

Failing the Transition from Welfare to Work: Women Chronically Disconnected from Employment and Cash Welfare*

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Objectives. Although employment among welfare mothers increased substantially following the 1996 welfare reform, some former welfare recipients failed to find stable employment. We review the extent to which low-income mothers are without work and cash welfare for long periods of time and seek to understand the correlates of becoming chronically disconnected. *Methods.* We analyze data from a 1997–2003 panel study of single mothers who received cash welfare in an urban county in Michigan in February 1997. We develop a new measure of the extent to which former recipients are “chronically disconnected” from both employment and cash welfare and estimate regression models of the correlates of this economic outcome. *Results.* About 9 percent of respondents became chronically disconnected, defined as being without employment and cash welfare during at least one-quarter of the months during the 79-month study period. Important correlates of becoming chronically disconnected include having a physical limitation, having a learning disability, using illegal drugs or meeting the diagnostic screening criteria for alcohol dependence, and having no car or driver license. The chronically disconnected are more likely to have lost a job than to have lost welfare benefits and are more economically disadvantaged than those with regular sources of economic support. *Conclusions.* To reduce the number of women who fail to make a successful transition from welfare to work, more attention should be given to programs and policies that attempt to reconnect disconnected women to regular sources of economic support.

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The 1996 Personal Responsibility and Work Reconciliation Act (PRWORA) replaced the Aid to Families with Dependent Children program, which had provided an entitlement to cash assistance for poor families with children, with the Temporary Assistance to Needy Families (TANF) program. TANF includes work requirements and places time limits on receipt of cash assistance. The law's supporters assumed that if welfare agencies strictly applied work requirements, many recipients would quickly move from welfare to work. In contrast, the law's critics thought that because many recipients lacked the labor market skills and experiences that employers were demanding or lacked access to locations where employers were hiring, many would not find stable work (e.g., Danziger and Lehman, 1996; Holzer, 1998). Some policy analysts predicted that the law would lead to a substantial rise in child poverty (Edelman, 1997).

In retrospect, it is clear that the critics were too pessimistic about the employment prospects of welfare mothers, as employment among single mothers increased substantially after welfare reform. This occurred in part because the economy boomed in the late 1990s and unemployment rates fell to levels not seen since the late 1960s, in part because welfare reform greatly increased job-search behavior, and in part because public policy changes within and outside of welfare increased the economic payoff to leaving cash assistance for employment (Ellwood, 2000; Danziger et al., 2002; Danziger and Wang, 2005).

Among single mothers who completed no more than a high school degree, the percentage who worked at some time during a calendar year fluctuated over a narrow range between 1975 and 1995 (authors' computations from annual March Current Population Survey (CPS) data). The highest annual employment rate during these two decades, 66.7 percent, was in 1979, a business cycle peak; the lowest, 59.6 percent, occurred in 1982 and 1993, two recessionary years. In the period between 1996 and 2000, the employment rate of such single mothers increased rapidly from 68.3 to 78.0 percent, then fell to 71.8 percent in 2003, the last year for which CPS data are currently available. Thus, despite the recent recession, the annual employment rate of less-educated single mothers was higher in 2003 than in any year between 1975 and 1997.

PRWORA's critics were correct, however, when they suggested that some welfare recipients would fail to secure stable employment. The new welfare rules make it more difficult for women who have left welfare for work to return to cash assistance when they lose jobs and more difficult for those who cannot find jobs to remain on the rolls. As a result, a small, but growing, proportion of former recipients have failed to make a successful transition from cash assistance to work.¹ Among single mothers who com-

¹We focus on how the termination of the entitlement to cash assistance led to an increase in the likelihood that some single mothers receive no wages and no cash assistance. Poor single mothers are, for the most part, still entitled to receive food stamps.

pleted no more than a high school degree, the percentage who received no wages and no cash assistance during an entire calendar year fluctuated between 11 and 15 percent in every year between 1975 and 1995. Following welfare reform and the 2001 recession, there was an increase in the extent of no work and no welfare receipt for such women to about 20 percent in 2002 and 2003 (authors' computations from CPS data). This recession, like previous ones, increased the percentage of women without earnings; but, because of welfare reform, fewer mothers than during prior recessions entered or returned to the cash welfare caseload.

Several studies have focused on single mothers who have not made a successful transition from welfare to work (Loprest, 2002; Brock et al., 2002; Wood and Rangarajan, 2003; Acs and Loprest, 2004). They show that an increasing proportion of former welfare recipients have become "disconnected" from employment, cash welfare, and other sources of economic support (such as unemployment insurance, disability income, and the earnings of other household members).

In this article, we add to this research by examining the extent to which women experience this "disconnection" for longer periods of time. Using a unique data set that followed a panel of single mothers from 1997 to 2003, a longer period than that of any other post-welfare-reform study, we develop a measure of becoming "chronically" disconnected from work and cash welfare. Like others, we find that a small, but increasing, percentage of former welfare recipients were disconnected at each successive wave over the study period. Most single mothers experience a spell of being disconnected at some point during the panel. However, a small group is disconnected for substantial periods of time and experiences multiple spells. We also analyze the correlates of becoming chronically disconnected and document that these women are more disadvantaged than other respondents on several dimensions. We conclude by discussing how state welfare agencies could better provide and target services to recipients who are at high risk of becoming chronically disconnected.

Previous Studies

Studies conducted prior to welfare reform documented that some welfare mothers cycled on and off welfare repeatedly (e.g., Bane and Ellwood, 1983; Ellwood, 1986; Pavetti, 1993, 1995; Harris, 1996; Gittleman, 2001). Little attention was given to those who were without both wages and cash assistance because single mothers were entitled to return to welfare whenever their income fell below a state's eligibility limit. Welfare reform required most recipients to find employment or engage in work-related activities within a short period of entering welfare. States must sanction or penalize recipients who fail to meet these and other requirements. In most states, a sanction results in the termination of cash assistance, either immediately or after a specified period of time (Seefeldt, 2002). As a result, recipients now find it more difficult to

remain on the rolls even if they cannot find steady employment and more difficult to return to cash assistance when they lose a job.

Welfare reform has also complicated the way services are provided. For example, many state welfare agencies rely on community-based organizations and other contractors to provide employment-related services. Coordination difficulties sometimes cause clients to lose benefits and/or not to receive services (Martinson and Holcomb, 2002). Returning to welfare is more difficult, as some states implemented complex eligibility requirements, including job search as a condition of eligibility, other processes that increase the number of agency visits, or other steps a potential client has to complete in order to receive assistance (Martinson and Holcomb, 2002).

Some recipients have trouble responding to these policy changes. For example, a larger percentage of recipients have one or multiple barriers to employment, such as low education, experiences of domestic violence, and physical health and mental health problems (Danziger et al., 2000). Some barriers may contribute to the loss of welfare benefits, increase the probability of job loss, hinder former recipients' ability to return to welfare, or may lead to a combination of these three events. For example, women with low education levels or literacy problems may not understand complex welfare program rules, putting them at risk for losing benefits through sanctions or administrative case closings. Women with barriers such as health and substance abuse problems may have difficulty finding and/or retaining jobs (Seefeldt and Orzol, 2005).

Recent studies have documented that a small, but growing, percentage of former recipients receive no wages and no cash assistance at a point in time. MDRC's study of Cuyahoga County (Cleveland), Ohio shows an increase between 1998 and 2001 in the extent of no-work/no-welfare among welfare leavers from 11 to 20 percent (Brock et al., 2002). Loprest (2002) analyzes the National Survey of America's Families (NSAF) and finds that 9.8 percent of former welfare recipients in 1999 and 13.8 percent in 2001 were "disconnected." She defines the disconnected as women who have not worked recently, were not living with a spouse or partner with earnings, and were not receiving cash welfare or disability income when interviewed (see also Acs and Loprest, 2004). Compared to other welfare leavers, the disconnected were more likely than working leavers to have health problems, limited work experience, and to lack a high school diploma.

Wood and Rangarajan (2003) define New Jersey respondents as "least stable" welfare leavers if they had not worked in the three months prior to the interview, did not live with an employed spouse or partner, and did not receive unemployment insurance (UI) or Supplemental Security Income (SSI). About 10 percent of leavers met these criteria at the first interview, but a year later, over half were either back on cash assistance or working. Wood and Rangarajan (2003) also show that the least stable leavers were more likely than other leavers to have had long histories of welfare receipt, to have poor mental health, and to lack specific labor market skills.

The Women's Employment Study

We analyze a unique panel data set, the Women's Employment Study (WES), and develop a measure of being chronically disconnected from wages and cash welfare. WES is a much longer panel than other post-welfare-reform studies, containing 79 months (about six and a-half years) of data on employment and welfare receipt. WES also includes five reports over the study period on a broad range of personal attributes, including living arrangements, educational and labor market experiences, health and mental health problems, and experiences of material hardship.

Respondents were selected with equal probability from the universe of the February 1997 caseload of female cash welfare recipients with children who resided in one urban Michigan county. Respondents were U.S. citizens, between the ages of 18 and 54, and were either Caucasian or African American.² The caseload in this county included too few members of other racial/ethnic groups to study their experiences. Respondents were interviewed in their homes five times—in the fall of 1997, 1998, 1999, 2001, and 2003; interviews averaged about one hour at the initial interview and about 85 minutes at later ones.

Although WES included only one county, most welfare reforms pursued by the state and the business-cycle conditions in Michigan were broadly representative of those in other states that contained a majority of the post-1996 caseload. An exception is that Michigan was one of the few states that did not adopt the federal five-year time limit on cash benefits. This, however, made little difference to recipients, as Michigan was as aggressive as other states in moving recipients quickly into jobs. We compared trends in the receipt of cash assistance and employment among WES recipients with trends in a national sample of welfare recipients from the Survey of Income and Program Participation (SIPP) and found that they were quite similar.³

In this article, we focus primarily on mothers who completed all five interviews, for whom we have information on work and receipt of welfare

²Information on the universe of single female-headed welfare cases in the study county were provided by the Michigan Family Independence Agency (now Department of Human Services). Response rates at the five waves were: 86 percent, 92 percent, 91 percent, 91 percent, and 93 percent, respectively. After excluding respondents receiving disability benefits, sample sizes for the five waves were 749, 675, 609, 543, and 503, respectively.

³We drew a sample of all 853 single-mother welfare recipients from the 1996 SIPP panel who were in the same age range as WES mothers. At the start of both panels, 100 percent received cash welfare; by February 2000, 21.5 percent of WES and 31 percent of SIPP respondents received cash assistance. At the start of the panels, 42 percent of WES and 35 percent of SIPP respondents were employed. Fifty-one months later, 71 percent of WES and 51 percent of SIPP respondents reported working. When we restrict the SIPP panel to African Americans and whites, SIPP welfare recipients are roughly the same age (31.8 years old compared to 29.9 for WES), have similar household sizes (3.8 for SIPP and 3.9 for WES at the start of the panel), and were about as likely to have not completed high school (33.5 percent for SIPP and 29.3 percent for WES). WES respondents were more likely to be African American, even when the SIPP sample is restricted to African Americans and whites (55.8 percent of WES respondents vs. 42.4 percent in SIPP).

for every month between February 1997 and August 2003. WES had very high response rates at each survey wave and there is little evidence that nonrandom attrition biases the representativeness of the sample. Pape (2004) compared key variables between the 1997 universe of welfare recipients in the study county and WES respondents in each wave and found no evidence that attrition led to a biased sample. He estimated propensity score weights for each respondent in each wave and found that there were very small differences between the means of key variables with and without the weights.⁴

Defining the Disconnected at a Point in Time and the Chronically Disconnected

We begin with three cross-sectional definitions of being disconnected similar to those used in previous studies. Because Loprest (2002) treats women who received disability income as having a regular source of economic support, we exclude from our analyses women who received SSI at any point during the panel. We focus on women who were expected to move from cash welfare to work and who might face sanctions for not complying with the new rules.

The first definition includes women who did not work for pay and did not receive cash welfare in the month prior to an interview. The second definition uses the Loprest (2002) measure, excluding women who lived with a working spouse or partner in the month prior to the interview. The third, most restrictive definition classifies a respondent as disconnected only if she did not work and did not receive cash assistance in the month prior to the interview, did not work in the three months prior to the interview (adapted from Wood and Rangarajan, 2003), lived in a household without another earner (even if the earner is someone other than her spouse or partner), and lived in a household without any recipient of UI or workers' compensation in the month prior to the interview.

The three cross-sectional definitions include women who are temporarily disconnected. Some of these women may take several months to find new jobs or they may not immediately return to welfare until they have exhausted other forms of economic support. From a policy perspective, we may be less concerned about the well-being of those who are disconnected for only a short time if they subsequently find jobs and/or return to welfare. Therefore, we develop a definition of the "chronically disconnected" based on a woman's work/welfare status over the entire 79-month panel.

⁴For example, African Americans represented 55 percent of respondents in the fall of 2001 when weights were not used, 56 percent when weights were used, and 54 percent of the February 1997 caseload. Pape also compared coefficients from weighted and unweighted regressions and found small differences. As a result, we use unweighted data in our analyses.

A woman is chronically disconnected if she received no cash welfare and no wages for at least 25 percent of the months between February 1997 and August 2003 and did not live with another earner or in a household that received UI/workers' compensation in the month prior to the interview for at least three of the five survey waves (information on other earners and receipt of UI is collected only for the month prior to each interview). Although development of any such measure will have some arbitrary aspects to it, we believe our measure of the chronically disconnected captures important elements that could affect well-being. To be disconnected in at least 25 months means, at a minimum, that these women spent at least 20 months without earnings and without cash welfare. Even if those 20 months were spread out over the six and a-half years, families would have spent about three months in every year without these important sources of support. At the other extreme, if all 20 months of disconnection occurred at one time, a respondent would have been disconnected for almost two years. These are significant amounts of time for families to be without financial resources.

We do not include the receipt of food stamp benefits in this measure. The food stamp program has long provided benefits to the working poor, as well as to recipients of cash assistance. Because welfare reform focused on ending cash welfare as "we knew it," we, and other authors, have not considered food stamp receipt when defining the disconnected.⁵

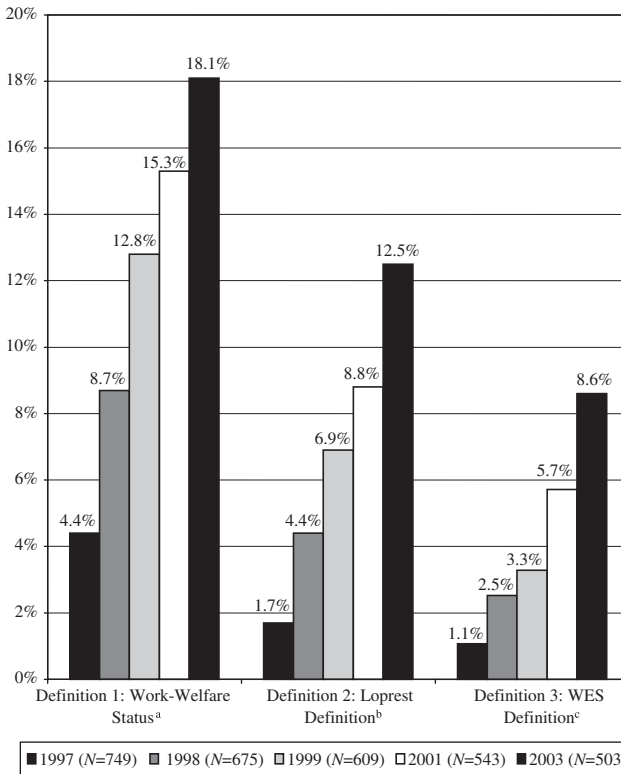
The Increase in the Extent of Being Disconnected, 1997–2003

Figure 1 presents the trend in the proportion of WES respondents without both wages and cash welfare, using the three cross-sectional definitions. By construction, the disconnected population at any wave falls as one moves from Definition 1 to Definition 3. For each definition, the proportion of women without regular sources of economic support increased between 1997 and 2003.

The percentage of respondents without earnings and without cash assistance in the month prior to the survey (Definition 1) increased from 4.4 to 18.1 percent between the fall of 1997 and the fall of 2003. This increase is statistically significant. The increase in the percentage of respondents meeting Definition 2, which considers the earnings of spouses or partners, from 1.7 to 12.5 percent, is also significant. Definition 3 includes among the disconnected only respondents (1) without wages in all three months prior to the survey, (2) without cash assistance in the month prior to the survey,

⁵Prior to the 1996 reform, cash assistance and food stamp caseloads tended to move together over the business cycle. However, following the 2001 recession, food stamp caseloads increased substantially while cash assistance caseloads continued to decline.

FIGURE 1
 Women Without Work and Cash Welfare, 1997–2003



^a Respondents without wages and without cash welfare in the month prior to the survey.
^b Loprest (2003) defines a woman as disconnected if she receives no wages and no cash welfare, has not worked recently, and is not living with a spouse/partner with earnings.
^c Definition 3 excludes women who are counted as disconnected in Definition 2 who lived with any other earners or lived in households where UI/workers' compensation was received in the month prior to the interview or worked in the three months prior to the interview.

NOTES: Nonrespondents and respondents receiving SSI at each wave are not included. For each measure, the increases between 1997 and 2003 and between 1998 and 2003 are statistically significant ($p < 0.01$). For Measures 2 and 3, the increase between 1999 and 2003 is significant ($p < 0.01$), the increase between 2001 and 2003 is significant ($p < 0.05$). For Measure 1, the increase between 1999 and 2003 is significant ($p < 0.05$).

and (3) living in households with no other earners and no recipients of UI or workers' compensation. This measure also shows a significant increase, from 1.1 percent in 1997 to 8.6 percent in 2003.

Because all respondents received cash assistance when the sample was drawn in February 1997, none were disconnected at that time. Thus, depending on the measure, between 8.6 and 18.1 percent of respondents were disconnected in the fall of 2003. To put this increase in context, over the same period, most respondents made the transition from being welfare recipients to being working welfare leavers. The percentage of respondents who worked and did not receive cash welfare increased significantly between the fall of 1997 and the fall of 2003, from 21.6 to 61.3 percent of all respondents.

Work, Cash Welfare, and the Chronically Disconnected

The cross-sectional measures do not distinguish between short and long spells of being disconnected, even though there was substantial movement into and out of various work/welfare statuses during the study period.⁶ For example, among women who had no earnings and no cash welfare in the month prior to any survey, about half were working at the next interview and about one-seventh were back on welfare. Only about one-third of those not working and not receiving cash benefits at one survey remained in the no-work/no-welfare status at the next wave (results available on request).

To distinguish between temporary and more persistent spells of no-work/no-welfare, our measure of being chronically disconnected reflects a woman's work/welfare status over the entire 79-month panel. In Table 1, we classify 493 respondents who participated in all five interviews and did not receive SSI at any wave into mutually-exclusive groups.⁷ We first group respondents by time spent as nonworking welfare leavers—those who spent two or fewer months without work and cash welfare; those who spent at least three, but less than a quarter of the panel without work and welfare (between 3 to 19 months); and those who spent at least 25 percent of the panel (20 or more months) without work and welfare. We then divide the latter group based on the number of waves at which the mother lived with another earner or UI/workers' compensation recipient. Thus, the chronically disconnected are those who received no earnings and no cash welfare for over 25 percent of the panel and who lived in a household that had no other earner, no UI

⁶Consider a woman who worked full time for a school district during the nine-month school year, but who did not work during the summer. If interviewed in September when she returned to work, she would report no wages and no cash welfare for the previous three months when school was not in session.

⁷Because Figure 1 includes respondents who participated at each wave, the sample size falls from 1997 to 2003. To address selection issues due to differential attrition, we constructed an unbalanced panel of women who participated in at least three of the five surveys. Although the descriptive analyses in the text include only respondents who participated in all waves, results are similar using the unbalanced panel (available on request). We report regression results in Table 4 for both Wave 5 respondents (a balanced panel) and the sample that adds women who were in the survey for at least the first three interviews (unbalanced panel).

TABLE 1
Work/Welfare Status, February 1997–August 2003 (79 Months), by Time Spent Disconnected

	Total (N = 493)	0–2 Months No-Work/No- Welfare (N = 206)	3–19 Months No-Work/No- Welfare (N = 196)	0–2 Waves Without Other Earner (N = 46)	3–5 Waves Without Other Earner (N = 45)
Percent of sample	100	41.8	39.8	9.3	9.1
Mean % months no work/no welfare ^{a,b}	13.0	0.6***	11.7	45.6***	42.0***
Mean % months welfare only ^c	15.7	12.7***	19.2***	11.3	18.6
Mean % months wage only ^{a,b}	51.2	60.2***	51.2	34.7***	26.9***
Mean % months combining wages & welfare ^{a,b}	20.1	26.4***	17.8*	8.4***	12.4***
Mean # of no-work/no-welfare spells ^{a,b}	1.9	0.3***	2.6	3.7***	4.1***
Mean no-work/no-welfare spell ^{a,b}	6.0	1.4***	4.4***	13.2***	12.1***
Status prior to spell of no-work/no-welfare					
Working/no welfare	68.4	73.5	68.9	66.7	60.6
Welfare/no work ^a	27.7	18.3**	28.5	29.9	34.6
Combining work & welfare	3.9	7.6**	2.6*	3.4	4.9

^aCategory 1 differs from 4 at $p < 0.05$.

^bCategory 2 differs from 4 at $p < 0.05$.

^cCategory 3 differs from 4 at $p < 0.05$.

* $p < 0.1$; ** $p < 0.05$; *** $p < 0.01$.

NOTE: Sample includes Wave 5 (fall 2003) respondents who did not receive SSI benefits at any wave.

recipient, and no workers' compensation recipient for at least three of the five survey waves.

On average, respondents from the fall of 2003 survey spent about 10 months between February 1997 and August 2003 (13 percent of the panel) without wages and cash welfare. Only 41.8 percent ($N=206$, Column 2) had wages and/or cash assistance for almost all months; 39.8 percent ($N=196$, Column 3) spent 3 to 19 months without wages and cash assistance; and 18.4 percent ($N=91$, the sum of the last two columns) lacked wages and cash assistance for more than one-quarter of the panel. Among this latter group, 9.3 percent (Column 4) lived in a household with another earner or a recipient of UI or workers' compensation during at least three of the five waves. The other 9.1 percent (Column 5) meet our definition of being chronically disconnected. They were without work and cash welfare for at least 20 months and they had no other earner, UI recipient, or workers' compensation recipient in their households for at least three waves.

The third cross-sectional definition in Figure 1 and the chronic disconnection measure in the last column of Table 1 show a similar percentage of disconnected respondents—8.6 percent at the fall of 2003 survey and 9.1 percent using the chronic disconnection measure. However, only about 40 percent of those who were disconnected under the cross-sectional definition at Waves 2–5 (1998–2003) were chronically disconnected. This is because most women were disconnected in at least one month of the panel—for any survey, many currently disconnected women were not disconnected in the next survey.

On average, respondents in the last two columns of Table 1 spent more than two-fifths of the panel, about 35 months, without wages and cash welfare (Row 2). Chronically disconnected women (last column) were wage reliant (received wages, but no cash welfare) in significantly fewer months than all respondents (26.9 vs. 51.2 percent, Row 4) and combined work and welfare in significantly fewer months than all respondents (12.4 vs. 20.1 percent, Row 5).

Many women cycled between no-work/no-welfare and other work/welfare statuses. For example, women who spent between 3 and 19 months without work and welfare (Column 3) experienced, on average, 2.6 spells of no-work/no-welfare (Row 6), lasting an average of 4.4 months each (Row 7).⁸ Chronically disconnected respondents (last column) experienced both a greater number of no-work/no-welfare spells, 4.1, and longer spells of being disconnected, 12.1 months per spell on average (Row 7).

Most women entered a spell of no-work/no-welfare after being employed (last three rows, Table 1). For all respondents (Column 1) who experienced

⁸A spell of no-work/no-welfare occurs when a woman spends at least one month without wages and without cash welfare. The average spell length is defined for each respondent as the total months of no-work/no-welfare over the 79-month panel divided by the number of spells.

at least one spell, 68.4 percent were working and not receiving cash welfare prior to the spell, 27.7 percent were receiving welfare but not working, and 3.9 percent were combining work and welfare. The chronically disconnected differ significantly from other women in the extent of their work behavior (results available on request). For example, the chronically disconnected worked in 39 percent of the study months, significantly less than the 75 percent of months worked by all others, and on average worked 10 months per employment spell, significantly less than the 33 months of work per employment spell of other respondents. Respondents who were chronically disconnected received welfare in 31 percent of the study months, a period of time not significantly different than all other respondents who spent 36 percent of the study receiving welfare.

Thus, an inability to retain employment, rather than loss of cash assistance due to sanctions or other case closings, was the most likely trigger for a spell of being disconnected and the factor that distinguishes the chronically disconnected from women who experience a few months of being disconnected. However, the new welfare rules that condition benefit receipt on work or participation in work-related activities likely contributed to some women becoming chronically disconnected, as they left welfare for unstable jobs or without the supports needed to retain employment.

Economic and Demographic Characteristics of the Chronically Disconnected

The chronically disconnected were more economically disadvantaged than other respondents. Table 2 (Column 5) shows that their gross annual income-to-needs ratio (income from all household members and all income sources divided by the poverty line for the size of the household) was significantly smaller than that of all respondents (0.80 vs. 1.23 times the poverty line, Row 2). Their 2002 mean household gross annual income and mean own annual earnings were significantly lower—\$13,439 versus \$20,242 (Row 3) and \$2,884 versus \$10,814 (Row 4). Food stamp receipt (Row 5) did not differ significantly between the chronically disconnected and others.

Women who were disconnected for fewer than three months (Column 2) had a significantly higher income-to-needs ratio than all respondents (1.41 vs. 1.23) and significantly higher earnings (\$22,263 vs. \$20,242). Women who were disconnected for more than a quarter of the panel, but reported living with another earner in at least three waves (Column 4), were married or cohabiting in more waves than the sample average (3.93 vs. 1.73, Row 6). Despite spending more than a quarter of the panel without both wages and cash welfare and reporting significantly lower own earnings (\$3,957 vs. \$10,814), their gross income was significantly higher than that of the entire sample (\$24,857 vs. \$20,242). For these women, other household members

TABLE 2
Economic and Demographic Characteristics of Respondents, by Time Spent Disconnected

	Total (N = 493)	20+ Months No-Work/No-Welfare (N = 91)			
		0-2 Months No-Work/No- Welfare (N = 206)	3-19 Months No-Work/No- Welfare (N = 196)	0-2 Waves Without Other Earner (N = 46)	3-5 Waves Without Other Earner (N = 45)
Race (African American) ^c	55.8%	60.7%*	55.6%	21.7%***	68.9%*
Gross annual household income-to-needs ratio (2002) ^{a,b,c}	1.23	1.41***	1.08***	1.43	0.80***
Annual gross household income (2002) ^{a,b,c}	\$20,242	\$22,263**	\$18,539**	\$24,857**	\$13,439***
Annual own earnings (2002) ^{a,b}	\$10,814	\$14,947***	\$9,936	\$3,957***	\$2,884***
Mean % months receiving food stamps ^c	55.5%	59.0%***	56.5%	31.8%	59.7%
# waves cohabiting/married ^{b,c}	1.73	1.36***	1.78	3.93***	1.04***
# waves w/other household earner ^{b,c}	1.51	1.15***	1.61	3.96***	0.73***
# children under 18 (2003)	15.8%	16.5%	13.8%	15.2%	22.2%
# years on welfare since 18 (1997) ^c	7.5	8.0*	7.2	4.9***	8.9*

^aCategory 1 differs from 4 at $p < 0.05$.

^bCategory 2 differs from 4 at $p < 0.05$.

^cCategory 3 differs from 4 at $p < 0.05$.

* $p < 0.1$; ** $p < 0.05$; *** $p < 0.01$.

NOTE: Sample includes Wave 5 (fall 2003) respondents who did not receive SSI benefits at any wave.

provided a substantial source of economic support. The chronically disconnected were much more likely to be African American than the sample as a whole (69.9 vs. 55.8 percent), primarily because they were less likely to be married than white respondents.

A greater percentage of the chronically disconnected no longer had a child living with them in 2003 (22.2 vs. 15.8 percent, last row, Table 2), although this difference was not statistically significant. Because eligibility for cash welfare is contingent on living with a child, one route to becoming disconnected is the aging of a respondent's youngest child. Our results do not differ, however, when we measure a respondent's work/welfare status when she last had a child under 18 in her household, rather than her status in the fall of 2003. For example, if a respondent reported the presence of a child under 18 in 2001, but no child in 2003, we use her work/welfare status and presence of other earners/UI/workers' compensation recipients over the first four waves. If she did not have a child under 18 in her household after the second wave, we exclude her from the sample. Using a chi-square test to compare the two samples, the percentage of respondents belonging to each of the four categories was not significantly different from that shown in Table 2 (results available on request).

Additionally, about half the chronically disconnected not living with children at the 2003 interview had children between the ages of one and three at the interview prior to their becoming a childless household. This suggests that the factors that led to their being chronically disconnected may have also contributed to their children being moved into other households.

As Table 3 shows, the chronically disconnected had more barriers to work than other respondents (Danziger and Seefeldt (2002) discuss barriers to employment).⁹ On average, chronically disconnected women had 3.18 of the nine barriers shown, compared to 2.18 for all respondents (Row 1), and were significantly more likely to have more than three barriers (40 vs. 19.5 percent, Row 2). The chronically disconnected were significantly more likely to have a learning disability (26.7 vs. 14.2 percent, Row 4), low work skills¹⁰

⁹All barriers were measured in the fall of 1997, except having a learning disability, first measured in the fall of 1999, and having a probable social phobia diagnosis, first measured in the fall of 1998. The nine barriers used in the composite variable include: having less than 10 years of education, having a learning disability, low work skills (having performed four or fewer of nine specific job skills on any job prior to the start of the panel), low work experience (having worked less than 20 percent of the years between age 18 and the start of the panel), having an age-specific physical limitation, lacking access to a car or driver license, having a child with a health problem, substance abuse (illegal drug use or meeting the diagnostic screening criteria for alcohol dependence), and mental health barrier (meeting the diagnostic screening criteria for major depression, posttraumatic stress disorder, social phobia, or generalized anxiety disorder).

¹⁰A respondent has low work skills if she performed fewer than four of nine job skills on a previous job, including talking to customers face to face or over the phone, reading instructions or reports, writing letters or memos, working with a computer, working with electronic equipment, doing arithmetic or making change, filling out forms, monitoring equipment, and supervising other people.

TABLE 3
Barriers to Employment, by Time Spent Disconnected

	Total (N = 493)	0-2 Months No-Work/No- Welfare (N = 206)		3-19 Months No-Work/No- Welfare (N = 196)		20+Months No-Work/No- Welfare (N = 91)	
		Welfare (N = 206)	No-Work/No- Welfare (N = 196)	Welfare (N = 196)	No-Work/No- Welfare (N = 196)	0-2 Waves Without Other Earner (N = 46)	3-5 Waves Without Other Earner (N = 45)
Mean # of barriers (out of 9) ^{a,b,c}	2.18	1.95***	2.26	1.93***	3.18	3.18	3.18
More than 3 barriers (out of 9) ^{a,b,c}	19.5	15.1**	19.4	19.6	40.0***	40.0***	40.0***
Less than 10 years of education ^a	6.7	4.4*	7.7	6.5	13.3*	13.3*	13.3*
Learning disability ^a	14.2	9.2***	14.8	21.7	26.7**	26.7**	26.7**
Low work skills ^a	19.5	17.5	18.4	21.7	31.1**	31.1**	31.1**
Low work experience	12.3	12.3	12.3	10.9	13.6	13.6	13.6
Physical limitation ^{a,c}	45.1	39.5	49.5	32.6*	64.4***	64.4***	64.4***
No car or driver license ^{a,b,c}	42.0	37.4*	42.9	32.6	68.9***	68.9***	68.9***
Child health problem	21.9	20.0	22.7	17.8	31.1	31.1	31.1
Alcohol dependence or illegal drug use ^b	22.5	23.3	19.9	17.4	35.6**	35.6**	35.6**
Mental health problem	34.5	31.7	38.0	33.3	33.3	33.3	33.3

^aCategory 1 differs from 4 at $p < 0.05$.

^bCategory 2 differs from 4 at $p < 0.05$.

^cCategory 3 differs from 4 at $p < 0.05$.

* $p < 0.1$; ** $p < 0.05$; *** $p < 0.01$.

NOTE: Sample includes Wave 5 (2003) respondents who did not receive SSI benefits at any wave.

(31.1 vs. 19.5 percent, Row 5), a physical health limitation (64.4 vs. 45.1 percent, Row 7), no car or driver license (68.9 vs. 42.0 percent, Row 8), and to have used illegal drugs or to be alcohol dependent (35.6 vs. 22.5 percent, Row 10).

Because human capital, health, and mental health problems have been shown to be negatively correlated with employment (Danziger and Seefeldt, 2002) and because being disconnected is more likely to result from job loss, it is likely that these attributes are positively correlated with becoming chronically disconnected. Some of the same factors that limit employment may also operate as “barriers” to successful navigation within the welfare system (Seefeldt and Orzol, 2005). For example, women with low educational levels and mental health problems may find the new program rules difficult to understand and thus never return to the rolls. We now turn to an analysis of the correlates of becoming chronically disconnected.

The Correlates of Becoming Chronically Disconnected: Regression Results

In February 1997, when the sample was drawn, all respondents received cash assistance, so none were disconnected. We model the probability that a woman became chronically disconnected over the 79-month study period as a function of her demographic characteristics and barriers to employment measured in the fall of 1997 (a few variables were first measured at a later time).¹¹ Table 4 reports the logistic regression results, with standard errors in parentheses.

To address the possibility that attrition from the sample might bias the estimates when we include only those women completing all five interviews in our analyses, we create an alternative sample consisting of women who completed at least the first three interviews. For women completing four interviews, we define as chronically disconnected those without work and without welfare for 25 percent of the months between February 1997 and the fall of 2001 and who lived in a household without another earner and without an unemployment insurance or workers' compensation recipient for at least two of the four waves. Women who completed three interviews were similarly defined, using the months between February 1997 and the fall of 1999. The percentage of respondents who are chronically disconnected in the balanced panel ($N = 493$) and the unbalanced panel ($N = 586$) is quite similar—9.1 and 9.0 percent, respectively. Except for somewhat smaller

¹¹ Respondents were asked: “When you were growing up, were you ever placed in a special education class, or told that you had a learning disability?” A respondent who gave an affirmative answer in the fall of 1999 is assumed to have had this learning disability at the start of the study.

TABLE 4
Regression Results: Correlates of Being Chronically Disconnected

	I Balanced Panel (N = 493)	II Unbalanced Panel (N = 586)
<i>Demographic Characteristics</i>		
Race (African American)	0.491 (0.401)	0.194 (0.360)
Age	0.134 (0.189)	0.037 (0.172)
Age squared	-0.002 (0.003)	-0.001 (0.003)
Married/cohabiting	-0.257 (0.435)	-0.302 (0.405)
Youngest child 13-15 years	0.740 (0.793)	0.444 (0.740)
Youngest child 16-17 years	-0.236 (1.155)	-0.648 (1.123)
# years on welfare since 18	0.016 (0.047)	0.017 (0.042)
<i>Barriers to Employment</i>		
Less than 10 years of education	0.669 (0.550)	0.531 (0.495)
Learning disability	0.798 (0.416)*	0.743 (0.387)*
Low work skills	0.316 (0.437)	0.638 (0.389)
Low work experience	-0.505 (0.561)	-0.829 (0.543)
Physical limitation	0.779 (0.353)**	0.655 (0.319)**
No car/driver license	0.857 (0.372)**	0.619 (0.338)*
Child with health problem	0.476 (0.382)	0.504 (0.346)
Alcohol dependence/drug use	0.842 (0.388)**	0.749 (0.355)**
Mental health problem	-0.533 (0.382)	-0.476 (0.355)
Indicator: unbalanced sample	—	-0.298 (0.447)
Constant	-6.277 (3.031)**	-4.461 (2.729)
LR chi-squared	37.11***	33.16**
Pseudo R ²	0.1232	0.0932

* $p < 0.1$; ** $p < 0.05$; *** $p < 0.01$.

NOTE: Standard errors appear in parentheses.

standard errors in the regression for the unbalanced panel, the coefficients for the independent variables are quite similar in the two columns of Table 4.

No demographic characteristics were significant correlates of whether a woman became chronically disconnected. These include age, age squared, marital/cohabiting status, and race. The indicator variables for whether a respondent was at risk of “aging out” of welfare (whether her youngest child was between the ages of 13 and 15 or between 16 and 17 in the fall of 1997) were also not significant. This finding reinforces the descriptive results in Table 2, suggesting that rather than the aging of a woman’s children, the same factors that contributed to becoming chronically disconnected also contributed to the movement of children from her household.

Because all respondents received assistance in February 1997, we use three alternative measures of prior history of welfare receipt. None of these measures, including the variable we report in Table 4—the number of years the respondent relied on cash welfare between the year she turned 18 and the fall of 1997—was statistically significant.¹²

In both regressions, four barriers to employment were significant correlates of becoming chronically disconnected: having a learning disability, having a physical limitation, lacking access to a car or driver license, and using illegal drugs or meeting the diagnostic screening criteria for alcohol dependence.

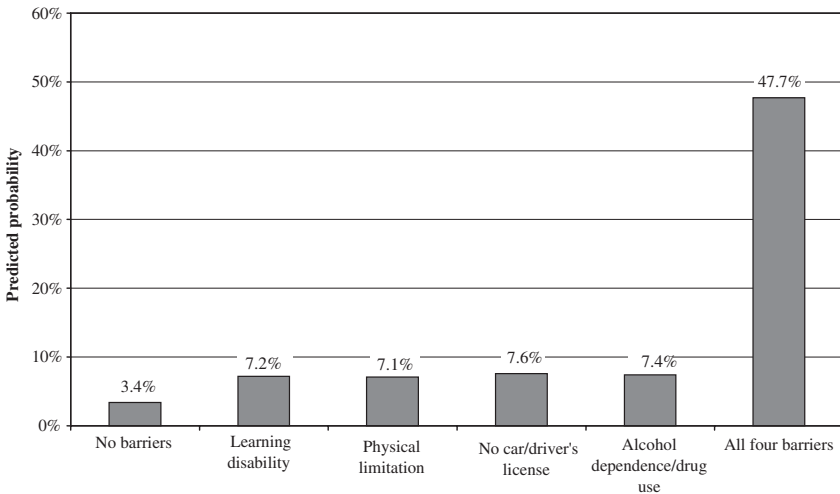
Because the logistic coefficients do not readily convey how large the effect of having one or a combination of these barriers is on the probability of becoming disconnected, we compute the probability that a “hypothetical” woman, with the median characteristics of the sample, is chronically disconnected. Using the balanced panel, the “hypothetical” respondent in the fall of 1997 was African American, 29 years old, not married, had completed more than 10 years of education, received cash welfare for six years since age 18, and had a child under 13 years of age. We compute the baseline probability of becoming disconnected by assuming that this typical respondent does not have any of the nine barriers to employment.

Figure 2 illustrates the predicted probability that the hypothetical respondent becomes chronically disconnected and how this probability would increase if she had each one of the four significant barriers, using the balanced sample. The baseline probability is 3.4 percent. Having any one of the four significant barriers increases her probability of becoming chronically disconnected to between 7.1 percent (having a physical limitation) to 7.6

¹²The three measures of prior welfare history are length of current welfare spell, years on welfare since age 18, and percentage of years on welfare since age 18. Because none of these variables were significant and the coefficients on other variables were not significantly affected by which variable we use, in Table 4 we report years of welfare receipt. On average, in the fall of 1997, a respondent had spent 7.5 years on welfare since age 18, had spent 59.0 percent of the years since she was 18 on welfare, and was in a welfare spell that began 33 months before February 1997.

FIGURE 2

Predicted Probability of Becoming Chronically Disconnected
for a Hypothetical Respondent



NOTES: The hypothetical respondent is a woman with the median characteristics of the sample in 1997: she is African American, 29 years old, not married, has completed more than 10 years of education, does not have any of the nine barriers to employment, received cash welfare six years prior to February 1997, and her youngest child was under 13 years of age.

percent (having no car or driver license). If this woman had all four of the statistically significant barriers, her probability of becoming chronically disconnected would increase to 47.7 percent.¹³

Policy Implications

Women become disconnected for a variety of reasons, including being laid off or fired, or losing cash welfare due to sanctions or administrative case closings. In WES, about one-quarter of the chronically disconnected reported that their benefits were stopped due to sanctions at some time between 1997 and 2003. Prior to experiencing a spell of no-work/no-welfare, 60.6 percent had been working and not receiving welfare (Table 1, last column, Row 8), indicating that job loss plays the major role in this phenomenon.

¹³About one-fifth of WES respondents have more than three barriers; the mean is 2.18.

Even though job loss is more common than welfare loss in triggering a spell of no-work/no-welfare, there is a role for welfare system reforms to assist the disconnected. Welfare agencies do not typically maintain contact once a woman has left cash assistance, but some states have set up “post-sanction policies” that reach out to families at risk of becoming disconnected—namely, those whose benefits were terminated for noncompliance with agency rules. For example, Cuyahoga County, Ohio offered the Safety Net Program, which provided sanctioned families with home visits by staff who worked with the families to help bring them back into compliance. Staff assessed families for barriers and provided referrals to housing agencies, utility companies, counseling services, food pantries, and early childhood programs. During the first 10 months of implementation, 46 percent of sanctioned families who were referred to the Safety Net Program were assessed and provided with information and services. Most of these families (42 percent of referrals) participated in work activities and had their cases reopened as a result of the program (Goldberg and Schott, 2000).

Assisting welfare leavers who lose jobs and do not receive UI (or exhaust it) is also challenging, as they often have no recent contacts with the welfare agency. The food stamp program, operated in most states by the welfare agency, might help “reconnect” the disconnected, as 70 percent of chronically disconnected WES respondents received food stamps in the fall of 2003.

Wood and Rangarajan (2003) suggest that employment retention and advancement services or linkages to community social service agencies might help some welfare leavers, such as employed leavers with low education. Services could be provided at the time of welfare exit, instead of at job loss, when it is more difficult to find these families. A number of sites around the country are participating in an experimental test of retention services models, including rapid reemployment assistance on job loss and intensive case management to resolve barriers to employment (Anderson and Martinson, 2003).

For those still receiving cash assistance or applying for welfare, assessment, referrals, and the use of services could address employment barriers and reduce the likelihood that a recipient will become disconnected (Danziger and Seefeldt, 2002). For example, the CALWORKS Supportive Services Project in Los Angeles provides screening and referrals to mental health and substance abuse professionals for treatment (ranging from counseling to inpatient treatment). Among those completing treatment, almost half were employed posttreatment, compared to only 19 percent of those who did not complete treatment, suggesting that treatment can increase employment (California Institute of Mental Health, 2003).

CASAWORKS for Families, a substance abuse treatment program targeting welfare recipients, integrates treatment with employment activities and also provides assistance with medical care, child care, transportation, shelter, and clothing. Preliminary evaluations suggest that participation led

to greater employment, reductions in substance use, and improvements in family and social functioning (see Metsch and Pollack, 2005).

Summary

A small, but growing, percentage of women who received welfare in February 1997, shortly after the 1996 welfare reform was implemented in Michigan, did not make a successful transition from welfare to work by the fall of 2003. According to a cross-sectional definition, 8.6 percent of respondents were disconnected from regular sources of economic support at this time. Using a measure of chronic disconnection, 9.1 percent were without work and cash welfare for at least 25 percent of the 79 months and lived without another earner or UI or workers' compensation recipient for at least three of the five waves.

Compared to all respondents, the chronically disconnected were the most economically disadvantaged. Over the panel, they were less likely to work, less likely to live with another earner, and they had much lower economic status. These results do not imply that the chronically disconnected have no income. For example, in the month prior to the 2003 interview, one-third of the chronically disconnected had earnings (significantly less than the sample mean, 70 percent), one-quarter lived with another earner (significantly less than the sample mean, 37 percent), 18 percent received child support (significantly less than the sample mean, 30 percent), and 71 percent received food stamps (significantly more than the sample mean, 53 percent). Their mean monthly income of \$1,420 was two-thirds of the sample average. Over the course of the panel, chronically disconnected women experienced multiple spells of being without work and welfare that lasted on average for 12 months. To reduce the number of women who fail to make a successful transition from work to welfare, more attention should be given to programs and policies that attempt to reconnect disconnected women to regular sources of economic support.

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