

Does It Pay to Move From Welfare to Work? A Reply to Robert Moffitt and Katie Winder¹

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In “Does It Pay to Move from Welfare to Work?” Danziger et al. (2002) analyzed data from a sample of single mothers who received cash welfare in an urban Michigan county in February 1997. Estimates from fixed-effect regressions demonstrated that in 1999 monthly net income increased by \$2.63 for every additional hour the respondents worked and that those who had left welfare and were working had much higher monthly household income than those who were nonworking welfare recipients.

In their comment, Moffitt and Winder (2003) point out that a substantial portion of the benefit of moving from welfare to work in the Michigan sample is due to the facts that working welfare leavers are more likely to live in a household with another earner than are welfare recipients and that the earners living with working welfare leavers have higher monthly earnings than those living with welfare recipients. Moffitt and Winder also emphasize that, without the earnings of others, there would be little income difference in Michigan between working welfare leavers and working welfare stayers (women combining work and welfare). They present additional analyses based on data from the Three-City Study (Boston, Chicago, San Antonio), and conclude that “most of the income gains from leaving welfare for work could be achieved by staying on welfare and working.” In their data set, there are smaller income differences between working leavers and nonworking stayers and little difference between the incomes of working leavers and combiners.

We appreciate the chance to respond to Moffitt/Winder. As they note, there are differences in welfare rules in the various states from which the samples were drawn and differences in the

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sampling frame and demographic composition of the respondents that probably account for the smaller returns to work in the Three-City Study than in the Michigan study. Nonetheless, we take issue with some Moffitt/Winder policy conclusions. They are correct to point out that given the risk of nonemployment, recipients would be better off if they could continue to combine welfare and work. However, this is no longer a viable option under post-1996 welfare rules which place time limits on welfare receipt. As a result, in the long run, the smaller income difference between working leavers and working stayers in the first two years of the Three-City Panel cannot represent a major work disincentive. Thus, we still believe that the best way to answer the question “Does it pay to move from welfare to work?” is to compare, as we did in our article, the economic differences between working leavers and nonworking stayers.

In this reply, we offer additional evidence on the extent to which a woman’s monthly income increases as she moves from welfare to work using four waves of panel data from the Women’s Employment Study (WES).² We first show trends in four measures of monthly income and confirm Moffitt/Winder’s point that the income of other household earners is an important factor. Then, we provide new information that documents that combining work and welfare is a transitory state for most recipients over a four-year period, even in Michigan, which did not adopt the federal five-year time limit on cash assistance. By wave 4, only about one-tenth of respondents combined work and welfare. Also, the observed wage rate of working leavers was substantially higher in 2001 than it was in 1997. We then estimate fixed-effects regressions and show that the estimated hourly return for working welfare leavers is greater than that for working stayers, even when the earnings of other household members are excluded from monthly income, and that the exclusion of these earnings does not contradict our conclusion that it pays to move from welfare to work.

Trends in Monthly Income for Current and Former Welfare Recipients

Table 1 shows trends in four measures of monthly income from 1997 to 2001 based on WES data for current and former welfare recipients. Because all respondents at each wave are

² Danziger et al. (2002) was completed when only three waves of data were available. In all analyses in this reply, we exclude 40 respondents who reported receipt of disability benefits for themselves at any of the four waves.

included, the sample size declines over time.³ All measures are reported in constant 2001 dollars to account for inflation; food stamps are counted as if they were equivalent to cash.

The average monthly earnings of all respondents (including those with zero earnings) grew by 68 percent, from \$490 in fall 1997 to \$821 in fall 2001. Net monthly household income, defined as gross monthly income less federal income taxes and payroll taxes, which is similar to the measure presented in Danziger et al. (2002), increased by 28 percent over the four years, from \$1401 to \$1791.⁴ The third measure, gross monthly household income less the earnings of other household members, reinforces a Moffitt/Winder conclusion, as it grew by only 11 percent, from \$1189 to \$1324.⁵

The fourth measure, the combined monthly value of respondents' own earnings, TANF cash assistance and food stamps shows little variation over time—the 2001 value, \$1054 is only slightly higher than the 1997 value, \$1018.⁶ Comparing the fourth row with the first row shows that, for all respondents, rapid growth in earnings after welfare reform was mostly offset by declining cash assistance and food stamps, another point emphasized by Moffitt/Winder. Nonetheless, as we show below, in an era in which a respondent can no longer choose to receive welfare for long periods, there are significant returns for each additional hour of work.

Transitions in Work/Welfare Status

To reinforce our finding that it pays to move from welfare to work, we show that combining welfare and work is a transitory state in the aftermath of the 1996 Act. Table 2 shows trends in the work/welfare status of WES respondents at each survey, classified into four mutually-exclusive categories. Wage-reliant women have left welfare and are working; combiners are working welfare recipients; welfare-reliant women are nonworking stayers; the

³ The sample size, after excluding respondents who report receipt of disability benefits, is 713 for wave 1, 653 for wave 2, 595 for wave 3, and 543 for wave 4. We have found no evidence that attrition has led to a biased sample. The response rates were 86, 93, 91 and 91 percent, respectively. Note that Danziger et al. (2002) used data through wave 3 and Moffitt/Winder's analysis is based on our wave 3 results. The new results reported here based on 4 waves of data are very similar to the previous ones.

⁴ Net monthly income does not include receipt of the earned income tax credit (EITC) and state tax credits because almost all women received them as an annual lump sum payment. Danziger et al. (2002) reported net income less work-related transportation and out-of-pocket child care expenses. These expenses were not gathered at wave 1. For waves 2, 3 and 4, mean net income less these expenses were \$1472, \$1535 and \$1659 in constant 2001 dollars, an increase of 13 percent between 1998 and 2001. Between 1998 and 2001, the net income measure reported in this reply also increased by about 13 percent.

⁵ We do not net out taxes from this measure of income due to the complication in tax imputation resulting from the exclusion of other household members' earnings.

⁶ The TANF component of the latter three income measures is based on administrative records provided by Michigan's Family Independence Agency (FIA), not on the self-reports of the respondents.

remaining respondents are neither working nor receiving cash assistance in the month prior to an interview. Between 1997 and 2001, the extent of wage reliance increased from 21.6 to 61.1 percent of respondents and the extent of combining work and welfare decreased from 44.0 to 10.7 percent. The extent of welfare reliance fell from 30.3 to 12.9 percent and there was an increase from 4.1 to 15.3 percent of respondents who were nonworking leavers.

Table 3 is a mobility matrix that cross-tabulates a respondent's work/welfare status at each wave by her status at the next wave. Of all wage-reliant respondents at any wave, 75 percent remained wage-reliant at the next wave, 8 percent became combiners, 5 percent became welfare-reliant, and 12 percent were neither working nor on welfare. Of all combiners at any wave, 47 percent became wage-reliant at the next wave, 37 percent remained combiners, 11 percent became welfare-reliant, and 6 percent were nonworking leavers.⁷ Hence, about two-thirds of combiners at any wave were not combiners at the next wave, while three-quarters of wage-reliant women stayed wage-reliant. Tables 2 and 3 document that the four-year post-reform period is one in which most respondents moved from welfare receipt to wage reliance. A typical pattern in the WES data is for a respondent to move from nonwork to part-time work, which usually means that her income is low enough that she still qualifies for TANF. As she accumulates work experience, her wage rate and her hours worked tend to rise, resulting in a monthly income that exceeds the TANF eligibility limit.

Another indication that wage reliance is a more permanent state than combining work and welfare is that the observed hourly wage rate of the latter group relative to that of the former decreases with each wave. The average self-reported wage rate of wage-reliant respondents increased from \$7.71 in Fall 1997 to \$9.44 in Fall 2001 as the extent of wage reliance increased from 22 to 61 percent. The average self-reported wage of combiners fell from \$6.60 to \$6.47 over this period as they declined from 44 to 11 percent of all respondents. The wage rate of combiners was 85 percent of that of working leavers in 1997, but only 69 percent as high in 2001.

Moffitt and Winder's Estimates of the Hourly Returns to Work

⁷ Table 3 combines observations from all waves and shows the work/welfare categories of the same respondent at two adjacent waves. The initial wave t includes waves 1, 2 and 3, and the corresponding $t+1$ includes waves 2, 3 and 4. We also cross-tabulated each pair of adjacent waves separately (not shown here); that is, we separately examined the work/welfare transition from wave 1 to wave 2, wave 2 to wave 3, and wave 3 to wave 4. We observed similar transition patterns in every pair: most wage-reliant respondents were wage-reliant at the following wave, and most combiners in one wave were wage-reliant in the next wave.

In their Table 5, Moffitt/Winder report average and marginal measures of the hourly return to work for Three-City respondents who received welfare at wave 1 and were either wage-reliant (working leavers) or combiners (working stayers) at wave 2, a period of less than two years. Each average measure is defined as the group mean of the ratio of changes in income relative to changes in hours worked between waves. The marginal measures are obtained by regressing changes in monthly income on changes in monthly hours for respondents who were wage-reliant or combining at wave 2, along with other control variables (as specified in their equation (2)).

They conclude, “This implies that much of the increase in earnings and income...occurring when individuals go to work or leave welfare is a flat, fixed amount that does not vary with how much they work. This implies that work “pays” more if one is going to work from nonwork, but much less if one simply works more, given that one is already working.” In addition, they show that a wage-reliant respondent tends to have a smaller marginal hourly return to work than does a combiner when the model controls for other demographic variables—for example, \$2.39 vs. \$3.17 for own earnings.

We replicate Moffitt/Winder’s method for measuring the returns to work using WES data from 1997 and 2001, but the results differ.⁸ We use their formula for average returns and their regression specification for estimating marginal returns.⁹ Because Moffitt/Winder include only women who received welfare at the first wave of their study, we also include only those who received welfare at the first WES interview. We measure returns over a longer time period than Moffitt/Winder (less than two years vs. four years).¹⁰

Table 4 shows our average and marginal returns to an hour of work for four monthly income measures; Appendix table A-1 shows regression results. Net monthly income is most comparable to Moffitt/Winder’s “income excluding EITC and state taxes.” Analyses of gross monthly income excluding the earnings of others and the sum of own earnings plus TANF plus food stamps are not reported in Moffitt/Winder. The last measure best demonstrates that it does pay to move from welfare to work by directly measuring a woman’s own gain from an hour of work after accounting for the corresponding reduction in government assistance.

⁸ We calculate monthly work hours by multiplying hours worked per week on all current jobs by 52/12.

⁹ All demographic variables are measured at wave one, as this replicates the Moffitt/Winder procedure. Some WES demographic variables are defined differently from theirs. See Appendix table A-1 for details.

¹⁰ Respondents are classified by their work/welfare status at wave 4. We experimented with a definition of work/welfare categories based on a respondent’s primary activity over the entire panel rather than at the end when comparing the average hourly return across work/welfare groups. The resulting pattern is similar.

The average and marginal returns to work tend to be greater in WES than in the Three-City Study for both working leavers and working stayers. For example, in WES the average returns for net monthly income are \$4.88 for the wage reliant and \$5.43 for combiners, compared to \$2.25 and \$1.37, respectively in the Three-City Study; the marginal returns for net income are \$3.35 and \$3.76, but only \$0.89 and \$1.79, respectively in the Three-City Study.

For the other six comparisons shown in our Table 4, the average and the marginal returns are greater for wage-reliant women than for combiners. In terms of the marginal increase in own earnings, a wage-reliant respondent receives \$4.04 per additional hour, while a combiner receives \$3.17; for gross household income less others' earnings, these amounts are \$3.14 per additional hour, and only \$1.67, respectively. In terms of the marginal increase in the sum of own earnings, TANF and food stamps, a wage-reliant respondent receives \$3.59 and a combiner, \$2.34 per additional hour. Contrary to Moffitt/Winder's conclusion that much of the gain "does not vary with how much they work", we find that the gain from work does vary with how much an individual works, and that the hourly return for the wage reliant tends to be greater than that of combiners, even when we exclude the earnings of other household members.

Differences in the race/ethnic composition of the samples, as pointed out by Moffitt/Winder, might explain the higher returns to work in WES. The Michigan sample is composed of about 45 percent non-Hispanic whites, 55 percent African Americans, and has no Hispanic respondents. The Three-City Study has very few white respondents, and is comprised mostly of African Americans and Hispanics. In Moffitt/Winder's Table 5, the average returns for nonHispanic Blacks tend to be higher for the wage reliant than for combiners, as they are in WES. For Hispanic respondents, the average returns for the wage reliant are often negative.

In addition, as mentioned above, WES analyses reflect economic changes from Fall 1997 through Fall 2001. Moffitt/Winder report data over a period of less than two years--it is possible that returns to work in the Three-City Study will also be greater in its next survey wave.

An Alternative Specification of the Fixed-Effect Regressions

The fixed-effect regression estimates in Table 4 replicate the Moffitt/Winder specification and categorize individuals based on their work/welfare status at the last survey wave. Hence, a respondent's work hours contribute to the estimation only if she was either wage-reliant or a combiner at that wave. Also, the sample is restricted to those who received welfare in wave 1. This specification does not take into account income changes in response to changes in hours

among respondents who worked in an earlier year but who were nonworking welfare stayers or nonworking leavers at wave 4.

Thus, we offer an alternative specification that treats a respondent's monthly income at every wave as a function of monthly work hours and welfare receipt status at that wave. This increases the number of observations from 378 in Tables 4 and A-1 to 2287 in Table 5. This fixed-effects model is described in the following equation:

$$\text{Income}_{it} = \mathbf{a} + \mathbf{b}_1 \cdot \text{Hours}_{it} + \mathbf{b}_2 \cdot \text{Hours}_{it} \cdot (\text{No Welfare})_{it} \\ + \mathbf{b}_3 \cdot (\text{Wage Reliant})_{it} + \mathbf{b}_4 \cdot (\text{No Work/No Welfare})_{it} + X_{it} \boldsymbol{\gamma} + f_i + \mathbf{e}_{it},$$

where X_{it} represents a vector of demographic characteristics of individual i at wave t , and f_i stands for an individual-specific fixed effect.¹¹ $(\text{No Welfare})_{it}$ is a dummy variable indicating that respondent i did not receive welfare in the month prior to the wave t interview. Those not receiving welfare are classified by whether they were working or not, indicated by two variables: $(\text{Wage Reliant})_{it}$, and $(\text{No Work/No Welfare})_{it}$. This analysis makes use of the full sample (excluding recipients of disability benefits) including those not receiving welfare at wave 1.¹²

The marginal hourly return to work for a wage-reliant respondent is \mathbf{b}_1 plus \mathbf{b}_2 ; that for a combiner is simply \mathbf{b}_1 . Hence, \mathbf{b}_2 reflects the additional hourly return for a wage-reliant respondent compared to that of a combiner. If Moffitt/Winder's conclusion held for the Michigan sample, in the extreme case \mathbf{b}_2 would not differ significantly from zero, and the estimated return for the wage-reliant and combiners would be the same.

We expect \mathbf{b}_2 to be positive and significant. First, the wage-reliant established themselves more securely in the labor market than did combiners by accumulating more work experience. On average, respondents who were wage-reliant at wave 4 worked in 81 percent of the months between February 1997 and August 2001, whereas combiners at that wave worked in only 68 percent of these months. In addition, the average self-reported wage of the wage-reliant respondents was greater than that of combiners at each wave, as mentioned above. Second, an

¹¹ Some demographic characteristics are time-invariant and are measured at the first wave in order to avoid endogeneity. Such characteristics, for example, education and work skills, are absorbed into the individual fixed-effect terms and their coefficients are not estimated.

¹² By survey design, all WES respondents received cash welfare in February 1997; about one-quarter were not recipients at the first interview in Fall 1997.

increase in a combiner's earnings is subject to an implicit tax rate--the marginal reduction in welfare benefits. A wage-reliant respondent working an additional hour is not subject to this implicit tax rate as she has already left welfare.

b_3 and b_4 reflect the lump-sum loss in cash welfare and food stamp benefits when a respondent exits welfare; the former is the loss associated with being a working leaver and the latter, the loss associated with being a nonworking leaver. These lump-sum welfare losses may differ between a typical working and nonworking leaver because the latter has more welfare benefits to lose since she has no earnings.¹³ We expect both coefficients to be negative, with b_4 being more negative than b_3 .

Table 5 shows the regression results for three measures of monthly income--net household income, gross household income less the earnings of others, and the combined value of own earnings, TANF and food stamps. As expected, the coefficients on the interaction terms of work hours and the indicator of no welfare receipt are positive and statistically significant for two of the three measures. A wage-reliant respondent experiences a \$2.56 increase in net monthly household income per additional hour of work, \$0.67 more than the hourly return for a combiner. She obtains an additional \$2.67 per hour of work in terms of gross household income less other members' earnings, \$0.86 more than the return for a combiner. She obtains an additional \$2.84 per hour in the sum of own earnings, TANF and food stamps, \$0.71 more than the corresponding return for a combiner.

The coefficients on the two dummy variables indicating wage reliance and no work/ no welfare are both negative in all equations, reflecting the lump-sum monthly income loss associated with a welfare exit. This estimated loss is much smaller for the wage-reliant than for nonworking leavers. For the wage-reliant, the loss is \$60 of net monthly household income, \$100.39 of gross household income less other members' earnings, and \$100.57 in the sum of own earnings, TANF and food stamps. For nonworking leavers, the corresponding losses are \$272, \$486, and \$660.

Compared to a welfare-reliant woman, a wage-reliant woman earns an additional \$2.56 to \$2.84 per hour, so she has to work 23 to 38 hours per month to compensate for the estimated

¹³ A worker may exit welfare before her earned income reaches the welfare phase-out level. For example, she may still be eligible for some benefit, but the amount is less than the costs of welfare participation, such as stigma or transaction costs. This suggests that the lump-sum welfare loss for a working leaver would be generally small.

lump-sum loss, depending on the income definition. A combiner is better off by \$1.81 to \$2.13 per additional hour, but she does not incur the lump-sum loss reflected in b_3 . In WES, wage-reliant respondents worked 36 hours per week on average (about 156 hours per month assuming 4.33 weeks per month), and combiners averaged 28 hours per week (about 121 hours per month).

Based on these differences in mean hours, the coefficient estimates suggest that a wage-reliant compared to a welfare-reliant respondent would have \$339 more in net monthly income, \$316 more in gross monthly income less others' earnings, or \$342 more in the sum of own earnings, TANF and food stamps. Similarly, a combiner compared to a welfare-reliant respondent would have an additional \$229 in net monthly income, \$219 in gross household income less others' earnings, or \$258 in the sum of earnings, TANF and food stamps. The coefficients and the measured differences in hours suggest that the monthly income of a typical wage-reliant woman would be greater than that of a typical combiner by \$110, \$96, and \$84 in terms of the three respective income measures.¹⁴

The \$339 net income difference between the wage reliant and the welfare reliant and the \$110 net income difference between the wage reliant and combiners are smaller than the differences shown in Table 1 of Danziger et al (2002), \$635 and \$444, respectively, for two reasons. First, a measurement adjustment contributes much to this change. Danziger et al (2002) used self-reported amounts of TANF benefits received, while we now have TANF reports from state agency administrative records.¹⁵ Second, Danziger et al (2002)'s Table 1 reports average measures, which may reflect uncontrolled heterogeneity among work/welfare groups. The relative income gains reported in this section are calculated from fixed-effect regressions, thereby controlling for the differences in demographic attributes and unobserved, time-invariant individual characteristics among work/welfare groups.

Results based on fixed effect regressions using data from four waves of the Michigan survey, suggest that it does pay to move from welfare to work, even if the earnings of other household members are ignored. It also pays to be wage reliant relative to being a combiner, despite the lump-sum loss associated with leaving welfare. However, at any wave, the income

¹⁴ When unemployment insurance and child support are added to the sum of own earnings, TANF and food stamps, the estimated monthly income difference from the fixed-effects regression between a wage-reliant woman and a combiner increases to \$122.

¹⁵ The updated table 1, based on administrative reports for TANF, shows an average \$478 difference in net monthly income between the wage reliant and the welfare reliant and a \$300 difference between the wage reliant and combiners.

advantage of being wage-reliant relative to combining work and welfare is not large, as Moffitt/Winder point out. And, whether due to different state welfare rules, different economic conditions, or differences in the demographic attributes of welfare respondents, the gains from moving from welfare to work are lower in Boston, San Antonio, and Chicago than they are in the Michigan county.

However, as our analysis of welfare/work transitions demonstrates, in the aftermath of welfare reform, most respondents are not likely to combine welfare and work in the long run. For this reason, we question the Moffitt/Winder conclusion that the modest gains to being wage reliant relative to being a combiner “constitutes a barrier to reducing welfare dependency.” However, we do endorse their view that if moving from welfare to work is to pay enough to escape poverty, additional policies are required to further increase the marginal return to each hour of work.

Table 1 Monthly Economic Well-being, 1997-2001, All Respondents (In Constant 2001 Dollars)

Mean	Wave 1 (Fall 1997)	Wave 2 (Fall 1998)	Wave 3 (Fall 1999)	Wave 4 (Fall 2001)
Own Earnings	\$490	\$660	\$763	\$821
Net Household Income	1401	1592	1671	1791
Gross Household Income Less other				
Household Members' Earnings	1189	1238	1215	1324
Own Earnings + TANF + Food Stamps	1018	998	991	1054
Number of Observations	713	653	595	543

Table 2 Work-Welfare Status in Survey Month, 1997-2001, All Respondents

	Wave 1 (Fall 1997)	Wave 2 (Fall 1998)	Wave 3 (Fall 1999)	Wave 4 (Fall 2001)
Wage Reliant	21.6%	44.1%	58.5%	61.1%
Combiners	44.0	28.0	16.8	10.7
Welfare Reliant	30.3	19.1	11.8	12.9
No Work/No Welfare	4.1	8.7	12.9	15.3
Number of Observations	713	653	595	543

Table 3 Mobility Matrix: Work-Welfare Status at Wave t by Work-Welfare Status at Wave t+1

Work-Welfare Status at t	Work-Welfare Status at t+1				Total
	Wage Reliant	Combiners	Welfare Reliant	No Work / No Welfare	
Wage reliant	75.2%	7.6%	5.2%	12.0%	100.0%
Combiners	47.2	36.5	10.7	5.6	100.0
Welfare reliant	24.6	21.9	40.7	12.8	100.0
No Work/No Welfare	48.3	2.8	13.1	35.9	100.0

Note: Sample size is 1791, as respondents are included for each pair of waves in which they are observed; t= 1, 2 and 3.

Table 4 Average and Marginal Returns to an Hour of Work: Based on Changes in Monthly Income and Hours Worked from Wave 1 to Wave 4

	Wage Reliant	Combiners
Average Returns		
Own Earnings	\$7.11	\$6.44
Net HH Income	4.88	5.43
Gross HH Income Less other HH Members' Earnings	5.38	4.14
Own Earnings + TANF + Food Stamps	6.15	5.30
Marginal Returns		
Own Earnings	4.04	3.17
Net HH Income	3.35	3.76
Gross HH Income Less other HH Members' Earnings	3.14	1.67
Own Earnings + TANF + Food Stamps	3.59	2.34

Notes:

1. Respondents' work-welfare status is based on their situation in the month prior to the wave 4 interview.
2. Average measures are group means of individual ratios of change in income to change in hours worked. Marginal measures are coefficients on change in hours in the regressions shown in Appendix Table A-1.
3. The analysis sample for estimating marginal returns includes 378 respondents who received welfare at wave 1. For the average returns, only the 203 wage-reliant respondents and the 44 respondents who were combiners at wave 4 are relevant. The other 131 respondents were either nonworking welfare recipients or were not working and not on welfare at wave 4.
4. Income variables are measured in constant 2001 dollars.

Table 5 Fixed-Effect Regressions Predicting Monthly Income Measures: Controlling for Concurrent Welfare Status and Interaction Term of Work Hours and Welfare Status

	Net Household Income	Gross HH Income less Other HH Members' Earnings	Own Earnings + TANF + Food Stamps
Monthly hours (b_1)	1.89*** (0.41)	1.81*** (0.30)	2.13*** (0.23)
Monthly hours * No Welfare (b_2)	0.67 (0.54)	0.86** (0.40)	0.71** (0.30)
Wage Reliant (b_3)	-59.99 (81.86)	-100.39* (60.09)	-100.57** (45.46)
No Work/No Welfare (b_4)	-272.72*** (79.87)	-485.58*** (58.63)	-659.56*** (44.35)
Married & living with Husband	728.42*** (96.38)	-80.72 (70.74)	-89.42* (53.52)
Cohabiting with unmarried partner	616.63*** (63.58)	111.52** (46.67)	27.39 (35.31)
# of care-given Children < age 6	-68.23* (35.43)	-24.72 (26.01)	12.26 (19.68)
Household size	148.81*** (21.07)	22.31 (15.47)	6.83 (11.70)
Transportation problems	-66.91 (59.74)	-32.25 (43.85)	12.93 (33.17)
Physical limitations & fair or poor health	-18.10 (62.45)	-23.30 (45.84)	5.01 (34.68)
Child with health problems	4.12 (61.03)	14.89 (44.80)	7.38 (33.89)
Domestic violence	-21.84 (60.31)	-12.77 (44.27)	7.19 (33.49)
Mental health problems	-4.14 (48.63)	1.26 (35.70)	-2.38 (27.00)
Observations	2287	2287	2287
Number of respondents	618	618	618
Within R-squared	0.174	0.161	0.320

Notes:

1. Standard errors are in parentheses
2. * significant at 10%; ** significant at 5%; *** significant at 1%
3. Income variables are measured in constant 2001 dollars.

Table A-1 Replication of Moffitt/Winder's table a-1 with WES w1-w4 Data: All Welfare Recipients at Wave 1

	Change in Own Earnings	Change in Net Household Income	Change in Gross HH Income Less Other HH Members' Earnings	Change in Own Earnings + TANF + Food Stamps
Intercept	-129.47 (139.69)	970.57*** (260.98)	488.26*** (173.09)	173.44 (143.08)
Wage reliant at w4	708.44*** (94.32)	93.23 (176.23)	42.78 (116.88)	122.75 (96.61)
Combiner at w4	343.05*** (126.77)	33.99 (236.85)	209.15 (157.09)	283.08** (129.85)
No work/No welfare at w4	-61.05 (110.49)	-283.07 (206.43)	-573.03*** (136.91)	-664.73*** (113.17)
Wage reliant at w4 * Change in hours	4.04*** (0.41)	3.35*** (0.76)	3.14*** (0.51)	3.59*** (0.42)
Combiner at w4 * Change in hours	3.17*** (1.06)	3.76* (1.97)	1.67 (1.31)	2.34** (1.08)
Married & living with husband at w1	-109.23 (127.23)	-158.35 (237.71)	15.00 (157.66)	-45.86 (130.32)
Cohabiting with unmarried partner at w1	-109.32 (94.52)	-261.20 (176.59)	-147.81 (117.12)	-74.09 (96.81)
Observations	378	378	378	378
R-squared	0.512	0.202	0.304	0.434

Notes:

1. Standard errors are in parentheses
2. * significant at 10%; ** significant at 5%; *** significant at 1%
3. Not shown in the table are other controlled demographic variables measured at wave 1, including the number of care-given children under age 6, household size, years on welfare since age 18, and dummy variables indicating the respondent is an African American, was between ages 25 and 34, was age 35 or older, had less than a high school education, had physical limitations and fair or poor health, had mental health problems, had transportation problems, had a child with health problems, had experienced domestic violence, had low work skills, had experienced workplace discrimination, had little work experience, and knew few workplace norms.
4. Income variables are measured in constant 2001 dollars.