

Welfare reform data from the Survey of Income and Program Participation

Preliminary monthly survey data regarding persons who left the welfare rolls and their income show generally consistent findings with those of the State-level studies and with the March CPS; however, SIPP data provide additional points of comparison and detail

Richard Bavier

In response to the rapid decline in welfare caseloads before and after enactment of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWO or simply welfare reform), considerable resources have been devoted to “leavers studies.” These tracked the employment and income of families that have left the welfare rolls—the State programs funded by the Temporary Assistance for Needy Families (TANF) block grant that replaced Aid to Families with Dependent Children (AFDC). Leavers studies have been conducted by a variety of researchers in many States.¹

By design, leavers studies could not provide any information about families that may have been deterred or diverted from coming onto the welfare rolls by the new welfare reform policies. In addition, the leavers studies were mostly limited to measuring the personal income of former welfare recipients, missing possible economic benefits from those living with other household members who receive income.

Data from the March annual demographic supplement to the Current Population Survey (CPS) have been another early source of information about what is happening under welfare reform. With its large sample, detailed questionnaire, and timely availability, the March CPS does not have the major limitations of the leavers studies. All household members and their incomes are included, not just welfare leavers. However, until the March 2000 CPS, there was no sure way to identify transitions onto or off of welfare. Con-

sequently, analysis of welfare reform, using March CPS data has focused on changes in the economic status of female family heads with children—the families most directly affected by welfare reform.²

This article tests key findings from the leavers studies with preliminary findings from the Survey of Income and Program Participation (SIPP), including information on employment rates, returns to welfare, and the economic status of persons once they leave the rolls. Overall, SIPP data support findings from the leavers studies and also provide both inter- and intra-temporal context SIPP data also are shown to be consistent with distributional analysis of CPS data. Moreover, SIPP’s monthly data reveal how the income of leavers contributes to annual income trends in the March CPS.

The SIPP data set

The SIPP, conducted by the Bureau of the Census, is a panel survey, representative of the non-institutional population. Field staff return to the same sample households every 4 months for several years and ask monthly demographic, labor force, income, and program participation questions. In addition to core questions asked with each visit or “wave,” the Census Bureau creates modules devoted to different topics on different waves to gather detailed information on a wide variety of other subjects.

The 1996 SIPP panel is large, starting with

Richard Bavier is a policy analyst at the Office of Management and Budget. The views expressed are the author’s personal views and do not represent the views of OMB or the Administration.
E-mail: Richard_B._Bavier@omb.eop.gov

around 37,000 households. As discussed in an appendix, sample loss is a growing problem with SIPP. By the tenth wave, early in 1999, around one-third of eligible households were providing no information, and around half of those still in the sample had some income imputation.

The data set used for most analysis in this article defines a *welfare exit* as at least 2 consecutive months of AFDC/TANF receipt followed by at least 2 consecutive months without receiving benefits.³ (Similarly, a *welfare return* is counted only when a person who leaves the welfare rolls subsequently receives 2 consecutive months of welfare benefits.) In addition, the research sample includes only leavers who remained in the sample for at least 12 months after they leave. With the 36 months of data from the 1996 SIPP panel used to create the leavers' data set, this analysis reflects a cohort who leaves welfare from months 3 through 25 of the panel. Field staff visit one-fourth of the sample each month, so the third month of the 1996 panel corresponds to February 1996, at the earliest, and May 1996, at the latest. Month 25 may be as early as December 1997 or as late as March 1998. For convenience, this group will be termed 1996–97 leavers.

During this 1996–97 period, 1,178 persons in the sample left welfare and remained observable in the panel for 12 months or more after they exited, which was around four-fifths of all the sample persons who left welfare during these months. The remaining fifth of leavers could not be followed for 12 post-exit months. (The appendix compares those who remained in the sample with those who did not.) In the analysis that follows, persons who can be observed for 12 consecutive post-exit months are assigned a sample weight for the month of their exit from the SIPP wave files. The result is a complete 12-month longitudinal sample of a cohort of leavers. A parallel data set using wave files from the smaller 1993 SIPP panel was used for most comparisons between panels.⁴

Employment of welfare leavers

The U.S. Department of Health and Human Services (HHS) found that between 46 percent and 64 percent of 1996–97 leavers in studies from 10 States had some earnings during the first quarter of their exit from the welfare rolls.⁵ The proportion of leavers who had earnings within a year of exit ranged from 62 percent to 75 percent. The HHS report notes, “Only about 35 to 40 percent of leavers were employed in all four quarters, according to the three studies reporting this statistic.”

In the SIPP data set, about half of leavers had worked in the month they exited welfare, and two-thirds worked at some point within 12 months of their exit. Around 62 percent of those with some earnings, or 41 percent of all leavers, had earnings in every quarter. Of the leavers with any work, 54

percent worked in every month after they exited welfare and 48 percent worked in 50 or more weeks.

Analysis of CPS data has found sharp employment increases among never-married female family heads.⁶ Earlier studies had associated longer welfare spells with never-married status, so increased employment rates among this group could result in significant welfare caseload reduction. Of all AFDC/TANF recipients in months 3 to 25 of the 1996 SIPP panel, 45 percent (standard error, 1.4 percent)⁷ were never married. Never-married recipients represented 41 percent (standard error, 2.0 percent) of leavers during those months. Consistent with the higher employment rates in CPS, 60 percent of these never-married leavers had a job in the exit month—a higher employment rate than that among other leavers.

While SIPP data show the leavers studies to be fairly representative of the national experience, they also show that employment rates for leavers are not higher than the rates for leavers in earlier years with a strong economy. The following tabulation illustrates the share of AFDC leavers who were employed in the month they exited AFDC, based on several SIPP panels.⁸

<i>Calendar years</i>	<i>Percent of leavers employed in exit month</i>
1984	52
1985	53
1986	60
1987	48
1988	62
1990	48
1991	58
1992	51
1993	50
1994	52
1995	51
1996	53
1997	53
1998	46
1999	45

Intensity of labor force attachment

As noted earlier, of the two-thirds of SIPP leavers with some employment in their first year after leaving welfare, a little less than half worked for 50 weeks or more. About 40 percent of those worked for 35 hours or more in all weeks, and an additional 7 percent worked 35 hours or more in at least some of their 50 weeks of employment. A little more than half of the employed SIPP leavers who worked year round did not work full-time in any of those weeks.

In 59 percent of all months with any work, leavers worked 35 hours or more in each week. This full-time work was concentrated among leavers who also worked year round. The

one-third of leavers who worked in all 12 post-exit months accounted for about three fourths of all full-time months worked.

Zero income at exit is not common

The leavers studies provided little information about the half of leavers with no employment. Among the cohort of welfare leavers in the 1996 SIPP panel, about 4 percent lived in households with no income in the exit month; among leavers who were not employed, 6 percent lived in households with no income in the exit month. Unemployed leavers reported a variety of income types. More than two-thirds lived with other household members who had income. About half of leavers with no exit-month earnings received food stamps, and one-fourth received rental assistance, such as public housing or Section 8 certificates or vouchers. Receipt of cash benefits other than AFDC/TANF was not uncommon. (See table 1.)

Returns to welfare

In the leavers studies summarized by Health and Human Services, between 23 percent and 35 percent of leavers returned

to welfare within 12 months of exit.⁹ Of the 1996–97 cohort of leavers who could be followed for 12 months in SIPP, 18 percent returned within 6 months of exit, and 25 percent returned within 12 months of exit. These rates were similar to those in the 1993 panel (19 percent returned within 6 months and 26 percent returned within 12 months).

Many persons who do return to welfare do not remain for long. Among SIPP returners who could be followed for 12 months after they returned to the rolls, 71 percent had left welfare again within that post-return year. As has been observed, leaving welfare often takes more than one try.¹⁰

Income changes

The picture of economic well-being in the leavers studies is mixed. On the one hand, employed leavers have generally sustained their employment rates and earnings over several quarters.¹¹ On the other hand, most leavers appear to have income that is lower than their income on welfare. Examining administrative records from AFDC, the Food Stamp Program, and wages reported to the Unemployment Insurance program, Maria Cancian and her colleagues find that only 36 percent of the recipients who exited welfare in Wisconsin, from August 1995 to July 1996, had average quarterly income (in the year after exit) that exceeded their income in the quarter before exit.¹²

Using SIPP data, table 2 compares the mean monthly *post-exit* income of leavers over 12 months after they left welfare with the mean monthly *pre-exit* income received in the 2 months before they left. As with the Cancian measure, the one-fourth of leavers who returned to the rolls within a year of exit are included, although the patterns are unchanged when they are excluded. Counting only personal income, as Cancian and her colleagues did, SIPP data show that only 29 percent of leavers had average post-exit monthly income that exceeded their pre-exit income by \$50 or more. By contrast, nearly two-thirds of the welfare leavers had personal income that was lower than their income on the welfare rolls by at least \$50. If the income of all members of the leaver's household is included, the economic picture improves considerably, but still, less than half averaged at least \$50 per month more than on welfare. The difference in pre- and post-exit incomes is not trivial. On average, persons who do gain more income receive around 50 percent more than they had received on welfare, while those who lose income receive around two-thirds of their pre-exit income. (The proportions of leavers who gained and lost income in the 1993 panel were very similar—46 percent winners, 45 percent losers.)

Analysis of leavers who are employed in their exit month shows that 48 percent average higher post-exit household income and 40 percent have higher post-exit personal income. If the Earned Income Tax Credit were added to the post-exit

Table 1. Income sources of persons leaving Aid to Families with Dependent Children/Temporary Assistance for Needy Families in 1996–97

[In percent]

Income source	All leavers	Employed in exit month	Not employed in exit month
Leavers (number)	3,336,441	1,668,171	1,668,269
In last month on welfare—			
Food stamp recipient	68.3	69.1	67.4
Medicaid recipient	95.2	95.4	95.1
In exit month—			
Zero household income	3.6	.9	6.4
Income from—			
Other household members .	62.4	55.9	68.9
Food stamps	44.4	40.7	48.1
Rental assistance	25.0	25.5	24.5
Child support	11.9	14.9	9.0
General assistance	9.3	6.0	12.6
Other welfare	3.4	3.6	3.2
Own Supplementary			
Security Income	8.9	1.7	16.1
Child's Supplementary			
Security Income	5.0	4.3	5.6
Child's Social Security	3.4	2.3	4.5
Own Social Security	5.5	.5	10.6
Unemployment			
compensation .....	.3	.2	.3
Foster care .....	.7	.9	.4
Former adult recipient on			
medicaid	62.7	56.9	68.6

SOURCE: 1996 panel of the Survey of Income and Program Participation.

Table 2. Post-exit income changes of persons who leave Aid to Families with Dependent Children/Temporary Assistance for Needy Families in 1996-97

Income category	Average monthly income change		Average monthly income in 2 pre-welfare-exit months		Average monthly income in post-welfare-exit year	
	Percent	Standard error (percent)	Income	Standard error (percent)	Income	Standard error (percent)
Mean monthly household pre-tax money income plus food stamps in post-exit year:						
More than \$50 higher than months before exit	44.3	2.0	\$1,614	85	\$2,450	102
Within \$50 of months before exit	6.8	1.0	1,345	117	1,343	116
More than \$50 lower than months before exit	48.9	2.0	2,514	118	1,670	79
Mean monthly personal pre-tax money income plus food stamps in post-exit year:						
More than \$50 higher than months before exit	29.4	1.8	792	39	1,296	49
Within \$50 of months before exit	8.5	1.1	665	53	659	53
More than \$50 lower than months before exit	62.1	2.0	1,131	44	651	29

SOURCE 1996 panel of the Survey of Income and Program Participation.

income of eligible earners, the share with income gains would be higher. Similarly, if work expenses and payroll taxes were subtracted, the share with net gains would be lower.

On reflection, we should not be too surprised that more employed leavers are not income gainers by this measure. State Temporary Assistance for Needy Families programs have expanded earnings disregards to “make work pay.”¹³ Rather than reducing benefits by \$1 for each dollar earned, benefits are reduced by less than a dollar as a “work incentive.” Under the TANF program, the share of recipients with earnings is higher. However, these “work incentives” may last only for several months. If a recipient is classified as a leaver in SIPP because a transitional earnings disregard expires, rather than because her earnings increase, she may appear as an income loser by this measure, even though some might regard her transition as a successful one.

This effect is illustrated in results of a logit analysis of characteristics of household income losers. Having a job in the exit month reduced (by 4 percentage points, or about 8 percent) the chance that a leaver’s monthly income in the post-exit year would average more than \$50 lower than her last 2 months on the rolls. However, having a job in the last month welfare benefits were received increased the chance of a person losing income by 5 percentage points, or about 10 percent. Other characteristics associated with being an income loser were largely consistent with findings from a three-city study of welfare leavers that gathered much more

detailed characteristics than earlier state leavers studies.¹⁴ That study found lower earnings and household income among leavers with less than a high-school degree, fair or poor health, and longer periods on welfare, compared with other leavers. In the SIPP data, having less than a high school degree or equivalent was associated with income loss after persons exited welfare. (See table 3.) In addition, positive coefficients were associated with exits in States with the highest AFDC/TANF benefits and among leavers reporting work limitations, though these were not statistically significant. Although long-term welfare recipients might be expected to have less post-exit economic success, having a welfare spell of more than 2 years end with the observed exit was not associated with income loss.¹⁵

Caseloads getting “harder to serve”?

Earlier analysis of the characteristics of female family heads receiving AFDC found that many had little work experience, low scores on verbal and mathematical tests, health conditions that limited the work they could do, and alcohol-related problems. Among longer term recipients, these conditions were even more prevalent.¹⁶ Another potential employment obstacle, domestic abuse of AFDC/TANF recipients, also received much attention.¹⁷ As TANF caseloads dropped by about half since 1994, concern has grown that the remainder might include a higher concen-

tration of families that are “hard to serve.”

With its detailed topical modules devoted to disability, child care, and work history, SIPP represents a very rich source of data about the employability of AFDC/TANF recipients. Only a few topical modules from the 1996 panel have been released so far. Based on preliminary analysis, cross-sectional comparisons of the characteristics of AFDC/TANF recipients in SIPP do not lend strong support to concern that the residual caseload is much harder to serve.¹⁸

Table 4 displays a range of characteristics associated with longer welfare spells. Instead of a larger share of long current spells, as might be expected if the welfare rolls had higher concentrations of the hard-to-serve, current spells appear shorter with later observations. There is no higher concentration of very low educational attainment or receipt of rental assistance, such as public housing or Section 8 certificates or vouchers, in the later waves. However, by month 36, the proportion of persons reporting work-preventing conditions is significantly larger (21 percent) than that in month 1 (16 percent). The actual number of recipients in this category in SIPP is 33 percent lower in month 48 (370,769) than in month 1 (556,279), but the decline in total caseloads over this period (3,587,754 in month 1 to 1,797,697 in month 48) has been 50 percent. By panel month 36, the proportion of the caseload reporting a work-preventing condition approximately equals the share of the caseload that may be exempted from the Federal 5-year time limit on TANF benefits.¹⁹

SIPP does not provide direct information about some of the observable characteristics thought to indicate labor market disadvantage, such as low levels of verbal and math skills, alcohol or drug dependence, or domestic violence. Moreover, unobservable characteristics such as motivation, may be important in successful transitions off of welfare. However, if we suppose that these unobservable characteristics are becoming more concentrated in the residual caseload for Temporary Assistance for Needy Families, we can form testable hypotheses about the likely labor market experience of recent leavers, compared with earlier leavers.

If persons leaving welfare from the reduced caseloads in 1998 or 1999 have more labor market disadvantages than those leaving in 1996 or 1997, we would expect that they would have lower employment rates and more job loss. However, Cancian and her colleagues found that a 1997 cohort of Wisconsin leavers was more likely to be employed at some point in their post-exit year than a 1995 cohort, and that employment stability and poverty were fairly similar.²⁰

Among a cohort of AFDC/TANF recipients who left the rolls during months 4 through 9 of the 1996 SIPP panel (and could be observed for 12 months after they left), 70 percent (standard error, 2.7 percent) worked at some point during that observation year, 47 percent (standard error, 3.6 percent) of those lost at least one job, and 38 percent of the job losers lost more than one. Among a similar cohort leaving welfare a year later, during months 16 through 21, when national employment measures suggest a stronger demand for workers, 75 percent (standard error, 3.1 percent) worked at some point, 50 percent (standard error, 4.3 percent) of those lost at least one job, and 50 percent of those losing a job lost more than one. The differences fall short of statistical significance at the 90-percent confidence level, although the difference in the share losing more than one job falls just short.

Table 3. Predictors of post-exit household income loss of persons leaving Aid to Families with Dependent Children/Temporary Assistance for Needy Families in 1996–97

Characteristic	Estimate	Standard error	Effect on probability of income loss (percent)
Probability of post-exit income loss with other independents at zero	-0.1534	0.1495	...
Work in the last welfare month	1.2859	.2004	10.0
Work in exit month ..	-1.1215	.1985	-7.9
Other household member with income	-.0493	.1278	-.1
States with highest benefit .....	.2004	.1387	7.1
Less than high-school degree .....	.3629	.1293	7.1
Pre-exit welfare spell more than 24 months	-.1892	.1328	-3.8
Work limitation .....	.1689	.1538	8.4

SOURCE: 1996 panel of the Survey of Income and Program Participation.

Income trends

Female family heads with children, the families affected most directly by the Personal Responsibility and Work Opportunity Reconciliation Act of 1996, have seen strong income gains since 1993.²¹ In data from the March CPS, these gains are evident all along the income distribution, except that, beginning in 1996, the bottom fifth of the distribution lost ground before recovering partially in 1999.

SIPP data appear to be consistent with main themes from the State leavers studies. They are also broadly consistent with income trend data from the March Current Population Survey, and, importantly, show how welfare leavers are faring.

Mean monthly pre-tax money income plus food stamps in the bottom quintile and decile of female family heads with

Table 4. Characteristics of adult recipients of Aid to Families with Dependent Children/Temporary Assistance for Needy Families in the 1996 panel of the Survey of Income and Program Participation

[In percent]

Characteristic	Panel month				
	Month 1	Month 12	Month 24	Month 36	Month 48
Current spell on welfare (months):					
1 to 6	19	25	29	28	30
7 to 12	11	16	18	19	19
13 to 24	12	13	13	18	16
25 to 36	11	7	7	7	8
37 to 48	8	7	4	6	4
49 to 60	6	5	5	3	4
More than 60	33	28	24	20	19
Highest grade completed:					
Less than 10th grade	19	20	19	18	19
Some high school, no diploma or equivalent	24	26	27	27	26
High school diploma or equivalent	33	32	31	34	34
Some post secondary	25	23	24	22	20
Not working due to—					
Temporary illness	1	2	3	2	3
Physical or mental work-limiting condition	23	22	26	24	26
Work-preventing conditions	16	16	19	21	21
Never married	45	47	48	51	51
Rental assistance	31	31	32	32	32
White non-Hispanic	38	35	32	29	29
Black non-Hispanic	36	37	39	38	35
Other non-Hispanic	5	6	6	7	8
Hispanic	21	22	24	26	29

SOURCE: 1996 panel of the Survey of Income and Program Participation.

children declined fairly steadily from 1993 before leveling off in months 24 through 48 of the 1996 panel, corresponding roughly to calendar years 1998 and 1999. (See chart 1.) As in the CPS data, even in the bottom quintile, female family heads have increased their employment and earnings. However, lower means-tested benefit income has more than offset the earnings gains.

For most of the 1996 panel, about one-third of female family heads who left welfare appeared in the bottom income quintile each month. As welfare caseloads dropped, the total number of leavers increased until, towards the end of the panel, leavers made up nearly one-third of the bottom quintile of monthly income.

Until the last wave of the 1996 panel, AFDC/TANF leavers in the bottom quintile have averaged lower household incomes than others in that quintile. (See chart 2.)²² Their growing numbers have exerted a downward pressure on the quintile mean.

Signs of later improvements

Data from the March 2000 CPS show strong improvements in annual income from 1998 to 1999 at the bottom of the income

distribution of female family heads with children. As in other recent years, employment and earnings increased in the bottom quintile, while TANF and food stamp benefits declined. However, unlike years since 1995 in the March CPS series, for 1999, earnings gains surpassed means-tested benefit declines.

The decline in monthly income of female heads with children in the bottom quintile in SIPP has slowed. (See chart 3.) However, improvement, like we see in the annual CPS data, is not evident.

Summary

Data from the SIPP presented here are generally consistent with findings of the many State-level studies regarding persons who left the AFDC/TANF rolls in the last several years, and with survey data from the March CPS. SIPP provides some additional points of comparison and detail.

- Of a cohort of AFDC/TANF recipients who left the rolls in the first 2 years of the 1996 SIPP panel, and could be observed for 12 consecutive post-exit months, half had earnings in their exit month and two-thirds were employed

Chart 1. Monthly pre-tax money income plus food stamps of female family heads with children, 1993 and 1996 panels of the Survey of Income and Program Participation

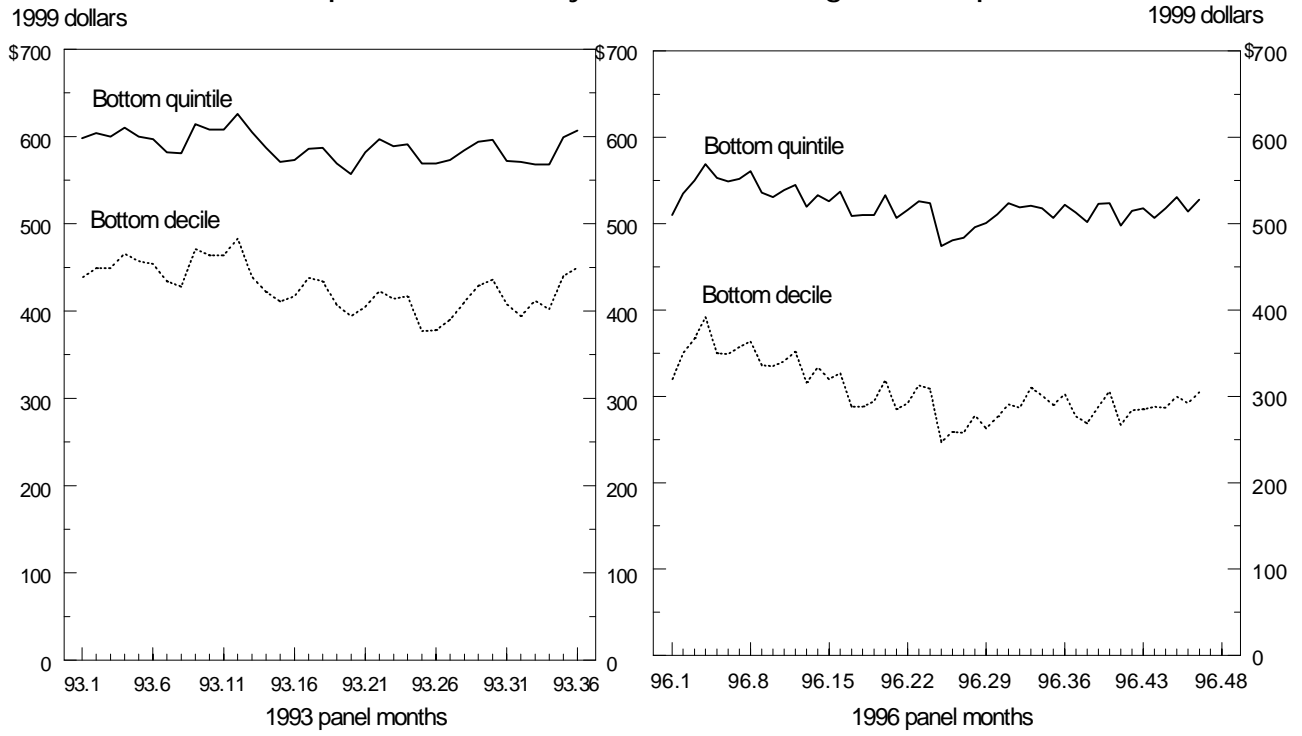


Chart 2. Monthly mean household pre-tax money plus food stamps among the bottom quintile of female family heads with children in the 1996 Survey of Income and Program Participation

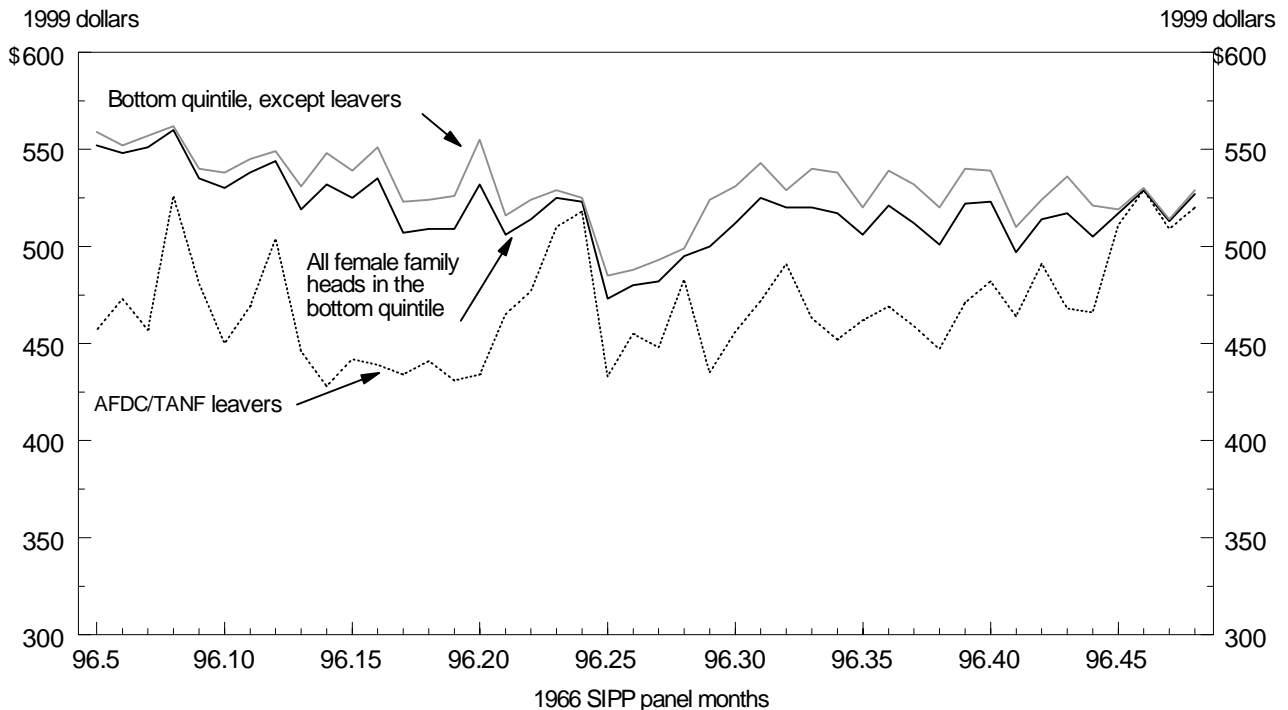
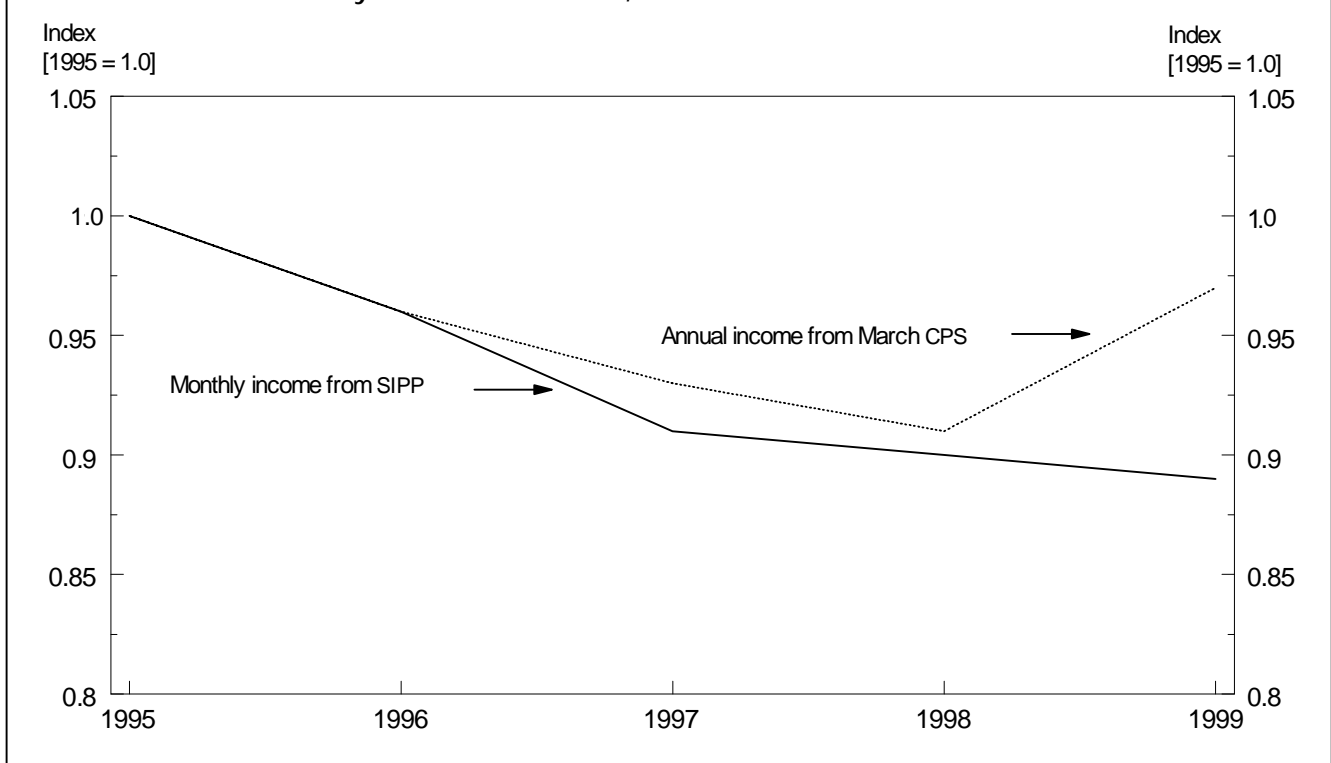


Chart 3. Bottom quintiles of constant-dollar pre-tax family money income plus food stamps for female family heads with children, 1995–99



at some point in the observation year. These rates are comparable with the other leavers studies, and also with employment rates among leavers in earlier SIPP panels.

- Of the two-thirds of leavers with some employment in their post-exit year, about half worked 50 weeks or more, and 40 percent of those worked 35 or more hours in all weeks.
- About 4 percent of all leavers reported no household income in the exit month. (Among those with no earnings in the exit month, the share was 6 percent.) Nearly two-thirds of all leavers reside with other household members with incomes.
- When household income, rather than personal income, is the measure analyzed, a larger proportion of leavers experience income improvements in their post-exit year. However, about half of all leavers averaged lower post-exit than pre-exit household incomes.

- Self-reported work-preventing health conditions appear to be more prevalent among recipients on the TANF rolls in 1999 than 1996.
- Bottom-quintile leavers whose exits are observed in the 1996 SIPP panel had income that averaged less than the income of other households in the bottom quintile for most of the panel. Leavers increased as a share of all households in the bottom quintile, and contributed to income declines among the poorest fifth.
- Income improvement like that seen in the 1999 CPS bottom quintile of female family heads with children is not evident in the last 12 months of the 1996 SIPP panel, although income declines appear to have slowed.

The apparent consistency of these SIPP data with other sources highlights an emerging picture of welfare reform. The SIPP’s earlier panels and rich content represent a great resource for expanding and detailing this picture. □

Notes

¹ State leavers studies are summarized in U.S. Department of Health and Human Services, “Summary of Research on Welfare Outcomes Funded by ASPE: Administrative Data Findings from Interim Reports” (U.S. Department of Health and Human Services, April 2000); and

“Welfare Reform: Information on Former Recipients’ Status,” GAO/HEHS-99-48 (U.S. General Accounting Office, April 1999).

Also see Pamela Loprest, “Families Who Left Welfare: Who Are They and How Are They Doing?” Discussion Papers 99-02 (Washing-

ton, DC, The Urban Institute, 1999). Loprest presents information from the unique National Survey of American Families that asked 2-year retrospective welfare transition questions of a sample designed to provide State-level statistics for 13 States. A summary of research on the earnings of former welfare recipients and data from the National Longitudinal Survey of Youth (NLSY) are available in Maria Cancian, Robert Haveman, Thomas Kaplan, Daniel Meyer, and Barbara Wolfe, "Work, Earnings, and Well-Being after Welfare: What Do We Know," Joint Center for Poverty Research Working Paper no. 5 (February 1999). A rich dataset from a three-city study describes characteristics and distinguish levels of dependence among leavers in Robert Moffitt and Jennifer Roff, "The Diversity of Welfare Leavers," Policy Brief 00-2, Welfare, Children, and Families Study (Johns Hopkins University, August 2000).

² See Richard Bavier, "An early look at the effects of welfare reform," manuscript, April 1999 and "A second look at the effects of welfare reform," presented at the December 1999 American Enterprise Institute conference, "Child Well Being Under Welfare Reform;" Wendell Primus, Lynette Rawlings, Kathy Larin, and Kathryn Porter, "The Initial Impacts of Welfare Reform on the Economic Well-Being of Single-Mother Families with Children" (Center on Budget and Policy Priorities, August 1999); and Ron Haskins, "Welfare in a Society of Permanent Work," manuscript, December 1999. All of these studies present descriptive statistics from the March Current Population Survey and find post-1995 income declines in the bottom quintile of female family heads with children despite increased employment. In another study, Robert Schoeni and Rebecca Blank employ CPS data to estimate the impact of federal waivers and the Personal Responsibility and Work Opportunity Act of 1996 on welfare participation, employment, family formation, and income. See Robert Schoeni, and Rebecca Blank, "What Has Welfare Reform Accomplished? Impacts on Welfare Participation, Employment, Income, Poverty, and Family Structure," manuscript, February 2000.

³ The analysis follows the convention of counting only status changes lasting 2 months or more. Among leavers studies, Loprest "Families Who Left Welfare," 1999, uses a 1-month status change while the Health and Human Services study, "Summary of Research on Welfare Outcomes Funded by ASPE," 2000, explains that the approach it sponsored "excludes cases that re-open within 1 or 2 months, because such cases are more related to administrative 'churning' than to true exits from welfare." Short spells off the rolls clearly are not "true exits from welfare" if that means permanent exits, though they may be part of an exit process that involves one or more returns before a long-term exit. Whether short exits are of analytical interest remains to be seen.

The leavers studies that Health and Human Services summarizes usually exclude "child-only" cases, in which the needs of the adult caretaker are not included in the grant. See Health and Human Services, "Summary of Research on Welfare Outcomes Funded by ASPE," 2000, table 1. Through most of the 1996 panel, it was not possible to distinguish child-only cases from others. Welfare leavers who are not the biological, adoptive, or step parents of any children covered by the grant, or who receive SSI, are likely to be heads of child-only cases. When such leavers are excluded, employment patterns are similar and return rates slightly higher.

⁴ The Census Bureau plans to release a complete longitudinal file from the 1996 panel in 2001. To support longitudinal analysis, longitudinal weights will be applied for persons who are in the sample at the beginning and also at the end of the panel. Analysis using these weights will not include persons who are lost to the sample before the end, or who enter sample households in the middle. This approach simplifies weighting and is necessary if longitudinal analysis requires all 48-panel months, but for cross-sectional analysis, or longitudinal analysis of shorter periods, fewer weighted sample cases are available for analysis than when wave files and weights are employed. The cohort of 1996-97 leavers used in this article includes 178 persons, or 15 percent of all 1,178 observed leavers, who either were not in the sample in the first wave or not still in the sample in month 36.

⁵ Health and Human Services, "Summary of Research on Welfare Outcomes Funded by ASPE," 2000, table 2.

⁶ Gary Burtless, "Can the Labor Market Absorb Three Million Wel-

fare Recipients?" (Washington, DC, The Brookings Institution, March 2000), third draft.

⁷ Standard errors were estimated by generalized variance parameters provided in SIPP documentation by the Bureau of the Census.

⁸ Welfare receipt is measured as variable R20=1. Exit month employment is measured in longitudinal files as the employment status recode variable ESR greater or equal to 1 and less than or equal to 5. For the 1993 and 1996 wave files, employment status means at least 1 week in the month with a job, as measured by variable RMWKWJB.

The decline in exit-month employment in 1998 and 1999 is not paralleled by a decline in the mean number of months worked in the post-exit year.

⁹ Health and Human Services, "Summary of Research on Welfare Outcomes Funded by ASPE," 2000, table 4.

¹⁰ Toby Herr, Robert Halpern, with Aimee Conrad, "Changing What Counts: Re-Thinking the Journey Out of Welfare" (Center for Urban Affairs and Policy Research, Northwestern University, April 1991).

¹¹ Health and Human Services, "Summary of Research on Welfare Outcomes Funded by ASPE," 2000, tables 2 and 3.

¹² Cancian, and others "Work, Earnings, and Well-Being after Welfare," 1999, table 2.

¹³ U.S. Department of Health and Human Services, "Temporary Assistance for Needy Families (TANF) Program, Third Annual Report to Congress" (U.S. Department of Health and Human Services, August 2000), chapt. XIV.

¹⁴ Moffitt and Roff, "The Diversity of Welfare Leavers," 2000.

¹⁵ To estimate the marginal effects of predictors on the probability of being an income loser, the logit parameter estimates were applied to the binary values of the corresponding variables of each sample leaver. See William H. Greene, *Econometric Analysis*, Third Edition (Upper Saddle River, New Jersey, Prentice Hall, 1997).

¹⁶ Nicholas Zill, Kristin A. Moore, Christine Winqvist Nord, and Thomas Stief, "Welfare Mothers as Potential Employees: A Statistical Profile Based on National Survey Data" (Washington, DC, Child Trends Inc., February 1991).

¹⁷ Eleanor Lyon, "Poverty, Welfare and Battered Women: What does the research tell us?" (Office of Justice Programs, U.S. Department of Justice (rev.), January 1998).

¹⁸ Also see, Gene Falk and Alice Butler, "Welfare Reform: The Characteristics of TANF Families in FY 1999," RL30951 (Congressional Research Service, May 2001).

¹⁹ Sec. 408(a)(7) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 prohibits federally funded assistance to a family that includes an adult who has received assistance for 60 months under the State's TANF program. However, a number of exceptions are provided, including exemption of up to 20 percent of the State's average monthly caseload for a fiscal year.

²⁰ Maria Cancian, Robert Haveman, Daniel Meyer, and Barbara Wolfe, "Before and After TANF: The Economic Well-Being of Women Leaving Welfare" (Madison, WI, Institute for Research on Poverty, May 2000).

²¹ Bavier, "A second look at the effects of welfare reform," 1999; and Primus and others, "The Initial Impacts of Welfare Reform," 1999.

²² Note that, unlike the preceding analysis of a cohort of leavers, the analysis of the place of leavers in the income distribution is not limited to recipients who leave for at least 2 months and can be observed for at least 12 post-exit months within the first 36 months of the panel. Rather, a female family head is classified as a leaver if she received AFDC/TANF at any earlier point in the panel and is in the sample, but not receiving AFDC/TANF in the month of measurement.

Appendix: Sample loss and item non-response in the 1996 SIPP panel

Like other household surveys, the Survey of Income and Program Participation (SIPP) has suffered increasing sample loss and increasing item nonresponse. Table A-1 displays rates of sample loss and imputation from waves of the 1993 and 1996 panels that correspond roughly to the beginning of calendar years. Not all sample loss is due to refusals to participate. Some of the original eligible persons in the sample either died or moved from the household. Imputation here includes cases in which income amounts are derived from other information known about the sample household, and not just cases in which income amounts of similar matched households are assigned to nonreporters.

Comparing administrative case counts to survey counts of AFDC/TANF recipients, the author finds that the March CPS captured around four-fifths of administrative totals for many years, but has found only a little over two-thirds in recent years.¹ SIPP appears to do better, but, as table A-2 shows, this is a result of higher imputation rates in the 1996 panel.

The Bureau of the Census has compensated for sample loss by increasing the weights of households remaining in the sample. It compensates for item nonresponse by imputing responses. If lost sample households are like remaining households with matchable characteristics, and if households that do not report some items would have reported like other similar households, the analysis in the article would not be affected by sample loss and item nonresponse. However, although the patterns described in the article are not significantly changed when the analysis is duplicated without including imputed months of AFDC/TANF receipt, there is evidence that leavers who can be followed for 12 consecutive post-exit months are more likely to be employed at the time they exit the welfare system than leavers who are lost to the sample. This suggests that the longitudinal data set used in the article may represent a somewhat more employable and successful subpopulation of leavers.²

When a data set of leavers identified without counting any imputed months of AFDC/TANF receipt is examined, the characteristics are very similar to those mentioned in the article. With no imputed months of AFDC/TANF receipt counted, 67 percent of leavers (2-consecutive months off the rolls and observable for 12 consecutive post-exit months) were employed at some point in the followup year, compared with 66 percent when imputed AFDC/TANF receipt is counted. Without imputation, 24 percent of leavers return within a year; with imputation, 25 percent return to welfare. In table A-3, the only difference that is statistically significant is the rate of food stamp receipt while receiving AFDC/TANF. Without counting imputed AFDC/TANF months of receipt, AFDC/TANF leavers are more likely to have received food stamps in the months before they exited.

While imputation is becoming more common in the 1996 SIPP panel, characteristics of leavers appear similar whether imputed months of AFDC/TANF are counted or not. Sample loss, on the other hand, appears to create a potentially more serious problem for the analysis in the article. In table A-4, leavers who could be observed for 12 consecutive post-exit months are significantly more likely to have a job in the exit month, suggesting that lost sample households represent a more disadvantaged group. If so, the experience of welfare leavers may not be as positive as the article finds.

Notes to the appendix

¹ See Richard Bavier, "An early look at the effects of welfare reform," manuscript, April 1999.

² Constance Citro and Graham Kalton (eds.), *The Future of the Survey of Income and Program Participation* (National Research Council, Washington DC, 1993), pp. 103–4.

Table A-1. Rates of SIPP sample loss 1993–99

[In percent]				
Panel wave	Eligible sample with no data ¹	Households with data that have some imputation	Sample with no data or some income imputation ¹	Total income imputed
1993 (93 panel wave 1)	8.9	28.3	37.2	9.6
1994 (93 panel wave 4)	18.2	33.0	51.2	12.5
1995 (93 panel wave 7)	24.3	34.5	58.8	14.0
1996 (96 panel wave 1)	8.4	35.2	43.6	13.8
1997 (96 panel wave 4)	20.9	46.9	67.8	20.4
1998 (96 panel wave 7)	29.9	48.6	78.5	21.7
1999 (96 panel wave 10)	34.0	49.8	83.8	22.3

¹Eligible households not interviewed in wave.

SOURCE: Survey of Income and Program Participation.

Table A-2. Recipients of Aid for Families with Dependent Children/Temporary Assistance for Needy Families, 1993, 1994, 1996, 1997

Date	SIPP/AFDC/ TANF recipients	Imputed (percent)	AFDC/TANF total cases administrative records	AFDC SIPP/ administrative (percent)	SIPP without imputation/ administrative (percent)
1993					
January	4,214,108	1.2	4,899,621	86.0	85.0
February	4,297,566	1.0	4,906,838	87.6	86.7
March	4,398,595	1.1	4,952,644	88.8	87.9
April	4,366,193	1.0	4,968,337	87.9	87.0
May	4,466,265	1.2	4,945,366	90.3	89.2
June	4,394,291	1.4	4,941,319	88.9	87.7
July	4,385,749	1.0	4,938,783	88.8	87.9
August	4,350,579	.7	4,958,594	87.7	87.1
September	4,250,952	.6	4,960,740	85.7	85.2
October	4,217,728	.5	4,962,176	85.0	84.6
November	4,230,108	.6	4,962,974	85.2	84.7
December	4,275,707	.6	4,987,900	85.7	85.2
1994					
January	4,253,895	.9	4,990,499	85.2	84.5
February	4,292,313	.6	4,986,311	86.1	85.5
March	4,318,851	.8	5,036,478	85.8	85.1
April	4,557,181	1.0	5,018,464	90.8	89.9
1996					
January	3,462,309	4.4	4,567,088	75.8	72.4
February	3,522,569	3.7	4,555,344	77.3	74.4
March	3,608,195	3.4	4,547,661	79.3	76.6
April	3,590,274	4.7	4,507,153	79.7	75.9
May	3,538,517	6.5	4,458,740	79.4	74.2
June	3,554,338	8.7	4,402,463	80.7	73.7
July	3,545,940	10.0	4,372,580	81.1	73.0
August	3,563,579	10.2	4,355,023	81.8	73.5
September	3,494,398	9.8	4,292,916	81.4	73.4
October	3,438,224	10.2	4,248,386	80.9	72.7
November	3,402,821	10.8	4,164,208	81.7	72.9
December	3,408,567	11.7	4,114,122	82.9	73.2
1997					
January	3,391,654	12.4	4,061,732	83.5	73.2
February	3,362,171	12.7	4,019,231	83.7	73.0
March	3,277,607	13.2	3,975,266	82.5	71.5
April	3,162,332	14.7	3,906,643	80.9	69.1
May	3,041,482	13.9	3,830,071	79.4	68.3
June	2,947,082	14.5	3,737,927	78.8	67.4
July	2,910,110	15.7	3,620,339	80.4	67.8
August	2,820,656	14.2	3,562,026	79.2	67.9
September	2,934,104	15.9	3,495,337	83.9	70.6

SOURCE: Data are from the Survey of Income and Program Participation, 1993 and 1996 panel wave files and from Administration for Children and Families. (Data do not include U.S. territories).

Table A-3. Characteristics of 1996–97 welfare leavers with and without imputed AFDC/TANF receipt

Characteristic	With imputation	No imputation
Leavers (number)	3,336,441	2,958,531
Percentage of leavers—		
Receiving food stamps in pre-exit month	68.3	73.7
Receiving medicaid in pre-exit month	95.2	96.1
With zero household income in exit month	3.6	3.0
With income in exit month from—		
Other household members	62.4	62.5
Food stamps	44.4	45.7
Rental assistance	25.0	26.8
Child support	11.9	12.3
General assistance	9.3	4.3
Other welfare	3.4	2.8
Own Supplemental Security Insurance	8.9	8.3
Child's Supplemental Security Insurance	5.0	5.1
Child's Social Security	3.4	3.9
Unemployment compensation .....	.3	.4
Foster care .....	.7	.6
Former recipient medicaid in exit month	62.7	68.1

SOURCE: 1996 Panel of the Survey of Income and Program Participation.

Table A-4. Characteristics of 1996–97 welfare leavers observed for 12 post-exit months and leavers lost to sample

Characteristic	Followed for 12 months	Standard error	Lost from sample	Standard error
Leavers (number)	3,336,441	...	760,116	...
Percentage:				
Never married	41	2.0	46	4.2
Male	14	1.4	14	2.9
Black	34	1.9	36	4.1
At exit:				
Have a job	47	2.0	39	4.1
Rental assistance	25	1.8	25	3.7
Three or more children	22	1.7	22	3.5
Related sub-family	12	1.3	16	3.1
Unrelated sub-family	2	.6	4	1.6
Less than 9 th grade	12	1.3	14	3.0
Some high school	26	1.8	28	3.8
Work-limiting condition	22	1.7	17	3.2

SOURCE: 1996 panel of the Survey of Income and Program Participation.