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## **Watching the Clock Tick: Factors Associated with TANF Accumulation**

**Kristin S. Seefeldt**, Gerald R. Ford School of Public Policy

**Sean M. Orzol**, Mathematica Policy Research

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Factors Associated with TANF Accumulation**

**Kristin S. Seefeldt**  
Research Investigator  
Gerald R. Ford School of Public Policy

**Sean M. Orzol**  
Research Analyst  
Mathematica Policy Research

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**Abstract**

The 1996 welfare reform included provisions making extended welfare stays more difficult, one of the most notable a 60 month lifetime time limit on receipt of benefits through the Temporary Assistance to Needy Families (TANF) program. We use four waves of data from the Women's Employment Study to determine which personal characteristics are associated with accumulating months on TANF at low (less than 20 months of receipt), medium (20 to 39 months), or high (40 to 60 months) levels. We find that many of the same factors are associated with being in both the medium and high accumulation groups (relative to the low group). However, demographic variables, such as the presence of a partner and the number of children, seem to matter more in determining whether or not someone will accumulate a relatively "low" as opposed to a "medium" amount of time on TANF. While these factors matter for the high accumulation group, the presence of human capital problems, as well as persistent personal and family challenges, such as child and maternal health problems and domestic violence, all greatly increase the likelihood of being in the high group and accumulating many months toward the 60 month time limit.

Key words: welfare receipt, welfare reform, time limits

## **Watching the Clock Tick: Factors Associated with TANF Accumulation**

In the years since passage of the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) of 1996, which changed cash welfare from an income support entitlement to a time-limited, work-based system, welfare caseloads have been cut by more than half. Studies of welfare “leavers” have documented that between 40 and 70 percent of those leaving the Temporary Assistance to Needy Families (TANF) program were employed during the quarter of their exit (Acs and Loprest, 2004), in part a result of a strong U.S. economy. However, a growing concern among welfare policy makers and front-line program staff is that those still receiving welfare are significantly more disadvantaged or “harder to serve” in a work-based welfare system than those who left the rolls following the 1996 reform. During the economic boom of the late-1990s, many argue, the most-employable welfare recipients were likely to have found employment, leaving behind recipients with more significant barriers to employment, such as physical and mental health problems, low education, or substance abuse issues.

Also, not all who leave welfare remain off the rolls. Estimates of the proportion of leavers returning to welfare sometime in the year following their exit range from 17 to 38 percent (Acs and Loprest, 2004 ). Since cash welfare is now time-limited, it is crucial to know more about those who accumulate more months on their TANF “clocks” and are thus at-risk of losing cash benefits. This information takes on added importance as employment opportunities for recipients since 2001 are not as plentiful as they were in the late 1990s. In this paper, we use the Women’s Employment Study (WES), a panel survey of women who received TANF in February 1997 in one Michigan county, to determine which personal characteristics are associated with accumulating a relatively low, medium or high number of months toward the federal 60 month time limit on welfare receipt.

### **I. Background and Other Studies**

Conceptual Framework. A major criticism of the AFDC program was that by providing cash assistance, it offered women an alternative to seeking employment. Some argued that recipients were behaving rationally by staying on welfare. Employment has costs (e.g., transportation and child care), and

under old rules, earnings usually resulted in a dollar-for-dollar reduction of AFDC benefits and reduction or loss of associated benefits such as Food Stamps and Medicaid.

Welfare reform changed welfare's work incentives through policies such as work requirements and time limits, as well as through expanding assistance for child care and other work supports. Additionally, several provisions make it more difficult to stay on welfare for extended periods of time. First, PRWORA requires recipients to be working or engaged in work-related activities within 24 months of coming onto the Temporary Assistance to Needy Families (TANF) program or they can be dropped from the rolls. Second, a time limit prohibits recipients from receiving federal assistance through TANF for more than 60 months cumulative, or less at state option. Other provisions require that states move ever increasing proportions of their caseload into work or work-related activities (i.e., meet a "work requirement") and penalize or "sanction" recipients who fail to comply with these requirements. In many states, a sanction results in termination from TANF.

Thus, welfare recipients who are "rational" actors now have more incentive to leave welfare for work (Ellwood, 2000). In a good economy, we would expect the most employable recipients to exit welfare, some fairly quickly, and possibly save or "bank" those months for times in the future when they might need assistance.

However, some recipients may face personal and other challenges that might impede exits from welfare into work and thus complicate the rational actor model. A more appropriate framework for analyzing correlates of welfare accumulation, then, is to consider not only factors that could disadvantage some individuals in a work-based welfare system but also factors that might "protect" other recipients from case closure (but leading to a greater accumulation of months on welfare) or put others at risk for leaving and returning, accumulating time on welfare, but perhaps not at the same rate. To illustrate, PRWORA includes a "hardship exemption," allowing states to exclude 20 percent of their caseloads from the time limit provision. Most states have also implemented policies that exempt categories of disadvantaged recipients, such as those caring for disabled or elderly family members or very young children, from the work requirement. Therefore,

having certain barriers, if they are detected, might cause some recipients to have long welfare stays, counting more months toward the time limit.

For others, barriers may lead to loss of welfare benefits or employment, causing movement on and off the rolls. For example, women with low education levels or low literacy may have difficulty finding employment and/or understanding welfare program rules, putting them at increased risk for losing welfare benefits through sanctions or administrative case closings. On the other hand, some women with multiple barriers may leave welfare all together, or they may return to the rolls, particularly if the causes of noncompliance are barriers that disadvantage them in the labor market.

An extensive literature exists on movements on and off welfare. Early studies conducted prior to welfare reform (e.g., Bane and Ellwood (1983); Ellwood (1986); O'Neill et. al (1987); Pavetti (1993, 1995); Harris (1996) Gittleman (2001)) found that most welfare recipients had welfare spells (a period of welfare receipt) of approximately one to two years. However, because many recipients cycle on and off welfare repeatedly, an individual who may be in the midst of a short cycle at a point in time may accumulate many months of welfare receipt over her lifetime. Pavetti (1995) estimated that on average, a recipient beginning her first welfare spell could be expected to spend more than six years total on welfare.

In these studies conducted on pre-welfare reform samples, characteristics associated with long-term welfare receipt were low education, no recent work experience, being African American or Latino, having a young child, or having larger family sizes (Pavetti, 1995). Studies examining factors associated with leaving and returning found significant associations with giving birth to another child (Cao, 1996), low education, being younger (Harris, 1996), larger family size and being African American (Blank and Ruggles, 1994; Harris, 1996). By contrast, Harris (1996) found that women who left AFDC and did not return were those with greater human capital and fewer family responsibilities.

Since welfare reform, caseload dynamics may have changed. As noted above, welfare caseloads have plummeted (from 4.4 million families when PRWORA was signed to just over 2 million in August, 2002), whether in response to policy changes, the strong economy, or some combination of these and other factors. Even though caseloads began to rise in 2001, rolls are still at historic lows. Many studies have

examined the status of welfare “leavers,” (see Acs and Loprest, 2004 for a review) finding that strong human capital continues to play a role in welfare exits (Brandon and Hogan, 2002; Cancian et. al, 2002; Heflin, 2003). However, the sharp declines in the caseload also raise concerns about those still using welfare, commonly called “stayers,” and those who leave but return to welfare, often called “cyclers. Recent research on “barriers to employment” has documented high levels of disadvantage among welfare recipients on measures such as experiences of domestic violence, health and mental health problems, low work skills and education, and other factors associated with the ability to succeed in the labor market (Danziger et al., 2000; Danziger and Seefeldt, 2002). A few studies have used this “barriers” framework to compare welfare leavers with those staying on or returning to welfare. In sum, they find that compared to leavers, welfare stayers were more likely to:

- have completed fewer years of schooling (Miller, 2002; Moffitt et al., 2002; Zedlewski, 2003);
- have more physical health problems and slightly higher levels of depressive symptoms or emotional problems (Moffitt et al., 2002; Zedlewski, 2003);
- have a recent history of lengthy welfare receipt and have first entered welfare as a young adult (Burley, Lerch, and Mayfield, 2001);
- have more and younger children (Burley, Lerch, and Mayfield, 2001; Miller, 2002); and
- be African American or Hispanic (Miller, 2002).

Additionally, an ethnographic study found that many stayers had been long-term welfare recipients prior to welfare reform and faced multiple and serious problems, while others were caring for children or other family members with disabilities (Moffitt et al., 2002).

Similarly, factors associated with returns to welfare include low education, physical and mental health problems, being African Americans, low work experience, never being married, having very young children, and giving birth after leaving welfare (Klawitter, 2001; Born, Caudill Ovwigho, and Corden, 2002; Loprest, 2002). Analyses of data from numerous random assignment welfare-to-work demonstrations finds that families who were categorized as neither stayers nor leavers (i.e., they did not exit permanently nor did

they stay on welfare for extended periods) reported *lower* levels of child care, transportation, health, and emotional problems than did leavers (Miller, 2002).

A problem with interpreting the results of these studies is that a) they are primarily descriptive and b) the definitions they use in categorizing welfare recipients as stayers, leavers, or cyclers are neither consistent nor necessarily relevant for policy discourse. Our analysis extends the research done to date and focuses on the accumulation of TANF benefits toward the 60 month limit.

## **II. Description of Data and Methodology**

Sample. To understand factors associated with TANF accumulation, we use the Women's Employment Study (WES), a panel study of current and former welfare recipients, drawn from the February, 1997 TANF rolls in one urban, Michigan county. Sample members are either African American or White (due to the demographics of the county), are U.S. citizens, and were between the ages 18 and 54 when the sample was drawn. Data used in this analysis come from in-person interviews completed in 1997, 1998, and 1999; 753 women (86 percent response rate) were interviewed in 1997, 693 in 1998 (93 percent response rate), 632 in 1999 (91 percent response rate), and 577 in 2001 (91 percent response rate).

To examine the correlates of TANF accumulation post-welfare reform we use survey data through the fourth wave (Fall, 2001). Cases with missing values for included variables, as well as 24 cases in which the respondent moved from TANF to the Supplemental Security Income program, are dropped from the analysis, leaving an effective sample size of 556.

Defining TANF Accumulation. We use data on monthly TANF receipt from administrative records provided by the Michigan Family Independence Agency (FIA), the state's TANF agency. We calculate the number of months in which the respondent received cash assistance during the 60-month study period – October, 1996 through September, 2001, the period covering the five-year lifetime limit of federally-funded TANF receipt. Since our sample was drawn from the February, 1997 TANF rolls, the minimum number of months of accumulation is 1 and the maximum is 60. Even though our sample was drawn from the February, 1997 TANF rolls, more than 80 percent of respondents had been receiving TANF continuously between October, 1996 (the date that Michigan implemented federal welfare reform) and February, 1997, and most



had been on prior to that. Months on TANF are adjusted for respondents who started their most recent spell of TANF between November, 1996 and February, 1997. On average, WES respondents accumulated 27.8 months on TANF between October 1996 and September, 2001, or just under half of their allowable 60 month total.<sup>1</sup>

We then divide the sample into three groups: a) those who accumulated less than 20 months on TANF during this time (less than a third of the allowed months under the federal time limit); b) those who accumulated between 20 and 39 months (about two-thirds of the time on their “clock”); and c) those who accumulated 40 or more months in this 60 month period. We call these the “low,” “medium,” and “high” groups respectively. Although any categorization scheme will be arbitrary to some degree, our grouping of time on TANF into thirds has policy relevance. In addition to the 60 month lifetime limit on benefit receipt, PRWORA specifies that recipients must be engaged in work or work activities after 24 months on TANF. Respondents in our “low” group, therefore have not yet reached the 24 month work time limit. On the other end of the spectrum, respondents in the “high” group have accumulated enough months to be most “at-risk” for reaching the 60 month time limit.<sup>2</sup>

Using our definitions, 202 of the 556 sample members are in the low group (36.3 percent), 216 (38.8 percent) are in the medium group, and the remaining 131 (23.6 percent) are in the high group. On average, the low group received TANF in 12.2 of the 60 months, while the medium group received TANF in 27.6 months. The average number of months of assistance received by the high group was 51.5 out of the 60 months, with just under 20 percent of this group receiving TANF in all 60 months.

Measures Used. The demographic measures we include are race (1=African-American; 0 = White), age (in categories of 18-24, 25-34 and 35 and older), and marital/cohabiting status. Due to the extra income that a spouse or partner may provide, marriage and cohabitation are often routes off welfare, although a dissolution of a relationship may bring women back onto welfare. We use a dummy variable for whether or not the respondent was married/cohabiting at least three of the four waves to account for relationship stability.

We also include the percent of years since turning age 18 (self-reported) that the respondent received welfare prior to 1997. Those who had already accumulated a substantial welfare history may be more likely to continue that pattern, and some evidence exists that longer lifetime histories on welfare are associated with returns to welfare after an exit (Born, Caudill Ovwigho, and Corden, 2002). Respondents are also classified by whether or not they spent half or more of their childhood receiving welfare. Some analysts have suggested that children living in households receiving welfare are exposed to a set of norms outside of mainstream social standards (e.g., non-work, lack of stigma toward female-headed families) that negatively influences their achievement as adults and may predispose them to be welfare reliant themselves and to be less likely to work (Mead, 1992; Rector and Fagen, 1996).

The number of children in a family may also affect the likelihood of leaving or staying on welfare. In most states, families with more children receive larger TANF checks. For example, in Michigan, a single mother with one child and no income receives \$371 a month from TANF, while a single mother with five children receives \$792. When a recipient goes to work, her earnings are subtracted from the TANF grant. Women with fewer children, compared to those with more, may lose benefits more quickly, even if all are make the same amount of money. To take this into account, we control for the number of children under age 18 living with the respondent in 1997. In addition to the number of children, the ages of children may also be associated with accumulation of time on welfare. Child care for infants and toddlers is typically more expensive and more difficult to secure compared to care for older children (Kisker and Ross, 1997; Phillips and Adams, 2001). Women may accumulate more months on welfare if they are unable to find child care for very young children or they may return to the rolls if child care problems cause them to lose their jobs. To account for this, we include a variable indicating that the respondent had pre-school aged children (five years old or less) in at least three waves of the study.

To measure change in household size, we calculated the number of children in the household at Wave 1 and at Wave 4 and created variables indicating that the number of children in the household increased or decreased over the period (no change in the number of children in the household is the omitted group). Some families may experience an increase in the number of children due to caretaking of relative

children, while for others it is due to the birth of another child. Women who leave welfare but then become pregnant may return to welfare if they are unable to work during the pregnancy, thus accumulating more months. Additional children in the house, regardless of their biological relationship to the mother, may also keep women on the welfare rolls due to adjustments in TANF benefit amounts, as discussed above. Conversely, decreases in the number of eligible children may lead to exits from TANF, particularly for women whose children turn 18 and “age out” of the program.

A third set of measures captures respondents’ human capital-- education, work experience, and literacy-- as measured at baseline. These are: lacking a high school diploma or equivalent, working less than 20 percent of the time since turning age 18, and reading at or below the fifth grade level, as measured by the Wide Range Achievement Test (WRAT). Pavetti (1993) found that low education and limited work experience were two of the most important predictors of lengthy stays on AFDC, the program that preceded TANF. In surveys of employers, Holzer (1998) found that nearly 80 percent of recently-hired welfare recipients had a high school diploma or GED and almost half had recent work experience. Those recipients without human capital deficits may be the ones most able to meet work requirements, exit early, and not return to welfare (Pavetti, 1993; Bane and Ellwood, 1994; Harris, 1996). On the other hand, the presence of human capital barriers may put a recipient at-risk for case closure if having low skills and education make it more difficult to comply with welfare program rules. If these credentials are needed in the labor market, the lack of them may lead to a return to welfare, and thus further accumulation of months counting toward the time limit.

The final group of variables captures personal and family characteristics that could function as barriers to leaving welfare early. Many of these have been analyzed in several of the descriptive studies cited above. These are:

- Having a child with a learning, mental, or physical health problem—children with health problems may need specialized care, making it difficult for their mothers to work (Meyers, Brady, and Seto, 2001), or in some states, including Michigan, this may be cause for an exemption from the work requirement, thus keeping these families on the rolls (see Thompson et al., 1998);

- Experience of severe domestic violence (being hit with a fist or an object that could hurt, being beaten, being choked, being threatened with or hurt by a weapon, being forced into sexual activity against her will) within the past year. The Family Violence Option (FVO) allows states more flexibility in applying the work requirement to families experiencing abuse, thus potentially extending their stay on welfare (see Raphael and Haennicke, 1999 for an overview);
- Having a physical health problem, defined as an age-specific physical limitation and being in fair or poor health, problems which could make employment difficult or may also qualify a recipient for an exemption from the work requirement (Thompson et al., 1998);
- Having one or more mental health problems (respondent meets the diagnostic screening criteria for at least one of five psychiatric disorders--major depression, generalized anxiety disorder, social phobia, alcohol dependence, and post-traumatic stress disorder). Mental health problems might prevent recipients from attending programs or being able to work. If the problem is detected and an exemption granted, recipients with mental health problems might be more likely to accumulate more months on welfare (Kalil et. al, 1998). If not, women with these problems may be more likely to use welfare intermittently and accumulate fewer months but yet not exit completely;
- Illicit drug use, as reported by the respondent. A growing concern of many welfare policy makers and administrators is that substance use or abuse is a major problem among those left on the TANF rolls (American Public Human Services Association, 1999). Schmidt and colleagues (2002) find that substance problems are strongly associated with administrative exits (e.g., case closures for failure to follow procedural rules) but also returns to welfare.

Method. We estimate multinomial logistic regressions to determine the association of the previously listed variables with TANF accumulation. Our dependent variable has three categories. A value of 0 indicates that the respondent is in the low group (accumulated fewer than 20 months of assistance in the 60 month period). The low group is the reference group in the regressions. A value of 1 indicates that the respondent is in the medium group. A value of 2 indicates the respondent is in the high group, meaning that by the end of

the 60 month period she had already been on TANF for more than two-thirds, or 40, of the 60 months allowed by PRWORA.

With the exception of the demographic, family background and human capital variables (which were measured at baseline), the regression uses change or persistence of the measures over the four waves of data. Dummy variables are included to indicate if the barrier or other characteristic was present in three or four waves (never present or present in one or two waves is the omitted group). We hypothesize that having a problem at one point in time may not affect welfare accumulation,<sup>3</sup> particularly if a welfare policy specifies that the problem be persistent in order to maintain eligibility for TANF and/or receive an exemption from the work requirement.

### **III. Results.**

Descriptive Results. Table 1 presents descriptive statistics on all variables of interest. Results are shown for the entire sample, the low (group a), medium (group b), and high (group c) groups. A little over a quarter of the total sample (n=556) was between the ages of 18 and 24, just under half were between 25 and 34, and the remaining quarter were 35 or older. Slightly less than a fifth of respondents, 18.0 percent, were married and/or cohabiting at three or four waves, 55.8 percent were African-American, and the rest were White. The average sample member received welfare for about 58.6 percent of the years between her eighteenth birthday and the beginning of the study period. Just under a quarter had been on welfare more than half of their childhood.

At wave one respondents had, on average, 2.2 children, with just over a quarter experiencing an increase in the number of children living with them in the 1997-2001 time period. More than a fifth had children leave the household, while just over half experienced no change. A slight majority, 54.7 percent, had at least one pre-school aged child during three or four waves.

With respect to the human capital measures, 29.3 percent had less than a high school education and 10.1 percent had limited work experience. Nearly a fifth (19.6 percent) tested at a fifth grade or lower reading level. Substantial minorities of the sample experienced at least some of the various barriers at multiple waves. While just 6.5 percent had a child with a health, learning, or emotional problem at multiple

waves, and 4.5 percent experienced domestic violence at multiple waves, more than a tenth had persistent health problems, and more than a fifth (21.6 percent) of respondents met the diagnostic screening criteria for a mental health disorder at two or more waves. Finally, 11.5 percent reported using illicit drugs at three or four waves.

On most measures, significant differences exist between the low (n=202), medium (n=216), and high groups (n=131). Respondents in the medium group were more likely to be in the youngest age group. The low group were much more likely to be married/cohabiting (30.2 percent compared to 13.4 percent for the medium and 7.6 percent for the high). The low group were also less likely to be African American (44.5 percent versus 60.2/64.9 percent).

Prior to the implementation of welfare reform, sample members in the low group had been receiving welfare in fewer years (55.7 percent of years) of their adult lives compared to the high group (62.7 percent of the years). Just under a third of the high group grew up in families relying extensively on welfare, compared to about 19 percent of the low group. On average, sample members in the high group had close to three children, while the average number for the other groups is closer to two. Those in the medium group were more likely to have experienced an increase in the number of children living in the household compared to the low group (30.1 percent versus 16.5 percent). The low group was much more likely to see children leave the house compared to the other groups (27.3 percent versus 19/17.6 percent) and less likely to have very young children in multiple years (47.5 percent versus 58 percent).

Significant differences also exist between these groups on many of the human capital and barrier measures. Just under 30 percent of those in the medium group lacked a high school education, compared to more than two-fifths of the high group; the prevalence on this measure is even lower for the low group—21.3 percent. More than 15 percent of the high group had low work experience, compared to 7.8 percent for the medium group. The high group is also more disadvantaged on the literacy measure—28.2 percent read at or below the fifth grade level compared to 14.9 percent of the low and 17.6 percent of the medium groups.

Compared to respondents in the low and medium groups, the high group had higher prevalence rates on two of the five barrier measures. More than twice as many high group respondents had children with

health, emotional, and/or learning problems (13.7 percent at three or more waves compared to just under four percent for low and just over five percent for medium respondents). Just under a fifth of the high group had persistent physical health problems, whereas 10.4 percent of the low and 8.3 percent of the medium group were in poor health at three or more waves.<sup>4</sup> Taken together, respondents in the low group had an average of 3.2 of the 14 “risk” factors (not married or cohabiting, greater than average number of children, greater than average time on welfare as an adult, receiving welfare for the majority of one’s childhood, an increase in the number of children, young children in multiple waves, any of the three human capital barriers, and any of the five persistent personal/health challenges), those in the medium group had 3.8, while those in the high group had 4.8 (results not shown). These differences are statistically significant from each other.

Multivariate Results. Table 2 presents results from the multivariate analysis. The first and second columns show the coefficients and standard errors of the independent variables for the medium group relative to the low (the reference category in the regressions). The fourth and fifth columns show these values for the high group relative to the low. Coefficients with a positive sign indicate an increase in odds in being in the medium or high groups as opposed to being in the low, while negative coefficients represent a decrease. Post-hoc tests were also run to examine whether the odds associated with being in the medium group differed significantly from those associated with being in the high group. A superscript letter “a” in the table is used to denote significant differences at the 10% level between the two coefficients.

However, with multinomial logistic regressions, it is difficult to interpret the magnitude of the effect of certain variables on the likelihood of being in the three categories. We therefore discuss the significance of the results by presenting the “modal” WES respondent and reporting changes in predicted probabilities of being in the “low,” “medium,” and “high” groups due to changes in characteristics.

The modal WES respondent was between the ages of 25 and 34 in 1997, was not married or cohabiting at most waves, was African American, received AFDC/TANF as an adult for seven years, grew up in a family that received welfare for less than half of her childhood, had two children throughout the study period, with at least one or more of those children age five or younger in three or four waves of the survey, and had no human capital or other barriers in the majority of the waves. Given these characteristics, her

predicted probability of being in the low group is .413, in the medium group .417, and in the high group 0.171.

Many of the demographic and family characteristic variables are significant in our regression. As Figure 1 shows, some of these significant characteristics have larger effects than others. Being younger than 25 increased the predicted probability of being in the medium group from .417 to .598, or 43 percent (or 18 percentage points). This may result from younger women having less labor market experience and less experience with the welfare system. They may need several attempts to leave welfare for work (Moffitt and Cherlin, 2002) and thus accumulate more months. On the other hand, if our typical respondent were 35 or older, instead of in her mid-twenties to mid-thirties, the predicted probability of being in the high group rises to .343, an increase of 100 percent. Older women may find it more difficult to secure employment, compared to their younger counterparts, particularly if they have been out of the workforce for extended periods of time (Riccio and Freedman, 1995). Alternatively, a benefit of being older might be greater personal maturity that makes it easier to manage work and welfare requirements, thus putting oneself at reduced risk for being sanctioned (Kalil, Seefeldt, and Wang, 2002).

We find that being married or cohabiting was associated with an increase in the odds of being in the low group. For the modal respondent, living with a partner at multiple waves greatly increases the probability of being in the low group—from .413 up to .752, an 82 percent increase. This is consistent with earlier studies finding that marriage often results in a permanent exit from welfare (e.g., Pavetti, 1993; Bane and Ellwood, 1994; Gleason et. al, 1998). While income from a cohabiting partner is not necessarily counted when determining eligibility for welfare benefits (Moffitt, Reville, and Winkler, 1998), women living with another adult, particularly one with earnings, may choose not to stay on welfare.

Having more children at wave 1 significantly increased the odds of being in the medium and high groups, relative to the low group and to each other. In Figure 1, an additional child in the household (three children total) at baseline increases the predicted probability of being in the medium group by a fairly small proportion-- 11 percent (to .463) and by a larger proportion, 32 percent, for the high group (to .226), with a corresponding drop in the probability of being in the low group (a decrease to .310). The number of children



could be a proxy for child care problems, including difficulty paying for care, as families with more children typically incur greater child care costs (Greenstein, 2000). Problems with child care may lead to absenteeism at work, which is in turn associated with shorter job tenure and job loss (Holzer, Stoll, and Wissoker, 2001). Termination of employment could lead to a subsequent need for welfare. That the larger effect is in the probability of being at high group could be an example of a characteristic that “protects” a recipient from TANF case closure. As explained earlier, families of larger sizes may find it more difficult to earn their way off of welfare, thus accumulating more months.

Experiencing an increase in the number of children living in the household over time increased the odds of being in the medium and high group, although the change in effect is greater for the high group. The predicted probability of being in these groups rises to .479 and .242 respectively. The probability of being in the low group drops to .279. Increases in the number of children may also increase the TANF grant, again affecting the wage level at which a woman would earn her way off of welfare. However, it is important to note that on average these families are not particularly large. Of those in the high group who cared for more children in wave 4 than in wave 1, the average increase was from 1.8 to 3.0 children. Conversely, a decrease in the number of children in the household is associated with an increased likelihood of being in the low group, from .413 to .579, or a 40 percent increase. When a child leaves the household, a recipient would lose eligibility for TANF, assuming there are no other eligible children residing with her. Others may have earned their way off of welfare with the departure of a child, since the welfare grant would have been adjusted to reflect that change.

Finally, only having school-aged children decreases the probability of being in the high group relative to the low group, indicating that women with older children may find it easier to leave welfare for work. Compared to younger children, school-aged children are less likely to need child care during daytime hours (at least while school is in session). Even when very young low-income children are in care, it is more likely to be care by relatives. While this arrangement tends to be less costly, it often is less stable than center-based care (Cappizano and Adams, 2004)

Figure 2 displays the changes in predicted probabilities for the human capital and barrier variables. Lack of a high school education increased the odds of being in the high group relative to the low group. The increase in the predicted probability for being in the high group increases by about 51 percent (to .259). Having a high school education or a GED is a credential employers often desire, even in the low-wage labor market (Holzer, 1998). Or, low-education could be a proxy for other functional difficulties that might keep women on welfare if they cannot find a job or result in an “unstable” welfare exit if they lose jobs quickly and return to the rolls (Wood, Rangarajan, and Gordon, 2004) .

Having a child with health, emotional, or learning problems was also significantly associated with an increased likelihood of accumulating the highest category of months on TANF, relative to being in either the low or medium accumulation groups. The effect of this variable is large. For the typical respondent, having an ill child at three or four waves increases the predicted probability of being in the high group by 180 percent, up to .478 and decreases the probability of being in the medium or low groups down to .350 and .172 respectively. This finding could be a function of policy choices. During the study period, TANF mothers in Michigan who also had a child receiving Supplemental Security Insurance (SSI), the program for the low-income disabled, were automatically exempt from the work requirement. In our sample, more than a third of the high-risk group whose children had persistent health problems also received SSI for those children. As of April, 2002, though, policy was changed so that having a child on SSI is no longer grounds for an automatic exemption.

Women with persistent physical health problems had an increase in the odds of being in the high-group. The addition of persistent health problems increased the predicted probability of accumulating more than two-thirds of the lifetime limit by 75 percent (to .300). Similar to our finding about persistent child health problems, it could be that those with physical health problems received temporary exemptions from the work requirement. According to state data, approximately 30 percent of all exemptions are for temporary illness or incapacity. Or, their poor health may have limited their ability to find work and leave welfare, regardless of deferral status. A study of former welfare recipients found that physical health limitations significantly increased the odds of job loss (Earle and Heymann, 2002), while other analyses of WES data

finds a negative association between persistent health problems and consistent employment (Corcoran, Danziger, and Tolman, 2003), .

Women who experience domestic violence at multiple waves were more likely to be in the high accumulating group relative to the medium group. The predicted probability of being in the high group increases from .171 to .294 and the probability of being in the medium group drops from .417 to .264. Again, the domestic violence variable could be picking up the effects of policy choices that allow abused women temporary exemptions from work requirements while they recover. Or, women who are in abusive relationships may need to use welfare benefits more often if persistent abuse interferes with work or if by leaving an abusive situation they need financial support from welfare (see Tolman and Raphael, 2000 for a review) .

#### **IV. Discussion**

Overall, our analyses indicate that women who have accumulated many months on TANF in Michigan are more disadvantaged on a number of measures compared to those who accumulated relatively few. Although our study is limited in that it is conducted in one county of one state, our results confirm what descriptive studies from other states have found (e.g., Brock et. al, 2002; Zedlewski, 2003; Wood, Rangarajan, and Gordon, 2004). Additionally, our analyses have attempted to discern whether certain characteristics affect different amounts of TANF accumulation toward the 60 month time limit.<sup>5</sup> Moreover, our findings highlight the relative importance of certain factors-- particularly persistent maternal and child health problems, persistent domestic violence, lack of a partner, low levels of education, and increases in the number of children—on the likelihood of accumulating many months of TANF receipt.

Many of the same factors are associated with being in both the medium and high accumulation groups (relative to the low group). However, only demographic variables, such as the presence of a partner and the number of children seem to matter in determining whether or not someone will accumulate relatively few as opposed to a “medium” amount of time on TANF. While these factors matter for the high accumulation group, the presence of human capital problems as well as persistent personal and family challenges all greatly increase the likelihood of accumulating many months toward the 60 month time limit.

PRWORA was initially authorized for six years. As of this writing, funding has been maintained through a series of continuing resolutions, while Congress continues to debate re-authorization. Among the issues being discussed are the appropriate levels to set work requirements and what set of activities should count toward those requirements. Proposals to raise state work participation rate requirements to 70 percent of the caseload (up from 50 percent) and to raise individual participation requirements to 40 hours a week (up from 20 hours for families with children under age six, 35 hours for others) are currently on the table. Given our findings, we suggest a number of ways current TANF policies and programs might be modified to help those who are at greatest risk for reaching their lifetime time limit.

Programs such as supported work or transitional jobs could be considered for recipients with limited educational to help them get employment credentials. Additionally, many such programs are run by organizations that have traditionally served the disabled. These programs could be beneficial for some women with health problems, to the extent staff can help with workplace accommodations. Participation in supported work is also likely a “countable” activity, since participants engage in real-world work, including light manufacturing and janitorial work. Georgia “Goodworks!” is one such program, targeted at recipients nearing the state’s 48 month time limit. In addition to working in non-profit or other private sector employment settings, participants receive assistance accessing support services from personal advisors (Derr, Pavetti, and Kewal Remani, 2002).

Some states were also integrating substance abuse treatment into their welfare service delivery packages. Oregon is often cited as an example of a “best practice” state in this area, by mandating that local welfare offices integrate drug and alcohol treatment options as part of the package of services provided to welfare recipients, including allowing treatment to count toward the work requirement and covering such services through the state’s Medicaid program (Kirby et. al, 1999). However, screening for the presence of such problems is difficult and may require the addition of specially-trained staff to help conduct assessments (Pollack et. al, 2002).

Work alone may not help women with larger families leave welfare and stop accumulating months toward their lifetime limit. This may be particularly true in states that have more generous earnings

disregards, allowing women to combine work with continued receipt of benefits. Policies that “stop the clock” when recipients are working but still eligible for cash assistance could be beneficial for families of larger sizes who otherwise are in compliance with work requirements.

Women who are caring for ill children and women experiencing domestic violence may be exempt from work requirements in many states, at least temporarily (State Policy Documentation Center, 1999). Caring for a sick child (or another family member) may be a full-time job in and thus such an exemption is necessary. On the other hand, some women may want to work outside of the home, particularly to gain skills and build work experience. In order to do this, they may need special assistance with finding special-needs child care, particularly if the goal is to transition these families off of welfare and into stable employment.

Our administrative data do not indicate whether or not a respondent is exempt from the work requirement, nor does it provide an exemption reason. Thus, we cannot determine whether abused women have accumulated more months on TANF because of a domestic violence-related exemption, because the violence has led them to return to the rolls (perhaps repeatedly) as a way to obtain financial support, or because of some other reason. However, welfare recipients may not be willing to admit to abuse to their caseworker, nor may they know about the Family Violence Option or similar state policies. In a study of welfare recipients in California, for example, only five women (out of a sample of 643) reported that they used the Domestic Violence Option, even though more than a quarter of the sample experienced severe abuse at some point during a two year period (Chandler and Meisel, 2002). If women do not know about these policies, then it is very likely they are not receiving services to help them address their problems.

A number of the current welfare reauthorization proposals focus heavily on work activities (e.g., unsubsidized employment, on-the-job-training, community service, etc.) as a way to meet increased participation requirements. In the House-passed reauthorization bill, participation in substance abuse treatment or other “barrier removal” services is limited to no more than three consecutive months within a 24 month period and may only count toward 24 hours of a 40 hour week (Patel, Greenberg, and Savner, 2003). Our results, though, indicate that women in this sample who continue to accumulate TANF benefits face a set of personal and family challenges that may not be addressed in a completely work-focused program.

**Table 1. – Descriptive Results**

	<i>Total Sample</i>	<i>Low Group (a)</i>	<i>Medium Group (b)</i>	<i>High Group (c)</i>	<i>Significant Differences</i> <sup>1</sup>
	(n=556)	(n=202)	(n=216)	(n=131)	
Mean number of months of TANF accumulation	27.8	12.2	27.6	51.5	a<b,c; b<c
Age 18-24	26.4%	20.3%	34.7%	22.1%	a<b,c; b>c
Age 25-34	48.0%	53.5%	43.1%	48.1%	a>b
Age 35 +	25.5%	26.2%	22.2%	29.8%	---
Married or cohabiting in three or four waves	18.0%	30.2%	13.4%	7.6%	a>b,c
African-American	55.8%	44.5%	60.2%	64.9%	a<b,c
White	44.2%	55.5%	39.8%	35.1%	a>b,c
Percent of years on welfare since 18 & prior to study period	58.6%	55.7%	58.6%	62.7%	a<c
Family on welfare at least half of respondent's childhood	24.0%	19.4%	23.1%	31.8%	a<c
Number of children, 1997	2.2	2.0	2.2	2.6	a,b<c
Number of children increased over time	25.9%	16.5%	30.1%	27.5%	a<b
Number of children decreased over time	21.8%	27.3%	19.0%	17.6%	a>b,c
Number of children stayed the same	52.3%	56.2%	50.9%	54.9%	---
Have children 5 or younger in three or four waves	54.7%	47.5%	58.3%	58.8%	a<b,c
Less than HS Education (1997)	29.3%	21.3%	27.8%	42.8%	a,b<c
Low work experience (1997)	10.1%	9.1%	7.8%	15.8%	b<c
Low literacy (1999)	19.6%	14.9%	17.6%	28.2%	a,b<c
Child with health problem in three or four waves	6.5%	3.5%	5.1%	13.7%	a,b<c
Severe domestic violence in three or four waves	4.5%	5.0%	3.2%	6.1%	---
Own health problem in three or four waves	11.3%	10.4%	8.3%	18.3%	a,b<c
Any Mental Health Disorder in three or four waves	21.6%	19.3%	20.8%	27.5%	---
Any Illicit Drug Use in three or four waves	11.5%	9.9%	11.1%	15.3%	---

<sup>1</sup> Computed using the least significant differences (LSD) multiple comparison test ( p<.05).

**Table 2– Logistic Regression Results**

	Medium v Low Group		High v Low Group	
	(1) b	(2) S.E. of b	(3) b	(4) S.E. of b
Age 18-24 <sup>a</sup>	0.766	0.298 +	0.097	0.380
Age 35+ <sup>a</sup>	0.482	0.300	1.198	0.368 ***
Cohabited/married in 3 or 4 waves <sup>a</sup>	-1.221	0.298 ***	-2.509	0.492 ***
African American	0.294	0.234	0.395	0.292
Percent of years on welfare since 18 & prior to study period	-0.082	0.476	-0.626	0.601
Family on welfare at least half of respondent's childhood	-0.035	0.279	0.421	0.330
Total number of children	0.394	0.111 ***	0.567	0.132 ***
Number of children in household increasing over time	0.536	0.285 +	0.743	0.351 *
Number of children in household decreasing over time	-0.538	0.310 +	-1.087	0.394 **
Children age 5 or under in 3 or 4 waves <sup>a</sup>	0.050	0.282	0.623	0.350 +
Less than HS Education	0.308	0.273	0.695	0.319 *
Low work experience	-0.078	0.397	0.571	0.432
Low literacy	0.017	0.305	0.395	0.350
Child health problem present in 3 or 4 waves <sup>a</sup>	0.703	0.562	1.904	0.592 ***
Severe domestic violence present in 3 or 4 waves <sup>a</sup>	-0.522	0.573	0.474	0.598
Mother's health problem present in 3 or 4 waves	0.199	0.396	0.837	0.446 *
Any mental health problem present in 3 or 4 waves	0.074	0.281	-0.036	0.340
Illicit Drug use in 3 or 4 waves	0.035	0.345	0.532	0.400

Log Likelihood -482.56

Chi-Square 137.86 \*\*\*

Pseudo R-Square 0.125

+ p<.10, \* p<.05, \*\* p<.01, \*\*\* p<.001

<sup>a</sup>: Coefficient significantly different for medium versus high group

Figure 1: Percentage Change in Predicted Probability of Being in Low, Medium or High Groups, By Changes in Demographic and Family Background Measures

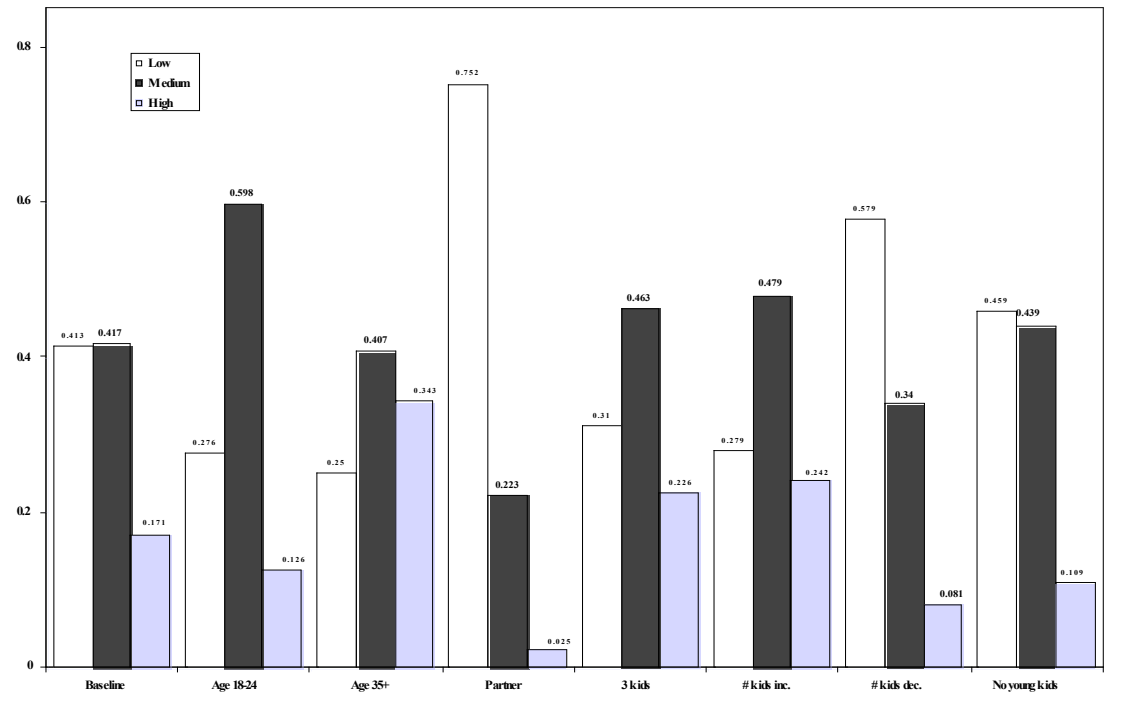
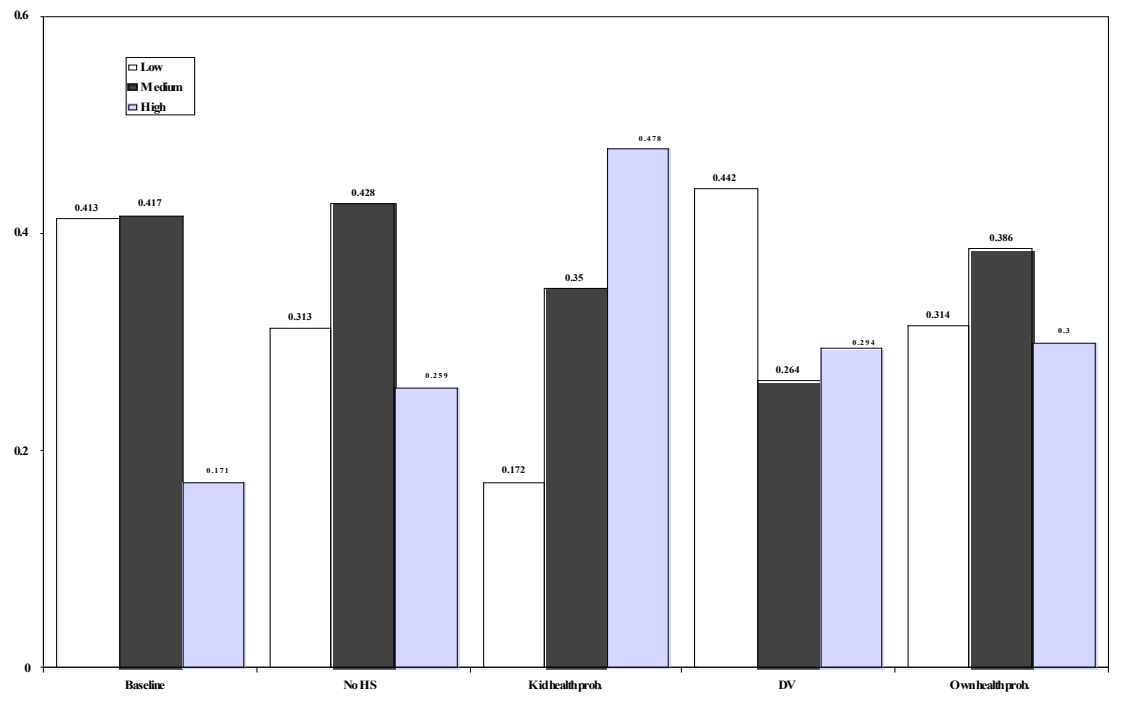


Figure 2: Percentage Change in Predicted Probability of Being in Low, Medium or High Groups, By Changes in Human Capital and Barrier Measures





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## Endnotes

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<sup>1</sup> Many studies examining the duration of welfare spells are concerned about the extent to which short exits from the rolls could be due to administrative or data entry errors (e.g., Harris, 1996; Swartz, Marcotte, and McBride, 1993; Ellwood and Adams, 1990). As a way to address this, for example, a respondent with single month of no cash assistance bounded by two months of cash assistance might assumed to have continuous assistance. We do not follow this convention because we are interested in determining total months receiving TANF, not spells. Additionally, we presume that the amount of time on assistance would be determined through administrative records, which is what we use to calculate our dependent variable. If we had followed this convention, only one case would have moved from the low to the medium group.

<sup>2</sup> A variety of sensitivity tests were conducted by slightly modifying the categories. Results changed little.

<sup>3</sup> Initial regression results confirm this finding.

<sup>4</sup> Although WES is administered in one county within a single state, comparisons to a national sample of welfare recipients drawn from the Survey of Income and Program Participation (SIPP) indicate that WES respondents are not uniquely different from welfare recipients elsewhere. Comparing a sample of 853 welfare recipients drawn from the 1996 panel, we find similar trends in welfare receipt . One hundred percent of both WES and SIPP sample members were receiving welfare at the start of the panel; by February, 2000 21.5 percent of WES and 31 percent of SIPP respondents were on welfare. Although 21 percent of the SIPP sample members receiving welfare in 1996 are Hispanic, when limiting comparisons to just African Americans or Whites, we find that SIPP welfare recipients are roughly the same age as WES sample members (31.8 years old compared to 29.9 for WES), have similar sized households (3.8 for SIPP and 3.9 for WES at the start of the panel), and are about as likely to have not completed high school (33.5 percent for SIPP and 29.3 percent for WES). On the other hand, WES respondents are more likely to be African American, even when the SIPP sample is restricted to only African Americans and Whites (55.8 percent of WES sample members are African American as opposed to 42.4 percent in the SIPP). The SIPP does not contain comparable measures on the other “barriers” to employment.

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<sup>5</sup> Although Michigan was one of just a few states that did not set a time limit after welfare reform for families complying with program rules, less than 20 percent of respondents knew this (42.3 percent believed there was a time limit while the 38 percent did not know).