that are in effect in a leaver’s state of residence may also influence the probability of returning to welfare. We include the state’s maximum benefit for a family of three, the presence of a full-family sanction, and indicators of whether the state subscribes to a 60-month time limit or imposes no time limit (shorter or intermittent time limits are the reference group) in our analyses. We expect women in states with more generous benefits and longer time limits to be more likely to return to welfare than other women. Tougher sanction policies may be associated with lower return rates (welfare is less desirable or harder to obtain) or higher return rates if women leave welfare due to a sanction and come back into compliance.

We also include a variable indicating whether the observed woman is drawn from the 1996 or 2001 panel. Leavers from the 2001 panel are drawn from a much smaller—and perhaps harder-to-serve—pool of welfare recipients; further the economy is considerably weaker during the 2001–04 period than during the 1996–2000 period. As such, we expect the likelihood of reentry will be higher among leavers in the later period.

In addition to our core and supplemental models examining welfare reentry, we examine the correlates of stable employment. This model is estimated as a basic logit for all who left welfare with work, in which the dependent variable equals 1 if a leaver worked in each of the first 12 months after exiting welfare and 0 otherwise.<sup>9</sup> The potential correlates of stable employment are the same as those used in Models 2 and 3 for welfare reentry.

## **Results**

### *Descriptive Results*

Tables 1 through 4 illustrate the cumulative probability of return to welfare for different subgroups of welfare leavers. Over all, about one-third of all women who left welfare are observed returning to the program over the course of our sample period (table 1). The bulk of these returns happen within the first four months following an exit. Overall, 19 percent of leavers return to welfare within four months and 28 percent return within a year. The rate of return flattens out over time, with relatively fewer additional returns as the months since exit increases.

There are differences in the rate of return over time by reason for exit. About two out of three women leave welfare for work. Women who left welfare without working at the time of exit are significantly more likely to return to welfare than those who left with a job (44 versus 28 percent). For both groups, the bulk of returns occur within the first eight months after exit.

---

<sup>9</sup> Note that as long as a woman reports positive earnings in a month, we consider her employed in that month. Thus, women who experience short spells of joblessness or unemployment and job changers can be considered stably employed under this definition.

Women who continued receiving food stamps or remained enrolled in Medicaid in their first post-exit month are much more likely to return to welfare than those who did not receive these transitional work supports (table 2). About 49 percent of all leavers continue receiving food stamps after exit, and nearly 60 percent are enrolled in Medicaid. Over 40 percent of leavers receiving food stamps and Medicaid during their first post-exit month returned to welfare, compared with less than 25 percent of those without such benefits. Again, returns for all groups are most likely soon after exit and then level off over time. This descriptive result could be reflecting the issue discussed earlier, that those in the worst economic circumstances are both more likely to participate in these programs at exit and more likely to return to welfare for other reasons.

Variation in state TANF rules has limited influence on welfare reentry (table 3). Close to 35 percent of welfare leavers living in high-benefit states (monthly guarantee for a three-person family greater than \$400) return to the program, somewhat higher than the 31 percent of leavers in low-benefit states, but this difference is not statistically significant. Leavers in states with full-family sanctions are significantly less likely to return to welfare than those in states without such sanctions (29 versus 36 percent). And women in states with time limits shorter than 60 months are somewhat less likely to reenter welfare than those in states with the full 60-month or no lifetime limit. However, the differences by benefit level and time limits are not statistically significant.

Among women who leave welfare for work, jobs in certain industries are associated with substantially lower reentry rates (table 4). For example, only 19 percent of leavers who work in manufacturing in their first month off welfare return, compared with 34 percent of leavers overall and 44 percent of leavers who left without work. Workers in the service and agricultural

sectors are much more likely to return to welfare—about 40 percent of leavers in these industries return. Among those who leave welfare with jobs in sales, 30 percent return. Interestingly, jobs in the service sector and jobs in manufacturing have similar initial rates of welfare reentry in the first four post-exit months (10 versus 13 percent). However, five to eight months after exit, reentry rates soar for those in the service sector, while the rate of return for manufacturing is much flatter.

### *Multivariate Analyses*

To assess the influence of various factors on the likelihood that leavers return to welfare while controlling for observable differences between leavers, we turn now to our event history analyses. Table 5 shows the average characteristics of women when they first exit welfare along with the averages for the variables used in the regression analyses. While approximately 33 percent of women who leave welfare are observed to return within the sample period, in the average post-exit month only 2 percent of women at risk of returning (those who have not yet returned) actually return.

Characteristics for the sample of women who exit welfare will differ from the average characteristics for the event history person-month sample. The characteristics of those who remain off welfare longer are somewhat overrepresented in the event history model sample. For expediency and because we will discuss regression findings in terms of the women at risk of returning to welfare in the average month, we focus our discussion here on the averages for the event history sample (in the second set of columns in table 5).

About one-third of the women at risk of returning to TANF received food stamps in the prior calendar month, and nearly half received them at the time they exited welfare. Similarly, 36

percent of women at risk of returning to TANF were enrolled in Medicaid in the prior month, and 58 percent report being enrolled at the time they left welfare.

About two-fifths of leavers at risk of returning are between the ages of 25 and 34, about a quarter are under 25, another quarter are between 35 and 44, and about one-tenth is over age 44. Nearly 40 percent are black, 14 percent are Hispanic, and the balance is white or other. Almost 24 percent have more than two children, while 34 percent have two children and 42 percent have only one child. About half have a youngest child between the ages of one and 5 and about a quarter have a youngest child between the ages of 6 and 11. Less than 10 percent have an infant, and 15 percent have a youngest child who is older than 11. Less than 5 percent of women leaving welfare are married at the time of exit. Over 50 percent of women leaving welfare are never married, roughly equally divided between those who live with other adults (25 percent) and those who do not (30 percent). Nearly 25 percent are previously married but now live with no other adults, and 16 percent were married but now live with other adults.

Nearly 32 percent have some college or higher education, while 42 percent have exactly 12 years of schooling and 26 percent have not completed high school. Approximately 10 percent report having a disability that limits work, and over 70 percent of the leavers were employed at the time of exit.

The average monthly TANF benefit in the states in which these women live is about \$480. About 48 percent of all those who remain at risk of returning to welfare live in states with more liberal or no time limits, while 30 percent live in states with intermittent time limits or limits that are less than 60 months. Finally, nearly four out of five at-risk person-months come from the 1996 SIPP panel.

Table 6 shows results from the event history analyses. Model 1 is our basic model including personal characteristics, welfare policies, and receipt of work-support benefits at time of exit.<sup>10</sup> In this model, receipt of work supports at exit, specifically food stamps and Medicaid, are not associated with lower reentry rates. Women receiving food stamps in the month they exit TANF are no less likely to return to welfare than those who did not receive food stamps. In fact the coefficient estimate is positive, although not statistically significant. Women who continued to receive Medicaid for themselves after leaving TANF are, in fact, significantly more likely to reenter welfare than those who were not enrolled in Medicaid, and the estimated difference is substantial: leavers who remain on Medicaid at the time of exit are more than 1 full percentage point (over 50 percent) more likely to return to TANF in the average post-exit month than women who were not covered by the program. More than likely, these surprising findings indicate that women who continue to be eligible for and seek out work support from food stamps and Medicaid upon exiting TANF have more significant needs than those that can break from TANF and other assistance programs simultaneously. As such, the positive associations between transitional benefits and returns to welfare likely reflect who receives these benefits rather than the effect of the benefits themselves on welfare reentry. The difference between the food stamps and Medicaid results may indicate that this is a more pronounced issue for Medicaid.

In Model 2, we add variables for the receipt of food stamps and enrollment in Medicaid in the past month to the model to distinguish between more and less “needy” TANF leavers. As expected, the coefficients on receipt of these benefits in the prior calendar month are quite large—if a woman received either of these benefits in the past month, she is almost twice as likely as other women to return to TANF. But when we include these variables, we now find that women who received food stamps at the time they left welfare are 37 percent *less likely* to return

---

<sup>10</sup> We also control for the length of time off TANF.

to TANF in the average month than women who did not use food stamps as a transitional benefit. In other words, women who use food stamps when they exit welfare and then leave the Food Stamp program are less likely to return to TANF than women who did not receive food stamps at the time they left welfare. The estimated effect of Medicaid enrollment at time of welfare exit is small and statistically insignificant.

Adding prior-month variables induces some differences in the estimated effects of the other factors included in the models. We focus on the findings from Model 2 (that includes prior-month variables) and note when significant findings differ from the base model. Personal characteristics exert the expected influences on reentry rates. Hispanic welfare leavers are significantly more likely to reenter welfare in any given month than white leavers. Their relative risk for reentry is 40 to 50 percent higher than that of whites. In Model 2, there is no significant difference between blacks and whites, but the difference is statistically significant in Model 1. Welfare leavers with high school degrees are 0.6 percentage points (or 32 percent) less likely to reenter welfare than less-educated leavers. Again, the models differ: leavers with some college are more likely to reenter welfare than high school dropouts, but the difference is only statistically significant in Model 1. In both models, those with work-limiting disability are more likely to return than those without such a disability (1.0 percentage points, or nearly 50 percent). Surprisingly, no included family characteristics—number and age of children and living arrangements—are significant predictors of welfare reentry.

Women who are working at the time they leave welfare are significantly less likely to return to welfare than those who leave without a job. On average, in any given month after exit, the probability that a leaver who worked at exit returns to welfare is 0.6 percentage points, or 32 percent, lower than the probability for a woman who left welfare without a job.

Neither sanction nor time-limit policies exert a significant influence on welfare reentry. However, leavers in states with higher TANF benefits are more likely to return to welfare than those in states with lower benefits. For every additional \$100 in monthly benefits, the probability of returning in any given month rises by about 0.2 percentage points (or about 10 percent).

Finally, consistent with the descriptive analysis, the event history model shows that the likelihood of welfare reentry generally declines over time, especially over the first 16 months off the program.

#### *Multivariate Results—Stable Employment*

An additional approach to controlling for the bias in the estimated relationship between work support programs and welfare reentry is to restrict the sample to the most needy welfare leavers (or an approximation of those that are most likely eligible for food stamps and Medicaid). To that end, we reestimate our base model restricting the sample to those who either left welfare without work or are working with very low earnings (less than \$1,500 a month).

Model 3 in table 6 shows that when we restrict the sample to these “more needy” leavers, we still find the same pattern of results as in Model 2: Leavers who use food stamps as a transitional benefit (i.e., they receive food stamps in the month they exit TANF but subsequently leave the rolls) are less likely to reenter TANF than leavers who did not receive food stamps at the time they exited TANF. Medicaid enrollment at TANF exit carries no apparent benefit in terms of TANF reentry. And again, those receiving either food stamps or Medicaid in the previous month are significantly more likely to reenter TANF in the current month than other leavers. Further, the other factors correlated with reentry for this more “needy” subset of leavers are similar to those observed in the full sample.

In addition to assessing the factors that are associated with welfare reentry, we are interested in examining the factors associated with stable employment after exit. Table 7 shows the results from our logit estimation for steady employment in the year after exiting TANF. Here our sample is restricted to women who left welfare with jobs. Nearly three out of five women who left welfare with earnings worked in all 12 months since leaving welfare. In this model, we use a series of variables to describe food stamp and Medicaid use. For food stamps, our omitted category is women who did not use food stamps at the time of exit but subsequently received food stamps at some point during the next 12 months. We compare these women with those who left TANF with food stamps but subsequently left food stamps at some point during the next 12 months—that is, women who used food stamps as a transitional benefit. We also include variables indicating continuous food stamp receipt as well as continuous nonreceipt. The Medicaid variables are defined analogously.

We find that women who used food stamps as a transitional benefit are 23.5 percentage points more likely to work steadily for 12 months than women who left TANF without food stamps but subsequently started receiving them. Women who neither receive food stamps at TANF exit nor at any other time during the next 12 months are even more likely to be steadily employed. There is no significant difference in steady employment between those who continuously use food stamps and those who left TANF without food stamps but subsequently started receiving them. Just as we find in the TANF reentry models, Medicaid as a transitional benefit has no statistically significant effect on steady employment.

Overall, a few other covariates are significantly linked to steady employment (table 7). Women who have a child under age 1 and those with work limiting disabilities are less likely to work in 12 consecutive months after exiting TANF than women with older children. Women

who left welfare in the 2001 panel rather than the 1996 SIPP panel are also less likely to work steadily. The relatively weaker economy during the more recent period may account for this difference. Finally, working leavers in states with higher TANF benefits are more likely to work steadily in the year after exit than leavers in lower benefit states. Every hundred dollars in TANF benefits is associated with more than a 5 percentage-point increase in the probability of working in all 12 months following a TANF exit. This may be due to the fact that it is easier to mix work and welfare in higher-benefit states. As a result, when a woman leaves welfare in a higher-benefit state, she may have more recent work experience and higher earnings than leavers in lower-benefit states. It is also possible that states with higher TANF benefit levels engage in work support activities that are not captured in the model.

## **Discussion**

This paper explores the role of work support programs (food stamps and Medicaid) and other factors in helping women who leave welfare stay off welfare and attain steady employment during the TANF era. We find that woman who use food stamps as a transitional benefit—that is, those who receive food stamps when they exit TANF but subsequently exit the Food Stamp program—are less likely to return to welfare than women who do not receive food stamps when they exit the TANF program. Being enrolled in Medicaid in the month of exit is not associated with lower rates of return to welfare.

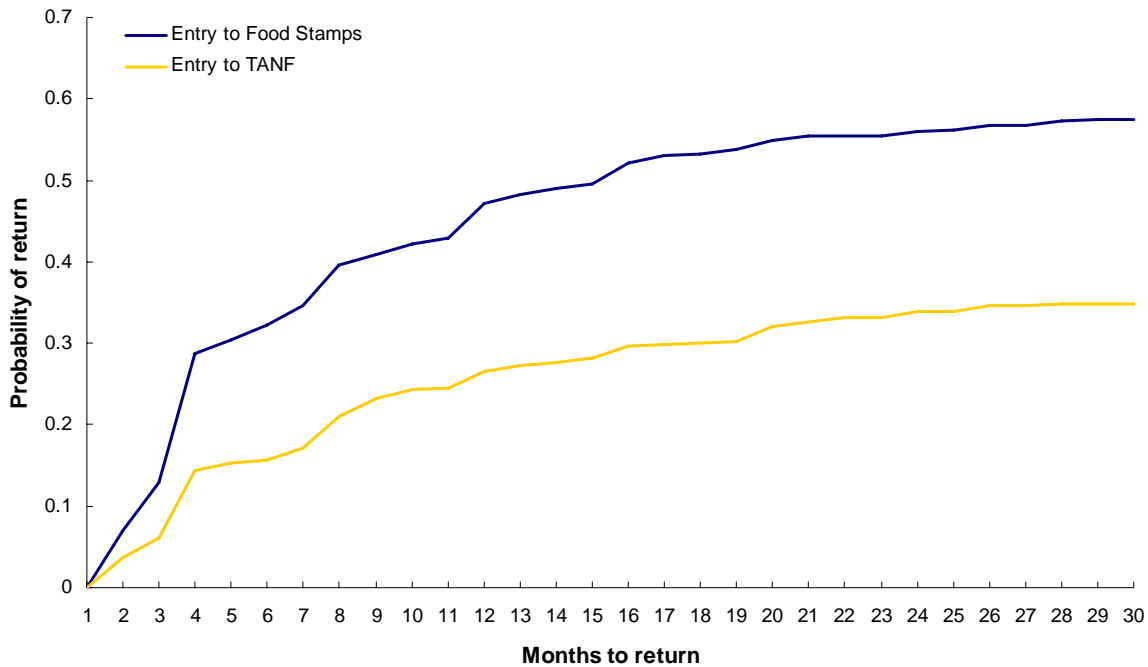
In addition, we find that women with high school degrees are less likely to return to TANF after exiting welfare. Working in certain industries, manufacturing in particular, is also associated with much lower returns to welfare. Further, those women who leave welfare with jobs are more likely to remain off the rolls than those who leave welfare without work. State

TANF policy choices have some limited influence on welfare returns. Leavers in high-benefit states are more likely to return to welfare and to work steadily after exit.

From a policy perspective, these results suggest that the use of some work support programs, in particular food stamps, can help families make more durable transitions off TANF and maintain steady employment. Our results focus on those using food stamps as a transitional benefit—receiving food stamps at exit and subsequently exiting food stamps. However, it is also possible that taking up food stamps (or other work support programs) at some point after exit has the potential to limit or delay returns to TANF. Using a subset of our sample that exits TANF without food stamps, figure 1 shows that the returns to food stamps are much higher than returns to TANF and remain higher over the entire sample period. This indicates that TANF leavers are using food stamps as a “cushion,” taking up these benefits before or instead of returning to TANF. This is not inconsistent with our result that receipt of food stamps in the prior month is highly correlated to returning to TANF.

Our findings on the connection between other factors and return to TANF also have implications for policy. Helping the least educated TANF recipients attain their high school degrees could reduce the probability that they return to TANF shortly after trying to exit the program. Further, given that leavers who leave with work are less likely to reenter welfare, a continuing emphasis on helping welfare recipients move to work is warranted. Sectoral approaches to steer women into jobs in certain industries may also be promising; it may be difficult, however, to find jobs in declining sectors such as manufacturing. Some of the biggest growth sectors, in particular service jobs, have high rates of return to welfare.

**Figure 1. Cumulative Probability of Program Reentry for Those Who Exited TANF without Food Stamps**



Sources: 1996 and 2001 Surveys of Income and Program Participation.

Several limitations to this study need to be taken into account when interpreting the findings. First, leavers who tend to be more reliant on public assistance and have barriers to work in ways that are not observed or captured by our multivariate models may be more likely to use transitional benefits and work supports than other leavers, and they may be simultaneously more likely to reenter welfare. To address this problem, we measure the use of transitional benefits at two points in time: at TANF exit ( $t = 0$ ) and in the past month (time =  $t - 1$ ). We believe that the variables measuring work support receipt in the past month capture otherwise unobserved and unaccounted-for differences between more needy and less needy TANF leavers. As such, the estimates on the time-of-exit measures of transitional benefit use can be interpreted as the effect of these benefits on TANF reentry. Note, however, that by using this approach, we are comparing those who used transitional benefits at exit but then subsequently stopped using those benefits with those who did not use those benefits at exit. Women who never stop using

transitional benefits are not part of this comparison. As such, our estimates of the effects of food stamps at time of exit on eventual TANF reentry likely overstate the benefits.

Second, we only consider two work supports here: food stamps and Medicaid. Other work supports such as child care assistance or unemployment insurance are not considered here and can play a role in keeping women from reentering TANF.

Third, multiple other factors that can influence welfare reentry are not included in the analysis. At best, this may lead us to miss important correlates of reentry and stable employment; at worst, the missing variables may be correlated with several included variables, thereby biasing our findings. For example, the models contain no measures of women's employment or welfare histories, and these factors may be correlated with education. Similarly, state culture and the local economy may be correlated with state welfare policy decisions as well as reentry and work stability. Other elements of state policy and practice such as earned income tax credits and the efficiency of child support collections are not captured here.

In continuing research, it will be possible to consider additional work supports and transitional benefits, include additional information on prior work experience and past welfare receipt, and provide more state context. In addition, event history analysis of the role of work supports in retaining employment can be conducted. However, we are limited somewhat by our sample size, especially in the later years of the data. There simply may not be adequate variation in the data to obtain significant results when considering a comprehensive set of personal and family characteristics and a more nuanced characterization of state policy contexts.

With lifetime limits in effect in most states, poor mothers can no longer spend their childrearing years cycling on and off public assistance. Gaining a better understanding of the factors that help women leaving welfare remain off the rolls and in stable employment situations

is vital both for the ultimate success of the TANF program and for the well-being of the women and their children.

## References

- Acs, Gregory, and Pamela Loprest. 1999. "The Effect of Disabilities on Exits from AFDC." *Journal of Policy Analysis and Management* 18(1): 28–47.
- . 2004. *Leaving Welfare: Employment and Well-Being of Families that Left Welfare in the Post-Entitlement Era*. Kalamazoo, MI: W. E. Upjohn Institute for Employment Research.
- Acs, Gregory, Katherin Ross Phillips, and Sandi Nelson. 2005. "The Road Not Taken. Changes in Welfare During the 1990s." *Social Science Quarterly* 86(SE): 1060–79.
- Anderson, Steven G., Anthony P. Halter, and Brian M. Gryzlak. 2004. "Difficulties after Leaving TANF: Inner-City Women Talk about Reasons for Returning to Welfare." *Social Work* 49(2): 185–94.
- Bane, Mary Jo, and David Ellwood. 1983. "The Dynamics of Dependence: The Routes to Self-Sufficiency." Cambridge, MA: Urban Systems Research and Engineering, Inc.
- Blank, Rebecca M. 1989. "Analyzing the Length of Welfare Spells." *Journal of Public Economics* 39(3): 245–73.
- Blank, Rebecca M., and Patricia Ruggles. 1994. "Short-Term Recidivism among Public-Assistance Recipients." *American Economic Review* 84(2): 49–53.
- . 1996. "When Do Women Use Aid to Families with Dependent Children and Food Stamps? The Dynamics of Eligibility versus Participation." *The Journal of Human Resources* 31(1): 57–89.
- Ellwood, David. 1986. "Targeting 'Would Be' Long-Term Recipients of AFDC." Princeton, NJ: Mathematica Policy Research.
- Engberg, John, Peter Gottschalk, and Douglas Wolf. 1990. "A Random-Effects Logit Model of Work-Welfare Transitions." *Journal of Econometrics* 43(1/2): 63–75.
- Fitzgerald, John. 1991. "Welfare Durations and the Marriage Market." *The Journal of Human Resources* 26(3): 545–61.
- Gittleman, Maury. 2001. "Declining Caseloads: What Do the Dynamics of Welfare Participation Reveal?" *Industrial Relations* 40(4): 537–70.
- Grogger, Jeffrey. 2004. "Welfare Transitions in the 1990s: The Economy, Welfare Policy, and the EITC." *Journal of Policy Analysis and Management* 23(4): 671–98.
- Harris, Kathleen Mullan. 1996. "Life after Welfare: Women, Work, and Repeat Dependency." *American Sociological Review* 61(3): 407–26.

- Hofferth, Sandra L., Stephen Stanhope, and Kathleen Mullan Harris. 2002. "Exiting Welfare in the 1990s: Did Public Policy Influence Recipients' Behavior?" *Population Research and Policy Review* 21(5): 433–72.
- . 2005. "Remaining Off Welfare in the 1990s: The Influence of Public Policy and Economic Conditions." *Social Science Research* (34)2: 426–53.
- Hutchens, Robert M. 1981. "Entry and Exit Transitions in a Government Transfer Program: The Case of Aid to Families with Dependent Children." *The Journal of Human Resources* 26(2): 215–37.
- Loprest, Pamela. 1999. "How Families That Left Welfare Are Doing: A National Picture." *Assessing the New Federalism Policy Brief B-1*. Washington, DC: The Urban Institute.
- . 2002. "Who Returns to Welfare?" *Assessing the New Federalism Policy Brief B-49*. Washington, DC: The Urban Institute.
- Meyer, Daniel R. 1993. "Child Support and Welfare Dynamics: Evidence from Wisconsin." *Demography* 30(1): 46–62.
- Meyer, Daniel R., and Maria Cancian. 1998. "Economic Well-Being Following an Exit from Aid to Families with Dependent Children." *Journal of Marriage and the Family* 60(May): 479–92.
- O'Neill, June A., Laurie J. Bassi, and Douglas A. Wolf. 1987. "The Duration of Welfare Spells." *The Review of Economics and Statistics* 69(2): 241–48.
- Plotnick, Robert. 1983. "Turnover in the AFDC Population: An Event History Analysis." *The Journal of Human Resources* 28(1): 63–81.
- Ribar, David C. 2005. "Transitions from Welfare and the Employment Prospects of Low-Skill Workers." *Southern Economic Journal* 71(3): 514–33.

**Table 1. Cumulative Probability of Returning to TANF by Earnings at Exit**

Time to return	All <sup>a</sup>	Earnings at Exit <sup>b</sup>	
		Yes	No
1 - 4 months	19.0	14.2	28.4
5 - 8 months	24.9	20.1	34.3
9 - 12 months	27.9	22.3	38.9
13 - 16 months	30.0	24.2	41.2
17 - 20 months	31.0	25.6	41.6
21 - 24 months	32.3	27.1	42.6
> 24 months	33.5	28.1	43.9
No observed return	66.5	71.9	56.1 ***

Sources: 1996 and 2001 Surveys of Income and Program Participation.

<sup>a</sup> Unweighted sample = 674. Tabulations are weighted using person weight in month 1 of the SIPP panels.

<sup>b</sup> 66.2 percent of respondents have earnings at exit.

\*\*\* Significantly different from Yes at the .01 level.

**Table 2. Cumulative Probability of Returning to TANF by Food Stamp Receipt and Enrollment in Medicaid in First Post-Exit Month**

Time to return	All <sup>a</sup>	Food Stamps <sup>b</sup>		Medicaid <sup>c</sup>	
		Yes	No	Yes	No
1 - 4 months	19.0	25.1	13.3	24.7	10.5
5 - 8 months	24.9	32.6	17.8	32.2	14.1
9 - 12 months	27.9	35.7	20.6	34.1	18.7
13 - 16 months	30.0	38.5	21.9	36.6	20.1
17 - 20 months	31.0	39.4	23.0	38.0	20.6
21 - 24 months	32.3	41.4	23.7	39.6	21.4
> 24 months	33.5	42.9	24.5	41.2	22.0
No observed return	66.5	57.1	75.5 <sup>***</sup>	58.8	78.0 <sup>***</sup>

Sources: 1996 and 2001 Surveys of Income and Program Participation.

<sup>a</sup> Unweighted sample = 674. Tabulations are weighted using person weight in month 1 of the SIPP panels.

<sup>b</sup> 48.5 percent of respondents received food stamps in first post-exit month.

<sup>c</sup> 59.7 percent of respondents received Medicaid in first post-exit month.

<sup>\*\*\*</sup> Significantly different from Yes at the .01 level.

**Table 3. Cumulative Probability of Returning to TANF by State Policies in First Post-Exit Month**

Time to return	All <sup>a</sup>	High Benefit <sup>b</sup>		Full-Family Sanction <sup>c</sup>		Short Time Limit <sup>d</sup>	
		Yes	No	Yes	No	Yes	No
1 - 4 months	19.0	19.9	17.4	15.5	21.1	16.7	19.9
5 - 8 months	24.9	27.0	21.1	19.7	28.1	20.2	26.9
9 - 12 months	27.9	29.3	25.4	22.2	31.3	23.6	29.7
13 - 16 months	30.0	31.4	27.4	24.5	33.2	25.0	32.1
17 - 20 months	31.0	31.8	29.5	25.6	34.2	26.9	32.7
21 - 24 months	32.3	33.4	30.3	27.9	34.9	27.9	34.1
> 24 months	33.5	34.7	31.2	28.8	36.2	29.6	35.1
No observed return	66.5	65.3	68.8	71.2	63.8 <sup>*</sup>	70.4	64.9

Sources: 1996 and 2001 Surveys of Income and Program Participation.

<sup>a</sup> Unweighted sample = 674. Tabulations are weighted using person weight in month 1 of the SIPP panels.

<sup>b</sup> 64.3 percent of respondents lived in states with a high maximum benefit (> \$400) in first post-exit month.

<sup>c</sup> 37.5 percent of respondents lived in states with full-family sanctions in first post-exit month.

<sup>d</sup> 29.6 percent of respondents lived in states with a short time limit (< 60 months) in first post-exit month.

<sup>\*</sup> Significantly different from Yes at the .10 level.

**Table 4. Cumulative Probability of Returning to TANF by Industry of Employment in First Post-Exit Month**

<b>Time to return</b>	<b>All<sup>a</sup></b>	<b>Manufacturing<sup>b</sup></b>	<b>Sales<sup>c</sup></b>	<b>Service<sup>d</sup></b>	<b>Agriculture<sup>e</sup></b>	<b>Other<sup>f</sup></b>	<b>Not working<sup>g</sup></b>
1 - 4 months	19.0	9.5	19.0	12.8	23.4	13.5	28.5
5 - 8 months	24.9	13.9	23.4	28.9	34.2	17.0	34.2
9 - 12 months	27.9	13.9	24.3	33.7	34.2	20.1	38.9
13 - 16 months	30.0	15.4	24.9	37.7	34.2	22.9	40.7
17 - 20 months	31.0	15.4	27.1	37.7	34.2	24.5	41.2
21 - 24 months	32.3	17.7	29.7	38.8	34.2	25.3	42.3
> 24 months	33.5	19.4	30.3	40.0	40.3	25.7	43.8
No observed return	66.5	80.6 <sup>+++</sup>	69.7 <sup>++</sup>	60.0 <sup>††</sup>	59.7 <sup>†</sup>	74.3 <sup>+++</sup>	56.2 <sup>†††</sup>

Sources: 1996 and 2001 Surveys of Income and Program Participation.

<sup>a</sup> Unweighted sample = 674. Tabulations are weighted using person weight in month 1 of the SIPP panels.

<sup>b</sup> 8.1 percent of respondents worked jobs in the manufacturing industry in first post-exit month.

<sup>c</sup> 18.5 percent of respondents worked jobs in the sales industry in first post-exit month.

<sup>d</sup> 10.4 percent of respondents worked jobs in the service industry in first post-exit month.

<sup>e</sup> 3.3 percent of respondents worked jobs in the agriculture industry in first post-exit month.

<sup>f</sup> 29.6 percent of respondents worked jobs in another industry in first post-exit month.

<sup>g</sup> 30.1 percent of respondents were not working in first post-exit month.

<sup>†</sup> Significantly different from manufacturing at the .10 level.

<sup>††</sup> Significantly different from manufacturing at the .05 level.

<sup>†††</sup> Significantly different from manufacturing at the .01 level.

<sup>‡‡</sup> Significantly different from not working at the .05 level.

<sup>‡‡‡</sup> Significantly different from not working at the .001 level.

**Table 5. Sample Means for Variables Used in Regression Analyses**

<b>Regression variables</b>	<b>Month 1 Sample<sup>a</sup></b>		<b>Event History<sup>b</sup></b>	
	<b>Mean</b>	<b>SE</b>	<b>Mean</b>	<b>SE</b>
<b>Ever Observed Returning to TANF</b>				
No return observed	0.66548	0.0188		
Return observed	0.33452	0.0188		
<b>Observed Returns to TANF</b>				
No return observed			0.980	0.0015
Return observed			0.020	0.0015
<b>Received Food Stamps in Month of Exit</b>				
No	0.499	0.0201	0.525	0.0258
Yes	0.501	0.0201	0.475	0.0258
<b>Received Food Stamps Last Month</b>				
No			0.666	0.0185
Yes			0.334	0.0185
<b>Enrolled in Medicaid in Month of Exit<sup>f</sup></b>				
No	0.389	0.0197	0.422	0.0258
Yes	0.611	0.0197	0.578	0.0258
<b>Enrolled in Medicaid Last Month<sup>c</sup></b>				
No			0.636	0.0173
Yes			0.364	0.0173
<b>Age</b>				
< 25	0.276	0.0184	0.258	0.0230
25 - 34	0.397	0.0197	0.412	0.0255
35 - 44	0.227	0.0164	0.228	0.0210
> 44	0.100	0.0121	0.101	0.0158
<b>Race</b>				
White, non-Hispanic and other	0.437	0.0200	0.472	0.0259
Black, non-Hispanic	0.397	0.0197	0.393	0.0253
Hispanic	0.166	0.0148	0.135	0.0169
<b>Number of Children</b>				
1	0.411	0.0199	0.417	0.0257
2	0.317	0.0186	0.344	0.0245
> 2	0.271	0.0178	0.239	0.0213
<b>Age of Youngest Child</b>				
< 1	0.107	0.0127	0.090	0.0145
1 - 5	0.508	0.0201	0.505	0.0259
6 - 11	0.249	0.0172	0.257	0.0223
> 11	0.136	0.0134	0.147	0.0181

(table continues)

**Table 5. Sample Means for Variables Used in Regression Analyses (continued)**

<b>Marital Status/Presence of Other Adults</b>				
Currently married	0.045	0.0082	0.043	0.0097
Never married, other adult(s) present	0.255	0.0180	0.252	0.0235
Never married, no other adult(s) present	0.304	0.0183	0.298	0.0230
Previously married, other adult(s) present	0.177	0.0154	0.164	0.0194
Previously married, no other adult(s) present	0.218	0.0163	0.244	0.0220
<b>Education</b>				
Less than high school	0.315	0.0186	0.264	0.0221
High school	0.392	0.0196	0.418	0.0255
Some college or higher	0.293	0.0186	0.318	0.0245
<b>Work Disability</b>				
Not disabled	0.876	0.0134	0.903	0.0144
Disabled	0.124	0.0134	0.097	0.0144
<b>Not Working at Time of Exit</b>				
Working at exit	0.662	0.0188	0.721	0.0223
Not working at exit	0.338	0.0188	0.279	0.0223
<b>Maximum Benefit from TANF in State of Residence</b>	4.921	0.0713	4.800	0.0882
<b>Maximum TANF Time Limit in State of Residence</b>				
< 60 months	0.283	0.0182	0.303	0.0238
60 months	0.260	0.0179	0.216	0.0201
> 60 months	0.457	0.0200	0.481	0.0259
<b>Full-Family Sanctions in State of Residence</b>				
No	0.639	0.0193	0.646	0.0244
Yes	0.361	0.0193	0.354	0.0244
<b>Months at Risk</b>				
1 - 4 months			0.165	0.0048
5 - 8 months			0.166	0.0037
9 - 12 months			0.138	0.0025
13 - 16 months			0.120	0.0021
17 - 20 months			0.108	0.0021
21 - 24 months			0.095	0.0021
> 24 months			0.209	0.0088
<b>SIPP Panel</b>				
1996	0.783	0.0174	0.822	0.0193
2001	0.217	0.0174	0.178	0.0193

Sources: 1996 and 2001 Surveys of Income and Program Participation.

SE = standard error

<sup>a</sup> Unweighted sample = 674. Tabulations are weighted using person weight in month 1 of the SIPP panels.

<sup>b</sup> Unweighted sample = 11,342. Means are weighted using person weight in month 1 of the SIPP panels.

<sup>c</sup> Includes public health insurance.

**Table 6. Event History Analysis: Correlates of Observed Returns to TANF**

<b>Explanatory variables</b>	<b>Model 1<sup>a</sup></b>		<b>Model 2<sup>a</sup></b>		<b>Model 3<sup>b</sup></b>	
	<b>Coefficient</b>	<b>SE</b>	<b>Coefficient</b>	<b>SE</b>	<b>Coefficient</b>	<b>SE</b>
<b>Patterns of Food Stamps Receipt</b>						
Received food stamps in month of exit	0.268	0.173	-0.374 *	0.208	-0.437 **	0.221
Received food stamps last month			0.946 ***	0.213	1.025 ***	0.230
<b>Patterns of Medicaid Enrollment</b>						
Enrolled in Medicaid in month of exit <sup>c</sup>	0.578 ***	0.176	0.011	0.198	0.078	0.222
Enrolled in Medicaid last month <sup>c</sup>			0.955 ***	0.197	0.955 ***	0.219
<b>Age</b>						
< 25 (omitted)						
25 - 34	0.062	0.211	0.010	0.203	-0.133	0.216
35 - 44	0.059	0.252	-0.002	0.245	-0.097	0.256
> 44	-0.087	0.338	-0.117	0.338	-0.141	0.352
<b>Race</b>						
White, Non-Hispanic and other (omitted)						
Black, Non-Hispanic	0.387 **	0.190	0.267	0.186	0.218	0.195
Hispanic	0.543 ***	0.202	0.555 ***	0.196	0.597 ***	0.208
<b>Number of Children</b>						
1 (omitted)						
2	-0.153	0.183	-0.135	0.180	-0.077	0.193
> 2	0.073	0.207	0.082	0.204	0.208	0.218
<b>Age of Youngest Child</b>						
< 1 (omitted)						
1 - 5	-0.118	0.244	-0.119	0.241	-0.136	0.258
6 - 11	-0.258	0.291	-0.210	0.285	-0.218	0.307
> 11	-0.486	0.352	-0.361	0.347	-0.313	0.365
<b>Marital Status/Presence of Other Adults</b>						
Currently married (omitted)						
Never married, other adult(s) present	0.065	0.414	-0.057	0.407	-0.114	0.421
Never married, no other adult(s) present	0.279	0.409	0.149	0.401	0.163	0.411
Previously married, other adult(s) present	0.234	0.433	0.068	0.421	0.035	0.435
Previously married, no other adult(s) present	0.371	0.430	0.195	0.417	0.178	0.429

(table continues)

**Table 6. Event History Analysis: Correlates of Observed Returns to TANF** (continued)

<b>Education</b>						
Less than high school (omitted)						
High school	-0.316 *	0.171	-0.333 *	0.170	-0.381 **	0.179
Some college or higher	-0.397 **	0.186	-0.287	0.186	-0.316	0.204
<b>Work Disability</b>	0.477 **	0.196	0.495 **	0.199	0.439 **	0.200
<b>Not Working at Time of Exit</b>	0.430 ***	0.151	0.329 **	0.150	0.329 **	0.160
<b>Maximum TANF Benefit in State of Residence</b>	0.101 *	0.052	0.107 **	0.050	0.079	0.054
<b>Maximum TANF Time Limit in State of Residence</b>						
< 60 months (omitted)						
60 months	0.051	0.215	0.010	0.220	0.078	0.236
> 60 months	0.178	0.211	0.168	0.209	0.210	0.229
<b>Full-Family Sanctions in State of Residence</b>	-0.180	0.163	-0.229	0.163	-0.166	0.175
<b>Months at Risk</b>						
1 - 4 months	2.880 ***	0.384	2.455 ***	0.389	2.639 ***	0.439
5 - 8 months	1.762 ***	0.408	1.428 ***	0.408	1.512 ***	0.463
9 - 12 months	1.272 ***	0.433	1.043 **	0.430	1.204 **	0.477
13 - 16 months	1.067 **	0.467	0.887 *	0.469	1.049 **	0.524
17 - 20 months	0.484	0.537	0.331	0.533	0.528	0.590
21 - 24 months	0.846 *	0.511	0.686	0.509	0.965 *	0.548
> 24 months (omitted)						
<b>SIPP 2001 Panel</b>	0.322	0.196	0.180	0.194	0.114	0.201
<b>Constant</b>	-6.995 ***	0.697	-6.782 ***	0.690	-6.822 ***	0.744
<b>Mean of Observed Returns</b>	0.0197	0.0015	0.0197	0.0015	0.0211	0.0018

Sources: 1996 and 2001 Surveys of Income and Program Participation.

SE = standard error

<sup>a</sup> Unweighted sample = 11,342. Regressions are weighted using person weight in month of exit.

<sup>b</sup> Unweighted sample = 9,523. Regressions are weighted using person weight in month of exit. Includes respondents who were unemployed at exit or had earnings of less than \$1,500 in month of exit.

<sup>c</sup> Includes public health insurance.

\* $p < .10$ , \*\* $p < .05$ , \*\*\* $p < .01$

**Table 7. Logistic Regression: Correlates of Continuous Employment  
in Year after Exiting TANF**

<b>Explanatory variables</b>	<b>Coefficient</b>	<b>SE</b>
<b>Patterns of Food Stamps Receipt</b>		
No food stamps at TANF exit, food stamps entry during the year (omitted)		
Continuous receipt of food stamps at and in year after TANF exit	0.620	0.451
No food stamps at and in year after TANF exit	1.297 ***	0.413
Receipt of food stamps at TANF exit, leave food stamps during year	0.966 **	0.415
<b>Patterns of Medicaid Enrollment</b>		
No Medicaid at TANF exit, Medicaid entry during the year (omitted) <sup>b</sup>		
Continuous enrollment in Medicaid at and in year after TANF exit <sup>b</sup>	-0.207	0.461
No Medicaid at and in year after TANF exit <sup>b</sup>	0.814 *	0.479
Enrollment in Medicaid at TANF exit, leave Medicaid during year <sup>b</sup>	-0.022	0.430
<b>Age</b>		
< 25 (omitted)		
25 - 34	0.126	0.406
35 - 44	0.508	0.555
> 44	-0.186	0.654
<b>Race</b>		
White, Non-Hispanic and other (omitted)		
Black, Non-Hispanic	0.496	0.341
Hispanic	-0.618	0.472
<b>Number of Children</b>		
1 (omitted)		
2	0.105	0.343
> 2	0.263	0.397
<b>Age of Youngest Child</b>		
< 1 (omitted)		
1 - 5	1.404 **	0.545
6 - 11	1.701 ***	0.610
> 11	1.956 ***	0.723
<b>Marital Status / Presence of Other Adults</b>		
Currently married (omitted)		
Never married, other adult(s) present	0.247	0.684
Never married, no other adult(s) present	0.430	0.661
Previously married, other adult(s) present	-0.296	0.710
Previously married, no other adult(s) present	0.362	0.673
<b>Education</b>		
Less than high school (omitted)		
High school	-0.029	0.350
Some college or higher	0.393	0.371

(table continues)

**Table 7. Logistic Regression: Correlates of Steady Employment (continued)**

<b>Work Disability</b>	-1.035 *	0.565
<b>Maximum Benefit from TANF in State of Residence</b>	0.232 **	0.101
<b>Maximum TANF Time Limit in State of Residence</b>		
< 60 months (omitted)		
60 months	-0.062	0.400
> 60 months	-0.555	0.348
<b>Full-Family Sanctions in State of Residence</b>	-0.177	0.282
<b>SIPP Panel</b>		
1996 (omitted)		
2001	-0.829 **	0.392
<b>Constant</b>	-3.332 ***	1.098
<b>Mean of Steady Employment</b>	0.5778	0.0280

Sources: 1996 and 2001 Surveys of Income and Program Participation.

Unweighted N = 340. Regressions are weighted using person weight in month 1 of the SIPP panels.

<sup>b</sup> Includes public health insurance.

\* $p < .10$ , \*\* $p < .05$ , \*\*\* $p < .01$

**Appendix A**  
**Sample Disposition**

	Persons		Person-Months	
	No. dropped observations	Valid observations	No. dropped observations	Valid observations
Universe <sup>a</sup>		741		12,357
Receives SSI	45	696	632	11,725
Disability	2	694	44	11,678
Reports no children	15	679	221	11,460
State not identified <sup>b</sup>	5	674	118	11,342
Total valid observations		674		11,342

*Sources:* 1996 and 2001 Surveys of Income and Program Participation.

<sup>a</sup> Women observed on welfare in the first wave of either the 1996 or 2001 panels of the SIPP who subsequently exit within the first seven waves of the 1996 panel or the first four waves of the 2001 panel.

<sup>b</sup> The SIPP does not uniquely identify state for residents of North Dakota, South Dakota, Wyoming, Maine, and Vermont.