WRP

Final Report on Vermont's Welfare Restructuring Project

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Overview

Vermont's Welfare Restructuring Project (WRP) was one of the earliest statewide reform programs initiated under waivers of federal welfare rules granted before the passage of the 1996 federal welfare reform law. Operating statewide from 1994 to 2001, WRP required single-parent welfare recipients to work in a wage-paying job after they had received cash assistance for 30 months, and it offered minimum-wage community service jobs to those who could not find regular, unsubsidized jobs. If a recipient did not comply with the work requirement, the state took control of her grant, used the money to pay her bills, and required her to attend frequent meetings at the welfare office. The program also included modest financial work incentives to encourage and reward work. Vermont's current welfare program shares many features with WRP.

MDRC evaluated WRP under contract to the State of Vermont. Between 1994 and 1996, welfare applicants and recipients were assigned at random to WRP or to the Aid to Needy Families with Children (ANFC) group, which remained subject to the prior welfare rules. (A third group received WRP's incentives but was not subject to the work requirement.) WRP's effects were estimated by comparing how the groups fared over a six-year follow-up period.

Key Findings

- **WRP increased employment and reduced reliance on cash assistance for single-parent families.** The WRP group was slightly more likely to work than the ANFC group initially, and the difference grew much larger when parents began reaching the work requirement. At the peak, the employment rate for the WRP group was 10 percentage points higher than for the ANFC group. Over six years, the WRP group earned an average of about $500 (9 percent) more per year than the ANFC group and received about $300 (12 percent) less per year in cash assistance payments. The work requirement was needed to generate these effects: WRP's financial incentives alone did not lead to increases in employment, probably because the incentives were not substantially different from those under the prior rules. WRP had few effects for two-parent families, who make up a small percentage of Vermont's welfare caseload.

- **WRP had little effect on family income, material hardship, or child well-being.** The WRP group's higher earnings were largely offset by their lower welfare payments; as a result, average income for the WRP group was about the same as average income for the ANFC group. However, consistent with the program's goals, members of the WRP group derived a greater share of their income from earnings and a smaller share from public assistance. Because WRP did not raise family income, it is not surprising that it also had few effects on hardship. WRP also had few effects on child outcomes.

- **WRP's work requirement was implemented as planned, but, contrary to initial expectations, very few community service employment positions were needed.** WRP's planners anticipated that a large-scale community service employment (CSE) program would be needed for parents who could not find unsubsidized work after the 30-month point. In fact, only 3 percent of single parents in the WRP group ever worked in a CSE position. Less than half the WRP group ever received 30 months of assistance, and most of those who were subject to the work requirement (which was usually part time) were able to find unsubsidized jobs in the extremely healthy economic climate that existed throughout the study period.

- **WRP saved money for taxpayers.** The WRP group received few services that were not also available to the ANFC group. Thus, the program's net cost was low and was more than offset by the public assistance savings it generated.

WRP differed from most states' approaches to welfare reform. Most important, welfare receipt was not time-limited, and grants were not reduced or closed if recipients failed to meet the work requirement. The evaluation's generally positive results show that there are diverse paths to the widely supported goals of increasing employment and reducing reliance on cash assistance.

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Preface

By converting federal welfare funding into a fixed block grant, the landmark federal welfare reform law of 1996 gave states new flexibility to develop their own rules governing how their welfare programs would be run. Among the wide variety of approaches to encourage welfare recipients to become economically self-sufficient, the new policies ranged from those that imposed strict work requirements, short time limits on benefit receipt, and harsh sanctions for noncompliance to others that, like the one developed by Vermont, set standards that were less onerous.

The experience of Vermont's Welfare Restructuring Program (WRP) — the subject of this final report in a rigorous multiyear evaluation — shows that a welfare reform program can achieve the broadly accepted goals of increasing employment and reducing welfare receipt without resorting to the tough policies that have been central to many states' programs. Implemented in 1994 under waivers of federal welfare rules, WRP was one of the first comprehensive statewide welfare reform programs of the 1990s. It provided modest financial incentives to encourage and reward work, and it also required single-parent welfare recipients to work in a wage-paying job after 30 months of benefit receipt. (The work requirement was imposed after 15 months for two-parent families.) The state helped recipients find work, and it provided subsidized, minimum-wage community service positions to those who could not find regular jobs. Vermont's current welfare program shares many features with WRP.

Unlike most recent welfare reform programs, WRP did not set a time limit on welfare receipt, and it did not require single-parent recipients to participate in any work-related activities during their first 30 months on the rolls. Moreover, when recipients did not comply with the work requirement, the state did not reduce or close their welfare grant; instead, it took control of the grant, used the money to pay the recipients' bills, and required them to attend frequent meetings at the welfare office. Although WRP's program participation requirements and sanctions were not as stringent as those in most other states, the new program did increase expectations of recipients relative to earlier Vermont programs.

Despite differences in approach compared to other states, WRP produced similarly positive results on key outcomes: Employment and earnings increased; cash assistance receipt and payments declined. The effects were generated by the work requirement; the modest financial incentives had little effect, likely because they were not very different from those available to welfare recipients under the prior rules. Like many other programs, WRP did not substantially affect families' income.

When WRP was being designed, many of its planners believed that its success would hinge on the state's ability to create a large-scale program to place recipients who were unable

to find regular jobs in community service employment. In fact, very few of the WRP participants in the study ended up working in a community service job. More than half of them left welfare quickly and never accumulated 30 months of benefit receipt. Among those who became subject to the work requirement, most were able to find an unsubsidized job in Vermont's strong labor market. It is not clear whether this would have been true in a weaker economy.

WRP's results are being released at a time when Congress is debating the reauthorization of the 1996 welfare law. One of the key issues is whether the law should continue to provide broad flexibility to states to design their own approaches to welfare or whether states should be subject to tighter federal requirements. The WRP results show that there is more than one way to achieve the goals of welfare reform.

Policymakers, administrators, and others across the county who are interested in welfare reform owe a debt of gratitude to the Vermont Department of Prevention, Assistance, Transition, and Health Access (formerly the Department of Social Welfare), which unwaveringly supported the study, and to the U.S. Department of Health and Human Services, which provided a large proportion of the funding to support this important research.

Gordon Berlin
Senior Vice President

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The Vermont Department of Prevention, Assistance, Transition, and Health Access (PATH) — formerly the Department of Social Welfare (DSW) — conceived the study and contracted with MDRC to conduct it. Jane Kitchel, the former DSW Commissioner who is now Secretary of the Vermont Agency of Human Services, provided strong support for the evaluation from its inception. Under the leadership of Eileen Elliott, the Department's current Commissioner, PATH continued to assist the study's ongoing work. Sandra Dooley, a former DSW and PATH Deputy Commissioner, oversaw most of the evaluation and offered unstinting support, wise advice, and thoughtful comments on research plans and reports. Steve Gold, formerly with DSW and now Commissioner of the Vermont Department of Employment and Training (DET), also provided critical support.

Many staff members in the DSW and PATH central office made valuable contributions through the years. We owe special thanks to Betsy Forrest, Donna Jenckes, Roy Haupt, Ed Cafferty, Jackie Levine, Pat McDonald, Roberta O'Brien, Debra Brucker, and Debra Tighe.

In the six DSW and PATH district offices targeted for intensive research, indispensable assistance was provided by staff at all levels who diligently followed the complex procedures necessary to create and maintain the three research groups throughout the six-year follow-up period. During site visits by MDRC researchers, staff from DSW, PATH, and DET were always willing to discuss their experiences candidly. Though our obligations of gratitude are too numerous to single out everyone by name, we owe special thanks to these DSW and PATH district directors and key staff: Craig Comstock (in Barre); Judy Higgins, Pam Dalley, Mark Schroeter, and Ralph Bernardini (in Burlington); Leonard Wellman (in Newport); Peter Burt and Judy Dugan (in Rutland); Bill Bateman (in Springfield); and Bonnie Crowe-Oddy, Brenda Hutchins, and Claire LaRose (in St. Albans).

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At MDRC, Barbara Goldman oversaw the study since its inception. David Butler played a central role during the study's early years, and he continued to provide helpful advice to the end. Judith Gueron, Gordon Berlin, and Pamela Morris offered valuable comments on drafts of the final report.

Leslie Sperber assisted with the field research and the programming for the impact analysis, led the analysis of the community service employment program, and, with Lauren Cates, coordinated the production of the report. Frank Tsai prepared the administrative records files for analysis, and Mark van Dok assisted with the analysis of the records data. Jared Smith did programming for the 42-Month Client Survey, and Colleen Parker played a key role in the analysis of the program's benefits and costs. Tara Cullen and Chris Rodrigues helped create exhibits for the report. Bob Weber edited the report, Louis Richman coordinated the report's release, and Stephanie Cowell assisted with word processing.

Other MDRC staff played key roles at earlier stages of the project. Lynn Miyazaki managed the acquisition of administrative records data from DSW and PATH, Debra Romm supervised the design and development of the administrative records database, and Galina Farberova created the files. Amy Brown served as site liaison and conducted field research. Greg Hoerz, Jordan Kolovson, and Melisa Diaz worked closely with ORC/Macro, the survey subcontractor.

Finally, we extend our deep appreciation to the thousands of Vermont parents who participated in the study and gave generously of their time to respond to surveys.

The Authors

Executive Summary

Vermont's Welfare Restructuring Project (WRP) was one of the earliest statewide welfare reform programs initiated under waivers of federal welfare rules granted before the passage of the 1996 federal welfare reform law. The program, which operated from 1994 to 2001, was designed to increase work and reduce reliance on welfare. WRP required that welfare recipients work in a wage-paying job after they had received cash assistance for a specified number of months (30 months for single-parent families and 15 months for two-parent families). Recipients received help finding jobs and were offered minimum-wage community service jobs if they could not find unsubsidized employment. If a recipient did not comply with the work requirement, the state took control of her grant, used the money to pay her bills, and required her to attend frequent meetings at the welfare office. The program also included a set of financial incentives that were intended to encourage and reward work. WRP served as a model for Vermont's current welfare program, which took effect in mid-2001.

This is the final report in a long-term evaluation of WRP conducted by the Manpower Demonstration Research Corporation (MDRC) under contract to the State of Vermont. The evaluation was also funded by the U.S. Department of Health and Human Services and the Ford Foundation. The evaluation used data from the entire state but focused in depth on 6 of Vermont's 12 welfare districts. The results from the WRP evaluation provide important evidence about one of the many diverse strategies that states adopted to reform welfare in the 1990s.

In order to assess what difference WRP made, parents who were applying for or receiving cash assistance in Vermont between July 1994 and December 1996 were assigned, at random, to one of three groups: (1) the *WRP group,* whose members received the financial work incentives and were subject to the work requirement; (2) the *WRP Incentives Only group,* whose members received the incentives but were not subject to the work requirement; or (3) the *Aid to Needy Families with Children (ANFC) group,* whose members remained subject to the pre-WRP welfare rules, which included neither the incentives nor the work requirement. MDRC followed all three groups for six years, using computerized records and a survey. Any differences that emerged over time in the groups' outcomes (for example, in their employment or welfare receipt) can reliably be attributed to WRP's policies; such differences are known as *impacts,* or *effects*.

The evaluation also included a study of the implementation of WRP and an assessment of its financial costs and benefits for the government and for participating families. The study mainly focused on single-parent families, who make up most of Vermont's welfare caseload.

Key Findings

Key findings from the evaluation include:

- **The full WRP program increased employment and reduced reliance on cash assistance for single-parent families, particularly in the period after some parents became subject to the work requirement.**

WRP was implemented in an exceptionally healthy economic climate; Vermont's unemployment rate was even lower than the national rate throughout the study period. As a result, a very large proportion of the ANFC group (87 percent) worked at some point during the six-year study period, even without any work requirements or special financial incentives.

Nevertheless, WRP increased employment. The employment gains were small early in the study period, before anyone had reached the work requirement, but they grew larger after the 30-month point. At the peak — in the beginning of the fourth year of the follow-up period — the employment rate for the WRP group was 10 percentage points higher than for the ANFC group (58 percent, compared with 48 percent). Employment gains persisted throughout the rest of the six-year period, although the size of the effects diminished over time. Over the six-year period, WRP increased average annual earnings by 9 percent ($508). Most of the people who went to work because of WRP worked full time or nearly full time, in jobs paying at least $7.50 an hour.

WRP had little effect on cash assistance receipt until the 30-month point, when it began to reduce the amount of assistance that families received. Later, the program began to reduce the number of families receiving any cash assistance. By the end of the follow-up period, only 18 percent of the WRP group were receiving assistance, compared with 24 percent of the ANFC group. WRP reduced cash assistance payments by 28 percent ($449) per year during the last two years of the study period.

- **WRP had little effect on family income, material hardship, children's school performance, or other family and child outcomes.**

The WRP group's higher earnings were largely offset by their lower cash assistance payments; as a result, except for a brief period during the third year of the follow-up period, average income for the WRP group was no higher than average income for the ANFC group. However, consistent with the program's goals, WRP group members derived a greater share of their income from earnings and a smaller share from public assistance.

A survey that was administered 42 months into the follow-up period examined WRP's impacts on a range of outcomes, including families' financial assets, neighborhood quality, food security, and children's school performance and behavior. Because such impacts are typically driven by changes in income, it is not surprising that WRP generated few effects on these outcomes.

- **The program's work requirement was needed in order to generate impacts. WRP's financial incentives alone did not lead to increases in employment or income, probably because the incentives were not substantially different from incentives under the prior rules.**

WRP included two types of financial incentives that were designed to encourage and reward work. First, WRP changed the welfare rules to allow recipients to earn somewhat more without losing eligibility for cash assistance (this is known as an *enhanced earnings disregard*). Recipients could also own a more valuable (and hence more reliable) car and could accumulate more savings from earnings without losing eligibility for assistance. Second, the program extended transitional supports for recipients who were leaving welfare for work — for example, by providing three years of transitional Medicaid coverage instead of the single year of coverage mandated under prior rules.

Other studies have found that financial incentives alone can increase work and income, but this was not the case in WRP. The WRP Incentives Only group was no more likely to work than the ANFC group and did not have higher income. However, in assessing this result, it is important to note that WRP's incentives — while probably important to many families — were not substantially different from the incentives and rules that applied to the ANFC group. For example, at most levels of earnings, WRP's enhanced earnings disregard during the first four months of work was actually somewhat less generous than the disregard available under the prior rules. Similarly, because Vermont provides unusually generous child care and health insurance subsidies for all low-income working families, the ANFC group was eligible for supports that were not dramatically different from WRP's transitional benefits.

- **WRP increased employment among most subgroups, but the increases were largest for the most disadvantaged sample members. WRP increased income for the least disadvantaged sample members.**

Among individuals who were long-term welfare recipients, had no recent work history, and did not have a high school diploma — some 9 percent of the study's participants — the WRP group earned an average of 31 percent ($870) more per year over the six-year follow-up period than the ANFC group. Because WRP increased earnings but did not reduce welfare receipt among sample members with the fewest barriers to employment (high school graduates with recent work history who were not long-term welfare recipients), the program raised their income (by an average of 7 percent, or $696, per year).

- **WRP's work requirement was implemented as planned, but, contrary to initial expectations, very few community service employment positions were needed.**

When WRP was designed, planners believed that its success would hinge on the state's ability to create a large-scale community service employment (CSE) program for recipients who could not find unsubsidized jobs after receiving benefits for 30 months. In fact, the work requirement was implemented largely as intended, but the maximum number of people working in CSE slots statewide never exceeded 70 in any one month. Only 3 percent of the single-parent WRP group members (and 4 percent of the two-parent WRP group members) ever worked in a CSE position during the six-year study period.

Few CSE slots were needed for two main reasons. First, most recipients were never subject to the work requirement: Only 46 percent of the single-parent WRP group received cash assistance for 30 months or more. This figure was nearly the same for the ANFC group (45 percent), suggesting that the strong economy and broad changes in Vermont's welfare system that affected all three research groups were the key factors that spurred people to leave welfare sooner than anticipated. Second, of those who reached the 30-month point, most who were required to work found unsubsidized jobs; most single parents were required to work only part time, and jobs were readily available in most areas of the state. Some others were exempted from the work requirement or were sanctioned (penalized) for failing to comply with the requirement.

- **The net cost of WRP was quite low, and the government's spending on the program was more than offset by reduced public assistance payments; in other words, WRP saved money for taxpayers.**

The WRP group received few services that were not also available to the ANFC group. Both groups were eligible to participate in the state's welfare-to-work program (the WRP group was required to participate in Months 29 and 30 of benefit receipt), and both groups received child care assistance and other supports if recipients worked or participated in activities while on welfare. As noted earlier, supports for those who exited welfare were also similar for the two groups.

Thus, the main net costs associated with WRP — that is, costs over and above those incurred for the ANFC group — were for relatively inexpensive job search services provided to recipients who reached the work requirement and for support services for parents who were participating in activities or working while on welfare. (More WRP group members than ANFC group members worked and participated in activities.) Thus, the net cost of WRP was only about $1,300 per person over six years. The program saved about $1,700 per person in cash assistance and Food Stamp benefits over six years, more than offsetting its cost.

- **WRP generated few effects for two-parent families with an unemployed parent.**

WRP's work requirements for two-parent families with an unemployed parent were not substantially different from requirements under the prior rules. Even before Vermont imple-

mented WRP, principal wage-earners in two-parent families were required to work or participate in employment activities throughout their time on welfare — although WRP required full-time work after 15 months of assistance. WRP eliminated most of the nonfinancial criteria that restricted eligibility for two-parent families under ANFC.

WRP did not affect employment or earnings for two-parent families with an unemployed parent. The financial incentives increased cash assistance receipt somewhat during the first four years of the follow-up period, but the effect did not last. WRP did not substantially affect income, material hardship, or outcomes for children among these families.

Conclusions and Implications for Policy

The results of the WRP evaluation illustrate that there are diverse paths to the broadly accepted goals of increased employment and reduced reliance on public assistance. Unlike other states, Vermont did not require single parents on welfare to work until they had received benefits for 30 months, did not use grant reductions or closures to enforce these requirements, did not require full-time work for most single parents, and did not set time limits on cash assistance receipt. Nevertheless, WRP increased employment and, eventually, reduced welfare payments. Because the program's net cost was low, WRP actually saved money for taxpayers — an unusual achievement for any social program. And, at least within a strong economy, Vermont was able to impose a work requirement for welfare recipients without creating a large subsidized employment program.

Although WRP increased work, it did not make families better off financially and did not substantially improve their material well-being. Like previously studied programs that have increased parents' employment levels but not their income, WRP also did not substantially affect participants' children. However, it is worth noting that low-income families in Vermont may be better off than those in some other states: Vermont's welfare grant levels are among the highest in the nation, and the state offers an unusually generous set of supports for low-income working families.

Vermont's new welfare program — implemented in mid-2001 — builds on WRP and remains distinctive from programs in many other states. In response to WRP's small effects before any recipients reached the work requirement, the new program requires recipients to participate in work or work-related activities as soon as they are deemed to be "work-ready" or after 12 months of welfare receipt, whichever happens first. The program also uses financial penalties to enforce its requirements, although the penalties are less severe than in most other states. Vermont remains one of only two states that have not established a time limit on welfare receipt.

Introduction

Vermont's Welfare Restructuring Project (WRP) was one of the first statewide welfare reform programs initiated under waivers of federal welfare rules granted before the passage of the 1996 federal welfare law. WRP, which operated from July 1994 to June 2001, aimed to increase employment and reduce reliance on welfare. It included two main components: (1) financial incentives to encourage work and (2) a requirement that welfare recipients work in a wage-paying job after they had received cash assistance for a specified number of months — 30 months for single parents and 15 months for two-parent families. The program helped recipients search for jobs and provided subsidized minimum-wage community service jobs to recipients who had not found work by the time they reached the 15- or 30-month point. WRP served as a model for Vermont's current welfare program, which took effect in July 2001.

This is the final report in a large-scale evaluation of WRP.[1] The Vermont Department of Social Welfare (DSW) — the agency that administered WRP — contracted with the Manpower Demonstration Research Corporation (MDRC) to conduct a comprehensive evaluation of the program. (DSW was renamed the Department of Prevention, Assistance, Transition, and Health Access [PATH] in mid-2000.) The study was based on a rigorous random assignment research design, which permits comparisons between WRP and Vermont's previous welfare program. It uses data from all 12 welfare districts in the state but focused in detail on 6 of them (referred to as the *research districts*). The evaluation — which was initially required as a condition of the federal waivers that allowed Vermont to implement the program — was funded by the State of Vermont, the U.S. Department of Health and Human Services, and the Ford Foundation. MDRC is a nonprofit, nonpartisan organization with more than a quarter-century's experience designing and evaluating programs and policies for low-income individuals, families, and communities. The results from the WRP evaluation provide important evidence about one of the many diverse strategies that states adopted to reform welfare in the 1990s.

After describing WRP and the evaluation in greater detail, the report summarizes the program's implementation in the six research districts. Then it presents information on how WRP affected patterns of employment and public assistance receipt over six years. Data from a large-scale survey — administered three-and-a-half years after people entered the study — are used to assess WRP's effects on such key outcomes as job characteristics, health insurance coverage, and child outcomes. The report first presents effects for single-parent families, who make

[1] A report completed in 1998 describes WRP's early implementation and its effects on employment and public assistance receipt measured over 21 months (Bloom, Michalopoulos, Walter, and Auspos, 1998). Reports completed in 1999 and 2000 present WRP's effects measured over 42 months (Hendra and Michalopoulos, 1999; Bloom, Hendra, and Michalopoulos, 2000).

up most of Vermont's welfare caseload, and then it describes the results of a benefit-cost analysis that compares WRP's financial benefits and costs both for participants and for government budgets. The report then briefly presents results for two-parent families, and it concludes with a discussion of the findings' implications for welfare policy. A series of appendices (described in Box 1) presents extensive supplementary materials, including additional analyses and further details about the findings presented in the report.

The Welfare Restructuring Project

This section briefly discusses the development of WRP and describes Vermont's primary goals in designing the program. It provides some details about WRP's key components and places the program in the context of current welfare policy.

Creation of the Project

Many states substantially reformed their welfare programs even before the federal Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) became law in August 1996. Between 1993 and 1996, about 40 states were granted waivers of federal welfare rules, allowing them to implement a wide variety of policy changes designed to promote work and self-sufficiency among welfare recipients.

Vermont was one of the first states to seek waivers for comprehensive, statewide reform of its welfare system. In 1991, Vermont began a broad-based review of its system, focusing primarily on its Aid to Needy Families with Children (ANFC) cash assistance program.[2] The review produced a set of recommendations that laid out the key features of what later became WRP. After a lengthy debate that resulted in some important changes in the program model, WRP was approved by the Vermont legislature in January 1994, and it was implemented in July.

Goals and Policies

WRP's primary goal was to increase work and self-support among welfare recipients. The program's designers believed that achieving this goal would lead to other positive outcomes

[2]ANFC was Vermont's version of Aid to Families with Dependent Children (AFDC), the federal-state cash assistance program that was created by the Social Security Act of 1935 and that was replaced with a block grant by PRWORA. In July 2001, Vermont replaced the ANFC program with the Reach Up program. This report uses the term *cash assistance* to refer to ANFC benefits.

Box 1

Appendices to This Report

Supplementary materials in a series of appendices provide further detail on analyses presented in the main report as well as additional analyses and discussion of various technical issues. The main report focuses on comparisons between two of the study's three research groups (the WRP group and the ANFC group); some supplemental tables also show comparisons that include the third research group (the WRP Incentives Only group). Specifically, the appendices are as follows.

Appendix A: Supplemental Tables for the Section Entitled "The Evaluation." This appendix presents additional information on the State of Vermont, the research districts that the evaluation focused on, and the study samples.

Appendix B: Supplemental Tables for the Section Entitled "Implementation for Single-Parent Families." This appendix presents detailed findings on single-parent sample members' participation in employment-related activities during the follow-up period. Appendix Box B.1 describes how to interpret the three-group tables in Appendix B and subsequent appendices that present results for all three research groups.

Appendix C: Survey Response Analysis and Other Technical Issues. This appendix presents an analysis of the generalizability of the results from the 42-Month Client Survey and discusses other technical issues relating to data sources.

Appendix D: Supplemental Tables for the Section Entitled "Effects on Employment, Public Assistance, and Income for Single-Parent Families." This appendix presents additional detail on WRP's effects on single parents' employment, earnings, cash assistance receipt and payments, Food Stamp receipt and payments, and income from those sources. It also shows results for various groups of sample members.

Appendix E: Supplemental Tables for the Section Entitled "Effects on Family and Child Outcomes for Single-Parent Families." This appendix presents WRP's effects on additional measures of single parents' family and child outcomes from the 42-Month Client Survey.

Appendix F: Supplemental Materials for the Section Entitled "Costs and Benefits for Single-Parent Families." This appendix discusses the methods and data sources used in the benefit-cost analysis. It also presents additional detail on the benefit-cost findings for single-parent families and summarizes results for two-parent families.

Appendix G: Supplemental Tables for the Section Entitled "Effects on Employment, Public Assistance, and Income for Two-Parent Families." This appendix presents more detail on WRP's effects on two-parent families' employment, earnings, cash assistance receipt and payments, Food Stamp receipt and payments, and income from those sources. It also shows results for various groups of two-parent sample members.

Appendix H: Supplemental Tables for the Section Entitled "Effects on Family and Child Outcomes for Two-Parent Families." This appendix presents WRP's effects on additional measures of family and child outcomes for two-parent families from the 42-Month Client Survey.

— such as stronger families and improved outcomes for children — and would also bring Vermont's public assistance programs more in line with public values. In designing WRP, however, the state sought to balance the goal of promoting work with other goals, such as ensuring that families' basic needs were met and allowing parents to reconcile their dual roles as nurturers and providers for their children. The WRP polices that were designed to achieve these goals are described below.

The work requirement. Designed to increase work, one of WRP's central features was a time-triggered work requirement.[3] Single-parent recipients were required to work in wage-paying jobs after they had received cash assistance for 30 months. (Policies for two-parent families are described later in this report.) Two months before reaching that point, recipients were required to attend job search activities, which were provided through Vermont's welfare-to-work program. (A recipient who left welfare at or after Month 30 and later returned to the rolls would again be subject to the work requirement after a two-month job search.)

As a safeguard, the state provided subsidized minimum-wage community service employment (CSE) positions for recipients who reached the 30-month point and were unable to find jobs. Each CSE position was limited to 10 months, after which recipients could be placed in a subsequent position. In addition, to allow parents to care for their younger children, single parents with children under age 13 were required to work half time, rather than full time.

Unlike recipients in many other states, single parents who failed to comply with WRP's work requirements did not have their welfare grant reduced or closed; rather, the state took control of their grant, used the money to pay their bills, and required them to attend three meetings at the welfare office each month. Noncompliance with this process resulted in the loss of benefits (although parents could reapply for benefits).

Financial incentives. WRP also included two kinds of financial incentives designed to encourage and assist welfare recipients in finding and keeping jobs. First, the program changed several welfare rules that were seen as discouraging work. For example, recipients were allowed to earn somewhat more without losing eligibility for cash assistance than they could under prior welfare rules (this is known as an *enhanced earnings disregard*). They also could own a more valuable (and hence more reliable) car and could accumulate more savings from earnings with-

[3]The time-triggered work requirement was referred to as a *time limit* by DSW and in previous MDRC reports. Most state welfare reforms that were initiated under waivers when WRP was developed — as well as the Clinton administration's welfare reform proposal, which was never passed by Congress — used versions of this approach, in which the "time limit" triggered a work requirement. Over time, an alternative definition — in which the time limit signals the end of cash assistance and the government does not provide jobs to people who cannot find jobs on their own — became more prominent. Therefore, this report does not use the term *time limit* to describe the WRP work requirement.

out losing eligibility for assistance. In addition, the process for disbursing child support payments collected on behalf of children receiving cash assistance was changed to make the payments more visible to the parents.

Second, WRP expanded supports for families who left welfare for work. It provided three years of transitional Medicaid coverage and also offered transitional child care assistance (on a sliding scale) for as long as a family's income did not exceed 80 percent of the state median. The prior rules provided only one year of both types of transitional benefits.

Although these policies were probably important to many families, WRP's financial incentives were not substantially different from the benefits available to families under the prior rules. For example, at most levels of earnings, the "enhanced" earnings disregard during the first four months of work was actually somewhat less generous than the disregard available under the prior welfare rules. Beginning in the fifth month of employment, however, WRP's disregard was more generous (unless the parent earned $120 per month or less, in which case there was no difference between the two sets of rules).[4]

For example, under WRP, a single parent who had two children and worked 20 hours a week at $6 per hour received $322 in cash assistance benefits per month. Under ANFC, that parent would have received about the same amount ($332) in cash assistance during the first four months of work. During the fifth through twelfth months of work, however, she would have received $199 per month — $123 less than under WRP. Because Food Stamp payments increased when cash grants decreased, the parent would have received less in Food Stamps under WRP than under ANFC ($152, compared with $207). Therefore, during the fifth through twelfth months of work, she would have received $68 more per month under WRP than under ANFC ($474 in cash assistance and Food Stamps, compared with $406).[5]

Similarly, because Vermont provides unusually generous health insurance and child care subsidies for all low-income working families, WRP's benefits were not markedly different from those available to families subject to the state's prior welfare program. For example, WRP provided three years of transitional Medicaid coverage to people leaving welfare for work. At the beginning of the evaluation, Vermont offered at least some health insurance coverage to *all* families with incomes up to 150 percent of the federal poverty line and to all children in fami-

[4]Under WRP rules, the first $150 plus 25 percent of any remaining earned income was disregarded — not counted — in calculating the monthly welfare grant. Under traditional ANFC rules, the first $120 (a flat $30 disregard plus $90 for work expenses) plus 33 percent of any remaining earned income was disregarded during the first four months of employment, but the disregard became less generous after that point ($120 of earned income was disregarded in the fifth through twelfth months of employment, and only $90 was disregarded thereafter).

[5]This example is based on benefit levels in 1997.

lies with incomes up to 225 percent of the poverty line. In 1998, it expanded coverage for children (up to 300 percent of the poverty line), and, in 1999, it expanded coverage for adults (to 185 percent of the poverty line). The situation is similar with regard to subsidized child care.

Welfare-to-work services. Virtually all adult recipients could participate in the state's welfare-to-work program, called Reach Up, which provided employment and training, case management, and support services. Reach Up was not developed as part of WRP (it had been operating since 1986), but the program was expanded and modified to make it more consistent with WRP's overall goals and design.[6] Under WRP, participation in Reach Up was voluntary for single-parent cash assistance recipients until two months before they reached the work requirement, when job search classes became mandatory. The classes, which were operated by the Department of Employment and Training (DET) under contract with DSW, met once or twice a week for eight weeks.

The Current Policy Context

In 1996, PRWORA replaced the Aid to Families with Dependent Children (AFDC) program with the Temporary Assistance for Needy Families (TANF) block grant. The law gives states substantial flexibility to design welfare programs, but it also places several restrictions on the use of federal TANF funds. Notably, states cannot use block grant funds to assist most families for more than five years (although they may do so with state funds). In addition, states will lose part of their TANF funding if they do not ensure that large proportions of recipients are participating in work activities. States must engage recipients in work (as defined by the state) after 24 months of benefit receipt — or earlier, at state discretion.

As noted earlier, Vermont developed WRP long before PRWORA was enacted. The law encouraged states to continue the initiatives that they had begun under waivers, and it stipulated that waiver provisions would take precedence over provisions of the new law where there were inconsistencies between the two. Vermont chose to operate WRP until the waivers expired, in June 2001; this allowed the state to delay implementation of key TANF provisions, such as the 60-month limit on federally funded TANF benefits.[7]

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[6] *Reach Up* here and throughout the rest of this report refers to the name of the welfare-to-work program operated in Vermont before July 2001; it should be distinguished from the current Reach Up program, which includes both cash benefits and welfare-to-work services.

[7] The program that Vermont implemented in July 2001 — after the follow-up period for this study — differs from WRP in some important ways. The program requires most parents to participate in work or work activities as soon as they are deemed to be "work-ready" or after 12 months of welfare receipt, whichever happens first. Recipients who do not comply with program rules may face financial sanctions.

Under PRWORA, most states have implemented welfare rules that are quite different from WRP's rules. For example, most states have imposed time limits on welfare receipt, broad work requirements, and sanctioning policies that may result in the full cancellation of families' welfare grants in response to noncompliance with employment-related mandates. WRP, in contrast, did not impose a time limit on welfare receipt, did not require single parents to engage in work activities until Month 29 of welfare receipt, and did not use financial sanctions.

Although WRP used a "softer" approach to moving welfare recipients into work than most current programs, Vermont's experience can yield some important lessons for policymakers and program operators. First, WRP illustrates that there are diverse approaches to achieve the goal of increasing employment among welfare recipients, and the evaluation's results show what a less stringent program can achieve. Second, WRP provides evidence on the effects of imposing work requirements on a broad group of welfare recipients. Currently, all states require at least a portion of their welfare caseload to engage in work or work-related activities. Some states, including California and Pennsylvania, have a time-triggered work requirement.[8] Third, since a large proportion of Vermont's population lives in rural areas, WRP provides lessons on the implementation and effectiveness of work programs in this kind of environment.

The Evaluation

This section provides some key information about the WRP evaluation, including its research design, environment, samples, and data sources.

The Evaluation's Design

Components of the study. This report presents results from the three major components of the WRP evaluation:

- **Impact analysis.** This part of the study provided estimates of the effects of WRP on employment rates and earnings, public assistance receipt, family income, and other outcomes relative to the welfare system that preceded it.
- **Implementation analysis.** This component of the study examined how WRP's policies were operated by staff in the six research districts.
- **Benefit-cost analysis.** This analysis used data from the impact study, along with fiscal data, to compare the financial benefits and costs generated by WRP for both eligible families and the government budget.

[8]For a study of the welfare programs in Los Angeles and Philadelphia, including the time-triggered work requirements, see Brock, Nelson, and Reiter, 2002.

Research design for the impact analysis. The impact analysis was based on a random assignment research design. Between July 1994 and December 1996, cash assistance applicants and recipients throughout Vermont were assigned, at random, to one of three groups:[9]

- **WRP group (60 percent).** Members of this group were subject to all the elements of WRP described earlier, including both the time-triggered work requirement and the financial work incentives.
- **WRP Incentives Only group (20 percent).** Members of this group received WRP's enhanced financial incentives but were not subject to its work requirement.
- **ANFC group (20 percent).** Members of this group remained subject to the welfare rules that existed before WRP.

Members of all three groups had the same access to employment and training, case management, and support services through Reach Up. Table 1 summarizes the policies that applied to each of the three research groups.

Because people were assigned to a group at random, there were no systematic differences among the three groups' members when they entered the study. In addition, all three groups experienced the same general economic and social conditions during the study. Thus, any differences that emerged among the groups during the study's follow-up period can reliably be attributed to WRP; these differences are known as the program's *impacts,* or *effects.*

As discussed earlier, the key elements of WRP can be grouped into two categories: (1) financial incentives to promote and reward work and (2) the time-triggered work requirement. The three-group design allows the evaluation to decompose the program's overall impact. Specifically:

- **Comparing the WRP group with the ANFC group** shows the combined impact of WRP's incentives and work requirement relative to the traditional welfare system.

[9]All applicants were assigned to a group when they came to the DSW office to apply for benefits. Parents who were already receiving cash assistance when WRP began operating were randomly assigned when they came to the office for semiannual eligibility reviews. To control the flow of people into WRP, only half of those who appeared for a review were randomly assigned; the rest remained subject to ANFC policies and were randomly assigned at their next review meeting.

Vermont's Welfare Restructuring Project

Table 1

Summary of Policies That Applied to the WRP, WRP Incentives Only, and ANFC Groups

	WRP Group	WRP Incentives Only Group	ANFC Group
Work and Reach Up participation requirements			
Single-parent families	Parent required to work after 30 months of cash assistance receipt; mandatory job search after 28 months	No participation mandate or work requirement	No participation mandate or work requirement
Two-parent families[a]	Immediate Reach Up participation mandate for principal earner; required to seek and accept employment at all times; full-time work requirement after 15 months of cash assistance receipt	Immediate Reach Up participation mandate for principal earner; required to seek and accept employment at all times	Immediate Reach Up participation mandate for principal earner; required to seek and accept employment at all times
Financial/eligibility rules and transitional benefits			
Earned income disregard	First $150 plus 25% of remaining earnings disregarded	Same as WRP group	First $120 plus 33% of remaining earnings disregarded for first 4 months of employment; first $120 disregarded in Months 5 to 12; first $90 disregarded thereafter
Value of vehicle excluded in counting assets	One vehicle excluded regardless of value[b]	Same as WRP group	$1,500
Other asset rules	Assets derived from earnings disregarded[c]	Same as WRP group	Assets derived from earnings counted against asset limits
Child support rules	All child support passed through to the custodial parent; amount in excess of $50 a month counted against the cash assistance grant[d]	Same as WRP group	First $50 a month in child support passed through to the custodial parent and not counted against cash assistance grant; state retained the rest

(continued)

Table 1 (continued)

	WRP Group	WRP Incentives Only Group	ANFC Group
Medical assistance for families leaving welfare for work	Three years of transitional Medicaid; coverage beyond that point depended on eligibility for other programs[e]	Same as WRP group	One year of transitional Medicaid; coverage beyond that point depended on eligibility for other programs[e]
Child care assistance for families leaving welfare for work[f]	Subsidies for all types of care continued as long as family remained financially eligible	Same as WRP group	Subsidies for licensed or registered care continued as long as family remained financially eligible; subsidies for "unregulated" arrangements continued for only one year[g]
Cash assistance eligibility for two-parent families	Nonfinancial eligibility criteria similar for single-parent and two-parent families	Same as WRP group	Two-parent families subject to special nonfinancial eligibility requirements (e.g., principal earner had to work less than 100 hours per month)
Family composition rules	Unmarried couples who lived together and had a child in common treated as one family unit, along with any other children in the household	Same as WRP group	Unmarried couples who lived together and had a child in common treated as two family units as long as the principal earning parent remained employed 100 hours or more per month

SOURCE: Welfare Restructuring Project (WRP) policies from Vermont's Department of Social Welfare.

NOTES: [a]These rules were for two-parent families with an able-bodied primary wage-earner (ANFC-UP cases). Different rules applied to two-parent families with an incapacitated parent; the able-bodied parent in these families was subject to rules that are similar to those for single parents.

[b]The enhanced vehicle exclusion also applied in determining eligibility for Food Stamps for families who had received cash assistance subsequent to random assignment, and it continued to apply to Food Stamps after the family was no longer receiving cash assistance.

[c]The disregard applied to assets accumulated after receiving cash assistance benefits subsequent to random assignment. It also applied in determining Food Stamp eligibility for families who had received cash assistance subsequent to random assignment, and it continued to apply to Food Stamps after the family was no longer receiving cash assistance.

[d]The $50 pass-through also applied to Food Stamps for families who received cash assistance subsequent to random assignment, and it continued to apply after the family was no longer receiving cash assistance.

[e]Families in all three groups could receive subsidized health coverage through other programs (e.g., Vermont Health Access Plan and Dr. Dynasaur); there were no differences across groups in eligibility rules for these programs.

[f]This table describes the child care rules in place through June 1998.

[g]Families in the ANFC group using unregulated arrangements could continue to receive subsidies beyond the one-year transitional child care period if they met income guidelines and the provider became registered or licensed by the Department of Social and Rehabilitation Services (SRS), a requirement for receiving payments for SRS's child care program, or the family switched from an unregulated provider to a licensed or registered provider of child care.

- **Comparing the WRP Incentives Only group with the ANFC group** shows the impact of WRP's financial incentives alone, not accompanied by the work requirement.
- **Comparing the WRP group with the WRP Incentives Only group** shows the impact of adding the work requirement to the financial incentives.[10]

Most of the findings presented in this report are based on the first comparison, and they thus show the effects of the full WRP package of services and requirements. Results based on the second and third comparisons are discussed briefly and are presented in the appendices (see Box 1).

It is worth noting that the WRP research sample includes a very broad share of the cash assistance caseload. In most previous studies of welfare reform initiatives, certain categories of exempt cases — for example, parents of very young children — were screened out before random assignment and did not become part of the research sample. In contrast, Vermont chose to include almost all cash assistance applicants and recipients in the study (and in WRP) and to identify exemptions at the point that recipients approached the time-triggered work requirement. This characteristic of the WRP sample is important to consider in making comparisons across studies.

In addition, for cash assistance applicants, random assignment took place early in the application process, before staff knew whether the application would be approved or denied. Thus, some individuals (about 5 percent) in the three research groups never received cash assistance during the follow-up period. Conducting random assignment at this early point gave the study a better chance of capturing the full impact of WRP; for example, the program may have affected the number of people who completed their application or who were approved for benefits. In fact, this is likely, because WRP included changes in the welfare eligibility rules. At the same time, the early point of random assignment means that some people in the WRP group and in the WRP Incentives Only group had only very limited contact with the program's new policies.

Random assignment is generally recognized as the most reliable way to determine what difference, if any, a new program makes. Nevertheless, a few factors should be considered when interpreting the evaluation's results. The earlier discussion noted that Vermont's approach to welfare reform is different in several ways from the approach advocated by the 1996 federal law (and from reforms enacted in neighboring states) and that it was impossible to isolate sam-

[10]It is important to note that the comparison between the WRP group and the WRP Incentives Only group does not necessarily show the independent impact of the work requirement. To obtain that result, it would be necessary to create a group whose members were subject to a work requirement but did not receive financial incentives.

ple members from the intense publicity generated by national welfare reform throughout the study period. Thus, it seems likely that some members of the ANFC group may have been affected by this general message even if they understood that they were not subject to WRP's specific rules and requirements. Similarly, members of the two WRP groups may have been confused about the policies that applied to them, because they may have heard that the federal law includes different policies. The broad new "message" about welfare may have affected the number of people who applied for benefits, but the research design cannot measure such a change.[11] Finally, as discussed below, many of the broad changes in Vermont's welfare system in the 1990s applied to all three research groups. In sum, the evaluation's results represent a conservative estimate of the model's potential.

The Evaluation's Environment and the Target Population

When assessing WRP's effects, it is helpful to consider the environment in which the program was studied as well as the composition of the research sample.

The State of Vermont. Table 2 provides some basic information about the State of Vermont (and, for comparison, about the United States). As the table shows, Vermont is a small, mostly rural state with a racially homogenous population: 98 percent of its residents are white. In 1998, it ranked 49th among the 50 states in population, and its poverty rate was lower than the nation's average. Vermont's economy was exceptionally healthy: As the table shows, the state's unemployment rate remained below the national average throughout the study period.

Vermont's welfare grant levels are among the highest in the nation. In January 1997, the maximum welfare grant for a family of three with no other income was $640.[12] Like most other states, Vermont experienced a significant decline in its welfare caseload in the late 1990s. The statewide caseload declined from about 9,900 in 1994 (the year that WRP began operating) to less than 6,000 in 2000 — a decrease of 39 percent. (Appendix Table A.1 presents Vermont's caseload size for selected years.)

The research districts. As noted earlier, MDRC's evaluation included data from all 12 welfare districts in Vermont but focused in detail on 6 of them, which are referred to as the *research districts.*[13] The Burlington district includes Vermont's largest city and serves about one-fifth of the state's welfare caseload. The Barre, Rutland, and St. Albans districts include smaller cities or towns, while the Newport and Springfield districts are more rural. Together, the

[11]The analysis could measure changes that occurred only after individuals were assigned to the research groups. Because the assignment occurred at the point people applied for welfare, the study could not determine whether WRP affected the number of people who took this step.

[12]The maximum welfare grant had increased to $708 by January 2000.

[13]The research districts were selected by DSW; they were not chosen randomly.

Vermont's Welfare Restructuring Project

Table 2

Selected Demographic and Economic Characteristics of the State of Vermont and the United States

Characteristic	Vermont	United States
Total population (1998)	590,883	270,298,524
Rank among the 50 states (1998)	49	N/A
White population (1998) (%)	98.4	82.5
Rural population (1990) (%)	67.9	24.8
Median household income (1998) ($)	36,196	37,779
Poverty rate (1998) (%)	9.9	12.7
Annual average unemployment rate (%)		
1994	4.7	6.1
1995	4.3	5.6
1996	4.6	5.4
1997	4.0	4.9
1998	3.4	4.5
1999	3.0	4.2
2000	2.9	4.0
2001	3.6	4.8
Nonfarm employment by industry (1995) (%)		
Manufacturing	16.7	15.8
Services	29.3	28.2
Transportation and public utilities	4.4	5.3
Government	16.7	16.5
Wholesale and retail sale	23.7	23.5
Construction	4.4	4.4
Finance, insurance, real estate	4.4	5.8

SOURCES: Gaquin and DeBrandt, 2000; *Statistical Abstract of the United States*, 1996, 1999, 2000 (state rank, rural population, poverty rate, and nonfarm employment by industry); U.S. Department of Labor, Bureau of Labor Statistics (unemployment rates).

NOTE: N/A indicates that data are not applicable.

research districts include about two-thirds of Vermont's cash assistance caseload. (Appendix Table A.1 provides some basic information on each of the research districts.)

Characteristics of the research sample. Table 3 shows selected characteristics and the attitudes and opinions of the single-parent sample members when they entered the evaluation. These data were drawn from the Background Information Forms (BIFs) and the Private Opinion Survey (POS), which were completed just before random assignment. As the table shows, nearly all the single-parent sample members are women, and their average age at the time of random assignment was 31. Most sample members had small families (the average number of children was 1.8), but more than one-third had at least one child under age 3.

The baseline data also show that Vermont's cash assistance caseload was not as disadvantaged as recipients in many other states. Nearly three-fourths of the sample members had at least a high school diploma at the point of random assignment. Almost all sample members (92 percent) had at least some work experience. Most sample members, however, had little *recent* work experience: Just over half had not worked in the year before the study.[14]

Overall, responses to the POS indicate that most sample members expressed negative views of welfare and expected to be working and off welfare relatively quickly. For example, more than four-fifths said that they expected to be working one year later, and only one-fourth said that they expected to be receiving welfare at that point. At the same time, however, the responses indicate that many sample members were concerned about their ability to support their families through work. Over 75 percent reported that they faced at least one of five specific barriers to employment listed on the survey. Many sample members were concerned about the financial trade-offs involved in going to work, which can be particularly onerous in a state like Vermont that pays relatively high welfare grants. For example, more than 60 percent of the survey respondents said that being on welfare provided for their family better than working could.[15]

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[14]Appendix Table A.2 presents additional measures from the BIF for the single-parent report sample, and Appendix Table A.3 presents this information separately for each of the research districts. Appendix Tables A.4 and A.5 present selected measures from the BIF for sample members who were members of two-parent families when they entered the study.

[15]Appendix Table A.6 shows all the measures from the POS for the single-parent report sample. Results from the POS were good predictors of eventual outcomes on employment and cash assistance receipt. For example, sample members who reported barriers to employment on the POS had weaker employment outcomes than those who did not report barriers. Also, sample members who said that they expected to be working a year from the time they responded to the POS had stronger employment outcomes than those who said that they did not expect to be working. Appendix Table D.16 presents WRP's effects on employment and cash assistance receipt for various subgroups of sample members defined using POS responses.

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Table 3

Selected Characteristics and Attitudes and Opinions of Single-Parent Sample Members at the Time of Random Assignment

Characteristic	Report Sample
Selected characteristics	
Gender/sex (%)	
Female	93.3
Male	6.7
Average age (years)	30.8
Average number of children	1.8
Age of youngest child (%)	
Under 3[a]	36.9
3-5	22.8
6-12	29.7
13-18	10.6
Ever worked (%)	91.7
Ever worked full time for 6 months or more for one employer[b] (%)	61.6
Has a diploma or GED[c] (%)	73.1
Client-reported barriers to employment	
Among those not currently employed, the percentage who agreed or agreed a lot that they could not work part time right now for the following reasons:[d]	
No way to get there every day	40.6
Cannot arrange for child care	39.6
A health or emotional problem, or a family member with a health or emotional problem	32.8
Too many family problems	27.5
Already have too much to do during the day	25.5
Any of the above five reasons	75.7
Client-reported expectations regarding employment	
Percentage who agreed or agreed a lot that:	
It will probably take them more than a year to get a full-time job and get off welfare	58.6
They would take a full-time job today, even if the job paid less than welfare	25.7
If they got a job, they could find someone they trusted to take care of their children	79.3
A year from now they expect to be working	82.4
A year from now they expect to be receiving welfare	26.6

(continued)

Table 3 (continued)

Characteristic	Report Sample
Client-reported attitudes toward welfare	
Percentage who agreed or agreed a lot with the following statements:	
I feel that people look down on me for being on welfare	67.8
I am ashamed to admit to people that I am on welfare	60.6
Right now, being on welfare provides for my family better than I could by working	60.7
I think it is better for my family that I stay on welfare than work at a job	17.9
Sample size[e]	5,469

SOURCES: MDRC calculations using data from Background Information Forms and the Private Opinion Survey (POS).

NOTES: In most of the attitude and opinion item groupings, individuals could agree or agree a lot with more than one statement. Therefore, distributions may add up to more than 100 percent.

Invalid or missing values are not included in individual variable distributions.

Rounding may cause slight discrepancies in calculating sums and differences.

[a]Includes sample members pregnant with their first child.

[b]Full-time employment is defined as 30 hours or more per week.

[c]The General Educational Development (GED) certificate is given to those who pass the GED test and is intended to signify knowledge of basic high school subjects.

[d]Part-time employment is defined as a minimum of 10 hours per week.

[e]The sample size includes the 159 sample members who chose not to fill out a POS.

Data Sources, Samples, and Time Frame for the Analysis

Data sources. The WRP evaluation drew on a wide variety of data sources, including administrative records of public assistance payments, records of earnings reported to the unemployment insurance (UI) system, and an in-depth survey of sample members. Box 2 describes these and the evaluation's other data sources.

Evaluation sample. As discussed earlier, cash assistance applicants and recipients were randomly assigned to the three research groups throughout Vermont between July 1994 and December 1996. Shown in Figure 1, the 10,637 people randomly assigned during this period in

Box 2

Data Sources Used in This Report

Baseline data. Two brief baseline information forms — the Background Information Form (BIF) and the Private Opinion Survey (POS) — were completed just before each member of the research sample was randomly assigned.

Field research. MDRC staff visited each of the research districts approximately yearly between 1994 and 2001. During these visits, MDRC staff interviewed WRP line workers and supervisors, and they observed program activities.

Staff surveys. Written surveys were administered to virtually all welfare eligibility specialists and Reach Up workers in the research districts in mid-1996. A total of 82 eligibility workers and 72 Reach Up workers completed surveys (more than 90 percent of each staff).

Computerized administrative records. DSW provided computerized administrative records, including:

- **Cash assistance and Food Stamp records.** These data (drawn from the state's welfare computer system, ACCESS) record monthly cash assistance and Food Stamp payments issued to all sample members. The data cover the period from July 1992 — two years before the first random assignment — through June 2001.
- **Quarterly earnings data.** These data include sample members' quarterly earnings, as reported by employers in both Vermont and New Hampshire to those states' unemployment insurance systems. The data cover the period from the third quarter of 1992 through the second quarter of 2001.
- **Reach Up participation data.** These data record monthly participation in specific employment and training activities provided through Reach Up, the state's welfare-to-work program during the study. The data cover the period from July 1994 through June 2001.
- **Work requirement status data.** These data provide information on whether sample members were meeting the time-triggered work requirement.
- **Child care payment data.** These data record monthly child care assistance payments issued to all sample members. The data cover the period from July 1994 through June 2001.
- **Transportation and miscellaneous support services data.** These data record payments issued to sample members for transportation and services such as car repairs, relocation assistance, and work-related supplies. The data cover the period from July 1994 through June 2001.

42-Month Client Survey. A total of 1,872 sample members (1,256 single parents and 616 respondents from two-parent families) were interviewed by a subcontractor in 1998 and 1999, approximately 42 months after each person's random assignment date. The survey achieved an 80 percent response rate. Respondents answered a set of questions about employment, child outcomes, and other issues.

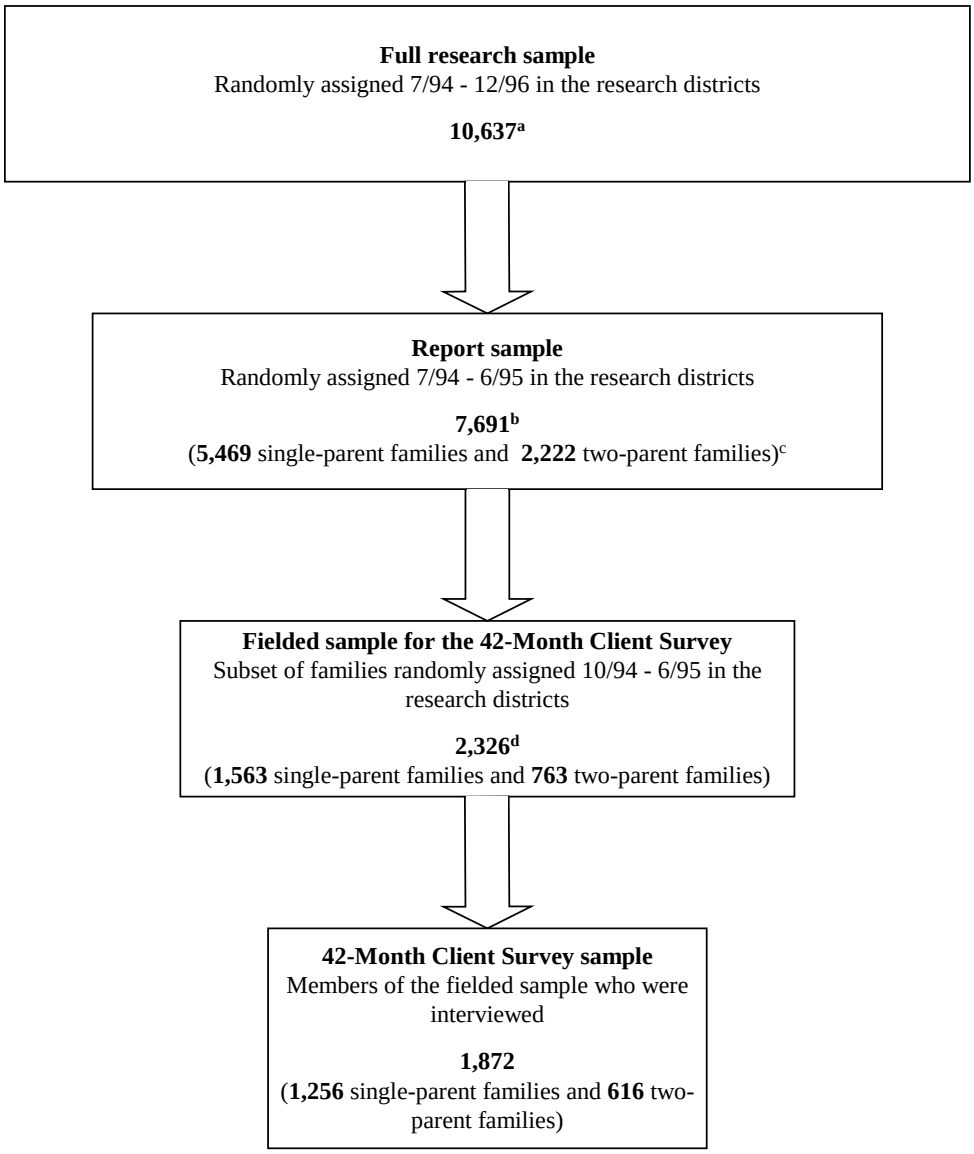
Community service employment (CSE) surveys. In 2000, surveys were administered to 81 CSE participants and to 79 CSE supervisors across the state of Vermont.

Program expenditure data from DSW. These data were used to estimate the costs of WRP and the ANFC program.

Vermont's Welfare Restructuring Project

Figure 1

Samples and Subsamples Used in This Report



NOTES: [a]This figure excludes minor parents and cases with invalid Social Security numbers. Nonrelative caretakers are also excluded. The corresponding figure for the statewide sample is 17,175.

[b]The corresponding figure for the statewide sample is 12,183.

[c]The figure for two-parent families includes 1,652 ANFC-UP families and 570 families with an incapacitated parent.

[d]This figure does not include the 176 two-parent families who had an incapacitated parent.

the research districts are referred to as the *full research sample* for the WRP evaluation (The total sample, including cases randomly assigned outside the research districts, is 17,175.)[16] However, the impact analysis presented in this report focuses primarily on a subset of these cases — the 7,691 people randomly assigned in the research districts between July 1994 and June 1995. This group is referred to as the *report sample*. It includes the entire "on-board" caseload in the research districts (people who were already receiving cash assistance when WRP began) as well as people who applied for assistance during the first year of WRP's operations. (The report also includes some results for all cases randomly assigned between July 1994 and June 1995 throughout the state — a total of 12,183 cases — and for the cases in the research districts randomly assigned between July 1995 and December 1996.)

A subset of the sample members who were randomly assigned between October 1994 and June 1995 was selected to be surveyed about three-and-a-half years after entering the study (the *fielded sample* illustrated in Figure 1). Eighty percent of these sample members responded to the survey; these 1,872 individuals make up the *42-Month Client Survey sample*.

Most members of the report sample (71 percent) were single parents when they entered the study. The rest were members of one of two categories of two-parent families. The first category, in which both parents are able-bodied, received benefits through the ANFC-Unemployed Parent (UP) program. The second includes families in which a parent is incapacitated ("incap"). The report separately examines WRP's effects for single parents and for each category of two-parent families. In general, WRP's rules for the so-called incap two-parent families were similar to those for single parents, but the rules were quite different for ANFC-UP families. (WRP's policies for two-parent UP families are described later.)

The impact analysis presented in this report is based on data from Vermont's administrative records and the 42-Month Client Survey (see Box 2). Because the quarterly earnings data from the UI system cover through the second quarter of 2001, there are at least 24 quarters of post-random assignment earnings data available for each member of the report sample. In other words, 24 quarters (six years) elapsed between the date when the last member of the report sample was randomly assigned (June 30, 1995) and the last date for which earnings data are available (June 30, 2001). There are also six years of cash assistance and Food Stamp data available.[17] As noted in Box 2, the client survey data cover the 42 months after each respondent's date of random assignment. These follow-up periods are illustrated in Figure 2.

[16]Nonrelative caretakers, minor parents, and cases randomly assigned with invalid Social Security numbers were excluded from the research sample.

[17]Fewer months of follow-up are available for sample members who were randomly assigned after June 1995.

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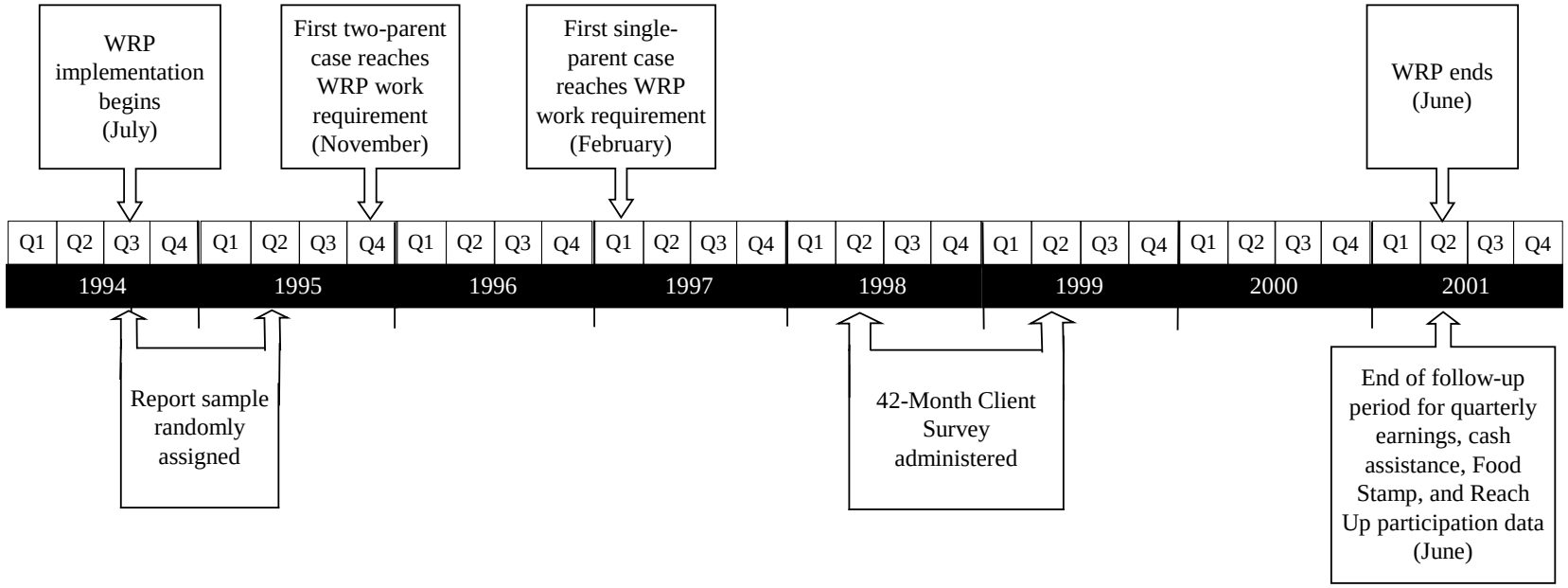
Figure 2

Milestones in WRP's Implementation and Periods Covered by the Administrative Records and Survey Data Used in This Report



Subgroups. The impact analysis also compares the results for various *subgroups* — subsets of the report sample defined by their baseline characteristics — in order to see whether WRP had different impacts for different groups of people. The most important subgroup analysis compares people who entered WRP with differing levels of disadvantage. The analysis also looks at WRP's impacts for each of the six research districts and for several other subgroups.

Implementation for Single-Parent Families

DSW was responsible for implementing WRP and for serving families in all three research groups. Two types of DSW staff had the most intensive contact with recipients: eligibility specialists, who were responsible for determining eligibility for assistance and calculating grant amounts; and Reach Up case managers, who worked with participants to develop and implement an employment plan. Partway through the study period, DSW created a new, hybrid position — Family Services Case Manager — that combined the eligibility and case management functions (although there continued to be specialized workers).

The Vermont Department of Employment and Training (DET) also played a key role in implementing WRP. DET was responsible for administering the mandatory job search activities for single-parent recipients who reached Month 29 of cash assistance as well as for developing CSE positions and placing recipients into those slots if they were not employed by the end of Month 30. DSW/Reach Up case managers continued to oversee recipients' cases during this period.

The evaluation's implementation analysis focused most intensively on the first three or four years of WRP's operations, when many members of the research sample were still receiving cash assistance. Thus, the findings on implementation are discussed in detail in the 1998 interim report.[18] Key implementation issues and findings include the following:

- **WRP was carefully planned and generally well implemented, and it generated important overall changes in Vermont's welfare system.**

DSW used a careful, inclusive process to plan WRP's implementation, and there were few major operational problems. Management information systems, forms, and information sheets for recipients were in place when they were needed, and staff received training on their new roles and responsibilities.

One of DSW's key goals was to refocus Vermont's welfare system on helping — and, if necessary, requiring — recipients to move toward employment and self-sufficiency. Data from staff surveys clearly show that both eligibility and Reach Up staff believed that WRP gen-

[18]Bloom, Michalopoulos, Walter, and Auspos, 1998.

erated important changes in their jobs and in the way they interacted with recipients. For example, in the staff survey, 84 percent of eligibility staff reported that, as a result of WRP, the job of an eligibility specialist was more about helping people get off welfare. It is important to note, however, that concrete changes in eligibility specialists' activities were fairly modest. Most workers did not, for example, proactively contact recipients (outside of regularly scheduled redetermination appointments) to inquire about their efforts to find employment.

Changes were more dramatic in Reach Up, a program that had, since its inception, maintained a strong focus on education and training, social work assistance, and voluntary participation. Even before any recipients reached the work requirement, 78 percent of Reach Up case managers reported in a survey that they talked to clients more often about going to work, and 82 percent reported that they were more likely to refer clients to job search activities. Initially, many Reach Up staff voiced concerns about WRP — they believed that the new program would inappropriately push recipients into low-wage jobs — but, in later years of the study, most case managers seemed much more supportive.

- **There were only modest differences in the "treatment" received by the three research groups in the first part of the follow-up period; nevertheless, the WRP group was somewhat more likely to participate in Reach Up even before anyone was required to do so.**

No one in any of the three research groups was required to work or participate in any employment services during the first 28 months of the follow-up period. Thus, there are only a few ways in which WRP could have generated effects on employment, welfare receipt, or other key outcomes during that period.

First, staff could have provided more assistance or communicated a different message to recipients in the two WRP groups than to recipients in the ANFC group. Data collected from surveys and interviews, however, suggest that — beyond explaining the new rules — eligibility and Reach Up staff did *not* work much differently with recipients in the three groups. This was expected, because DSW focused more on generating overall changes in Vermont's welfare system than on creating sharp distinctions among the groups. In other words, the changes discussed earlier, while critical, would not necessarily generate impacts that can be measured in the study, because they affected recipients in all three groups.

Second, the financial incentives could have motivated members of the WRP and the WRP Incentives Only groups to go to work. It appears that staff did a reasonably good job of explaining the new rules to recipients, but, as noted earlier, the WRP incentives were only modestly more generous than the rules that applied to the ANFC group.

Third, the WRP group could have been motivated by the impending work requirement. Once again, staff did a good job of informing recipients about the requirement, but its potential effects on behavior are not clear. Some people might have responded by going to work sooner, knowing that they would have to find work eventually, while others might have taken the opportunity to enroll in education or training activities, which were still strongly encouraged through Reach Up. Staff reported that many recipients — perhaps confused by press reports describing the 1996 federal law or welfare changes in other states — believed that the time-triggered work requirement was actually a time limit on welfare benefits. (In fact, the policy was officially referred to as a "time limit" in the early years of the study, before the meaning of the term evolved to include only limits that canceled or reduced families' benefits.)

Despite the modest treatment difference, Table 4 shows that the WRP group was somewhat more likely to participate in Reach Up even before anyone was required to do so. During Years 1 and 2, for example, 38 percent of the WRP group participated in a Reach Up activity, compared with 34 percent of the ANFC group. Although not very large, this difference is statistically significant (as indicated by the asterisks in Table 4), meaning that it is very likely that WRP really increased participation in Reach Up.

As expected, the difference between the WRP and the ANFC groups increased dramatically during Years 3 and 4, as some parents in the WRP group became subject to the work requirement. Thirty-four percent of the WRP group participated in Reach Up during that period, compared with 20 percent of the ANFC group. Almost all the increase was in job search and job-readiness activities, which were mandated for recipients approaching the work requirement.[19] In addition, further analysis (Appendix Table B.1) showed that virtually all the effect was driven by the work requirement; the WRP Incentives Only group was no more likely than the ANFC group to participate in Reach Up.

In considering the participation rates in Table 4, it is important to note that Reach Up was available only to people who were receiving cash assistance. Figure 3 shows that the proportion of the WRP group receiving cash assistance dropped dramatically during the follow-up period. For example, in Month 24 — before anyone was required to participate or work — about 12 percent of the full WRP group were participating in a Reach Up activity (not shown on the table or figure). But since more than half the group were off welfare at that point, the participation rate among those receiving assistance was 25 percent. Given this pattern, it is not surprising that the participation rates for both groups were quite low in Years 5 and 6: Relatively few people were still receiving cash assistance by that time.

[19]As Appendix Table B.2 shows, rates of participation in Reach Up activities were relatively similar across the six research districts.

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Table 4

Participation in Employment-Related Activities Within a Six-Year Follow-Up Period for Single-Parent Sample Members

Activity	WRP Group (%)	ANFC Group (%)	Difference (Impact)	Percentage Change (%)
Years 1-2				
Ever participated in any activity	38.4	34.4	4.1 **	11.8
Ever participated in:				
Job search	17.0	14.2	2.8 **	19.6
Education and training	30.2	26.2	4.0 ***	15.2
Basic education	9.3	7.8	1.5 *	19.9
College	17.3	15.4	1.9	12.4
Vocational training	9.1	7.6	1.5	20.0
Work experience	6.7	5.5	1.2	21.8
Job readiness	11.1	8.7	2.4 **	27.7
Career counseling	1.5	1.1	0.4	35.9
Years 3-4				
Ever participated in any activity	33.5	20.0	13.6 ***	68.0
Ever participated in:				
Job search	24.6	7.9	16.7 ***	212.6
Education and training	17.6	14.9	2.7 **	18.1
Basic education	5.7	4.6	1.1	24.1
College	8.6	8.5	0.1	0.8
Vocational training	5.5	4.3	1.2	28.4
Work experience	2.7	3.2	-0.5	-16.0
Job readiness	9.4	5.3	4.1 ***	77.1
Career counseling	0.1	0.1	0.0	-28.0
Years 5-6				
Ever participated in any activity	19.8	13.9	5.9 ***	42.5
Ever participated in:				
Job search	13.1	7.1	6.0 ***	84.6
Education and training	7.7	8.1	-0.4	-4.8
Basic education	2.9	3.1	-0.3	-8.5
College	3.6	4.2	-0.6	-14.5
Vocational training	2.0	1.4	0.6	43.6
Work experience	1.4	1.1	0.2	20.1
Job readiness	4.5	4.0	0.5	13.6
Career counseling	0.0	0.1	-0.1 *	-100.8

(continued)

Table 4 (continued)

Activity	WRP Group (%)	ANFC Group (%)	Difference (Impact)	Percentage Change (%)
Years 1-6				
Ever participated in any activity	55.2	43.8	11.4 ***	26.0
Ever participated in:				
Job search	39.1	23.7	15.4 ***	64.7
Education and training	38.5	33.2	5.3 ***	15.8
Basic education	13.8	11.4	2.4 **	21.0
College	20.7	18.7	1.9	10.3
Vocational training	13.5	10.9	2.6 **	23.4
Work experience	9.0	8.4	0.7	7.8
Job readiness	20.0	14.8	5.3 ***	35.6
Career counseling	1.5	1.1	0.4	35.9
Sample size	3,271	1,110		

SOURCE: MDRC calculations using Reach Up automated participation data.

NOTE: A two-tailed t-test was applied to all estimated impacts. Statistical significance levels are indicated as: ***=1 percent; **=5 percent; and *=10 percent.

(Appendix Table B.3 shows results from the 42-Month Client Survey, which captured both participation in Reach Up activities and participation in employment-related activities not arranged by Reach Up — for example, activities that people entered after they left welfare.)

- **The WRP work requirement was implemented as planned, but, contrary to initial expectations, very few community service employment (CSE) slots were needed.**

When WRP was being designed, planners assumed that a large number of recipients would accumulate 30 months of cash assistance receipt, become subject to the work requirement, and be unable to find unsubsidized jobs. In 1994, DSW estimated that the number of "active" CSE slots would peak at about 1,700. Thus, although DSW strongly preferred that recipients work in unsubsidized jobs, WRP's success seemed to hinge on the department's ability to administer a large-scale subsidized employment program — a feat rarely accomplished in prior welfare programs.

In fact, the number of recipients in a CSE slot *statewide* never exceeded 70 at any point in time. Among the 3,271 single parents in the WRP group, only 101 (3 percent) ever worked in a CSE slot within six years after entering the study, and only 66 (2 percent) worked in CSE for more than three months. The only research district in which CSE was used somewhat extensively was Newport, where 10 percent of single parents in the WRP group worked in a CSE

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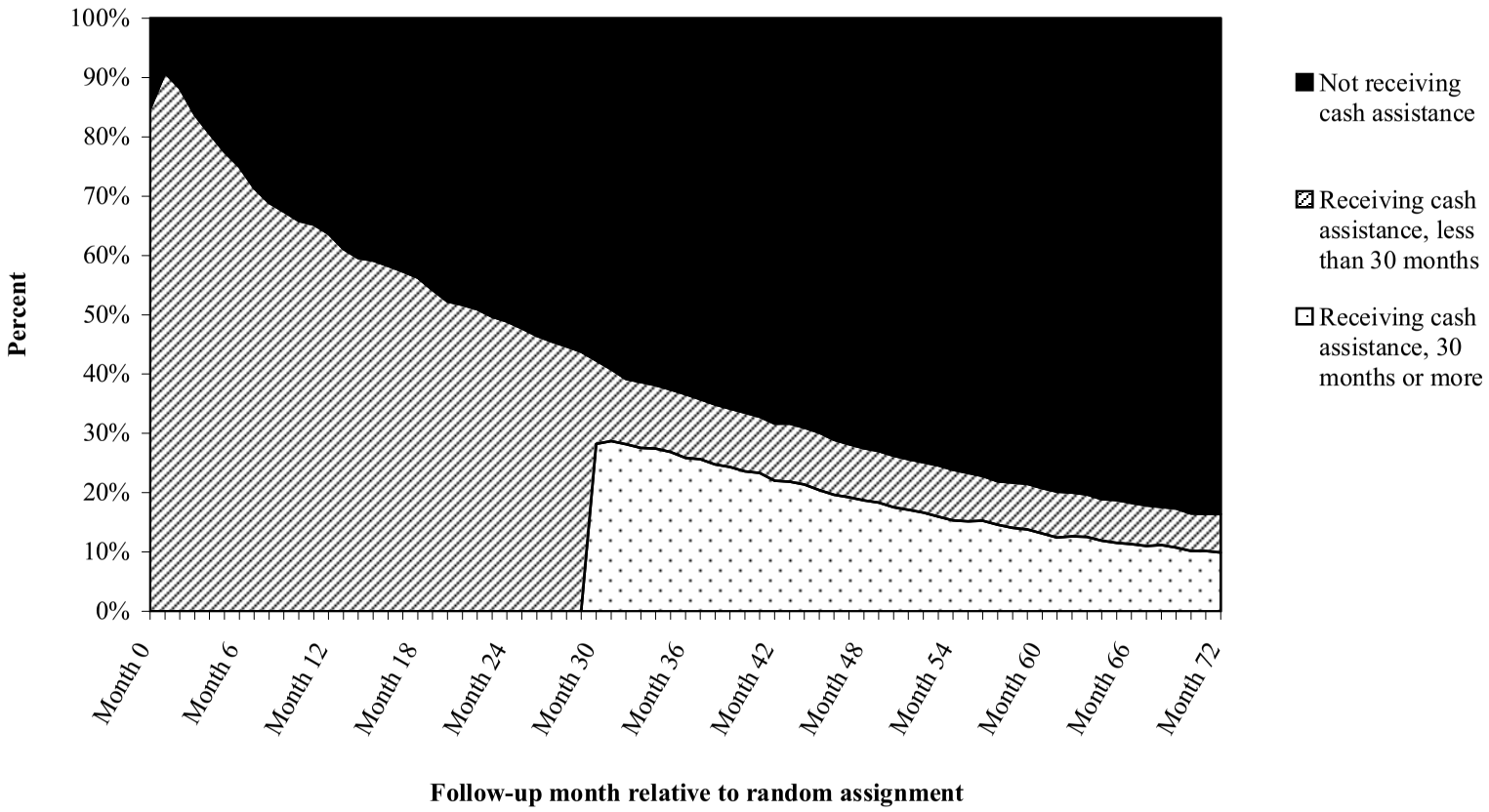
Figure 3

Status of Single-Parent Families in the WRP Group



SOURCE: MDRC calculations using data from Vermont ANFC records.

position. The unemployment rate in the Newport area was higher than in the other districts throughout the study period.

The low demand for CSE slots could have been caused by lax enforcement of the work requirement, but MDRC's analysis indicates that this was not the case. In fact, few CSE slots were needed because relatively few recipients received welfare long enough to become subject to the work requirement, and most of those who were required to work were able to find unsubsidized jobs. In other words, the small number of CSE slots was a desirable outcome. Evaluations of welfare reform waiver projects in Delaware and Virginia — both of which required participation in work experience programs for welfare recipients who could not find jobs — also found that few slots were needed.[20]

The bottom section of Figure 3 shows the proportion of the full WRP group that was potentially subject to the work requirement — that is, currently receiving cash assistance and past the 30-month point — in each month of the study period. As expected, virtually no one could have been subject to the work requirement before Month 30. The proportion peaked at about 29 percent shortly after Month 30 and then quickly declined. As the figure shows, the main reason why such a small fraction of the WRP group was potentially subject to the work requirement at any point is that most of the group had left welfare (the top section). In fact, less than half the WRP group accumulated 30 or more months of cash assistance receipt during the entire six-year study period. As will be discussed later, much of the decline in welfare receipt was not attributable to WRP, because the pattern looked quite similar for the ANFC group.

Figure 4 shows the status of the WRP group members who were past the 30-month point and receiving cash assistance in three specific months — September 1997, March 1999, and September 2000. In each month, between 16 percent and 32 percent of the recipients who were past the 30-month point were exempt from the work requirement. Most of the exemptions were granted to recipients with medical problems. Because no one was required to work initially, Vermont did not seek to identify exemptions until recipients approached the work requirement. Most medical exemptions had to be approved by a medical assessment contractor; they could not be granted by individual caseworkers. In addition, many of the exempt recipients were required to participate in rehabilitation, education, or training during the exemption. The proportion exempt increased over time, perhaps because the exempt recipients tended to accumulate on the rolls, while nonexempt recipients were more likely to exit over time. In inter-

[20]In Virginia, where a work requirement took effect after just 90 days, only 5 percent to 7 percent of program group members participated in a community work experience position (see Gordon and James-Burdumy, 2002). In Delaware, the number of referrals for workfare assignments was half of what had been projected, and only 16 percent of those referred ever participated in workfare (Fein, Long, Behrens, and Lee, 2001).

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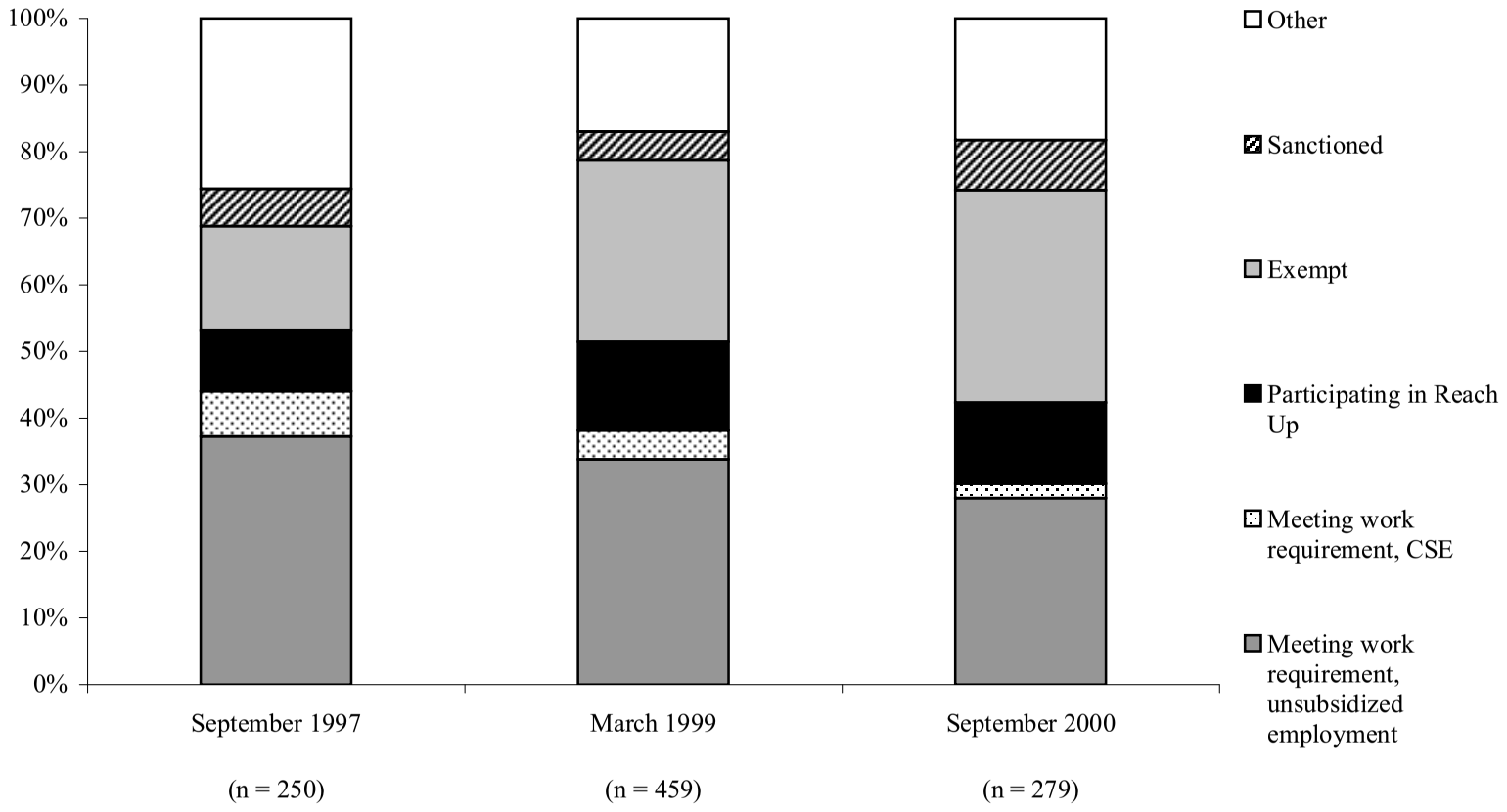
Figure 4

Status in Selected Months of Single Parents in the WRP Group Who Had Received at Least 30 Months of Cash Assistance



SOURCE: MDRC calculations using data from Vermont ANFC records.

views, Reach Up staff noted that stigma or fear prevented some obviously incapacitated recipients from requesting an exemption.

A small fraction of recipients who were past the 30-month point (4 percent to 8 percent) were being sanctioned for noncompliance in each month. As noted earlier, there were no financial sanctions for single parents under WRP; rather, recipients who were sanctioned lost control of their grant and had to attend three meetings at the welfare office each month in order to continue receiving benefits. Eligibility staff consistently complained that this form of sanction was more onerous for staff (because of the increased work involved) than for recipients. However, many Reach Up staff reported that recipients did not want to incur such a sanction, which suggests that it may have motivated recipients to comply. Some staff also said that a sanction of this type could sometimes provide a needed "break" for a recipient who was going through a traumatic personal or family crisis.

About 30 percent to 45 percent of the recipients who were past the 30-month point (about 45 percent to 52 percent of those who were nonexempt) were meeting the work requirement, and the vast majority were in unsubsidized jobs. DSW and DET staff strongly sold the financial advantages of unsubsidized employment and tried to avoid using CSE unless necessary.[21] In a booming labor market, with the large majority of recipients subject to a part-time work requirement, most parents were able to find an unsubsidized job.

Roughly 10 percent of recipients who were past the work requirement were participating in Reach Up, and the vast majority were in a job search activity. Under program rules, recipients who were past the 30-month point and lost a job (or left welfare and returned) were reassigned to a two-month job search before being required to work. In a small number of cases, DET staff appeared to be favoring unsubsidized employment so strongly that they had allowed a recipient to continue searching for work past the 30-month point, when she or he should have been in a CSE position.

Finally, in a typical month, slightly less than 20 percent of the recipients who were past the 30-month point were in none of the appropriate statuses. MDRC conducted detailed reviews of case files to understand the status of those cases and found that few had fallen through the cracks. Many of the cases were quite dynamic, and, as a result, a substantial proportion of cases were between statuses at any point. For example, some parents were moving toward an exemption but had not yet obtained the needed documentation of their medical condition; staff seemed

[21]CSE positions always paid minimum wage. Also, the earned income disregard was more generous for those working in unsubsidized employment. Finally, recipients could satisfy the work requirement by working in unsubsidized employment for 75 percent of their total required hours.

willing to tolerate some delays if they believed that the recipient had a legitimate medical problem and was diligently trying to obtain the needed verification.

Other recipients were moving in and out of compliance but had not yet been sanctioned. Some of them were in the conciliation process that could lead to a sanction. MDRC found that some Reach Up staff were fairly strict in enforcing the requirements; for example, they initiated the conciliation process almost immediately when a recipient missed an appointment without good cause. Most staff, however, seemed willing to bend over backwards to accommodate recipients who, in their view, were making a good-faith effort but were having difficulty finding employment. Staff were particularly likely to be lenient with recipients who were experiencing problems — for example, family crises — that did not qualify them for an exemption.

There were also a few cases in which the recipient was awaiting a CSE placement. These delays were not caused by an overall shortage of CSE slots but, rather, by difficulties in matching particular recipients with slots. For example, in rural areas, it was sometimes difficult to find a slot that was accessible to the recipient's home. Or sometimes staff had difficulty placing recipients who had "a reputation" in their community. In a few offices, communication problems between the DSW/Reach Up staff and the DET staff resulted in delays in placing recipients into CSE slots.

- **Of the few parents who participated in CSE, most had positive views of the experience.**

As noted earlier, in 2000, a subcontractor to MDRC conducted a survey of former CSE participants. The survey targeted all 101 parents who were assigned to a CSE position statewide at any point during 1999, and a total of 81 interviews were conducted. A second survey targeted the primary worksite supervisor of each of the parents in the CSE participant survey; a total of 79 supervisors were interviewed.

CSE was designed to serve a dual purpose: (1) to give parents meaningful work in order to meet the WRP work requirement and (2) to improve participants' ability to obtain unsubsidized jobs. The CSE design combined elements of other subsidized employment models, including unpaid community work experience and public service employment. Recipients working in CSE positions were paid for the hours they worked, and their wages qualified for the federal and state Earned Income Credits (EICs, a refundable credit against income taxes for low-income taxpayers). The paychecks were administered by a payroll firm, working under contract to DSW. However, a recipient who missed hours of work could, under certain circumstances, have her welfare grant increased to make up for the lost wages.

MDRC's survey found that parents who were placed in CSE slots generally had positive views about their experiences. Most thought that it was fair that they were required to work

in CSE, and large majorities reported that they did meaningful work and increased their skills. For example, 80 percent believed that the work they did was necessary for the company, and 90 percent were somewhat or very satisfied with their CSE position. Nearly 60 percent of respondents reported that they had worked in an unsubsidized job at some point since starting CSE.

Most CSE supervisors also reported positive experiences with the CSE program and felt that CSE workers were generally comparable to non-CSE employees doing similar work. Supervisors reported that they went beyond basic supervision to help participants address barriers to stable attendance on the job.

The results of the CSE participant and supervisor surveys are described in more detail in a separate report prepared by MDRC.[22]

Effects for Single-Parent Families

This section presents the effects of WRP for individuals who were single parents when they entered the study. Administrative records of cash assistance receipt, Food Stamp receipt, and quarterly earnings in UI-covered jobs are available for all 5,469 single-parent sample members in the report sample. Six years of administrative records data are available for all sample members, which allows for an assessment of WRP's long-term impacts. Outcomes such as job characteristics, health coverage, and child outcomes were examined using survey data, which are available for 1,256 single-parent sample members who responded to the 42-Month Client Survey. (The survey achieved an 80 percent response rate.)[23]

This section focuses on comparisons between outcomes for the WRP group and the ANFC group, which, as discussed earlier, show the effect of the full package of WRP services and requirements. The appendices present comparisons between the WRP Incentives Only group and the ANFC group (showing the impact of the financial incentives alone) and comparisons between the WRP group and the WRP Incentives Only group (showing the impact of adding the work requirement to the financial incentives).

[22]Sperber and Bloom, 2002.

[23]See Appendix C for the survey response analysis. Appendix C also presents other technical issues, including a comparison of the employment results based on UI data with results based on the 42-Month Client Survey; an analysis of the income sources for sample members with no income in the administrative records; an explanation of how MDRC estimated the tax-adjusted income; and a discussion of the rates at which the three groups of sample members reported their earnings to DSW.

Effects on Employment, Public Assistance, and Income for Single-Parent Families

The key findings for single-parent families on employment, public assistance, and income are presented below. (Appendix D presents additional detail as well as results for the WRP Incentives Only group.)

- **Over the six-year follow-up period, WRP increased employment and earnings and decreased cash assistance payments among single-parent families. The program did not affect sample members' total income.**

Table 5 presents WRP's effects on employment, earnings, public assistance, and income from those sources over the six-year follow-up period. As the first row of the table shows, 52 percent of the WRP group were employed in an average quarter, compared with 47 percent of the ANFC group — an increase of 6 percentage points. WRP also boosted participants' earnings, by $508 (or 9 percent) per year over the follow-up period.[24] It is important to note that the earnings figures are overall averages, including both sample members who worked and those who did not. Employed WRP group members earned an average of $11,548 per year over the six-year period (not shown).[25]

Table 5 also shows that WRP decreased cash assistance payments, by $299 (12 percent) per year. Because the decreases in welfare almost offset the increases in earnings, WRP did not affect the total income that sample members received from earnings, cash assistance, and Food Stamps. (The small income increase shown in the table is not statistically significant.)[26]

- **The pattern of impacts changed over time: WRP's effects were closely associated with the onset of the 30-month work requirement.**

Employment and earnings. Figure 5 illustrates WRP's impacts over time on employment rates and cash assistance receipt. The figure tracks the two outcomes for the WRP group and the ANFC group, and the distance between the graph lines represents the program's impact on each measure. The upper panel of the figure shows that although WRP increased employment slightly just after random assignment, not surprisingly, the effect grew once sample members began reaching the 30-month work requirement (which occurred in Quarter 10 of the follow-up period). At the peak of the effect, in Quarter 13 (the beginning of Year 4), the employ-

[24]Wages from CSE jobs were counted as earnings in the impact analyses presented in this report.

[25]This was calculated by dividing the WRP group's average annual earnings by the average quarterly employment rate ($6,005/0.52).

[26]Appendix Table D.1 presents six-year impacts for the statewide sample of single parents. Findings are similar to those for the research districts.

Vermont's Welfare Restructuring Project

Table 5

Six-Year Impacts of WRP for Single-Parent Families

Outcome	WRP Group	ANFC Group	Difference (Impact)	Percentage Change (%)
Years 1-6				
Average quarterly employment (%)	52.0	46.5	5.5 ***	11.8
Average quarterly percentage receiving cash assistance (%)	43.1	44.9	-1.9 *	-4.1
Average quarterly percentage receiving Food Stamps (%)	54.8	55.7	-0.9	-1.7
Number of months of cash assistance received	29.4	30.9	-1.5 **	-4.9
Average annual earnings ($)	6,005	5,497	508 ***	9.2
Average annual cash assistance payments ($)	2,310	2,609	-299 ***	-11.5
Average annual Food Stamp payments ($)	1,188	1,213	-25	-2.1
Average annual income from earnings, cash assistance, and Food Stamps ($)	9,503	9,319	184	2.0
Average annual tax-adjusted income[a] ($)	10,029	9,773	255	2.6
Sample size	3,271	1,110		

SOURCES: MDRC calculations using data from Vermont and New Hampshire unemployment insurance earnings records, Vermont ANFC records, and Vermont Food Stamp records.

NOTES: Dollar averages include zero values for sample members who were not employed or were not receiving cash assistance or Food Stamps. Estimates were regression-adjusted using ordinary least squares, controlling for pre-random assignment characteristics of sample members.

A two-tailed t-test was applied to all estimated impacts. Statistical significance levels are indicated as: ***=1 percent; **=5 percent; and *=10 percent.

Rounding may cause slight discrepancies in calculating sums and differences.

[a]This measure includes income from earnings, cash assistance, and Food Stamps; federal, state, and payroll taxes; and the federal and state Earned Income Credits.

ment rate for the WRP group was 10 percentage points higher than for the ANFC group (58 percent, compared with 48 percent).[27]

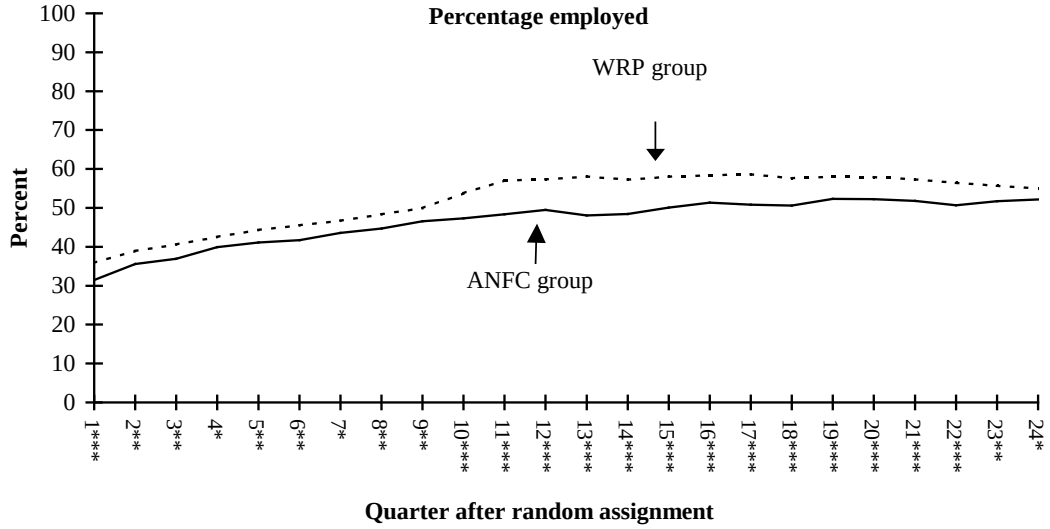
Table 6 makes a similar point by showing WRP's impacts for three follow-up periods: Years 1 and 2, before anyone was subject to the work requirement; Years 3 and 4, when many WRP group members reached the work requirement; and Years 5 and 6, the long-term follow-

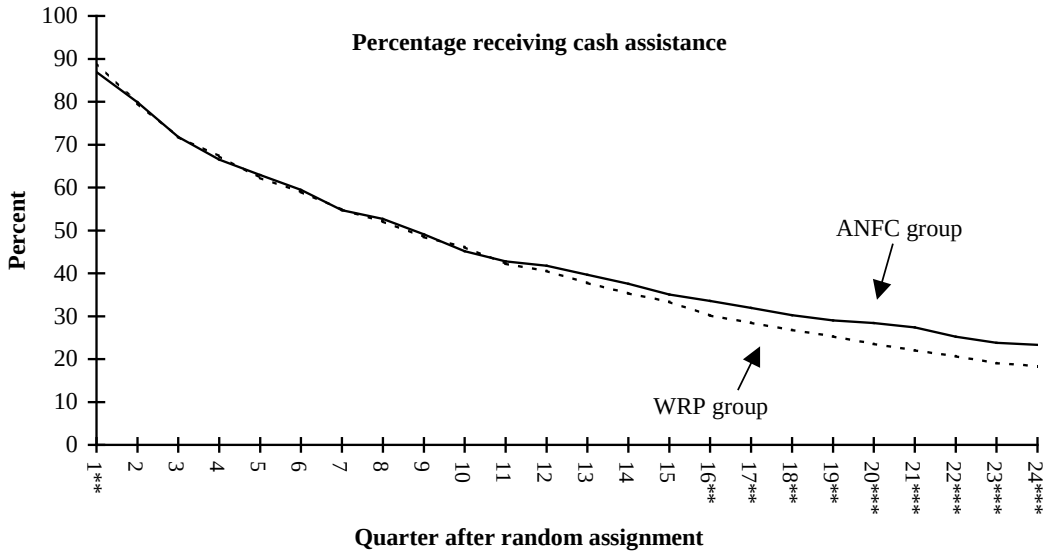
[27]Appendix Table D.2 presents WRP's effects on the three research groups' employment rates, earnings, cash assistance receipt and payments, and Food Stamp receipt and payments for each quarter of the follow-up period.

Vermont's Welfare Restructuring Project

Figure 5

Rates of Employment and Cash Assistance Receipt for Single-Parent Families





SOURCES: MDRC calculations using data from Vermont and New Hampshire unemployment insurance earnings records and Vermont ANFC records.

NOTE: A two-tailed t-test was applied to differences between the research groups. Statistical significance levels are indicated as: ***=1 percent, **=5 percent, *=10 percent.

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Table 6

Impacts of WRP for Single-Parent Families Over Time

Outcome	WRP Group	ANFC Group	Difference (Impact)	Percentage Change (%)
Years 1-2				
Average quarterly employment (%)	42.8	39.4	3.5 ***	8.8
Average quarterly percentage receiving cash assistance (%)	67.0	66.9	0.2	0.2
Average quarterly percentage receiving Food Stamps (%)	75.5	75.9	-0.4	-0.5
Average annual earnings ($)	3,660	3,482	177	5.1
Average annual cash assistance payments ($)	3,801	3,902	-101	-2.6
Average annual Food Stamp payments ($)	1,650	1,659	-9	-0.6
Average annual tax-adjusted income[a] ($)	9,681	9,563	117	1.2
Years 3-4				
Average quarterly employment (%)	56.2	48.7	7.5 ***	15.4
Average quarterly percentage receiving cash assistance (%)	39.2	40.6	-1.3	-3.3
Average quarterly percentage receiving Food Stamps (%)	52.0	53.3	-1.3	-2.4
Average annual earnings ($)	6,306	5,593	713 ***	12.8
Average annual cash assistance payments ($)	1,987	2,333	-347 ***	-14.9
Average annual Food Stamp payments ($)	1,128	1,154	-26	-2.2
Average annual tax-adjusted income[a] ($)	10,050	9,609	442 **	4.6
Years 5-6				
Average quarterly employment (%)	57.1	51.6	5.5 ***	10.7
Average quarterly percentage receiving cash assistance (%)	23.0	27.4	-4.4 ***	-16.0
Average quarterly percentage receiving Food Stamps (%)	36.8	38.0	-1.2	-3.2
Average annual earnings ($)	8,050	7,415	634 **	8.6
Average annual cash assistance payments ($)	1,142	1,591	-449 ***	-28.2
Average annual Food Stamp payments ($)	787	827	-40	-4.8
Average annual tax-adjusted income[a] ($)	10,355	10,148	206	2.0
Sample size	3,271	1,110		

SOURCES: MDRC calculations using data from Vermont and New Hampshire unemployment insurance earnings records, Vermont ANFC records, and Vermont Food Stamp records.

NOTES: Dollar averages include zero values for sample members who were not employed or were not receiving cash assistance or Food Stamps. Estimates were regression-adjusted using ordinary least squares, controlling for pre-random assignment characteristics of sample members.

A two-tailed t-test was applied to all estimated impacts. Statistical significance levels are indicated as: ***=1 percent; **=5 percent; and *=10 percent.

Rounding may cause slight discrepancies in calculating sums and differences.

[a]This measure includes income from earnings, cash assistance, and Food Stamps; federal, state, and payroll taxes; and the federal and state Earned Income Credits.

up period. The table shows that while WRP increased employment during all three parts of the follow-up period, the impacts were largest in Years 3 and 4, when the first WRP group members became subject to the work requirement. During this period, WRP increased average annual earnings by over $700 (or 13 percent). WRP generated this gain because it increased the likelihood that sample members worked (it did not increase the amount that WRP group members earned when they were employed).[28]

Over time, earnings grew substantially for employed sample members in both the WRP and the ANFC groups. For example, in Years 1 and 2, working WRP group members earned an average of $8,551 per year; in Years 3 and 4, they earned an average of $11,221 per year; and in Years 5 and 6, they earned an average of $14,098 per year (not shown). This increase over time may reflect that sample members were working more hours, earning higher wages, or both.

Cash assistance receipt and payments. The lower panel of Figure 5 shows that WRP did not significantly decrease cash assistance receipt until the end of Year 4 of the follow-up period (Quarter 16). This may reflect that WRP group members who obtained jobs earlier in the follow-up period earned more over time and later became ineligible for welfare benefits.[29]

Although WRP had no effect on cash assistance *receipt* (that is, on whether someone was on welfare or not) in Years 3 and 4, it began to significantly decrease cash assistance *payments*. In fact, as shown in Table 6, the program decreased average annual welfare payments during that period by 15 percent. This likely reflects that as the program increased earnings, average welfare grants among WRP group members were reduced but not closed. In Years 5 and 6, WRP reduced both cash assistance receipt and payments.[30] In the last quarter of the follow-up period, only 18 percent of the WRP group received cash assistance, compared with 24 percent of the ANFC group (not shown).

Income from earnings, cash assistance, and Food Stamps. Table 6 shows WRP's effects on total income from earnings, cash assistance, and Food Stamps, adjusted using estimated federal and state income taxes, payroll taxes, and the federal and state EICs.[31] Although, as dis-

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[28]Appendix Table D.3 shows WRP's impacts on the distribution of sample members' earnings.

[29]This is consistent with further analysis of employment and welfare statuses, which is presented in Appendix Table D.4. Early in the follow-up period, WRP's main effect was to increase work among sample members who were receiving welfare. After the large earnings increases in Years 3 and 4, WRP began to slightly increase the percentage of sample members who worked and did not receive cash assistance. The table also shows that, by the end of the follow-up period, WRP increased the proportion of sample members who were neither working nor receiving cash assistance.

[30]When people receive cash assistance benefits, they must report to the welfare department how much they earn, so that the appropriate benefit amount can be calculated. Analysis presented in Appendix Table C.12 suggests that members of the WRP group were more likely to report their earnings to DSW than members of the ANFC group. It is not known how this affected the magnitude of the impacts.

[31]For more details on the effect of the EIC and on the method used to estimate it, see Appendix C.

cussed above, WRP did not increase average income over the six-year period, it increased average income somewhat during the middle of the follow-up period: In Years 3 and 4, the program raised sample members' annual tax-adjusted income by about $450 (or 5 percent). WRP did not significantly increase pretax income (not shown).[32]

Although WRP did not affect average income, the program could have increased income for some sample members and decreased income for others. An analysis of income distribution patterns shows that generally this was not the case.[33] WRP did, however, affect the *composition* of income: The WRP group derived a greater share of income from earnings and a smaller share from public assistance, compared with the ANFC group. Figure 6 shows the composition of income over time for the WRP and the ANFC groups. For example, during Years 5 and 6, WRP group members derived 81 percent of their income from earnings, compared with 75 percent for the ANFC group. This effect is consistent with the program goals of increasing work and decreasing reliance on public assistance.

Administrative records provide only a partial view of sample members' household income. To provide a more complete view, the 42-Month Client Survey asked sample members about all sources of income (including, for example, income from odd jobs and child support) both for themselves and for their household in the month before the interview.[34] Results from the survey corroborate the results from the administrative records: WRP had little effect on income. (Income levels measured in the survey are higher than those from the administrative records, because the survey counts more income sources.) Table 7 shows that, in the month before the survey interview, WRP group members had $961 in income from all sources and that the ANFC group had $959.[35] (These results are not tax-adjusted.) Over half of sample members in the WRP and ANFC groups reported that they lived with another adult. When income from all household members is counted, the two groups' monthly income was identical ($1,504). Half of each group had household income above the poverty level. (This is not an official poverty rate, however, because income is measured differently here than in the census.)

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[32]The fact that WRP increased only tax-adjusted income is likely associated with the program's employment increase: WRP group members, compared with ANFC group members, had more earnings and thus received more from the EIC.

[33]Appendix Table D.5 shows the proportions of the WRP group and the ANFC group with income (from earnings, cash assistance, and Food Stamps) in four different income brackets ($0, $1-$2,000, $2,001-$4,000, and $4,001 or more). At the end of the first year of follow-up, WRP had slightly increased the proportion of single parents with very low income ($2,000 or less in that quarter), but this effect did not persist. Likewise, at the end of Year 3, WRP had increased the proportion of families with higher income ($4,001 or more in that quarter), but the effect did not persist.

[34]See Appendix C for a discussion of income sources indicated on the survey for sample members who had no income on the administrative records (that is, no UI-reported earnings, cash assistance, or Food Stamp payments).

[35]Appendix Table D.6 presents detailed information on the amount of income received from various sources.

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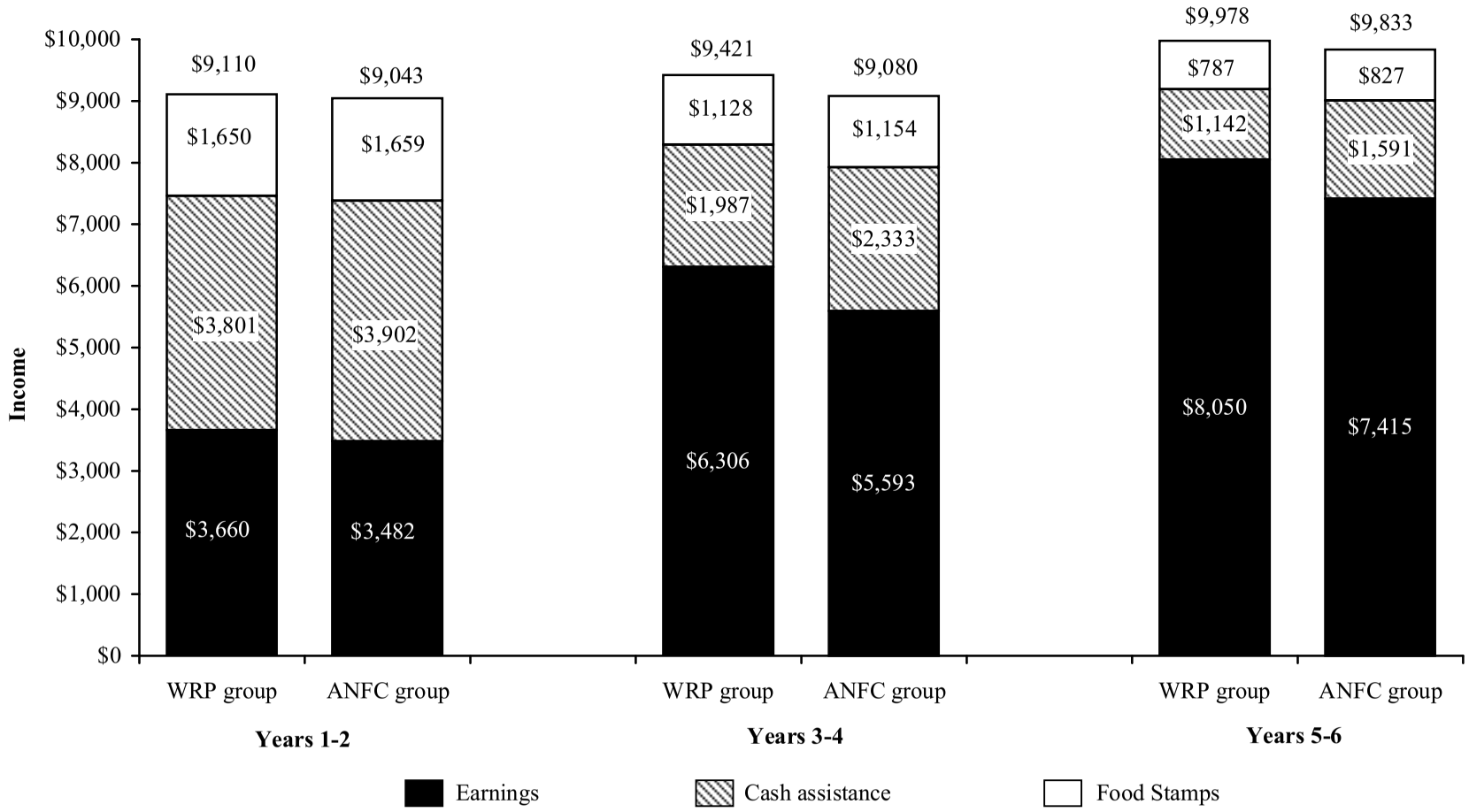
Figure 6

Composition of Combined Average Annual Income for Single-Parent Families



SOURCES: MDRC calculations from Vermont and New Hampshire unemployment insurance earnings records, Vermont ANFC records, and Vermont Food Stamp records.

NOTE: These numbers represent annual averages over two years. Total income is not tax-adjusted and therefore does not match total income numbers on Table 6.

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Table 7

Impacts on Respondent and Household Income for Single-Parent Families in Month Prior to the 42-Month Client Survey Interview

Outcome	WRP Group	ANFC Group	Difference (Impact)	Percentage Change (%)
Average total monthly individual income ($)	961	959	1	0.2
Average total monthly income for others in the household ($)	544	545	-1	-0.2
Average total monthly household income ($)	1,504	1,504	0	0.0
Average total monthly household income above the poverty line[a] (%)	50.3	50.4	-0.1	-0.2
Sample size	421	421		

SOURCE: MDRC calculations using data from the 42-Month Client Survey.

NOTES: Estimates were regression-adjusted using ordinary least squares, controlling for pre-random assignment characteristics of sample members.

A two-tailed t-test was applied to all estimated impacts. Statistical significance levels are indicated as: ***=1 percent; **=5 percent; and *=10 percent.

Rounding may cause slight discrepancies in calculating differences.

[a]This is not an official poverty rate because income is measured differently here than in the census.

- **WRP's work requirement was needed to generate impacts. The financial incentives alone did not increase employment or income, probably because the WRP incentives were not substantially different from the benefits that were available to the ANFC group.**

Throughout the six-year follow-up period, the outcomes of the WRP Incentives Only group were nearly indistinguishable from those of the ANFC group.[36] Although other studies have found that financial incentives alone can increase work and income, it is not surprising that the WRP incentives did not — because, as discussed above, ANFC group members were eligible for supports that were similar to those provided as part of WRP.

- **Most of the people who went to work because of WRP worked full time or nearly full time in jobs paying at least $7.50 per hour.**

[36]Appendix Table D.2 presents outcomes for employment, cash assistance, and Food Stamps for the three research groups.

When responding to a work requirement, people might take jobs that are part time, that pay low wages, or that require them to work irregular schedules or weekends. The 42-Month Client Survey — which asked a series of questions about the characteristics of jobs held by those who were working at the time of the interview — shows that generally this was not the case in WRP (at least at the time of the survey).

As Table 8 shows, WRP increased the proportion of sample members who were working at the time the survey was administered, by 10 percentage points.[37] Most of the increase (8 percentage points) is accounted for by an increase in the proportion of sample members who worked 30 hours or more per week. The table also shows that most of the additional jobs that sample members took because of WRP paid at least $7.50 per hour: The program increased the proportion of people working at jobs that paid $7.50 to $8.99 per hour and $9.00 or more per hour. (The average wage among employed WRP and ANFC group members was similar — about $8.00 per hour [not shown].) Analysis (not shown) found that WRP did not increase jobs with irregular work schedules.

As shown in Table 8, some of the additional jobs that sample members took as a result of WRP provided benefits, and others did not. Approximately half included benefits, such as sick leave or paid vacation. Less than half offered health insurance, and WRP group members who were offered health insurance were less likely to be actually enrolled in their employer's health plan.[38] (As discussed further below, a large proportion of respondents were covered by public health insurance.)

- **WRP increased employment stability.**

Analysis using earnings data from the UI system, shown in Appendix Table D.8, shows that WRP increased the proportion of sample members who worked during the first two years of the follow-up period and remained employed most of the following four years. Also, for each year of the follow-up period, WRP increased the proportion of sample members who were employed all four quarters of the year.

- **WRP increased employment among most subgroups, but the increases were largest for the most disadvantaged sample members. WRP increased income among the least disadvantaged subgroup.**

[37]It is important to note that Table 8 includes all survey respondents, including those who were not working at the time of the survey. Thus, all the averages include zeros for nonworking respondents. For example, the table shows that 28 percent of the WRP group worked in a job that offered health insurance; this represents 42 percent of those who were working (28 divided by 66).

[38]Appendix Table D.7 presents additional measures of job characteristics.

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Table 8

Impacts on Employment and Job Characteristics for Single-Parent Families at the Time of the 42-Month Client Survey

Outcome	WRP Group	ANFC Group	Difference (Impact)	Percentage Change (%)
Employment (%)				
Ever employed since random assignment	86.8	81.5	5.2 **	6.4
Currently employed	65.9	55.9	10.1 ***	18.0
Weekly work hours (%)				
Currently employed	65.9	55.9	10.1 ***	18.0
Less than 20 hours per week	7.5	5.1	2.4	48.0
20-29 hours per week	9.7	8.9	0.7	8.1
30-39 hours per week	19.7	13.1	6.6 ***	50.3
40 or more hours per week	28.0	27.0	0.9	3.5
Missing information on work hours	1.1	1.7	-0.6	-36.3
Hourly wage (%)				
Currently employed	65.9	55.9	10.1 ***	18.0
Less than $6.00	14.3	12.4	1.9	15.0
$6.00-$7.49	17.3	17.8	-0.6	-3.1
$7.50-$8.99	15.1	9.8	5.3 **	54.4
$9.00 or more	15.5	11.0	4.4 *	40.2
Missing information on hourly wage	3.9	4.8	-1.0	-20.2
Job-related benefits (%)				
Currently employed	65.9	55.9	10.1 ***	18.0
Job offers health insurance	27.8	22.9	4.9 *	21.3
Enrolled in employer's health plan	12.9	13.4	-0.5	-3.7
Not enrolled in employer's health plan	14.8	9.3	5.6 **	60.5
Job provides sick leave	24.6	19.2	5.4 *	28.4
Job provides paid vacation or holidays	33.8	28.1	5.7 *	20.4
Job provides training classes or tuition reimbursement	17.8	13.7	4.1	29.9
Sample size	421	421		

SOURCE: MDRC calculations using data from the 42-Month Client Survey.

NOTES: Estimates were regression-adjusted using ordinary least squares, controlling for pre-random assignment characteristics of sample members.

A two-tailed t-test was applied to all estimated impacts. Statistical significance levels are indicated as: ***=1 percent; **=5 percent; and *=10 percent.

Rounding may cause slight discrepancies in calculating differences.

Impacts for the full sample can hide variation in a program's effect for different groups of sample members. To investigate this possibility, MDRC examined impacts for a wide variety of subgroups of sample members, defined using selected characteristics at the time of random assignment.

Of particular interest is how WRP affected individuals with substantial barriers to employment. Table 9 presents results for subgroups defined on the basis of sample members' level of disadvantage, or job readiness, at random assignment. Specifically, the *most disadvantaged* subgroup includes sample members who received cash assistance continually during the two years before entering the study,[39] had not worked in the year before entering the study, and did not have a high school diploma or General Educational Development (GED) certificate. The *moderately disadvantaged* subgroup includes sample members who had one or two of these barriers, and the *least disadvantaged* subgroup includes sample members with none of the barriers. As noted earlier, Vermont's welfare caseload is less disadvantaged than those in many states: Fewer than 10 percent of the research sample is in the most disadvantaged subgroup.[40]

Table 9 shows that the most disadvantaged subgroup was, indeed, least likely to work and most likely to rely on welfare. Over the six-year follow-up period, for example, only 30 percent of the most disadvantaged ANFC group members worked in an average quarter, compared with 60 percent of the least disadvantaged ANFC group members. Likewise, 63 percent of the most disadvantaged ANFC group members received cash assistance in an average quarter, compared with only 31 percent of the least disadvantaged. The most disadvantaged ANFC group members earned roughly one-third of what the least disadvantaged earned, and they received twice the amount in combined cash assistance and Food Stamp payments.

WRP increased employment rates and earnings for all three subgroups, though not always to a statistically significant degree. Increases were largest for the most disadvantaged sample members: Over the six-year follow-up period, WRP increased average quarterly employment for this subgroup by 10 percentage points and boosted average annual earnings by $870 (31 percent).

WRP significantly decreased cash assistance payments among the most and the moderately disadvantaged subgroups. Because WRP did not decrease cash assistance payments among the least disadvantaged sample members but did increase their earnings (the increase is not statistically significant), it increased their tax-adjusted income (by about $700, or 7 percent, per year over the six years).

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[39]"Continual receipt" was defined as having received cash assistance in at least 23 of the 24 months before random assignment.

[40]Some caution should be exercised when interpreting these results, because some of the samples are small. When sample sizes are small, some numerically large impact estimates may not be statistically significant.

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Table 9

Six-Year Impacts of WRP for Single-Parent Families, by Level-of-Disadvantage Subgroup

Outcome	WRP Group	ANFC Group	Difference (Impact)	Percentage Change (%)
Most disadvantaged				
Average quarterly employment (%)	39.4	29.6	9.8 ***	33.1
Average quarterly percentage receiving cash assistance (%)	58.5	62.8	-4.4	-6.9
Average quarterly percentage receiving Food Stamps (%)	73.1	72.6	0.5	0.7
Average annual earnings ($)	3,713	2,843	870 *	30.6
Average annual cash assistance payments ($)	3,433	3,920	-487 *	-12.4
Average annual Food Stamp payments ($)	1,714	1,688	26	1.5
Average annual tax-adjusted income[a] ($)	9,505	8,952	553	6.2
Sample size	302	108		
Moderately disadvantaged				
Average quarterly employment (%)	48.0	43.1	4.9 ***	11.4
Average quarterly percentage receiving cash assistance (%)	45.9	48.8	-2.9 **	-5.9
Average quarterly percentage receiving Food Stamps (%)	57.4	58.7	-1.3	-2.2
Average annual earnings ($)	5,295	4,937	358	7.3
Average annual cash assistance payments ($)	2,502	2,860	-358 ***	-12.5
Average annual Food Stamp payments ($)	1,250	1,292	-42	-3.3
Average annual tax-adjusted income[a] ($)	9,612	9,589	22	0.2
Sample size	2,003	690		
Least disadvantaged				
Average quarterly employment (%)	64.5	59.7	4.8 **	8.0
Average quarterly percentage receiving cash assistance (%)	32.5	30.8	1.6	5.3
Average quarterly percentage receiving Food Stamps (%)	43.5	43.5	-0.1	-0.2
Average annual earnings ($)	8,220	7,606	614	8.1
Average annual cash assistance payments ($)	1,570	1,607	-37	-2.3
Average annual Food Stamp payments ($)	897	856	41	4.8
Average annual tax-adjusted income[a] ($)	11,099	10,403	696 *	6.7
Sample size	954	307		

SOURCES: MDRC calculations using data from Vermont and New Hampshire unemployment insurance earnings records, Vermont ANFC records, and Vermont Food Stamp records.

NOTES: [a]This measure includes income from earnings, cash assistance, and Food Stamps; federal, state, and payroll taxes; and the federal and state Earned Income Credits.

The "most disadvantaged" subgroup includes sample members who received cash assistance for 23 or more out of 24 months prior to random assignment, had not worked in the year before entering the study, and did not have a high school diploma or GED. The "moderately disadvantaged" subgroup includes sample members who had one or two of these barriers, and the "least disadvantaged" subgroup includes sample members with none of these barriers.

Dollar averages include zero values for sample members who were not employed or were not receiving cash assistance or Food Stamps. Estimates were adjusted using ordinary least squares, controlling for pre-random assignment characteristics of sample members.

A two-tailed t-test was applied to differences between the research groups. Statistical significance levels are indicated as: ***=1 percent, **=5 percent, *=10 percent.

Further analysis, presented in Appendix D, shows that WRP's impacts on key outcomes were consistent across several other subgroups of sample members, including those with potential barriers to employment and those at risk for long-term welfare receipt.[41]

- **WRP's effects were relatively consistent across the 12 welfare districts in Vermont, including very rural districts and more urban districts.**

Using data for the statewide sample, Appendix Table D.18 shows that WRP increased employment and earnings and decreased cash assistance receipt and payments in most of Vermont's 12 welfare districts, although some of the effects are not statistically significant.

Effects on Family and Child Outcomes for Single-Parent Families

Using data from the 42-Month Client Survey, this section summarizes WRP's effects on families and children among single-parent families.[42] (Appendix E presents additional detail as well as results for the WRP Incentives Only group.)

- **WRP had little effect on families' material well-being or household composition.**

The survey examined WRP's impacts on a range of outcomes — such as assets, neighborhood quality, and food security — that are indicators of families' level of material well-being. Given that, as discussed above, WRP did not affect family income, it is not surprising that it also did not affect material well-being. Table 10, which presents some selected measures of well-being, shows that WRP did not affect the average savings that families had at the time of the survey; whether they owed a car, van, or truck; or whether they rated their neighborhood as good or excellent. WRP also did not affect levels of food security for single-parent families.[43] Levels of hardship for both groups in Vermont were generally lower than for samples in other recent studies.[44] (Additional measures of material well-being are presented in Appendix Tables E.1, E.2, and E.3.)

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[41]Appendix Tables D.9 through D.17 present six-year impacts for various subgroups of single-parent sample members.

[42]A more detailed discussion of these effects is presented in an earlier report (Bloom, Hendra, and Michalopoulos, 2000).

[43]Various forms of food security and insecurity were measured using a six-item scale approved by the U.S. Department of Agriculture (USDA).

[44]For example, 10 percent of the WRP group and the ANFC group experienced food insecurity with hunger. Corresponding percentages in an evaluation of Florida's Family Transition Program and an evaluation of Connecticut's Jobs First Program are 16 percent and 22 percent (see Bloom et al., 2000; and Bloom et al., 2002).

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Table 10

Impacts on Material Well-Being, Food Security, and Health Coverage for Single-Parent Families

Outcome	WRP Group	ANFC Group	Difference (Impact)
Assets and neighborhood quality at the time of survey interview			
Average savings ($)	313	283	30
Owns a car, van, or truck (%)	73.1	70.3	2.8
Neighborhood is excellent or good (%)	69.2	68.5	0.7
Food security in year before survey interview (%)[a]			
Experienced food insecurity	27.8	29.0	-1.3
Experienced food insecurity with hunger	9.7	10.3	-0.6
Health coverage during month prior to survey interview (%)[b]			
Respondent			
Respondent covered by Medicaid or similar coverage	64.9	68.0	-3.1
Respondent covered by other health insurance	18.1	16.8	1.3
Respondent covered by any health insurance	79.3	81.6	-2.4
Children			
Some or all covered by Medicaid or similar coverage	71.0	76.8	-5.8 *
Some or all covered by other health insurance	16.7	15.4	1.3
All children covered by some type of insurance	79.5	84.3	-4.8 *
Sample size	421	421	

SOURCES: MDRC calculations using data from the 42-Month Client Survey.

NOTES: Estimates were regression-adjusted using ordinary least squares, controlling for pre-random assignment characteristics of sample members.

A two-tailed t-test was applied to all estimated impacts. Statistical significance levels are indicated as: ***=1 percent; **=5 percent; and *=10 percent.

Rounding may cause slight discrepancies in calculating differences.

[a]Food security measures are based on a USDA-approved six-question scale; 2-4 affirmative responses are food insecure, and 5-6 affirmative responses are food insecure with hunger.

[b]The proportion covered by Medicaid and other insurance may sum to more than the proportion covered by any insurance because a small portion of the respondents report being covered by both Medicaid and private insurance.

The survey also asked a series of questions about health care coverage during the month before the interview for single parents and their children. The vast majority of adults and children (roughly four-fifths) had some kind of health coverage at that point, primarily from Medicaid or other government programs. As Table 10 shows, WRP slightly decreased the proportion of children who had health coverage. The decrease was driven entirely by a decrease in Medicaid or other government coverage.[45] (The pattern of effects is similar for adults, although the effects are not statistically significant.) It is unclear why the program reduced levels of health coverage, but it is likely related to the fact that WRP increased the proportion of people who were not receiving cash assistance and were not covered by Medicaid or similar programs (shown at the bottom of Appendix Table E.2). As discussed earlier, WRP offered an additional three years of transitional Medicaid for families who left welfare for work. However, studies of "welfare leavers" have shown that people who exit the cash assistance rolls for work sometimes do not receive all the transitional benefits for which they are eligible.[46] Some individuals may not know about the benefits, and others may find the enrollment process to be onerous.

WRP produced few effects on family composition or parents' involvement with their children (Appendix Tables E.4 and E.5). For example, it did not affect respondents' living arrangements (whether they lived with another adult, a partner, or a relative) or whether they had a baby after random assignment. WRP did increase the proportion of children who lived with both their parents, but it is unclear what caused this effect. The program did not affect the likelihood that the parent received child support payments.

As shown in Appendix Table E.4, a higher proportion of WRP Incentives Only group members were married and living with their spouse at the time of the survey interview, compared with their ANFC counterparts. It is not clear why the WRP financial incentives, which had little effect on other outcomes for this sample, would increase marriage.

- **WRP increased the use of child care.**

The 42-Month Client Survey asked parents a series of questions about their use of child care at the time of the survey interview. As Table 11 shows, WRP, like most programs that increase employment, also increased the use of child care: 54 percent of single parents in the WRP group reported using child care, compared with 48 percent of their ANFC counterparts. The increase was driven by an increase in formal care, which includes Head Start programs, preschool or nursery schools, daycare centers, before- or after-school care, and after-school activities.

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[45]This includes Medicaid; Dr. Dynasaur, Vermont's health insurance program for low-income children; and the Vermont Health Assistance Program.

[46]See, for example, Quint and Widom, 2001.

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Table 11

Impacts on Child Care for Single-Parent Families, by Age of Child at the Time of the Survey Interview[a]

Outcome	WRP Group	ANFC Group	Difference (Impact)
All children (%)			
Using any child care[b]	53.6	47.8	5.8 **
Child in the following arrangement[c]			
Any formal care[d]	23.4	16.8	6.6 ***
Any informal care[e]	39.7	38.5	1.2
Child takes care of self alone	9.5	8.1	1.4
Sample size	603	578	
Children ages 0 to 4 (%)			
Using any child care[b]	63.3	55.6	7.6
Child in the following arrangement[c]			
Any formal care[d]	31.8	26.6	5.1
Any informal care[e]	44.4	40.2	4.2
Child takes care of self alone	1.2	0.3	0.9
Sample size	164	173	
Children ages 5 to 9 (%)			
Using any child care[b]	56.8	48.6	8.3 *
Child in the following arrangement[c]			
Any formal care[d]	25.3	13.9	11.4 ***
Any informal care[e]	42.4	40.5	1.9
Child takes care of self alone	3.9	3.6	0.3
Child participates in organized activities[f]	31.9	24.7	7.2 *
Sample size	268	247	
Children ages 10 to 13 (%)			
Using any child care[b]	39.3	37.2	2.1
Child in the following arrangement[c]			
Any formal care[d]	11.4	11.0	0.4
Any informal care[e]	31.4	31.8	-0.4
Child takes care of self alone	25.0	24.4	0.6
Child participates in organized activities[f]	40.8	30.9	9.9 *
Sample size	171	158	

(continued)

Table 11 (continued)

SOURCE: MDRC calculations using data from the 42-Month Client Survey.

NOTES: See Appendix E for a nonexperimental analysis of child care arrangements among those using any child care.

Estimates were regression-adjusted using ordinary least squares, controlling for pre-random assignment characteristics of sample members.

A two-tailed t-test was applied to all estimated impacts. Statistical significance levels are indicated as: ***=1 percent; **=5 percent; and *=10 percent.

Rounding may cause slight discrepancies in calculating differences.

[a]Child care information was only collected for children aged 13 and under.

[b]Child care does not include a child caring for him- or herself.

[c]Respondents were asked to identify any child care that they used once a week, in the past month. A child may have been in more than one child care arrangement. Therefore, the sum of the percentages in each arrangement exceeds the percentage using any child care arrangement.

[d]Formal child care includes a Head Start program, preschool or nursery school, daycare center, before- or after-school care, and after-school activitives.

[e]Informal care includes family daycare home, baby-sitter not related to child, child's other parent, and relative other than child's parent.

[f]Information about organized activities was only collected for children aged 5 and older.

The increase in child care was largest for children who were ages 5 to 9 at the time of the interview: WRP increased care for them by 8 percentage points. (The increases for children ages 0 to 4 and ages 10 to 13 are not statistically significant.) Analysis (not shown) found that WRP generated particularly large employment impacts for parents with at least one child age 5 to 9. WRP also increased the proportion of children ages 5 to 9 and ages 10 to 13 who participated in after-school organized activities, which may provide enrichment opportunities for children in addition to helping fulfill parents' child care needs.[47]

- **WRP had few effects on young children and adolescents.**

Recent research on welfare policies has found that welfare and employment programs can affect participants' children. Programs that increase employment and family income — by providing a supplement to the earnings of welfare recipients when they go to work — can improve the school achievement of elementary-school-age children. In contrast, programs that increase employment but not income have few effects for these children.[48] In light of this, it is not

[47]Detailed information about child care arrangements and satisfaction with child care is presented in Appendix Table E.6.

[48]Morris et al., 2001.

surprising that WRP, which increased employment but not income, did not substantially affect outcomes for participants' elementary-school-age children.

The first two panels of Table 12 show that, according to parents' responses to questions on the 42-Month Client Survey, WRP had few effects on children's academic and behavioral problems. For example, parents reported that roughly one-fifth of children ages 5 to 9 in the WRP and ANFC groups received special education at some point after the study began, and about 10 percent had repeated a grade in school. WRP decreased absences from school for children who were ages 10 to 13 at the time of the survey interview. (Appendix Table E.7 shows these outcomes for the WRP Incentives Only group.)

Previous studies have found that welfare programs can have negative effects on adolescents' school achievement and progress. There is some evidence that these negative effects resulted from their parents' increased work: Adolescents have been left unsupervised as their parents increased their employment, and adolescents also appear to have been caring for younger siblings and working more than part time.[49]

The bottom panel of Table 12 shows that, according to parents' reports, WRP did not have any effect on academic problems for adolescents who were ages 14 to 18 at the time of the survey interview. The program, however, did increase adolescents' involvement with the police: 27 percent of adolescents in the WRP group had trouble with the police, compared with 17 percent of their ANFC peers. It is unclear what to make of this finding, given that the program did not increase any other negative behavior for adolescents. The survey did not collect information on child care for adolescents, but it is possible that the increase in work for WRP parents led to decreases in supervision of their adolescent children. However, though not shown in Table 12, adolescent children in the WRP Incentives Only group also experienced increased police trouble (Appendix Table E.7), even though their parents did not experience an employment increase.

Costs and Benefits for Single-Parent Families

As described in the preceding section, WRP increased employment and earnings and decreased welfare receipt among single-parent families. This section summarizes the cost of providing WRP services and producing those effects. Then it compares the program's costs to its financial benefits from the perspective of program participants and of government budgets. (Appendix F presents more detail about the benefit-cost analysis.)

[49]Gennetian et al., 2002.

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Table 12

Impacts on Single Parents' Reports of Academic and Behavioral Problems, by Age of Child at the Time of the Survey Interview

Outcome	WRP Group	ANFC Group	Difference (Impact)
Children ages 5 to 9 (%)			
Currently doing below average in school	10.0	6.8	3.2
Since random assignment:			
Received special education for any physical or emotional problem	19.4	22.7	-3.3
Repeated a grade	10.1	8.5	1.7
Student suspended or expelled	2.3	3.5	-1.2
Parent contacted by school for behavioral problems	19.5	25.1	-5.6
Absent 3 times or more in prior month	9.9	7.6	2.2
Sample size	269	247	
Children ages 10 to 13 (%)			
Currently doing below average in school	15.2	17.7	-2.5
Since random assignment:			
Received special education for any physical or emotional problem	30.1	35.5	-5.4
Repeated a grade	12.7	9.6	3.1
Student suspended or expelled	7.7	12.7	-5.0
Parent contacted by school for behavioral problems	25.2	31.8	-6.6
Absent 3 times or more in prior month	1.4	8.8	-7.4 ***
Sample size	171	159	
Children ages 14 to 18 (%)			
Currently doing below average in school	21.7	23.3	-1.6
Since random assignment:			
Received special education for any physical or emotional problem	25.9	25.6	0.4
Repeated a grade	11.6	13.1	-1.6
Student suspended or expelled	32.2	33.0	-0.8
Parent contacted by school for behavioral problems	37.2	36.6	0.6
Absent 3 times or more in prior month	12.4	11.0	1.3
Ever dropped out of school	7.4	12.5	-5.0
Ever had any trouble with the police[a]	26.8	17.3	9.5 **
Sample size	151	149	

SOURCE: MDRC calculations using data from the 42-Month Client Survey.

NOTES: Standard errors were adjusted to account for shared variance between siblings.

Estimates were regression-adjusted using ordinary least squares, controlling for pre-random assignment characteristics of sample members.

A two-tailed t-test was applied to all estimated impacts. Statistical significance levels are indicated as: ***=1 percent; **=5 percent; and *=10 percent.

Rounding may cause slight discrepancies in calculating differences.

[a]Police-involvement information also was collected for children 13 years old at the time of the 42-Month Client Survey. When results for the 13-year-old children are included, the impact is no longer statistically significant.

- **The net cost of WRP's employment services and related support services — that is, the cost over and above what was spent on the ANFC program — was very low: only about $1,300 per person over six years.**

MDRC collected expenditure data from DSW and local education and training providers as well as data on sample members' rates of participation in employment-related activities. These data were used to estimate the costs of providing employment services (such as job search assistance and education and training) and services to support sample members' participation in employment and program activities (such as child care and transportation assistance). As discussed above, the WRP group received few services that were not also available to the ANFC group: Both groups were eligible to participate in Reach Up, the state's welfare-to-work program (the WRP group was required to do so in Month 29 of benefit receipt), and members of both groups received child care assistance and other supports if they worked or participated in activities while on welfare. As noted earlier, supports were also similar for the two groups after exiting welfare.

Table 13 presents the costs per WRP and ANFC group member for employment services and related support services. Costs are divided into those for services provided when sample members were receiving cash assistance and those for services provided when sample members were not receiving assistance. As the table shows, over the six-year follow-up period, the government spent about $8,700 per WRP group member for employment services and related support services while sample members were on welfare — about $1,000 more than it spent per ANFC group member. The small difference in cost was primarily driven by higher expenditures for support services, case management, and job search activities. Costs while sample members were off welfare were very similar for the two programs: about $5,000 per WRP group member and about $4,800 per ANFC group member.

In sum, as shown in the final row of Table 13, the six-year gross cost per WRP group member for employment services and related support services was about $13,800. The corresponding cost per ANFC group member was about $12,500. The net cost per WRP group member is the gross cost per WRP group member minus what would have been spent in the absence of WRP (that is, the gross cost per ANFC group member). The net cost was about $1,300 per WRP group member over six years.

- **WRP's reductions in public assistance spending more than offset the government's low costs of operating the program; in other words, WRP saved money for taxpayers.**

In order to compare WRP's costs with its benefits, MDRC placed dollar values on WRP's effects, either by directly measuring them or by estimating them. Effects on earnings from regular jobs and CSE jobs, cash assistance and Food Stamp payments, and unemployment

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Table 13

Six-Year Estimated Gross and Net Costs per Sample Member for Single-Parent Families (in 2000 Dollars)

	Gross Cost per WRP Group Member ($)	Gross Cost per ANFC Group Member ($)	Net Cost per WRP Group Member ($)
Cost while sample member received cash assistance			
Employment and training case management[a]	1,703	1,365	339
Employment and training operating costs[b]			
Job search[c]	501	200	301
Basic education	1,317	1,300	17
College	1,974	2,159	-185
Vocational training	369	278	91
Work experience[d]	123	95	28
Total operating costs	4,284	4,033	251
Support services[e]	2,751	2,312	439
Total	8,738	7,709	1,029
Cost while sample member did not receive cash assistance			
Employment and training operating costs[b]			
Job search[c]	62	105	-43
Basic education	93	153	-61
College	2,431	2,445	-14
Vocational training	633	354	279
Work experience[d]	99	43	56
Total operating costs	3,317	3,100	217
Support services[e]	1,738	1,660	78
Total	5,054	4,760	294
Total program cost	13,792	12,469	1,323

(continued)

Table 13 (continued)

SOURCES: MDRC calculations from Vermont and New Hampshire unemployment insurance earnings records, Vermont cash assistance records, Vermont Food Stamp records, Vermont Reach Up program participation records, DSW expenditures for fiscal years 1996 and 1998, Medicaid and related program expenditures from Office of Vermont Health Access, Vermont Medicaid-related administrative expenditures and eligibillity statistics from the Health Care Financing Administration Web site, the 42-Month Client Survey, and published information on employee fringe benefits, tax rates, and tax credits.

NOTES: Estimates reflect discounting and inflation.

Values were discounted at a rate of 5 percent annually and adjusted for inflation using GNP quarterly inflation rates for the follow-up period.

[a]Case management for employment and training was provided by DSW caseworkers.

[b]Employment and training were provided by outside agencies, and these costs reflect costs for those outside agencies, with the exception of job search. Employment and training expenditures while not receiving welfare are only for the first 42 months of follow-up.

[c]Job search was operated by the Vermont Department of Employment and Training (DET) and under contract to DSW.

[d]Slightly more than one-fourth of the program group's work experience operating costs were for CSE jobs. The operating cost for work experience does not include the administrative cost of processing the paychecks for the community service jobs provided to program group members.

[e]Support service costs include child care and other supports for work.

insurance benefits were measured directly. Effects on medical assistance, fringe benefits from employment, and taxes and tax credits could not be measured directly but were estimated using various data sources (see Appendix F).

Table 14 presents WRP's effects over the six-year follow-up period on public assistance payments and administration, earnings and fringe benefits, taxes, and tax credits. As noted earlier in the report, WRP reduced public assistance payments for single-parent families. As the table shows, over six years, the government spent about $23,000 per WRP group member on cash assistance and Food Stamps and $25,000 per ANFC group member. The government also spent somewhat less on medical assistance under WRP.[50]

As discussed above, WRP increased single parents' earnings over the six-year follow-up period. It also increased fringe benefits from work. Because WRP group members earned more, they paid a bit more in personal taxes, but they received more from the federal and state EICs. The increase in credits exceeded the increase in taxes paid.

[50]These costs were paid for by the federal government and the State of Vermont.

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Table 14

Six-Year Impacts of WRP on Transfer Payments, Earnings, Income Taxes, and Tax Credits for Single-Parent Families (in 2000 Dollars)

Outcome	WRP Group ($)	ANFC Group ($)	Difference (Impact)
Transfer payments and administration			
Cash assistance, Food Stamps, and administration[a]	23,146	24,874	-1,728 ***
Medical assistance and administration	16,432	17,264	-833 ***
CSE jobs[b]	77	0	77 ***
Total transfer payments and administration	39,655	42,139	-2,484 ***
Earnings and fringe benefits			
Earnings	32,755	30,276	2,479 **
Fringe benefits	4,242	3,921	321 **
Unemploment insurance benefits	761	721	41
Total earnings and fringe benefits	37,758	34,918	2,841 **
Personal taxes			
Federal income tax	939	911	28
Vermont state income tax	195	191	4
Social Security tax	2,404	2,226	178 **
Sales tax	778	760	18
Total taxes	4,316	4,089	227
Tax credits			
Federal Earned Income Credit	4,830	4,380	450 ***
Vermont Earned Income Credit	1,619	1,469	151 ***
Total credits	6,449	5,849	600 ***

SOURCES: MDRC calculations from Vermont and New Hampshire unemployment insurance earnings records, Vermont cash assistance records, Vermont Food Stamp records, Vermont Reach Up program participation records, DSW expenditures for fiscal years 1996 and 1998, Medicaid and related program expenditures from Office of Vermont Health Access, Vermont Medicaid-related administrative expenditures and eligibillity statistics from the Health Care Financing Administration Web site, the 42-Month Client Survey, and published information on employee fringe benefits, tax rates, and tax credits.

NOTES: Estimates reflect discounting and inflation adjustment.

Values were discounted at a rate of 5 percent annually and adjusted for inflation using GNP quarterly inflation rates for the follow-up period.

[a]Administration includes the cost of adminstering cash assistance and Food Stamp benefits.

[b]This estimate only reflects the benefits and costs of wages for CSE jobs. It does not include the administrative costs of processing the paychecks.

Effects of programs such as WRP can generate gains from one perspective while generating losses from another. For example, a decrease in cash assistance payments is a financial loss from the perspective of the WRP group but a financial gain from the perspective of the government. The benefit-cost analysis examines the costs and benefits discussed above from three different perspectives: program participants (the WRP group), the government budget, and society as a whole. The societal perspective combines the perspectives of participants and the government.

Table 15 summarizes the gains and losses of WRP from the three different perspectives. As the second column of the table shows, savings from reduced public assistance benefits more than offset the costs of WRP, leaving the government with a financial gain of about $1,000 per WRP group member over six years. Said another way, for each $1.00 the government spent, it gained about $1.50. Social programs rarely save money for taxpayers; WRP did because its net cost was so low and it reduced welfare spending.

The first column of Table 15 shows that WRP group members' gains in earnings and fringe benefits, tax credits, and support services slightly exceeded their losses in public assistance, tax payments, and medical assistance. Over six years, WRP group members gained about $1,450 per person (for an average gain of about $240 per year). (This is basically the same result as that in the impact analysis presented earlier. That analysis found that WRP did not significantly increase income; the benefit-cost analysis considers additional sources of financial gains and does not test the gain for statistical significance.)

The third column of Table 15 combines the perspectives of the participants and the government budget. As the table shows, because participants and the government budget both gained from WRP, society gained as well.

Implementation and Effects for Two-Parent Families

This section presents the key findings for two-parent families with an *unemployed parent (UP)*. (Appendix G presents additional findings for two-parent UP families as well as findings for two-parent families with an incapacitated parent.)[51] The section begins with a brief description

[51]See Appendix Table G.1 for findings on employment, public assistance, and income for two-parent families with an *incapacitated (incap)* parent (the table presents findings for the statewide sample). WRP requirements for these families were similar to those for single-parent families: The able-bodied parent in two-parent incap families was required to work after 30 months of cash assistance receipt, and the work requirement was preceded by a mandatory two-month job search. Overall, WRP's effects for two-parent incap families were similar to its effects for single parents: WRP increased earnings and decreased public assistance payments. However, unlike for single parents, the financial incentives contributed to the impacts among two-parent incap

(continued)

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Table 15

Six-Year Estimated Net Gains and Losses per WRP Group Member for Single-Parent Families, by Accounting Perspective (in 2000 Dollars)

	Accounting Perspective		
Component of Analysis	Participants ($)	Government Budget ($)	Society ($)
Cash assistance, Food Stamps, and administration[a]	-1,628	1,728	100
CSE jobs[b]	77	-77	0
Earnings and fringe benefits[c]	2,841	0	2,841
Income and sales tax[d]	-227	405	0
Tax credits	600	-600	0
Employment and training	0	-467	-467
Case management	0	-339	-339
Medical assistance and administration[e]	-720	833	112
Support services	517	-517	0
Net gain or loss (net present value)	1,459	966	2,247

SOURCES: MDRC calculations from Vermont and New Hampshire unemployment insurance earnings records, Vermont cash assistance records, Vermont Food Stamp records, Vermont Reach Up program participation records, DSW expenditures for fiscal years 1996 and 1998, Medicaid and related program expenditures from Office of Vermont Health Access, Vermont Medicaid-related administrative expenditures and eligibillity statistics from the Health Care Financing Administration Web site, the 42-Month Client Survey, and published information on employee fringe benefits, tax rates and tax credits.

NOTES: Costs for education and training operations were estimated using 1999 expenditure numbers.

Estimates reflect discounting and inflation adjustment.

Values were discounted at a rate of 5 percent annually and adjusted for inflation using GNP quarterly inflation rates for the follow-up period.

[a]Administration includes the cost of administering cash assistance and Food Stamp benefits.

[b]This estimate only reflects the benefits and costs of wages for CSE jobs. It does not include the administrative costs of processing the paychecks.

[c]This summary measure includes unemployment insurance payments.

[d]Employee-paid Social Security and Medicare taxes are included as income and sales taxes. The government budget perspective includes employer-paid Social Security and Medicare taxes.

[e]Medical assistance and administration includes payments and administration costs for Medicaid, transitional Medicaid, Dr. Dynasaur, and Vermont Health Assistance Program.

families. Survey results are not presented for these families because too few were surveyed to allow reliable analysis.

of the implementation of WRP for two-parent UP families. Then it presents the program's effects on employment, public assistance, income, and other outcomes. It ends with a brief discussion of the costs and benefits of WRP for two-parent UP families.

Implementation for Two-Parent Families

The distinctions among the policies that applied to the three research groups (the WRP group, the WRP Incentives Only group, and the ANFC group) were much smaller for two-parent UP families than for single-parent families. All three research groups were required to participate in Reach Up — and, in some cases, to participate in part-time unpaid work assignments — throughout their time on welfare, and all three groups were subject to financial sanctions (cash grant reductions) if they failed to comply with Reach Up participation requirements.[52] In addition, the WRP group faced a full-time work requirement after 15 months of benefit receipt. Like the single parents, the unemployed parent in UP families was offered a CSE slot if he or she could not find unsubsidized work. As for single parents, few CSE slots were needed for two-parent families: Only 4 percent of the UP sample members in the WRP group took part in CSE within the six years following random assignment.

In addition to the changes in financial eligibility rules described earlier (for example, the enhanced earnings disregard), two-parent UP families in the WRP and the WRP Incentives Only groups could qualify for cash assistance without meeting certain nonfinancial eligibility rules that applied to the ANFC group. For example, under ANFC, two-parent families were eligible for cash assistance only if the principal wage-earner had a work history but was currently working fewer than 100 hours per month. These nonfinancial eligibility criteria did not apply to the two WRP groups, which made it easier for them to qualify for benefits.

DET operated the Reach Up program for two-parent UP families, and the program was much more employment-focused than the program for single-parent families. In fact, there were few opportunities for education or training, although the welfare districts used unpaid work experience to varying degrees. (Results presented in the 1998 interim report show that, for UP sample members, WRP increased participation in job search and job readiness activities but not education or training.)[53]

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[52]UP recipients in the WRP group were also subject to WRP's nonfinancial sanctions, described earlier in the report, if they failed to comply with the 15-month work requirement.

[53]See Table 6.2 in Bloom, Michalopoulos, Walter, and Auspos, 1998.

Effects on Employment, Public Assistance, and Income for Two-Parent Families

Six years of administrative records of cash assistance receipt, Food Stamp receipt, and quarterly earnings in UI-covered jobs are available for all 1,652 UP families in the report sample. Data on job characteristics and household income are available for 616 UP sample members who responded to the 42-Month Client Survey.[54] Like the previous sections, this section focuses on comparisons between the WRP group and the ANFC group, which show the effect of the full package of WRP services and requirements. (Appendix G presents results for two-parent UP families in the WRP Incentives Only group.)

- **WRP had few effects on employment, public assistance, or income for two-parent families with an unemployed parent.**

Table 16 presents the effects of WRP on employment, earnings, cash assistance, Food Stamps, and income from those sources for UP sample members. Comparing the outcomes for the two-parent ANFC group members with outcomes for the single-parent ANFC members (which are presented in Table 6) reveals some striking differences. Two-parent UP families in Vermont had substantially higher earnings and income and were less likely to receive cash assistance than single-parent families. For example, two-parent UP families in the ANFC group earned more than three times more than their single-parent counterparts in Years 1 and 2 ($11,351, compared with $3,482). During an average quarter in that same period, 45 percent of the two-parent ANFC group received cash assistance, compared with 67 percent of the single-parent ANFC group.

As Table 16 shows, WRP increased the proportion of two-parent sample members who received cash assistance during Years 1 and 2 and during Years 3 and 4. It also slightly increased cash assistance payments, although the increase is not statistically significant. Further analysis (Appendix Table G.2) shows that the increase in cash assistance receipt was generated by WRP's financial incentives and changes in eligibility rules. In contrast, as noted above, the effects for single parents were generated by the work requirement. It is not surprising that the work requirement had less effect on two-parent UP families, given that the ANFC group also had a work requirement.

Table 16 also shows that WRP did not affect employment levels or earnings for UP families.[55] This is likely because all the research groups had work-related requirements. Also, employment rates were high for the ANFC group, which left little room for WRP to generate change.

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[54]See Appendix C for the survey response analysis for UP sample members.

[55]WRP did not affect the distribution of earnings among UP families (Appendix Table G.3).

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Table 16

Impacts of WRP Over Time for Two-Parent Families with an Unemployed Parent

Outcome	WRP Group	ANFC Group	Difference (Impact)	Percentage Change (%)
Years 1-2				
Average quarterly employment, either parent (%)	72.4	72.8	-0.4	-0.5
Average quarterly percentage receiving cash assistance (%)	50.5	44.5	6.0 ***	13.4
Average quarterly percentage receiving Food Stamps (%)	67.4	67.8	-0.3	-0.5
Average annual earnings ($)	11,662	11,351	311	2.7
Average annual cash assistance payments ($)	2,756	2,554	201	7.9
Average annual Food Stamp payments ($)	1,763	1,806	-43	-2.4
Average annual income from earnings, cash assistance, and Food Stamps ($)	16,181	15,711	469	3.0
Average annual tax-adjusted income[a]	16,342	16,025	317	2.0
Years 3-4				
Average quarterly employment, either parent (%)	75.8	74.7	1.0	1.4
Average quarterly percentage receiving cash assistance (%)	32.0	27.3	4.7 **	17.2
Average quarterly percentage receiving Food Stamps (%)	49.1	49.5	-0.4	-0.8
Average annual earnings ($)	15,295	15,154	141	0.9
Average annual cash assistance payments ($)	1,591	1,420	171	12.0
Average annual Food Stamp payments ($)	1,264	1,311	-48	-3.7
Average annual income from earnings, cash assistance, and Food Stamps ($)	18,149	17,886	264	1.5
Average annual tax-adjusted income[a]	17,372	17,087	285	1.7
Years 5-6				
Average quarterly employment, either parent (%)	74.9	73.4	1.5	2.0
Average quarterly percentage receiving cash assistance (%)	21.4	20.2	1.2	6.0
Average quarterly percentage receiving Food Stamps (%)	35.8	37.2	-1.4	-3.9
Average annual earnings ($)	18,254	18,137	117	0.6
Average annual cash assistance payments ($)	1,127	1,179	-52	-4.4
Average annual Food Stamp payments ($)	916	982	-66	-6.7
Average annual income from earnings, cash assistance, and Food Stamps ($)	20,296	20,298	-1	0.0
Average annual tax-adjusted income[a]	18,573	18,397	176	1.0
Sample size	992	330		

(continued)

Table 16 (continued)

SOURCES: MDRC calculations using data from Vermont and New Hampshire unemployment insurance earnings records, Vermont ANFC records, and Vermont Food Stamp records.

NOTES: Dollar averages include zero values for sample members who were not employed or were not receiving cash assistance or Food Stamps.

For families who received cash assistance, the state data system designated one parent as the principal earner. For families who did not receive ANFC, the present analysis assumed the male to be the principal earner, though that may not have been the situation in all such families.

Estimates were regression-adjusted using ordinary least squares, controlling for pre-random assignment characteristics of sample members.

A two-tailed t-test was applied to all estimated impacts. Statistical significance levels are indicated as: ***=1 percent; **=5 percent; and *=10 percent.

Rounding may cause slight discrepancies in calculating sums and differences.

[a]This measure includes income from earnings, cash assistance, and Food Stamps; federal, state, and payroll taxes; and the federal and state Earned Income Credits.

Because WRP did not significantly increase public assistance payments or earnings for two-parent UP families, it did not increase income from those sources. (The small increases shown in Table 16 are not statistically significant.)[56] Results from the 42-Month Client Survey (Appendix Table G.5), corroborate that WRP did not increase income among UP families. Survey results also show that WRP had no effect on job quality among these families.

Effects on Family and Child Outcomes for Two-Parent Families

The 42-Month Client Survey asked two-parent UP sample members a series of questions about family and child outcomes. WRP's effects on these outcomes are presented in Appendix H. As discussed above, WRP had little effect on UP families' employment or income; therefore, it would be surprising if the program substantially affected secondary family and child outcomes.

- **WRP had little effect on two-parent UP families' composition or material well-being.**

WRP had little effect on living arrangements, marital status, or child-bearing for two-parent UP families (Appendix Table H.1). Likewise, it had little effect on a wide range of hardship indicators, but the program did increase food security (Appendix Tables H.2, H.3, and H.4). UP sample members in the WRP group were less likely than those in the ANFC group to report that their family did not have enough to eat in the year before they were interviewed.

[56]WRP's effects were similar for the statewide UP sample (Appendix Table G.4).

Given that WRP did not increase family income, it is unclear why it affected food security. The UP families in the WRP Incentives Only group also experienced an increase in food security. WRP had no effect on health coverage for UP families.

- **WRP had few effects on young children and adolescents in two-parent UP families.**

As noted above, recent research on welfare policies has found that welfare and employment programs that increase employment and family income have affected participants' children. WRP did not affect employment or income for two-parent UP families, so it is not surprising that it also had little effect on children in those families. WRP had little effect on UP families' use of child care (which was measured for children age 13 and younger) or on children's academic achievement or behavioral problems (Appendix Tables H.5 and H.6).

Costs and Benefits for Two-Parent Families

As part of the benefit-cost analysis, MDRC estimated the costs of providing WRP services to two-parent UP families and compared those costs with the program's financial benefits from the perspective of participants and the government budget.

- **WRP did not reduce public assistance spending for two-parent families with an unemployed parent, so the government budget lost money as a result of the program.**

WRP's services for two-parent UP families were relatively inexpensive. As discussed above, the program did not reduce public assistance payments for these families. As a result, the government did not recoup its investment in WRP for two-parent UP families, through welfare savings, as it did for single parents. Overall, the government lost about $800 per UP family in the WRP group over the six-year follow-up period (Appendix Table F.5). UP participants experienced a small gain from WRP — from small increases in public assistance, earnings and fringe benefits, increased medical assistance, and support services. (The small increases in public assistance and earnings that were measured in the impact analysis are not statistically significant.)

Implications of the Findings

The WRP evaluation offers some lessons about welfare-to-work strategies, financial incentives, and work requirements.

Welfare-to-Work Strategies and Outcomes for Families

The foregoing results illustrate that there are diverse paths to the broadly accepted goals of increasing employment and reducing reliance on public assistance. Unlike other states, Vermont under WRP did not require single parents on welfare to work until they had received cash assistance benefits for 30 months, did not use grant reductions or closures to enforce these requirements, did not require full-time work for most single parents, and did not set a time limit on cash assistance receipt. Nevertheless, WRP increased employment and, eventually, reduced welfare payments. Because the net cost of the program was low, WRP actually saved money for taxpayers — an unusual achievement for any social program.

While WRP increased work, it did not make families better off financially or substantially improve their material well-being. Like previously studied programs that have increased parents' employment levels but not their income, WRP also did not substantially affect participants' children. However, it is worth noting that low-income families in Vermont may be better off than in some other states: Vermont's welfare grant levels are among the highest in the nation, and the state offers an unusually generous set of supports for low-income working families.

The evaluation also offers evidence that a welfare-to-work program can be operated successfully in rural areas. WRP increased work and decreased the use of public assistance across most of the state's welfare districts, some of which are markedly rural.

Financial Incentives

Previous studies have found that financial incentives can increase employment and income.[57] WRP's incentives, however, had little effect on participants; the work requirement was needed to generate the observed effects for single-parent families. Such findings, however, should not be taken as an indictment of financial incentives. As noted above, WRP's incentives were not substantially different from what was available to the ANFC group. The evaluation's results suggest that financial incentives that are offered as part of a special program will make a difference for families only if they are substantially different from services available to other families.

Time-Triggered Work Requirements and Community Service Employment

Under PRWORA, states are required to engage all cash assistance recipients in work — as defined by the state — after they have received benefits for 24 months. Some locales, includ-

[57] See Bloom and Michalopoulos, 2001.

ing Pennsylvania and Los Angeles, have a CSE program to provide subsidized positions for recipients who cannot find unsubsidized work.

When WRP was designed, planners believed that its success would hinge on Vermont's ability to create a large-scale CSE program for recipients who could not find unsubsidized employment after receiving benefits for 30 months (or 15 months, for two-parent families). In fact, WRP's work requirement was implemented largely as intended, but very few CSE positions were needed. Only 3 percent of the single-parent WRP group (and 4 percent of the two-parent WRP group) ever worked in a CSE position during the six-year study period. Across the state, the maximum number of people working in CSE slots never exceeded 70 in any one month.

There are two main reasons why so few CSE slots were needed. First, a majority of recipients never became subject to the work requirement: Only 46 percent of the single-parent WRP group received cash assistance for 30 months or more. The proportion was nearly the same for the ANFC group (45 percent), suggesting that the strong economy and broad changes in Vermont's welfare system that affected all three research groups were the key factors that spurred people to leave welfare sooner than anticipated. Obviously, if Vermont had required work at an earlier point, more recipients would have been subject to the requirement.

Second, of those who reached the 30-month point, most who were required to work were able to find unsubsidized jobs; most single-parent recipients were required to work only part time, and jobs were readily available in most areas of the state. Some other recipients were exempted from the work requirement or were sanctioned for failing to comply with the requirement.

In sum, the WRP evaluation provides evidence that it is possible to impose a work requirement on a broad cross-section of the welfare caseload without creating a large subsidized employment program. As noted, however, Vermont did not require work until after 30 months of welfare receipt, so that most recipients never became subject to the requirement. Also, Vermont's economy was very strong during the study period, and jobs were readily available.[58]

[58]For a detailed discussion of Vermont's CSE program, see Sperber and Bloom, 2002.

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Recent Publications on MDRC Projects

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A multifaceted effort to assist states and localities in designing and implementing their welfare reform programs. The project includes a series of "how-to" guides, conferences, briefings, and customized, in-depth technical assistance.

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A study of innovative programs that help students make the transition from school to work or careers.

Home-Grown Lessons: Innovative Programs Linking School and Work (Jossey-Bass Publishers). 1995. Edward Pauly, Hilary Kopp, Joshua Haimson.

Home-Grown Progress: The Evolution of Innovative School-to-Work Programs. 1997. Rachel Pedraza, Edward Pauly, Hilary Kopp.

Employment and Community Initiatives

Jobs-Plus Initiative

A multisite effort to greatly increase employment among public housing residents.

Mobilizing Public Housing Communities for Work: Origins and Early Accomplishments of the Jobs-Plus Demonstration. 1999. James Riccio.

Building a Convincing Test of a Public Housing Employment Program Using Non-Experimental Methods: Planning for the Jobs-Plus Demonstration. 1999. Howard Bloom.

Jobs-Plus Site-by-Site: An Early Look at Program Implementation. 2000. Edited by Susan Philipson Bloom with Susan Blank.

Building New Partnerships for Employment: Collaboration Among Agencies and Public Housing Residents in the Jobs-Plus Demonstration. 2001. Linda Kato, James Riccio.

Neighborhood Jobs Initiative

An initiative to increase employment in a number of low-income communities.

The Neighborhood Jobs Initiative: An Early Report on the Vision and Challenges of Bringing an Employment Focus to a Community-Building Initiative. 2001. Frieda Molina, Laura Nelson.

Connections to Work Project

A study of local efforts to increase competition in the choice of providers of employment services for welfare recipients and other low-income populations. The project also provides assistance to cutting-edge local initiatives aimed at helping such people access and secure jobs.

Designing and Administering a Wage-Paying Community Service Employment Program Under TANF: Some Considerations and Choices. 1999. Kay Sherwood.

San Francisco Works: Toward an Employer-Led Approach to Welfare Reform and Workforce Development. 2000. Steven Bliss.

Canada's Earnings Supplement Project

A test of an innovative financial incentive intended to expedite the reemployment of displaced workers and encourage full-year work by seasonal or part-year workers, thereby also reducing receipt of Unemployment Insurance.

Testing a Re-employment Incentive for Displaced Workers: The Earnings Supplement Project. 1999. Howard Bloom, Saul Schwartz, Susanna Lui-Gurr, Suk-Won Lee.

MDRC Working Papers on Research Methodology

A new series of papers that explore alternative methods of examining the implementation and impacts of programs and policies.

Building a Convincing Test of a Public Housing Employment Program Using Non-Experimental Methods: Planning for the Jobs-Plus Demonstration. 1999. Howard Bloom.

Estimating Program Impacts on Student Achievement Using "Short" Interrupted Time Series. 1999. Howard Bloom.

Using Cluster Random Assignment to Measure Program Impacts: Statistical Implications for the Evaluation of Education Programs. 1999. Howard Bloom, Johannes Bos, Suk-Won Lee.

Measuring the Impacts of Whole School Reforms: Methodological Lessons from an Evaluation of Accelerated Schools. 2001. Howard Bloom.

The Politics of Random Assignment: Implementing Studies and Impacting Policy. 2000. Judith Gueron.

Modeling the Performance of Welfare-to-Work Programs: The Effects of Program Management and Services, Economic Environment, and Client Characteristics. 2001. Howard Bloom, Carolyn Hill, James Riccio.

A Regression-Based Strategy for Defining Subgroups in a Social Experiment. 2001. James Kemple, Jason Snipes.

Extending the Reach of Randomized Social Experiments: New Directions in Evaluations of American Welfare-to-Work and Employment Initiatives. 2001. James Riccio, Howard Bloom.

About MDRC

The Manpower Demonstration Research Corporation (MDRC) is a nonprofit, nonpartisan social policy research organization. We are dedicated to learning what works to improve the well-being of low-income people. Through our research and the active communication of our findings, we seek to enhance the effectiveness of social policies and programs. MDRC was founded in 1974 and is located in New York City and Oakland, California.

MDRC's current projects focus on welfare and economic security, education, and employment and community initiatives. Complementing our evaluations of a wide range of welfare reforms are new studies of supports for the working poor and emerging analyses of how programs affect children's development and their families' well-being. In the field of education, we are testing reforms aimed at improving the performance of public schools, especially in urban areas. Finally, our community projects are using innovative approaches to increase employment in low-income neighborhoods.

Our projects are a mix of demonstrations — field tests of promising program models — and evaluations of government and community initiatives, and we employ a wide range of methods to determine a program's effects, including large-scale studies, surveys, case studies, and ethnographies of individuals and families. We share the findings and lessons from our work — including best practices for program operators — with a broad audience within the policy and practitioner community, as well as the general public and the media.

Over the past quarter century, MDRC has worked in almost every state, all of the nation's largest cities, and Canada. We conduct our projects in partnership with state and local governments, the federal government, public school systems, community organizations, and numerous private philanthropies.

WRP

Final Report on Vermont's Welfare Restructuring Project

APPENDICES

Appendix A

Supplemental Tables for the Section Entitled "The Evaluation"

Vermont's Welfare Restructuring Project

Appendix Table A.1

Selected Data About the WRP Evaluation's Research Districts

	Barre	Burlington	Newport	Rutland	Springfield	St. Albans	Six-District Total	State Total
Demographics/economic characteristics								
Population in area served by DSW district office (1998)	56,444	143,491	25,862	62,825	55,311	43,852	387,785	590,883
Population of main city/town (1998)	9,538	40,727	4,797	21,330	9,078	12,736	98,206	N/A
Annual average unemployment rate[a] (%)								
1994	5.0	3.3	8.7	5.5	3.6	5.5	N/A	4.7
1996	5.2	3.0	9.2	5.2	3.6	5.0	N/A	4.6
1998	4.1	2.3	6.9	3.8	2.6	3.3	N/A	3.4
2000	3.1	1.8	5.9	3.6	2.3	3.3	N/A	2.9
Cash assistance caseload data								
Total cash assistance caseload								
1994 monthly average	1,007	1,916	695	1,189	738	946	6,492	9,886
1996 monthly average	870	1,642	588	1,038	560	823	5,521	8,959
1998 monthly average	759	1,442	510	932	471	751	4,865	7,374
2000 monthly average	572	1,145	410	790	395	611	3,923	5,998
Staffing structure (1997)								
Number of eligibility specialists[b]	13	21	9	13	7	13	76	121
Number of Reach Up case managers								
DSW[b]	3	4	3	5	3	3	21	35
DET (two-parent cases)[c]	3	4	2	3	2	2	16	N/A
Other contracted workers[d]	2.8	7	1.5	3	1.5	2	17.8	28.8
Number of Family Services Case Managers	3	6	2	2	2	2	17	23

SOURCES: Gaquin and DeBrandt, 2000; U.S. Department of Labor, Bureau of Labor Statistics (unemployment rates); population, caseload, and staffing data from Vermont Department of Social Welfare and MDRC field research.

NOTES: N/A indicates that data are not applicable or are not available.

Rounding may cause slight discrepancies in calculating sums and differences.

[a]Unemployment rates are for counties, which do not correspond exactly to DSW district offices. The figures are for Washington County (Barre), Chittenden County (Burlington), Orleans County (Newport), Rutland County (Rutland), Windsor County (Springfield), and Franklin County (St. Albans).

[b]This does not include Family Services Case Managers (FSCMs), who are listed separately below.

[c]In some cases, these figures include Department of Employment and Training (DET) staff who worked with single-parent end-of-time-limit cases.

[d]Figures reflect full-time equivalents.

Vermont's Welfare Restructuring Project

Appendix Table A.2

Selected Characteristics of Single-Parent Sample Members at the Time of Random Assignment

Characteristic	Report Sample
Demographic characteristics	
District office (%)	
Barre	15.0
Burlington	33.0
Newport	9.3
Rutland	18.9
Springfield	10.6
St. Albans	13.2
Gender/sex (%)	
Female	93.3
Male	6.7
Age (%)	
Under 20	5.9
20-24	21.9
25-34	43.5
35-44	24.1
45 or over	4.6
Average age (years)	30.8
Family status	
Marital status (%)	
Never married	40.0
Married, living apart	15.4
Separated	6.7
Divorced	36.3
Other	1.7
Average number of children	1.8
Age of youngest child (%)	
Under 3[a]	36.9
3-5	22.8
6-12	29.7
13-18	10.6
Labor force status	
Ever worked (%)	91.7
Ever worked full time for 6 months or more for one employer[b] (%)	61.6

(continued)

Appendix Table A.2 (continued)

Characteristic	Report Sample
Approximate earnings in the past 12 months (%)	
None	53.1
$1-$999	13.9
$1,000-$4,999	18.5
$5,000-$9,999	9.1
$10,000 or more	5.4
Currently employed[c] (%)	22.7
Among those currently employed:[d]	
Average hourly wage ($)	5.81
Average hours worked per week[e] (%)	
1-19	38.0
20-29	25.8
30 or more	35.5
Educational status	
Highest grade completed in school (average)	11.4
Highest degree/diploma earned (%)	
GED[f]	17.2
High school diploma	43.7
Technical/2-year college degree	8.8
4-year (or more) college degree	3.4
None of the above	26.9
Enrolled in any education or training during the past 12 months (%)	37.1
Public assistance status	
Aid status (%)	
Applicant	43.6
Recipient	56.4
Resided as a child in a household receiving AFDC (%)	21.7
Housing status	
Number of moves in the past 2 years (%)	
None	49.2
1 or 2	42.6
3 or more	8.2
Moved from another state in the past year (%)	10.4
Sample size	5,469

(continued)

Appendix Table A.2 (continued)

SOURCE: MDRC calculations using data from Background Information Forms.

NOTES: The sample includes members randomly assigned from July 1994 through June 1995 in the six research districts.

Invalid or missing values are not included in individual variable distributions.

Rounding may cause slight discrepancies in calculating sums and differences.

[a]Includes sample members pregnant with their first child.

[b]Full-time employment is defined as 30 hours or more per week.

[c]Includes sample members who reported self-employment.

[d]Calculations are for those employed at the time of random assignment who reported an hourly wage.

[e]Distributions may not add up to 100 percent because, even among those who indicated they were employed at the time of random assignment, a few registrants reported their average weekly work hours as none.

[f]The General Educational Development (GED) certificate is given to those who pass the GED test and is intended to signify knowledge of basic high school subjects.

Vermont's Welfare Restructuring Project

Appendix Table A.3

Selected Characteristics of Single-Parent Sample Members at the Time of Random Assignment, by District Office

Characteristic	Report Sample	Barre	Burlington	Newport	Rutland	Springfield	St. Albans
Demographic characteristics							
Gender/sex (%)							
Female	93.3	93.2	94.0	91.0	92.8	93.8	93.6
Male	6.7	6.8	6.1	9.0	7.3	6.2	6.4
Age (%)							
Under 20	5.9	5.2	6.9	5.5	4.1	5.3	7.2 **
20-24	21.9	21.1	24.6	18.5	19.3	22.7	21.6 ***
25-34	43.5	43.9	42.4	42.8	45.0	44.9	43.1
35-44	24.1	25.9	21.4	27.5	27.1	22.9	23.6 ***
45 or over	4.6	3.9	4.7	5.7	4.6	4.1	4.6
Average age (years)	30.8	31.1	30.2	31.7	31.4	30.6	30.5 ***
Family status							
Marital status (%)							
Never married	40.0	38.2	46.6	32.0	35.9	34.9	40.7 ***
Married, living apart	15.4	16.8	13.9	19.7	16.3	16.7	12.5 ***
Separated	6.7	4.5	5.8	8.8	6.6	5.7	10.7 ***
Divorced	36.3	38.9	32.1	37.9	39.0	41.3	34.5 ***
Other	1.7	1.6	1.6	1.6	2.2	1.4	1.7
Average number of children	1.8	1.8	1.8	1.9	1.9	1.9	1.7 ***
Age of youngest child (%)							
Under 3[a]	36.9	37.3	41.4	35.3	33.3	34.7	33.3 ***
3-5	22.8	22.3	23.3	20.5	22.4	23.5	23.9
6-12	29.7	28.7	26.1	32.7	32.9	31.8	31.3 ***
13-18	10.6	11.7	9.1	11.6	11.5	10.0	11.5
Labor force status							
Ever worked (%)	92.0	89.4	92.4	94.3	90.9	90.5	95.0 ***
Ever worked full time for 6 months or more for one employer[b] (%)	61.6	62.9	59.7	64.1	61.0	62.3	63.6
Approximate earnings in the past 12 months (%)							
None	53.1	53.2	54.6	51.9	51.6	51.8	53.6
$1-$999	13.9	13.2	12.4	14.9	13.5	17.2	15.4 *
$1,000-$4,999	18.5	19.4	18.2	20.6	19.6	17.2	16.5
$5,000-$9,999	9.1	9.7	9.0	7.1	9.7	10.2	8.3
$10,000 or more	5.4	4.5	5.7	5.5	5.6	3.6	6.2

(continued)

Appendix Table A.3 (continued)

Characteristic	Report Sample	Barre	Burlington	Newport	Rutland	Springfield	St. Albans
Currently employed[c] (%)	22.7	23.8	22.0	22.8	22.9	22.1	23.2
Among those currently employed:[d]							
Average hourly wage ($)	5.81	5.64	6.15	5.50	5.81	5.43	5.69 ***
Average hours worked per week[e] (%)							
1-19	38.0	45.4	34.2	44.0	38.0	44.4	29.3 ***
20-29	25.8	19.6	27.9	15.5	29.5	26.2	29.9 **
30 or more	35.5	34.0	37.2	40.5	32.5	27.8	39.5
Educational status							
Highest grade completed in school (average)	11.4	11.6	11.4	11.6	11.5	11.3	11.3 **
Highest degree/diploma earned (%)							
GED[f]	17.2	20.2	17.1	15.7	16.0	18.6	15.4 *
High school diploma	43.7	45.4	40.6	49.7	45.2	43.1	43.9 ***
Technical/2-year college degree	8.8	6.6	10.5	5.7	8.2	8.2	10.7 ***
4-year (or more) college degree	3.4	4.3	3.8	3.0	3.3	2.4	2.5
None of the above	26.9	23.5	28.0	25.9	27.3	27.7	27.6
Enrolled in any education or training during the past 12 months (%)	37.1	36.1	38.5	36.7	34.4	41.1	35.7 *
Public assistance status							
Aid status (%)							
Applicant	43.6	44.8	42.7	45.8	43.6	42.9	43.6
Recipient	56.4	55.2	57.4	54.2	56.4	57.1	56.4
Resided as a child in a household receiving AFDC (%)	21.7	21.5	22.5	16.9	18.1	25.7	25.5 ***
Housing status							
Number of moves in the past 2 years (%)							
None	49.2	49.3	49.8	48.8	48.8	49.4	48.5
1 or 2	42.6	43.3	42.3	40.9	43.1	41.7	43.6
3 or more	8.2	7.4	7.9	10.2	8.0	9.0	7.9
Moved from another state in the past year (%)	10.4	10.9	9.7	14.2	10.1	13.5	7.2 ***
Sample size	5,469	820	1,803	509	1,034	581	722

(continued)

Appendix Table A.3 (continued)

SOURCE: MDRC calculations using data from Background Information Forms.

NOTES: The sample includes members randomly assigned from July 1994 through June 1995 in the six research districts.

Invalid or missing values are not included in individual variable distributions.

A Chi-square test was applied to the differences between the districts. Statistical significance levels are indicated as: ***=1 percent; **=5 percent; and *=10 percent.

Rounding may cause slight discrepancies in calculating sums and differences.

[a]Includes sample members pregnant with their first child.

[b]Full-time employment is defined as 30 hours or more per week.

[c]Includes sample members who reported self-employment.

[d]Percentages are calculated for those employed at the time of random assignment who reported an hourly wage.

[e]Distributions may not add up to 100 percent because, even among those who indicated they were employed at the time of random assignment, a few registrants reported their average weekly work hours as none.

[f]The General Educational Development (GED) certificate is given to those who pass the GED test and is intended to signify knowledge of basic high school subjects.

Vermont's Welfare Restructuring Project

Appendix Table A.4

Selected Characteristics of Two-Parent Families with an Unemployed Parent at the Time of Random Assignment, by Case Status

Characteristic	Two-Parent Report Sample	
	Applicants	Recipients
Demographic characteristics		
District office (%)		
Barre	15.1	13.9
Burlington	25.0	25.4
Newport	11.7	14.2
Rutland	20.9	19.8
Springfield	8.0	9.7
St. Albans	19.3	16.9
Family status		
Marital status (%)		
Never married	15.4	31.1 ***
Married, living with spouse	77.8	54.5 ***
Married, living apart	2.7	2.2
Separated	0.3	1.3
Divorced	3.7	10.8 ***
Average number of children	2.1	2.4 ***
Age of youngest child (%)		
Under 3[a]	54.8	54.1
3-5	21.4	21.5
6-12	18.0	19.5
13-18	5.8	4.9
Labor force status		
Approximate earnings in the past 12 months for the principal earner[b] (%)		
None	20.3	39.8 ***
$1-$999	4.7	12.8 ***
$1,000-$4,999	15.8	20.2 *
$5,000-$9,999	23.5	11.4 ***
$10,000 or more	35.6	15.9 ***
Housing status		
Number of moves in the past 2 years (%)		
None	51.6	52.4
1 or 2	40.0	40.5
3 or more	8.4	7.0
Moved from another state in the past year (%)	12.9	4.7 ***
Sample size	1,097	555

(continued)

Appendix Table A.4 (continued)

SOURCE: MDRC calculations using data from Background Information Forms.

NOTES: The sample includes members randomly assigned from July 1994 through June 1995 in the six research districts.

Invalid or missing values are not included in individual variable distributions.

For families who received cash assistance, the state data system designated one parent as the principal earner. For families who did not receive cash assistance, the present analysis assumed the male to be the principal earner, though that may not have been the situation in all such families.

Statistical significance levels are indicated as ***=1 percent; **=5 percent; and *=10 percent.

Rounding may cause slight discrepancies in calculating sums and differences.

[a]Includes families pregnant with their first child.

[b]Prior earnings for principal earners were calculated using data from Vermont and New Hampshire unemployment insurance systems.

Vermont's Welfare Restructuring Project

Appendix Table A.5

Selected Characteristics of Two-Parent Families with an Incapacitated Parent at the Time of Random Assignment

Characteristic	Two-Parent Report Sample
Demographic characteristics	
District office (%)	
Barre	15.6
Burlington	18.6
Newport	16.5
Rutland	18.1
Springfield	11.6
St. Albans	19.7
Family status	
Marital status (%)	
Never married	9.3
Married, living with spouse	86.6
Married, living apart	0.5
Separated	0.5
Divorced	2.6
Widowed	0.4
Average number of children	2.2
Age of youngest child (%)	
Under 3[a]	30.4
3-5	20.8
6-12	31.5
13-18	17.3
Labor force status	
Approximate earnings in the past 12 months for the able-bodied parent[b] (%)	
None	63.3
$1-$999	7.9
$1,000-$4,999	7.9
$5,000-$9,999	8.1
$10,000 or more	12.8
Public assistance status	
Aid status (%)	
Applicant	41.9
Recipient	58.1

(continued)

Appendix Table A.5 (continued)

Characteristic	Two-Parent Report Sample
Housing status	
Number of moves in the past 2 years (%)	
None	66.7
1 or 2	26.5
3 or more	6.8
Moved from another state in the past year (%)	7.2
Sample size	570

SOURCE: MDRC calculations using data from Background Information Forms.

NOTES: The sample includes members randomly assigned from July 1994 through June 1995 in the six research districts.

Invalid or missing values are not included in individual variable distributions.

In cases where the able-bodied parent was not designated on the state data system, the present analysis assumed the male to be the principal earner, though that may not have been the situation in all such families.

Rounding may cause slight discrepancies in calculating sums and differences.

[a]Includes families pregnant with their first child.

[b]Prior earnings for able-bodied parents were calculated using data from Vermont and New Hampshire unemployment insurance systems.

Vermont's Welfare Restructuring Project

Appendix Table A.6

Attitudes and Opinions of Single-Parent Sample Members at the Time of Random Assignment

Characteristic	Report Sample
Client-reported barriers to employment	
Among those not currently employed, percentage who agreed or agreed a lot that they could not work part time right now for the following reasons:[a]	
No way to get there every day	40.6
Cannot arrange for child care	39.6
A health or emotional problem, or a family member with a health or emotional problem	32.8
Too many family problems	27.5
Already have too much to do during the day	25.5
Any of the above five reasons	75.7
Client-reported preferred activities	
Given the following choices, percentage who would prefer to:[b]	
Stay home to take care of client's family	10.9
Go to school to learn a job skill	32.5
Go to school to study basic reading and math	3.4
Get a part-time job	8.3
Get a full-time job[c]	30.7
Client-reported expectations regarding employment	
If someone offered client a job that could support client's family a little better than welfare, percentage who would likely or very likely take the job if:	
Client didn't like the work	57.3
Client had to work at night once in a while	65.2
The job was in a fast-food restaurant like McDonald's	33.3
It took more than an hour to get there	28.4
If someone offered client a full-time job with no medical benefits, minimum amount per hour at which the client would take the job ($):	
Median	8.00
Mode	8.00
Mean	8.96
If someone offered client a full-time job with full medical benefits, minimum amount per hour at which the client would take the job ($):	
Median	7.00
Mode	6.00
Mean	7.27
Clients' estimation of average value of employer-provided medical benefits per hour ($)	1.70

(continued)

Appendix Table A.6 (continued)

Characteristic	Report Sample
Percentage who agreed or agreed a lot that:	
It will probably take them more than a year to get a full-time job and get off welfare	58.6
They would take a full-time job today, even if the job paid less than welfare	25.7
If they got a job, they could find someone they trusted to take care of their children	79.3
A year from now they expect to be working	82.4
A year from now they expect to be receiving welfare	26.6
Client-reported employment-related activities	
Time spent looking for a job during the past 3 months (%):	
Not at all	39.5
Some/a little	25.8
A moderate amount	17.2
A great deal	11.7
Percentage who reported that they planned to be in school or training program in the next few months	41.2
Client-reported attitudes toward welfare	
Percentage who agreed or agreed a lot with the following statements:	
I feel that people look down on me for being on welfare	67.8
I am ashamed to admit to people that I am on welfare	60.6
Right now, being on welfare provides for my family better than I could by working	60.7
I think it is better for my family that I stay on welfare than work at a job	17.9
Client-reported social support network	
Percentage who agreed or agreed a lot with the following statements:	
Among my family, friends, and neighbors, I am one of the the few people who are on welfare	38.2
When I have trouble or need help, I have someone to talk to	80.8
Client-reported sense of efficacy	
Percentage who agreed or agreed a lot with the following statements:	
I have little control over the things that happen to me	20.3
I often feel angry that people like me never have a chance to succeed	42.2
Sometimes I feel that I'm being pushed around in life	46.5
There is little I can do to change many of the important things in my life	27.6
All of the above	6.8
None of the above	30.1
Sample size	5,310

(continued)

Appendix Table A.6 (continued)

SOURCE: MDRC calculations using data from the Private Opinion Survey (POS).

NOTES: The sample includes members randomly assigned from July 1994 through June 1995 in the six research districts.

A total of 159 sample members who chose not to fill out a POS are not included in the table.

In most item groupings, individuals could agree or agree a lot with more than one statement. Therefore, distributions may add up to more than 100 percent.

Invalid or missing values are not included in individual variable distributions.

Rounding may cause slight discrepancies in calculating sums and differences.

[a]Part-time employment is defined as a minimum of 10 hours per week.

[b]Distributions do not add up to 100 percent because some individuals did not indicate a consistent preference. Multiple responses were not possible for this item.

[c]Full-time employment is defined as 40 hours or more per week.

Appendix B

Supplemental Tables for the Section Entitled "Implementation for Single-Parent Families"

A Note on How to Interpret the Three-Group Tables

As discussed in the report, the WRP evaluation used a three-group design to enable a direct estimate of the unique contributions of two different program components: (1) the package of incentives and changes in eligibility rules and (2) the addition of the work requirement. Several tables in the appendices present the impacts using this three-group format. Like the tables shown in the report, the first columns show average outcomes for each research group. In the case of the three-group tables, however, all three groups are shown — the WRP group, the WRP Incentives Only group, and the ANFC group.

Since many tables in the appendices are presented in this way, it is important to understand how to interpret them. To facilitate this understanding, a model table has been included on the following pages. All three-group tables follow this format. In the model table, columns 1 to 3 show the average outcomes for each research group. Columns 4 to 6 show the estimated impacts as described in the beginning of the report. Column 4 shows the impacts of the full WRP program, repeating the impacts presented in the report. Column 5 shows the impacts of the incentives alone, and column 6 shows the effects of adding the work requirement to the incentives.

For example, the first column of the model table shows that in Quarter 13 (the shaded line), 58.1 percent of WRP group members were employed. The second column shows that 50.6 percent of Incentives Only group members were employed. The third column shows that 48.1 percent of ANFC group members were employed. Column 4 shows the impact of the full WRP program — the same way impacts are presented in the report. In this case, WRP increased employment by 10 percentage points, and the stars next to column 4 indicate that this difference is statistically significant. Column 5 shows that the Incentives Only group was 2.6 percentage points more likely to work than the ANFC group, a difference that is not statistically significant. This represents the effect of the incentives alone. Finally, column 6 shows that the added impact of the time limit was 7.5 percentage points (58.1 minus 50.6). Thus, it can be argued that the work requirement was the key contributing factor to these impacts.

Vermont's Welfare Restructuring Project

Model Three-Group Table

Outcome	Average Outcome Levels: WRP Group	Average Outcome Levels: WRP Incentives Only Group	Average Outcome Levels: ANFC Group	WRP vs. ANFC: Impacts of Financial Incentives and Eligibility Rules Combined with Work Requirement	WRP Incentives Only vs. ANFC: Impacts of Financial Incentives and Eligibility Rules	WRP vs. WRP Incentives Only: Added Impacts of Work Requirement
Ever employed (%)						
Quarter 1	35.9	34.0	31.5	4.4 ***	2.5	1.9
Quarter 2	38.9	36.1	35.6	3.3 **	0.6	2.8 *
Quarter 3	40.6	38.8	36.9	3.7 **	1.9	1.7
Quarter 4	42.5	41.7	39.9	2.6 *	1.8	0.8
Quarter 5	44.3	41.6	41.1	3.2 **	0.5	2.7 *
Quarter 6	45.5	42.8	41.7	3.8 **	1.1	2.7 *
Quarter 7	46.7	42.2	43.6	3.1 *	-1.4	4.5 ***
Quarter 8	48.4	44.7	44.7	3.7 **	0.0	3.6 **
Quarter 9	49.9	45.0	46.5	3.4 **	-1.6	4.9 ***
Quarter 10	53.8	47.6	47.3	6.4 ***	0.3	6.1 ***
Quarter 11	57.1	50.1	48.3	8.7 ***	1.8	6.9 ***
Quarter 12	57.3	49.4	49.5	7.8 ***	-0.1	7.9 ***
Quarter 13	58.1	50.6	48.1	10.0 ***	2.6	7.5 ***
Quarter 14	57.2	51.8	48.5	8.8 ***	3.3	5.5 ***
Quarter 15	58.0	50.8	50.1	7.9 ***	0.7	7.2 ***
Quarter 16	58.4	51.6	51.4	7.0 ***	0.2	6.8 ***
Quarter 17	58.7	51.7	50.8	7.9 ***	0.8	7.0 ***
Quarter 18	57.7	51.9	50.6	7.1 ***	1.3	5.8 ***
Quarter 19	58.0	52.1	52.3	5.7 ***	-0.2	5.9 ***
Quarter 20	57.9	51.1	52.2	5.7 ***	-1.2	6.9 ***
Quarter 21	57.3	51.7	51.8	5.5 ***	-0.1	5.6 ***
Quarter 22	56.4	51.0	50.7	5.8 ***	0.3	5.5 ***
Quarter 23	55.7	51.3	51.7	4.0 **	-0.5	4.4 **
Quarter 24	55.0	52.2	52.2	2.8 *	0.0	2.8 *

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Appendix Table B.1

Participation in Employment-Related Activities Within a Six-Year Follow-Up Period for Single-Parent Sample Members

Outcome (%)	Average Outcome Levels: WRP Group	Average Outcome Levels: WRP Incentives Only Group	Average Outcome Levels: ANFC Group	WRP vs. ANFC: Impacts of Financial Incentives and Eligibility Rules Combined with Work Requirement	WRP Incentives Only vs. ANFC: Impacts of Financial Incentives and Eligibility Rules	WRP vs. WRP Incentives Only: Added Impacts of Work Requirement
Years 1-2						
Ever participated	38.4	36.0	34.4	4.1 **	1.7	2.4
Ever participated in:						
Job search	17.0	14.7	14.2	2.8 **	0.4	2.3 *
Education and training	30.2	28.7	26.2	4.0 ***	2.5	1.5
Basic education	9.3	8.2	7.8	1.5 *	0.4	1.1
College	17.3	17.1	15.4	1.9	1.7	0.2
Vocational training	9.1	7.0	7.6	1.5	-0.6	2.1 **
Work experience	6.7	4.5	5.5	1.2	-1.0	2.2 ***
Job readiness	11.1	9.5	8.7	2.4 **	0.8	1.6
Career counseling	1.5	1.8	1.1	0.4	0.7	-0.3
Years 3-4						
Ever participated	33.5	21.9	20.0	13.6 ***	1.9	11.7 ***
Ever participated in:						
Job search	24.6	10.5	7.9	16.7 ***	2.6	14.1 ***
Education and training	17.6	15.2	14.9	2.7 **	0.2	2.5 *
Basic education	5.7	3.9	4.6	1.1	-0.7	1.8 **
College	8.6	9.1	8.5	0.1	0.6	-0.6
Vocational training	5.5	4.1	4.3	1.2	-0.3	1.5 *
Work experience	2.7	2.3	3.2	-0.5	-0.9	0.4
Job readiness	9.4	4.7	5.3	4.1 ***	-0.6	4.7 ***
Career counseling	0.1	0.0	0.1	0.0	-0.1	0.1

(continued)

Appendix Table B.1 (continued)

Outcome (%)	Average Outcome Levels: WRP Group	Average Outcome Levels: WRP Incentives Only Group	Average Outcome Levels: ANFC Group	WRP vs. ANFC: Impacts of Financial Incentives and Eligibility Rules Combined with Work Requirement	WRP Incentives Only vs. ANFC: Impacts of Financial Incentives and Eligibility Rules	WRP vs. WRP Incentives Only: Added Impacts of Work Requirement
Years 5-6						
Ever participated	19.8	14.1	13.9	5.9 ***	0.2	5.7 ***
Ever participated in:						
Job search	13.1	7.8	7.1	6.0 ***	0.7	5.3 ***
Education and training	7.7	8.4	8.1	-0.4	0.3	-0.7
Basic education	2.9	2.7	3.1	-0.3	-0.4	0.1
College	3.6	4.8	4.2	-0.6	0.6	-1.2 *
Vocational training	2.0	2.0	1.4	0.6	0.6	0.0
Work experience	1.4	0.6	1.1	0.2	-0.5	0.7 *
Job readiness	4.5	4.2	4.0	0.5	0.3	0.3
Career counseling	0.0	0.0	0.1	-0.1 *	-0.1	0.0
Years 1-6						
Ever participated	55.2	44.7	43.8	11.4 ***	0.8	10.6 ***
Ever participated in:						
Job search	39.1	24.6	23.7	15.4 ***	0.9	14.5 ***
Education and training	38.5	35.4	33.2	5.3 ***	2.2	3.1 *
Basic education	13.8	12.0	11.4	2.4 **	0.7	1.7
College	20.7	21.0	18.7	1.9	2.2	-0.3
Vocational training	13.5	10.8	10.9	2.6 **	-0.1	2.7 **
Work experience	9.0	6.4	8.4	0.7	-2.0 *	2.6 ***
Job readiness	20.0	15.1	14.8	5.3 ***	0.3	4.9 ***
Career counseling	1.5	1.8	1.1	0.4	0.7	-0.3
Sample size	3,271	1,088	1,110			

SOURCE: MDRC calculations using Reach Up automated participation data.

NOTE: A two-tailed t-test was applied to all estimated impacts. Statistical significance levels are indicated as: ***=1 percent; **=5 percent; and *=10 percent.

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Appendix Table B.2

Participation in Employment-Related Activities Within a Six-Year Follow-Up Period for Single-Parent Sample Members, by District

Outcome (%)	Average Outcome Levels: WRP Group	Average Outcome Levels: WRP Incentives Only Group	Average Outcome Levels: ANFC Group	WRP vs. ANFC: Impacts of Financial Incentives and Eligibility Rules Combined with Work Requirement	WRP Incentives Only vs. ANFC: Impacts of Financial Incentives and Eligibility Rules	WRP vs. WRP Incentives Only: Added Impacts of Work Requirement
Barre						
Ever participated	55.0	48.7	38.5	16.5 ***	10.2 *	6.3
Ever participated in:						
Job search	39.5	31.8	22.0	17.5 ***	9.8 *	7.7 *
Education and training	20.9	13.6	13.3	7.6 **	0.3	7.2 **
Work experience	11.7	10.7	8.6	3.1	2.0	1.1
Job readiness	18.9	15.7	13.4	5.5	2.3	3.2
Career counseling	2.3	0.3	0.7	1.6	-0.4	2.0 *
Sample size	481	165	174			
Burlington						
Ever participated	54.9	41.5	44.3	10.6 ***	-2.8	13.3 ***
Ever participated in:						
Job search	39.2	24.5	23.0	16.2 ***	1.6	14.7 ***
Education and training	21.7	17.6	20.0	1.7	-2.4	4.1 *
Work experience	12.5	7.4	12.6	-0.1	-5.1 **	5.1 ***
Job readiness	17.6	14.6	12.3	5.3 **	2.3	3.0
Career counseling	0.3	0.0	0.3	0.0	-0.3	0.3
Sample size	1098	350	355			

(continued)

Appendix Table B.2 (continued)

Outcome (%)	Average Outcome Levels: WRP Group	Average Outcome Levels: WRP Incentives Only Group	Average Outcome Levels: ANFC Group	WRP vs. ANFC: Impacts of Financial Incentives and Eligibility Rules Combined with Work Requirement	WRP Incentives Only vs. ANFC: Impacts of Financial Incentives and Eligibility Rules	WRP vs. WRP Incentives Only: Added Impacts of Work Requirement
Newport						
Ever participated	62.4	50.9	49.2	13.2 **	1.7	11.5 **
Ever participated in:						
Job search	47.9	25.7	26.0	21.9 ***	-0.4	22.2 ***
Education and training	31.8	28.1	23.5	8.3	4.6	3.7
Work experience	8.5	10.2	10.1	-1.6	0.1	-1.7
Job readiness	26.0	17.7	16.3	9.7 **	1.4	8.3 *
Career counseling	0.3	0.9	0.1	0.1	0.8	-0.6
Sample size	293	114	102			
Rutland						
Ever participated	54.5	40.9	42.3	12.3 ***	-1.3	13.6 ***
Ever participated in:						
Job search	38.2	21.1	22.5	15.8 ***	-1.4	17.1 ***
Education and training	23.0	19.5	19.3	3.7	0.3	3.5
Work experience	3.2	1.2	2.0	1.2	-0.8	2.0
Job readiness	20.3	13.4	15.5	4.8	-2.1	6.8 **
Career counseling	2.1	3.8	1.6	0.5	2.2	-1.7
Sample size	625	198	211			

(continued)

Appendix Table B.2 (continued)

Outcome (%)	Average Outcome Levels: WRP Group	Average Outcome Levels: WRP Incentives Only Group	Average Outcome Levels: ANFC Group	WRP vs. ANFC: Impacts of Financial Incentives and Eligibility Rules Combined with Work Requirement	WRP Incentives Only vs. ANFC: Impacts of Financial Incentives and Eligibility Rules	WRP vs. WRP Incentives Only: Added Impacts of Work Requirement
Springfield						
Ever participated	53.4	48.0	47.3	6.2	0.7	5.5
Ever participated in:						
Job search	31.5	22.8	22.9	8.6 *	-0.1	8.7 *
Education and training	28.3	30.3	21.5	6.8	8.8	-2.0
Work experience	3.5	3.0	1.2	2.3	1.8	0.4
Job readiness	18.8	17.4	13.2	5.6	4.2	1.4
Career counseling	5.7	9.5	5.1	0.7	4.5	-3.8
Sample size	349	117	115			
St. Albans						
Ever participated	54.2	45.1	45.0	9.1 **	0.1	9.1 *
Ever participated in:						
Job search	39.3	23.3	27.7	11.6 ***	-4.4	16.1 ***
Education and training	23.1	22.6	19.8	3.3	2.8	0.5
Work experience	11.0	6.6	8.4	2.5	-1.8	4.4
Job readiness	23.0	17.3	21.8	1.2	-4.6	5.7
Career counseling	0.0	0.0	0.0	0.0	0.0	0.0
Sample size	425	144	153			

SOURCE: MDRC calculations using Reach Up automated participation data.

NOTE: A two-tailed t-test was applied to all estimated impacts. Statistical significance levels are indicated as: ***=1 percent; **=5 percent; and *=10 percent.

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Appendix Table B.3

Self-Reported Participation in Employment-Related Activities Within a 42-Month Follow-Up Period for Single-Parent Survey Respondents

Outcome (%)	Average Outcome Levels: WRP Group	Average Outcome Levels: WRP Incentives Only Group	Average Outcome Levels: ANFC Group	WRP vs. ANFC: Impacts of Financial Incentives and Eligibility Rules Combined with Work Requirement	WRP Incentives Only vs. ANFC: Impacts of Financial Incentives and Eligibility Rules	WRP vs. WRP Incentives Only: Added Impacts of Work Requirement
Ever participated in any activity	56.8	54.1	54.1	2.6	0.0	2.6
Ever participated in:						
Job club	20.0	18.3	12.3	7.7 ***	6.0 **	1.7
Job search	21.9	14.5	15.6	6.3 **	-1.1	7.5 ***
Basic education	8.0	7.2	8.2	-0.2	-1.0	0.8
College	25.5	28.7	27.0	-1.5	1.7	-3.2
Work experience	2.7	2.4	3.0	-0.3	-0.6	0.3
On-the-job training	6.4	2.6	5.0	1.4	-2.4	3.9 ***
Vocational training	10.2	5.8	11.0	-0.8	-5.2 ***	4.4 **
Other	6.8	6.7	5.2	1.5	1.4	0.1
Sample size	421	414	421			

SOURCE: MDRC calculations using data from the 42-Month Client Survey.

NOTES: This table includes participation in all types of employment-related activities, including those not associated with Reach Up.
A two-tailed t-test was applied to all estimated impacts. Statistical significance levels are indicated as: ***=1 percent; **=5 percent; and *=10 percent.

Appendix C

Survey Response Analysis and Other Technical Issues

Appendix C

Survey Response Analysis and Other Technical Issues

This appendix discusses the following matters related to the data sources used in this report: (1) the survey response analysis; (2) the similarity of employment information from the unemployment insurance (UI) records and from the survey; (3) the sources of income from the survey for people with no income in the administrative records (that is, who were not in the UI earnings records, the ANFC records, or the Food Stamp records for the calendar quarter in which they were interviewed); (4) how MDRC estimated the Earned Income Credit (EIC); and (5) the rates of earnings reporting, by research group.

Survey Response Analysis

This section examines the generalizability of results from the survey. To study the effects of WRP, people were assigned at random to three research groups: the WRP group, the WRP Incentives Only group, and the ANFC group. Random assignment ensured that the groups were similar at that point and that any differences that emerged among the groups would be a result of WRP's policies. While random assignment worked for the entire WRP group and the entire ANFC group, some of the results in this report are based on a group of people who responded to the survey. Even if the background characteristics of WRP and ANFC group members were the same, it is possible that survey respondents — in both groups — differed from the remainder of the report sample. It is also important to check whether the impacts on outcomes measured by the administrative records are the same in the survey samples as the report samples. Thus, the survey response analysis considers the following issues: (1) the similarity of respondents across research groups; (2) the similarity of sample members who responded to the survey and the remainder of the report sample; and (3) administrative records impacts among survey subsamples. Separate analyses are performed for the single-parent sample and the two-parent (unemployed parent [UP]) sample.

Similarity of Single-Parent Survey Respondents Across Research Groups

It is possible that members of the WRP group who responded to the survey differed at baseline from members of the ANFC group who responded to the survey. If that were true, then differences that existed between the groups after baseline (that is, the results shown in this report) could partly reflect those baseline differences. Table C.1 shows various baseline characteristics of the survey respondents in the WRP group (first column) and of those in the ANFC group (second column).

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Appendix Table C.1

Baseline Characteristics of Single-Parent Survey Respondents, by Research Group

Characteristics	WRP Group	ANFC Group
Demographic characteristics (%)		
Applicant/recipient		
Applicant	37.8	39.7
Recipient	62.2	60.3
Geographic area		
Burlington	33.3	30.4
Barre	15.9	15.9
Newport	9.0	8.1
Rutland	19.0	20.7
Springfield	10.0	9.7
St Albans	12.8	15.2
Gender/sex		
Male	4.5	5.9
Female	95.5	94.1
Age at random assignment		
Under 20	5.0	7.1
20-24	22.1	20.0
25-34	48.2	45.1
35-44	20.4	24.0
45 or older	4.3	3.8
Labor force status (%)		
Ever employed before Quarter 1	31.8	35.2
Ever employed before Quarter 2	31.1	34.7
Ever employed before Quarter 3	28.3	32.5
Ever employed before Quarter 4	28.3	30.4
Working at random assignment	20.4	19.7
Educational status (%)		
Highest degree: HS diploma	46.2	46.9
Highest degree: GED	15.3	17.5
Highest degree: Technical diploma	10.3	10.1
Highest degree: College	2.6	4.1

(continued)

Appendix Table C.1 (continued)

Characteristics	WRP Group	ANFC Group
Public assistance status		
Ever received cash assistance payments before Quarters 1-4 (%)		
Ever received cash assistance before Quarter 1	67.9	70.6
Ever received cash assistance before Quarter 2	72.0	71.7
Ever received cash assistance before Quarter 3	71.0	70.3
Ever received cash assistance before Quarter 4	69.8	69.1
Ever received Food Stamps, before Quarters 1-4 (%)		
Ever received Food Stamps before Quarter 1	73.4	76.3
Ever received Food Stamps before Quarter 2	73.9	74.6
Ever received Food Stamps before Quarter 3	73.2	72.7
Ever received Food Stamps before Quarter 4	71.7	72.2
Earnings, before Quarters 1-4 ($)		
Earnings before Quarter 1	572	608
Earnings before Quarter 2	523	575
Earnings before Quarter 3	475	560
Earnings before Quarter 4	506	540
Received cash assistance, before Quarters 1-4 ($)		
Amount of cash assistance received before Quarter 1	1,092	1,099
Amount of cash assistance received before Quarter 2	1,116	1,124
Amount of cash assistance received before Quarter 3	1,116	1,095
Amount of cash assistance received before Quarter 4	1,045	1,035
Food Stamps received, before Quarters 1-4 ($)		
Amount of Food Stamps received before Quarter 1	375	381
Amount of Food Stamps received before Quarter 2	372	366
Amount of Food Stamps received before Quarter 3	377	368
Amount of Food Stamps received before Quarter 4	359	352
Sample size	421	421

SOURCES: MDRC calculations using data from the 42-Month Client Survey, Background Information Forms (BIF), Vermont and New Hampshire unemployment insurance earnings records, Vermont ANFC records, and Vermont Food Stamp records.

NOTES: The sample includes single parents in the survey respondent sample.

A regression was run to determine whether research group membership could be predicted by background characteristics. The model was not significant (p = .9262).

Two-tailed t-tests were applied to all estimated differences in means. Chi-square tests were applied to differences in catagories. There were no statistical significant differences at the 1 percent, 5 percent, or 10 percent levels.

The two groups of single-parent survey respondents were similar in every way shown in the table. They had similar welfare histories: About 40 percent of both groups were applying for welfare when they were randomly assigned, and 60 percent were already receiving welfare at that time**.** About 95 percent of both groups are female. They were dispersed in a similar way around the state, with about 30 percent of both groups coming from Burlington, 20 percent from Rutland, and so on. Likewise, they had similar work histories and similar education levels. The results in Table C.1 are encouraging, therefore, and suggest that comparisons across the research groups will indicate the effects of WRP's policies rather than preexisting differences across survey respondents in the research groups.

To enable a more rigorous analysis of whether there are differences across research groups in the survey sample, a regression was performed that tried to predict research group status on the basis of these background characteristics. This regression found that, taken as a whole, the background characteristics presented in Table C.1 were unsuccessful in determining the research status of sample members.

Similarity of Single-Parent Survey Respondents and Nonrespondents

Even when experimental comparisons using survey data are legitimate — as Table C.1 implies they are — they might provide results for an unusual sample that does not represent the full group of people who entered the study. When the survey firm was trying to find people to whom they could administer the survey, for example, it might have been more easy to locate people who were still on welfare, since welfare records could have provided an accurate current address. If that had happened, then the results in this report would reflect a group of people who were more likely to be on welfare than the group of people who were originally randomly assigned.

Table C.2 examines this possibility by showing baseline characteristics of single-parent families who responded to the 42-Month Client Survey and those in the single-parent analysis sample who did not respond to the survey. In some ways, the two groups are fairly similar. Just over 30 percent of both groups came from Burlington, for example, and the average age at random assignment was nearly the same between the two groups. Likewise, the work history of the two groups was similar: For example, about one-third of each group worked in the quarter before random assignment; about 30 percent worked in the fourth quarter before random assignment; and about 20 percent were working at random assignment. This suggests that the survey results that relate to employment and types of jobs may be fairly representative of the larger sample.

In some ways, however, survey respondents differed from the remainder of the report sample at random assignment. As mentioned above, people who were more likely to

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Appendix Table C.2

Differences in Baseline Characteristics of Single-Parent Families, by Survey Response Status

Characteristics	Survey Respondents	Remainder of Report Sample	Difference
Demographic characteristics (%)			
Applicant/recipient			
Applicant	39.5	44.8	***
Recipient	60.5	55.2	
Geographic area			
Burlington	32.1	33.2	
Barre	15.6	14.8	
Newport	9.2	9.4	
Rutland	19.0	18.9	
Springfield	10.0	10.8	
St Albans	14.2	12.9	
Gender/sex			
Male	5.3	7.1	**
Female	94.7	92.9	
Age at random assignment			
Under 20	5.6	5.9	
20-24	21.4	22.1	
25-34	45.1	43.1	
35-44	23.6	24.3	
45 or older	4.4	4.7	
Labor force status (%)			
Ever employed before Quarter 1	33.8	33.2	
Ever employed before Quarter 2	32.9	32.3	
Ever employed before Quarter 3	30.7	31.8	
Ever employed before Quarter 4	29.9	31.2	
Working at random assignment	20.4	19.9	
Educational status (%)			
Highest Degree: HS Diploma	47.3	42.7	***
Highest Degree: GED	16.5	17.4	
Highest Degree: Technical Diploma	9.7	8.6	
Highest Degree: College	3.7	3.3	

(continued)

Appendix Table C.2 (continued)

Characteristics	Survey Respondents	Remainder of Report Sample	Difference
Public assistance status			
Ever received cash assistance payments before Quarters 1-4 (%)			
Ever received cash assistance before Quarter 1	68.2	64.6	**
Ever received cash assistance before Quarter 2	71.3	65.8	***
Ever received cash assistance before Quarter 3	69.8	63.9	***
Ever received cash assistance before Quarter 4	68.4	62.5	***
Ever received Food Stamps, before Quarters 1-4 (%)			
Ever received Food Stamps before Quarter 1	74.5	72.7	
Ever received Food Stamps before Quarter 2	74.0	71.6	*
Ever received Food Stamps before Quarter 3	72.1	68.8	**
Ever received Food Stamps before Quarter 4	71.3	67.4	***
Earnings, before Quarters 1-4 ($)			
Earnings before Quarter 1	618	600	
Earnings before Quarter 2	577	583	
Earnings before Quarter 3	554	618	
Earnings before Quarter 4	569	606	
Received cash assistance, before Quarters 1-4 ($)			
Amount of cash assistance received before Quarter 1	1,073	1,008	**
Amount of cash assistance received before Quarter 2	1,096	1,003	***
Amount of cash assistance received before Quarter 3	1,082	986	***
Amount of cash assistance received before Quarter 4	1,023	931	***
Food Stamps received, before Quarters 1-4 ($)			
Amount of Food Stamps received before Quarter 1	377	374	
Amount of Food Stamps received before Quarter 2	372	366	
Amount of Food Stamps received before Quarter 3	372	352	**
Amount of Food Stamps received before Quarter 4	357	327	***
Sample size	1,256	4,213	

SOURCES: MDRC calculations using data from the 42-Month Client Survey, Background Information Forms (BIF), Vermont and New Hampshire unemployment insurance earnings records, Vermont ANFC records, and Vermont Food Stamp records.

NOTES: The sample includes single parents in the fielded survey sample.

A regression was run to determine whether there were any systematic differences between survey respondents and nonrespondents. The F statistic of 2.20 ($p = 0.0001$) indicated that there were some systematic differences in the background characteristics of survey respondents and nonrespondents.

Two-tailed t-tests were applied to all estimated differences in means. Chi-square tests were applied to differences in catagories. Statistical significance levels are indicated as: ***=1 percent; **=5 percent; and *=10 percent.

still be on welfare in Month 42 may have been more likely to have responded to the survey. Table C.2 shows that survey respondents were more likely to be receiving welfare at random assignment and that they received more in benefit payments. At the same time, survey respondents were more likely to be female, and they were nearly 5 percentage points more likely to have graduated from high school.

Although these differences require that results in this report be interpreted with some slight caution, results for survey respondents are likely to be safely generalizable to the full sample, since no differences are enormous and since the two groups are similar in most respects. Furthermore, impacts from the survey sample on outcomes from the administrative records are similar in pattern (albeit different in magnitude) to impacts from the report sample, which are discussed below. A multivariate regression model was run to determine which characteristics were most important in predicting survey response. This analysis found that, taken as a whole, the set of background characteristics shown in Table C.2 was able to predict response status (that is, there is some response bias). Not surprisingly, the most important predictors were related to prior receipt of cash assistance and Food Stamps.

Response Analysis Among Two-Parent (UP) Families

Further analysis (not shown) found that two-parent WRP group members who responded to the survey were very similar to their ANFC counterparts. Table C.3 (like Table C.2) shows the differences in baseline characteristics for respondents versus the remainder of the report sample — this time, for the two-parent unemployed (UP) families. Again, it is important to identify any large differences between the two groups at the baseline stage to understand whether the survey sample is representative of the full sample and to identify whether any large differences in baseline characteristics could make the results less generalizable. Fortunately — as in the single-parent comparison — Table C.3 again shows only moderate differences in baseline characteristics between respondents and the remainder of the report sample. The differences are similar to those presented earlier for single-parent families.

As among single-parent respondents and nonrespondents, Table C.3 shows similarities between the two-parent groups in terms of research district, age at random assignment, and previous employment. However, unlike the single-parent comparison, the two-parent groups were more similar in terms of their applicant/recipient status. As among single parents, respondents in the two-parent families were more likely than nonrespondents to have received welfare before random assignment. Respondents also had higher Food Stamp receipt rates and payments. Although the differences in baseline characteristics are not large in general, they again require that the results in the report be interpreted with some caution.

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Appendix Table C.3

Differences in Baseline Characteristics of Two-Parent Unemployed Families, by Survey Response Status

Characteristics	Survey Respondents	Remainder of Report Sample	Difference
Demographic characteristics (%)			
Applicant/recipient			
Applicant	64.1	67.8	
Recipient	35.9	32.2	
Geographic area			
Burlington	22.4	26.7	
Barre	14.6	14.8	
Newport	14.4	11.4	
Rutland	20.6	20.5	
Springfield	9.1	8.3	
St Albans	18.8	18.3	
Gender/sex			
Male	24.7	31.0	***
Female	75.3	69.0	
Age at random assignment			
Under 20	5.4	5.6	
20-24	23.5	25.2	
25-34	47.1	44.3	
35-44	19.6	20.9	
45 or older	4.2	4.0	
Labor force status (%)			
Ever employed before Quarter 1	69.5	65.9	
Ever employed before Quarter 2	65.9	63.0	
Ever employed before Quarter 3	64.8	63.7	
Ever employed before Quarter 4	66.1	62.7	
Working at random assignment	20.8	21.9	
Educational status (%)			
Highest Degree: HS Diploma	46.6	41.1	**
Highest Degree: GED	13.5	15.2	
Highest Degree: Technical Diploma	8.0	8.2	
Highest Degree: College	2.3	2.3	

(continued)

Appendix Table C.3 (continued)

Characteristics	Survey Respondents	Remainder of Analysis Sample	Difference
Public assistance status			
Ever received cash assistance payments before Quarters 1-4 (%)			
Ever received cash assistance before Quarter 1	46.8	45.9	
Ever received cash assistance before Quarter 2	50.2	48.8	
Ever received cash assistance before Quarter 3	52.0	46.9	**
Ever received cash assistance before Quarter 4	50.8	44.0	***
Ever received Food Stamps, before Quarters 1-4 (%)			
Ever received Food Stamps before Quarter 1	66.7	63.6	
Ever received Food Stamps before Quarter 2	64.6	64.9	
Ever received Food Stamps before Quarter 3	65.8	61.8	
Ever received Food Stamps before Quarter 4	65.4	59.2	**
Earnings, before Quarters 1-4 ($)			
Earnings before Quarter 1	2,393	2,296	
Earnings before Quarter 2	2,232	2,223	
Earnings before Quarter 3	2,127	2,322	
Earnings before Quarter 4	2,135	2,113	
Received cash assistance, before Quarters 1-4 ($)			
Amount of cash assistance received before Quarter 1	748	734	
Amount of cash assistance received before Quarter 2	773	759	
Amount of cash assistance received before Quarter 3	798	736	
Amount of cash assistance received before Quarter 4	756	693	
Food Stamps received, before Quarters 1-4 ($)			
Amount of Food Stamps received before Quarter 1	428	390	*
Amount of Food Stamps received before Quarter 2	419	400	
Amount of Food Stamps received before Quarter 3	427	389	*
Amount of Food Stamps received before Quarter 4	405	358	**
Sample size	616	1,036	

SOURCES: MDRC calculations using data from the 42-Month Client Survey, Background Information Forms (BIF), Vermont and New Hampshire unemployment insurance earnings records, Vermont ANFC records, and Vermont Food Stamp records.

NOTES: The sample includes single parents in the fielded survey sample.

A regression was run to determine whether there were any systematic differences between survey respondents and the remainder of the analysis sample. The F statistic of 1.74 (p = 0.0031) indicated that there were some systematic differences in the background characteristics of survey respondents and nonrespondents.

Two-tailed t-tests were applied to all estimated differences in means. Chi-square tests were applied to differences in catagories. Statistical significance levels are indicated as: ***=1 percent; **=5 percent; and *=10 percent.

A regression analysis was performed that attempted to predict response status based on these characteristics. This regression was significant. Therefore, caution should be exercised when generalizing findings from the survey sample to the full report sample.

Administrative Records Impacts for Survey Respondents

Table C.4 presents six-year impact findings for the single-parent respondents to the 42-Month Client Survey, and Table C.5 presents similar findings for respondents in the two-parent UP families. These tables draw on the administrative records data used in the main report and show impacts on employment, cash assistance and Food Stamp receipt, cash assistance and Food Stamp payments, and earnings. A comparison with the findings for the report sample (presented in Table 6) shows that the impacts in Years 1 and 2 were similar for both single-parent samples: WRP slightly increased employment and didn't affect the other sources of income. This similarity is expected, based on the minor differences in baseline characteristics of respondents versus the remainder of the report sample. Reflecting the response bias, however, welfare and Food Stamp payment levels were higher in both research groups of the survey respondent sample.

However, in Years 3 through 6, some differences between the survey sample and the report sample are evident. In both samples, there was a moderate impact on employment and cash assistance payment in Years 3 and 4. However, the report sample shows a statistically significant $713 impact on earnings, while the survey sample experienced much more moderate increases that are not statistically significant. Largely because of this, WRP had no impact on income among the survey sample, while a $442 impact was measured in the full report sample. Inasmuch as the 42-Month Client Survey was administered during this same time period, these results are especially noteworthy.

The same patterns continued in the final two years of the follow-up period. Table C.4 shows that WRP did not have a significant impact on employment or earnings during Years 5 and 6 (though there were increases in both years). The report sample experienced significant increases during this period. In both samples, decreases in cash assistance payments were still significant. Because of these differences, some caution should be exercised when generalizing results from the survey to the report sample. However, the general pattern of impacts for single parents is largely the same in the survey sample as in the full sample.

Table C.5 shows the impacts on administrative records measures of employment, earnings, and public assistance receipt and payments among two-parent (UP) respondents to the 42-Month Client Survey. It shows that, among the survey sample, WRP did not increase welfare receipt or payments. This differs from the report sample results, which show that WRP increased welfare receipt during the first four years. However, in the final two years of the follow-up period, the results were similar across the two samples. While the results in Table C.5 differ

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Appendix Table C.4

Six-Year Impacts of WRP for Single-Parent Families Who Responded to the Survey

Outcome	WRP Group	ANFC Group	Difference (Impact)	Percentage Change (%)
Years 1-2				
Average quarterly employment (%)	44.9	40.7	4.2 *	10.2
Average quarterly percentage receiving cash assistance (%)	69.9	70.8	-0.9	-1.3
Average quarterly percentage receiving Food Stamps (%)	77.7	78.9	-1.2	-1.5
Average annual earnings ($)	3,723	3,479	244	7.0
Average annual cash assistance payments ($)	3,953	4,095	-143	-3.5
Average annual Food Stamp payments ($)	1,687	1,729	-42	-2.4
Average annual tax-adjusted income[a] ($)	9,945	9,837	108	1.1
Years 3-4				
Average quarterly employment (%)	61.1	53.9	7.2 ***	13.4
Average quarterly percentage receiving cash assistance (%)	42.6	44.4	-1.8	-4.1
Average quarterly percentage receiving Food Stamps (%)	56.3	58.5	-2.2	-3.7
Average annual earnings ($)	6,460	6,155	305	5.0
Average annual cash assistance payments ($)	2,150	2,537	-387 **	-15.2
Average annual Food Stamp payments ($)	1,186	1,265	-79	-6.2
Average annual tax-adjusted income[a] ($)	10,637	10,625	11	0.1
Years 5-6				
Average quarterly employment (%)	62.3	58.7	3.6	6.2
Average quarterly percentage receiving cash assistance (%)	23.5	29.7	-6.3 **	-21.1
Average quarterly percentage receiving Food Stamps (%)	38.7	41.1	-2.4	-5.8
Average annual earnings ($)	8,903	8,345	558	6.7
Average annual cash assistance payments ($)	1,128	1,722	-594 ***	-34.5
Average annual Food Stamp payments ($)	805	858	-53	-6.2
Average annual tax-adjusted income[a] ($)	11,184	11,340	-156	-1.4
Sample size	421	421		

SOURCE: MDRC calculations using data from Vermont and New Hampshire unemployment insurance earnings records, Vermont ANFC records, and Vermont Food Stamp records.

NOTES: Dollar averages include zero values for sample members who were not employed or were not receiving cash assistance or Food Stamps. Estimates were regression-adjusted using ordinary least squares, controlling for pre-random assignment characteristics of sample members.

A two-tailed t-test was applied to all estimated impacts. Statistical significance levels are indicated as: ***=1 percent; **=5 percent; and *=10 percent.

Rounding may cause slight discrepancies in calculating sums and differences.

[a]This measure includes income from earnings, cash assistance, and Food Stamps; federal, state, and payroll taxes; and the federal and state Earned Income Credits.

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Appendix Table C.5

Six-Year Impacts of WRP for Two-Parent Unemployed Families Who Responded to the Survey

Outcome	WRP Group	ANFC Group	Difference (Impact)	Percentage Change (%)
Years 1-2				
Average quarterly employment (%)	77.3	73.2	4.1	5.6
Average quarterly percentage receiving cash assistance (%)	48.2	48.0	0.2	0.4
Average quarterly percentage receiving Food Stamps (%)	65.2	69.5	-4.4	-6.3
Average annual earnings ($)	12,338	11,228	1,110	9.9
Average annual cash assistance payments ($)	2,582	2,830	-248	-8.7
Average annual Food Stamp payments ($)	860	1,052	-192	-18.2
Average annual tax-adjusted income[a] ($)	16,757	16,411	346	2.1
Years 3-4				
Average quarterly employment (%)	78.7	76.1	2.7	3.5
Average quarterly percentage receiving cash assistance (%)	31.0	29.7	1.3	4.5
Average quarterly percentage receiving Food Stamps (%)	47.7	51.3	-3.6	-6.9
Average annual earnings ($)	16,662	15,741	921	5.9
Average annual cash assistance payments ($)	1,484	1,546	-62	-4.0
Average annual Food Stamp payments ($)	860	1,052	-192	-18.2
Average annual tax-adjusted income[a] ($)	18,239	17,874	365	2.0
Years 5-6				
Average quarterly employment (%)	77.4	76.1	1.3	1.8
Average quarterly percentage receiving cash assistance (%)	22.2	20.8	1.4	6.8
Average quarterly percentage receiving Food Stamps (%)	36.3	39.0	-2.6	-6.8
Average annual earnings ($)	19,349	19,186	162	0.8
Average annual cash assistance payments ($)	1,164	1,210	-47	-3.9
Average annual Food Stamp payments ($)	860	1,052	-192	-18.2
Average annual tax-adjusted income[a] ($)	19,321	19,384	-63	-0.3
Sample size	218	198		

SOURCE: MDRC calculations using data from Vermont and New Hampshire unemployment insurance earnings records, Vermont ANFC records, and Vermont Food Stamp records.

NOTES: Dollar averages include zero values for sample members who were not employed or were not receiving cash assistance or Food Stamps. Estimates were regression-adjusted using ordinary least squares, controlling for pre-random assignment characteristics of sample members.

A two-tailed t-test was applied to all estimated impacts. Statistical significance levels are indicated as: ***=1 percent; **=5 percent; and *=10 percent.

Rounding may cause slight discrepancies in calculating sums and differences.

[a]This measure includes income from earnings, cash assistance, and Food Stamps; federal, state, and payroll taxes; and the federal and state Earned Income Credits.

somewhat from those in Table 16 (the related table in the report), it should be kept in mind that the sample sizes used in Table C.5 are rather small. At any rate, the differences again suggest caution in generalizing these results to the full report sample of two-parent UP families.

Comparing Employment from the UI Records and the Survey

Results in the body of the report show that WRP's impacts on employment as measured with survey responses are about the same as the impacts measured with UI records but that employment levels are higher using the survey data. Table C.6 presents further information to explain these comparisons.

The upper panel of Table C.6 shows the extent to which the survey and the UI records agree regarding a person's employment. The third row of the table shows a very positive result: For 76.5 percent of the WRP groups (the WRP group and the WRP Incentives Only group combined), the two sources of information agree, as they do for 80.0 percent of the ANFC group. That is, both the survey and the UI records indicate that these individuals were working, or both sources indicate that these persons were not working. The fourth row of the table indicates that both the survey and the administrative records show that most of these individuals were working.

The first two rows of the upper panel show the ways in which the two sources of information disagree. For more than 10 percent of both research groups (row 1), the survey indicates that the person was employed, but the UI records do not. If the survey is accurate, this implies that the person was working in a job not covered by the UI system — perhaps because it was a job in the informal sector or a job outside Vermont and New Hampshire, the two states for which UI records were collected. Less than 9 percent of both research groups (row 2) were employed according to UI records, but they were not employed according to their own survey responses. This discrepancy is less likely to reflect the types of jobs that people had than to point to some of the drawbacks of surveys: (1) some people may have forgotten about jobs that they held; (2) some people may have decided not to tell the interviewer about jobs that they held; and (3) the survey results reflect employment in one month, while the UI records show employment for one quarter — and the person may have been employed in the quarter but not in the month measured by the survey.

The lower panel of Table C.6 provides some additional insight into the group of people who said that they were working but who did not appear to be working according to the UI records. This panel compares the characteristics of these individuals with the characteristics of workers in the full survey (that is, including those who also appeared to be working in the UI records). As discussed above, one potential reason that someone who was working does not appear in the UI records is that the job was not in Vermont or New Hampshire. Indeed, while

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Appendix Table C.6

Comparison of Employment Reported on the Survey and on UI Records

	WRP Group	ANFC Group
Comparison of employment statuses across data sources for comparable relative quarter[a]		
Working on survey, not on UI records (%)	14.7	11.6
Working on UI, not on survey (%)	8.8	8.3
Same employment status on both UI and Survey (%)	76.5	80.0
Measured as working on both data sources (%)	50.8	43.9
Measured as not employed on both data sources (%)	25.7	36.1
	Working on Survey, Not on Records	Full Survey Sample
Job was located in Vermont (%)	75.7	92.1
Hours worked	33	34
Earnings ($)	277	254
Employer-provided medical benefits (%)	22.5	28.3

SOURCES: MDRC calculations using data from 42-Month Client Survey and Vermont and New Hampshire unemployment insurance earnings records, Vermont ANFC records, and Vermont Food Stamp records.

NOTE: [a]Comparisons are approximations, because survey data are collected monthly while UI data are compiled quarterly. Some of the mismatch can be attributed to this factor. Also, the UI system does not cover many informal jobs and out-of-state jobs.

more than 90 percent of all workers in the survey were employed in Vermont, only about 75 percent of workers who do not show up in the UI records were working in Vermont. Jobs that provide medical benefits are also more likely to be covered by the UI system. The last row of the table shows that 28.3 percent of workers in the full survey sample were provided with medical benefits by their employer, while only 22.5 percent of those with a records discrepancy were — perhaps implying that their jobs were indeed less likely to be covered by the UI system. In other ways, however, the jobs appear similar: Most jobs were full time (on average, both groups worked nearly 40 hours per week), and average weekly earnings were similar for the two groups.

Income Sources for People with No Income from Administrative Records

In the 1999 report about WRP that used administrative records, about 25 percent of each research group had no earnings reported to the UI system and no cash assistance reported in the ANFC records in Quarter 14 — about the time when the survey was administered.[1] In other words, the administrative records indicate that these individuals had no income. If these people really had no means of support, then this result is extremely concerning. More likely, however, is that many of these people were working in a job not covered by the UI system or were living with other adults who were providing support for them and their families.

Table C.7 describes the potential income sources for people for whom the administrative records show no income in the quarter in which the survey was administered. Among this group, nearly two-thirds lived with another adult who had income, and more than half were cur-

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Appendix Table C.7

Income Sources for Those Who Had No Measured Income According to the Administrative Records

	$0 in Administrative Records (N=151) (%)	Full Sample (%)
Lives with another adult	74.2	54.5
Lives with another adult who has income	64.9	49.5
Received cash assistance in other state	4.6	1.2
Received cash assistance or Food Stamps	15.9	52.9
Currently working	55.0	59.0
Lives with another adult, received cash assistance or Food Stamps, or currently working	94.7	98.2

SOURCES: MDRC calculations using data from 42-Month Client Survey and Vermont and New Hampshire unemployment insurance earnings records, Vermont ANFC records, and Vermont Food Stamp records.

[1]Hendra and Michalopoulos, 1999.

rently working (apparently in jobs not covered by the UI system). Overall, 95 percent reported that they were living with another adult, or were working, or were receiving welfare or Food Stamps. In other words, the survey indicates that almost all these people had some source of income or support.

Calculations of Tax-Adjusted Income

This section describes how MDRC derived the tax-adjusted income figures shown in the main report (for example, in Table 6). The same general methodology was used in the benefit-cost analysis. This discussion also describes some limitations of the approach that was used.

The General Approach

The analysis began by calculating each sample member's annual pretax earnings based on Vermont's and New Hampshire's unemployment insurance (UI) records. It was assumed that all sample members paid federal payroll taxes (amounting to 7.65 percent of annual earnings) and federal income taxes. The income tax calculations — based on 2000 tax rules — used the number of children reported by each sample member at baseline, and it was assumed that all sample members claimed the standard deduction.[2]

The analysis assumed that some sample members who were eligible for the Earned Income Credit (EIC) did not actually claim it. This assumption is based on national studies that suggest that the take-up rate for the EIC is less than 100 percent. The EIC take-up assumptions in this analysis are based on two questions in the 42-Month Client Survey that asked respondents whether they had received or would receive a tax refund and whether the EIC had been claimed for the 1997 tax year. MDRC examined the responses to these questions separately, by respondents' earnings in 1997 (according to UI records), which fell into the brackets shown in Table C.8. As the table shows, rates of reported tax filing were substantially lower for those with very low earnings in 1997. (There are several reasons why respondents who had no UI earnings might have filed a tax return; for example, they might have had earnings not reported to the UI system or out-of-state earnings, or their spouse might have had earnings.)

Based on annual UI earnings and the number of children at baseline, each sample member received an annual EIC estimate, which then was multiplied by the EIC take-up rate for the individual's level of earnings in that year. Essentially, the analysis assumed that everyone

[2]U.S. Social Security Administration, Web site; and CCH, 1999.

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Appendix Table C.8

Self-Reported Income Tax Filing, by Earnings Bracket

Annual Earnings in 1997 ($)	Reported Receiving Federal Tax Refund or Claiming EIC (%)
$0	30.5
$1-$5,000	70.2
$5,001-$15,000	91.6
$15,001 or more	86.2

who reported receiving a tax refund had claimed the EIC. (People who file a tax return and appear to be eligible for the EIC but do not claim it will receive a letter from the Internal Revenue Service informing them of the credit and enclosing the necessary forms.)[3]

Limitations of the Analysis

In the absence of actual tax data, it is impossible to derive a completely accurate estimate of sample members' tax-adjusted income. Limitations of the analysis described above include:

- The calculation does not consider the income of other people in the sample members' households. About 20 percent of sample members were married and living with their spouse when the 42-Month Client Survey was administered, and over half lived with at least one other adult. However, data on the earnings of other household members were available only for the month before the survey interview.
- The assumption about the EIC take-up rate may not be entirely accurate. For example, some sample members who received a tax refund may not have claimed the EIC even though they were eligible for it. In the absence of additional data, the analysis assumed that everyone who reported receiving a tax refund had claimed the credit.

[3]The analysis assumed that some sample members had paid state and federal income taxes even though they reported, on the survey, that they had not received a tax refund for 1997. It is important to note, however, that most of the people in that category had earnings that were too low to result in any tax liability.

- Some sample members probably had earnings that were taxable but were not reported in the UI records. For example, they may have worked outside Vermont or New Hampshire or for the federal government.
- For simplicity, 2000 tax rules were used throughout the analysis, even though the follow-up period ran from 1995 through 2001.
- The analysis used the number of children reported by each sample member at the point of random assignment. Some people gave birth to additional children after random assignment, but such information is available only for people who responded to the survey.

Despite these limitations, the analysis provides a reasonable estimate of tax-adjusted income. More important, the factors described above should have affected both research groups equally, meaning that the impact estimates should not be affected.

Effects of Tax Adjustment on Income

The above calculations yielded the results shown in Table C.9 for the WRP group. For example, in Years 1 and 2, tax-adjusted income was about 16 percent higher than pretax earnings; by Years 5 and 6, however, the EIC added only 4.7 percent to earnings. For this latter period, some readers might wonder why tax-adjusted income was only slightly higher than pretax income. After all, in 2000, the federal EIC was worth up to 40 percent of annual earnings for a family with two children — a maximum of $3,816.[4] One might think that a credit this large would have boosted income further.

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Appendix Table C.9

Pretax and Tax-Adjusted Annual Earnings for the WRP Group

	Pretax Annual Earnings ($)	Tax-Adjusted Annual Earnings ($)	Difference Between After-Tax Earnings and Gross Earnings ($)
Years 1-2	3,660	4,230	570
Years 3-4	6,306	6,936	630
Years 5-6	8,050	8,427	377

[4]U.S. House of Representatives, Committee on Ways and Means, 2000.

To understand these results, it is important to consider the basic structure of the federal EIC, which is illustrated in Table C.10. For a family with one child in 2000, the EIC was worth 34 percent of annual earnings up to $6,800. For families with earnings between $6,800 and $12,460 (the beginning of the phase-out range), the credit was worth $2,312. Thus, in this "flat" range, the EIC was worth from 34 percent to 19 percent of earnings. The credit then phased out between $12,460 and $27,400. For example, for a family with earnings of $17,000, the credit was worth about $1,587. The same basic structure applied to families with two or more children, although the amounts were larger.

In addition to the federal EIC, Vermont offers a state EIC that is 32 percent of the federal EIC.[5] In order to be eligible for the state credit, families with one child cannot have earnings above $27,400. For families with more then one child, earnings must not exceed $31,150. This additional state EIC is included in total tax-adjusted annual earnings shown in Table C.9.

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Appendix Table C.10

Structure of the Federal Earned Income Credit (2000)

Family Size	Credit Percentage	Maximum Benefit	Phase-Out Rate	Phase-Out Range
Families with one child	34% of first $6,800	$2,312	15.98%	$12,460 to $27,400
Families with two or more children	40% of first $9,540	$3,816	21.06%	$12,460 to $31,150

SOURCE: CCH, 1999.

There are several reasons why the tax calculation did not add much income for sample members (particularly at the end of the follow-up period):

- Nearly 40 percent of sample members had only one child at the point of random assignment. As shown in Table C.10, the EIC was considerably smaller for families with one child than for those with two or more children. For families with one child, the EIC was worth up to 34 percent of annual earnings, with a maximum of $2,312.

[5]Vermont Department of Taxes, Web site.

- As noted earlier, the analysis assumed that some sample members who were eligible for the EIC had not claimed it. Overall, it was assumed that approximately 84 percent of those with earnings in 1997 had claimed the EIC.
- The earnings figures in Table C.9 are averages and include many people who did not work — and who thus gained nothing from the EIC — in each year.
- Among those who worked, the levels of earnings in this study are moderately high, compared with the levels found in previous studies of similar populations. Thus, almost half of sample members had earnings above the EIC phase-in range. As shown in Table C.11, in Year 6 of the follow-up period, among sample members who had one child, 13 percent had earnings in the flat range ($6,800 to $12,460); 26 percent had earnings in the phase-out range ($12,460 to $27,400); and nearly 5 percent earned too much to be eligible for the EIC.

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Appendix Table C.11

Proportion of WRP Group Members with Year 6 Earnings in the EIC Phase-In Range, Flat Range, and Phase-Out Range

Level of Earnings	Sample Members with One Child (%)	Sample Members with Two or More Children (%)
Phase-in range	57.2	63.1
Flat range	12.6	7.8
Phase-out range	25.7	26.6
Ineligible range	4.5	2.6

An Analysis of Earnings Reporting

An analysis was conducted to determine whether WRP encouraged more accurate reporting of earnings to the Vermont Department of Social Welfare (DSW).[6] Because WRP group members were subject to a work requirement and were given a clear message that they could keep more of their welfare grants if they went to work (as compared with prior ANFC rules), it might be expected that WRP group members had stronger incentives to report earnings

[6]DSW was the agency that administered WRP; it was renamed the Department of Prevention, Assistance, Transition, and Health Access (PATH) in mid-2000.

to DSW. MDRC had access to data both from UI earnings records and from earnings reported to the welfare department. The analysis included single-parent sample members who were on welfare for all three months in a given quarter and who were employed in that same quarter according to UI records. Sample members who met these two criteria should have reported at least some earnings to the welfare department. For these sample members, MDRC computed the average reported earnings and the percentage reporting earnings to DSW. If all sample members reported all their earnings, the analysis would find that 100 percent of UI earnings were reported to DSW. To account for possible reporting delays, the analysis examined whether sample members reported earnings in either the same quarter or the following quarter.

The results of this analysis are presented in Table C.12. The analysis examined selected quarters of the follow-up period before, during, and after the onset of the work requirement. (MDRC did not receive complete data on reported income until Quarter 9.) Table C.12 shows that WRP group members were more likely to report earnings than ANFC group members. For example, nearly 81 percent of WRP group members who were on welfare in each month of Quarter 10 and who were working according to the UI records reported earnings to DSW in Quarter 10 or Quarter 11. The corresponding percentage for the ANFC group was about 20 percentage points lower.

Comparable differences were found in all the quarters shown in Table C.12, both before and after the onset of the work requirement. Table C.12 shows that the Incentives Only group fell roughly between the ANFC group and the WRP group in their propensity to report earnings. Like members of the WRP group, Incentives Only group members were repeatedly reminded that they could keep more of their welfare grant under WRP's rules. However, the fact that Incentives Only group members were less likely to report than WRP group members suggests that the work requirement — combined with the message about retaining more of their welfare grant — was most effective.

These differences in reported earnings may have affected the magnitude of the impacts on cash assistance payments and, thus, on income. Given the complexity of welfare dynamics and the limitations of the available data, it is not possible to estimate these effects reliably; however, analysis using the available data suggests that the effects are probably small.

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Appendix Table C.12

Rates of Earnings Reporting to DSW Among Those Working in a UI-Covered Job and on Welfare All Three Months of a Quarter for Select Quarters

	WRP Group	WRP Incentives Only Group	ANFC Group
Had UI earnings in Quarter 9, and on welfare all 3 months (%)			
Percentage of UI earnings reported to DSW in Quarter 9	*62.2*	*56.1*	*34.5*
Percentage reporting earnings to DSW in Quarter 9	*66.9*	*64.1*	*44.4*
Percentage reporting earnings to DSW in Quarter 9 or 10	*78.7*	*70.9*	*54.7*
Sample size	474	117	117
Had UI earnings in Quarter 10, and on welfare all 3 months (%)			
Percentage of UI earnings reported to DSW in Quarter 10	*57.9*	*57.5*	*32.1*
Percentage reporting earnings to DSW in Quarter 10	*68.7*	*61.5*	*51.9*
Percentage reporting earnings to DSW in Quarter 10 or 11	*80.9*	*67.9*	*60.4*
Sample size	492	109	106
Had UI earnings in Quarter 11, and on welfare all 3 months (%)			
Percentage of UI earnings reported to DSW in Quarter 11	*70.2*	*53.3*	*31.5*
Percentage reporting earnings to DSW in Quarter 11	*78.1*	*61.5*	*49.0*
Percentage reporting earnings to DSW in Quarter 11 or 12	*84.6*	*69.7*	*60.0*
Sample size	512	122	100
Had UI earnings in Quarter 14, and on welfare all 3 months (%)			
Percentage of UI earnings reported to DSW in Quarter 14	*68.7*	*42.9*	*50.7*
Percentage reporting earnings to DSW in Quarter 14	*75.8*	*53.1*	*59.2*
Percentage reporting earnings to DSW in Quarter 14 or 15	*83.0*	*62.2*	*75.0*
Sample size	418	98	76
Had UI earnings in Quarter 20, and on welfare all 3 months (%)			
Percentage of UI earnings reported to DSW in Quarter 20	*60.0*	*43.5*	*31.5*
Percentage reporting earnings to DSW in Quarter 20	*70.4*	*63.6*	*56.7*
Percentage reporting earnings to DSW in Quarter 20 or 21	*78.1*	*71.2*	*67.2*
Sample size	247	66	67

SOURCE: MDRC calculations using data from Vermont and New Hampshire unemployment insurance earnings records and Vermont ANFC records.

NOTES: Italics indicate that this table does not present experimental comparisons.

Dollar averages include zero values for sample members who were not employed or did not report employment.

Rounding may cause slight discrepancies in calculating sums and differences.

Appendix D

Supplemental Tables for the Section Entitled "Effects on Employment, Public Assistance, and Income for Single-Parent Families"

Vermont's Welfare Restructuring Project

Appendix Table D.1

Six-Year Impacts of WRP and WRP Incentives Only for Single-Parent Families (Statewide)

Outcome	Average Outcome Levels: WRP Group	Average Outcome Levels: WRP Incentives Only Group	Average Outcome Levels: ANFC Group	WRP vs. ANFC: Impacts of Financial Incentives and Eligibility Rules, Combined with Work Requirement	WRP Incentives Only vs. ANFC: Impacts of Financial Incentives and Eligibility Rules	WRP vs. WRP Incentives Only: Added Impacts of Work Requirement
Entire follow-up period						
Quarterly employment (%)	51.6	46.8	46.4	5.2 ***	0.4	4.8 ***
Quarterly cash assistance receipt (%)	41.4	44.5	43.6	-2.2 ***	0.9	-3.1 ***
Quarterly Food Stamp receipt (%)	53.5	55.4	54.4	-0.9	1.0	-1.9 **
Quarterly earnings ($)	992	905	901	90 ***	4	86 ***
Quarterly cash assistance payments ($)	365	412	413	-48 ***	-1	-47 ***
Quarterly Food Stamp payments ($)	193	201	198	-5	3	-8 **
Quarterly combined income from earnings, cash assistance, and Food Stamps ($)	1,550	1,518	1,512	38	6	31
Last 3 months of follow-up period						
Quarterly employment (%)	52.9	49.9	48.9	3.9 ***	0.9	3.0 **
Quarterly cash assistance receipt (%)	20.1	23.8	24.6	-4.5 ***	-0.7	-3.8 ***
Quarterly Food Stamp receipt (%)	33.6	35.9	34.3	-0.7	1.6	-2.3 *
Quarterly earnings ($)	2,028	1,878	1,835	192 ***	43	150 **
Quarterly cash assistance payments ($)	248	337	358	-110 ***	-22	-88 ***
Quarterly Food Stamp payments ($)	175	188	184	-9	4	-13
Quarterly combined income from earnings, cash assistance, and Food Stamps ($)	2,373	2,362	2,299	74	62	12
Employed and receiving cash assistance	9.3	8.0	7.3	2.0 **	0.7	1.3
Not employed and receiving cash assistance	10.8	15.8	17.3	-6.5 ***	-1.5	-5.0 ***
Employed and not receiving cash assistance	44.7	41.3	41.0	3.6 ***	0.3	3.3 **
Not employed and not receiving cash assistance	35.3	34.9	34.4	0.9	0.5	0.4
Sample size	5,125	1,702	1,721			

(continued)

Appendix Table D.1 (continued)

SOURCES: MDRC calculations using data from Vermont and New Hampshire unemployment insurance earnings records, Vermont ANFC records, and Vermont Food Stamp records.

NOTES: The sample includes members randomly assigned from July 1, 1994, through June 30, 1995, in all 12 of Vermont's welfare districts.

Quarter 1 refers to the calendar quarter following the quarter in which the case was randomly assigned. Thus, the period designated as "Entire follow-up period" includes the 42-month period starting in Quarter 1. The quarter of random assignment was omitted from the summary measures because sample members may have had some earnings, cash assistance payments, or Food Stamp payments in that quarter, prior to their date of random assignment.

Dollar averages include zero values for sample members who were not employed or were not receiving cash assistance or Food Stamps.

Statewide data includes data from the six DSW research district offices included in the WRP evaluation (Barre, Burlington, Newport, Rutland, Springfield, and St. Albans) as well as the other six DSW offices (Bennington, Brattleboro, Hartford, Middlebury, Morrisville, and St. Johnsbury).

Estimates were regression-adjusted using ordinary least squares, controlling for pre-random assignment characteristics of sample members.

A two-tailed t-test was applied to all estimated impacts. Statistical significance levels are indicated as: ***=1 percent; **=5 percent; and *=10 percent.

Rounding may cause slight discrepancies in calculating sums and differences.

Vermont's Welfare Restructuring Project

Appendix Table D.2

Impacts of WRP and WRP Incentives Only on Cash Assistance and Food Stamp Receipt for Single-Parent Families, by Quarter (Research Districts)

	Average Outcome Levels			WRP vs. ANFC	WRP Incentives Only vs. ANFC	WRP vs. WRP Incentives Only
Outcome	WRP Group	WRP Incentives Only Group	ANFC Group	Impacts of Financial Incentives and Eligibility Rules, Combined with Work Requirement	Impacts of Financial Incentives and Eligibility Rules	Added Impacts of Work Requirement
Percentage receiving cash assistance (%)						
Quarter 1	89.1	89.6	86.9	2.2 **	2.6 **	-0.5
Quarter 2	79.7	81.2	79.8	-0.2	1.4	-1.5
Quarter 3	71.8	73.2	71.8	0.0	1.4	-1.4
Quarter 4	67.3	68.7	66.5	0.8	2.2	-1.3
Quarter 5	62.3	63.0	62.9	-0.6	0.1	-0.8
Quarter 6	59.0	61.3	59.5	-0.5	1.8	-2.2
Quarter 7	54.8	57.9	54.7	0.1	3.2	-3.1 *
Quarter 8	52.1	55.7	52.7	-0.6	3.0	-3.6 **
Quarter 9	48.5	51.8	49.1	-0.6	2.7	-3.3 *
Quarter 10	46.1	49.3	45.1	1.0	4.2 **	-3.2 *
Quarter 11	42.2	45.3	42.8	-0.5	2.5	-3.1 *
Quarter 12	40.5	43.6	41.8	-1.3	1.8	-3.0 *
Quarter 13	37.7	40.1	39.7	-1.9	0.4	-2.3
Quarter 14	35.3	37.7	37.5	-2.2	0.2	-2.4
Quarter 15	33.4	35.3	35.0	-1.7	0.3	-2.0
Quarter 16	30.2	33.8	33.5	-3.4 **	0.3	-3.6 **
Quarter 17	28.5	32.6	31.9	-3.4 **	0.7	-4.1 ***
Quarter 18	26.8	31.6	30.2	-3.4 **	1.3	-4.8 ***
Quarter 19	25.3	30.2	29.0	-3.8 **	1.2	-4.9 ***
Quarter 20	23.5	28.9	28.4	-4.9 ***	0.5	-5.4 ***
Quarter 21	22.0	26.0	27.4	-5.4 ***	-1.4	-4.0 ***
Quarter 22	20.7	25.3	25.2	-4.5 ***	0.1	-4.6 ***
Quarter 23	19.0	24.6	23.8	-4.8 ***	0.8	-5.6 ***
Quarter 24	18.4	24.2	23.3	-4.9 ***	1.0	-5.9 ***

(continued)

Appendix Table D.2 (continued)

Outcome	Average Outcome Levels: WRP Group	Average Outcome Levels: WRP Incentives Only Group	Average Outcome Levels: ANFC Group	WRP vs. ANFC: Impacts of Financial Incentives and Eligibility Rules, Combined with Work Requirement	WRP Incentives Only vs. ANFC: Impacts of Financial Incentives and Eligibility Rules	WRP vs. WRP Incentives Only: Added Impacts of Work Requirement
Cash assistance payments ($)						
Quarter 1	1,286	1,297	1,292	-5.9	5.1	-11.0
Quarter 2	1,142	1,177	1,175	-32.1	2.0	-34.1
Quarter 3	1,042	1,063	1,054	-12.1	8.3	-20.4
Quarter 4	960	982	977	-17.4	4.4	-21.8
Quarter 5	882	906	920	-37.7	-14.3	-23.3
Quarter 6	820	868	858	-37.7	10.1	-47.9 *
Quarter 7	758	809	784	-26.0	25.4	-51.4 **
Quarter 8	711	761	744	-33.9	16.5	-50.4 **
Quarter 9	663	698	700	-37.0	-2.4	-34.6
Quarter 10	606	682	659	-53.0 **	22.9	-75.8 ***
Quarter 11	535	626	630	-94.4 ***	-4.0	-90.5 ***
Quarter 12	496	588	599	-102.3 ***	-10.3	-92.0 ***
Quarter 13	462	562	564	-101.5 ***	-1.3	-100.3 ***
Quarter 14	433	521	542	-108.8 ***	-20.4	-88.4 ***
Quarter 15	409	493	496	-87.1 ***	-2.6	-84.4 ***
Quarter 16	369	465	478	-109.4 ***	-13.3	-96.1 ***
Quarter 17	347	459	447	-100.2 ***	12.0	-112.1 ***
Quarter 18	325	441	432	-107.2 ***	8.2	-115.4 ***
Quarter 19	307	424	416	-109.1 ***	8.3	-117.4 ***
Quarter 20	289	411	420	-131.4 ***	-9.6	-121.8 ***
Quarter 21	275	372	400	-124.2 ***	-27.5	-96.7 ***
Quarter 22	257	362	374	-116.5 ***	-11.6	-104.9 ***
Quarter 23	248	351	351	-102.8 ***	-0.2	-102.6 ***
Quarter 24	235	349	341	-106.4 ***	7.1	-113.5 ***

(continued)

Appendix Table D.2 (continued)

Outcome	Average Outcome Levels: WRP Group	Average Outcome Levels: WRP Incentives Only Group	Average Outcome Levels: ANFC Group	WRP vs. ANFC: Impacts of Financial Incentives and Eligibility Rules, Combined with Work Requirement	WRP Incentives Only vs. ANFC: Impacts of Financial Incentives and Eligibility Rules	WRP vs. WRP Incentives Only: Added Impacts of Work Requirement
Percentage receiving Food Stamps (%)						
Quarter 1	92.2	92.1	91.0	1.2	1.0	0.1
Quarter 2	86.3	86.8	86.3	0.0	0.5	-0.5
Quarter 3	80.2	80.6	80.7	-0.4	-0.1	-0.4
Quarter 4	75.6	77.0	76.8	-1.2	0.2	-1.4
Quarter 5	71.5	74.0	72.1	-0.6	2.0	-2.6 *
Quarter 6	69.1	72.3	69.1	0.0	3.2 *	-3.2 **
Quarter 7	65.8	68.9	66.0	-0.2	2.9	-3.1 **
Quarter 8	63.4	67.2	65.1	-1.7	2.2	-3.8 **
Quarter 9	59.5	63.7	63.1	-3.6 **	0.6	-4.2 ***
Quarter 10	57.7	61.3	57.9	-0.2	3.4 *	-3.6 **
Quarter 11	55.6	57.9	55.7	-0.1	2.2	-2.3
Quarter 12	54.1	56.3	53.3	0.7	3.0	-2.3
Quarter 13	51.1	53.4	51.3	-0.2	2.2	-2.3
Quarter 14	48.4	51.0	50.2	-1.8	0.8	-2.7
Quarter 15	46.0	48.2	47.7	-1.7	0.5	-2.2
Quarter 16	43.8	45.6	47.0	-3.2 *	-1.5	-1.8
Quarter 17	42.6	44.2	44.8	-2.2	-0.6	-1.6
Quarter 18	40.9	43.4	42.4	-1.5	1.0	-2.5
Quarter 19	38.8	41.1	40.1	-1.3	1.0	-2.3
Quarter 20	37.2	38.7	37.7	-0.5	1.0	-1.5
Quarter 21	35.8	37.3	35.6	0.2	1.7	-1.5
Quarter 22	34.6	38.1	34.9	-0.3	3.2	-3.4 **
Quarter 23	32.6	35.8	34.6	-2.0	1.2	-3.2 **
Quarter 24	31.8	35.6	34.0	-2.2	1.6	-3.8 **

(continued)

Appendix Table D.2 (continued)

Outcome	Average Outcome Levels: WRP Group	Average Outcome Levels: WRP Incentives Only Group	Average Outcome Levels: ANFC Group	WRP vs. ANFC: Impacts of Financial Incentives and Eligibility Rules, Combined with Work Requirement	WRP Incentives Only vs. ANFC: Impacts of Financial Incentives and Eligibility Rules	WRP vs. WRP Incentives Only: Added Impacts of Work Requirement
Food Stamp payments ($)						
Quarter 1	492	495	494	-2.0	0.1	-2.1
Quarter 2	452	456	459	-7.4	-3.3	-4.1
Quarter 3	435	439	435	-0.5	3.8	-4.3
Quarter 4	408	412	412	-4.5	0.4	-4.9
Quarter 5	398	410	400	-1.2	10.9	-12.1
Quarter 6	386	398	386	-0.5	11.8	-12.3
Quarter 7	372	386	371	1.0	14.4	-13.4
Quarter 8	356	368	360	-3.8	7.9	-11.7
Quarter 9	337	354	347	-10.5	6.5	-17.0
Quarter 10	318	337	315	3.1	22.6 *	-19.6 *
Quarter 11	298	317	301	-2.8	16.0	-18.8 *
Quarter 12	284	298	292	-7.9	6.6	-14.5
Quarter 13	271	287	275	-3.3	12.5	-15.8
Quarter 14	261	275	266	-5.8	8.8	-14.6
Quarter 15	249	262	258	-9.0	4.9	-13.9
Quarter 16	239	247	254	-15.5	-7.5	-8.0
Quarter 17	232	249	253	-21.3 *	-4.7	-16.6
Quarter 18	219	238	234	-14.3	3.9	-18.2
Quarter 19	210	223	216	-6.7	6.2	-12.8
Quarter 20	197	207	200	-3.4	6.8	-10.2
Quarter 21	191	202	197	-6.2	4.6	-10.9
Quarter 22	184	201	186	-2.6	14.7	-17.3
Quarter 23	173	191	184	-11.6	6.7	-18.3 *
Quarter 24	168	187	181	-13.8	5.9	-19.7 *

(continued)

Appendix Table D.2 (continued)

Outcome	Average Outcome Levels: WRP Group	Average Outcome Levels: WRP Incentives Only Group	Average Outcome Levels: ANFC Group	WRP vs. ANFC: Impacts of Financial Incentives and Eligibility Rules, Combined with Work Requirement	WRP Incentives Only vs. ANFC: Impacts of Financial Incentives and Eligibility Rules	WRP vs. WRP Incentives Only: Added Impacts of Work Requirement
Ever employed (%)						
Quarter 1	35.9	34.0	31.5	4.4 ***	2.5	1.9
Quarter 2	38.9	36.1	35.6	3.3 **	0.6	2.8 *
Quarter 3	40.6	38.8	36.9	3.7 **	1.9	1.7
Quarter 4	42.5	41.7	39.9	2.6 *	1.8	0.8
Quarter 5	44.3	41.6	41.1	3.2 **	0.5	2.7 *
Quarter 6	45.5	42.8	41.7	3.8 **	1.1	2.7 *
Quarter 7	46.7	42.2	43.6	3.1 *	-1.4	4.5 ***
Quarter 8	48.4	44.7	44.7	3.7 **	0.0	3.6 **
Quarter 9	49.9	45.0	46.5	3.4 **	-1.6	4.9 ***
Quarter 10	53.8	47.6	47.3	6.4 ***	0.3	6.1 ***
Quarter 11	57.1	50.1	48.3	8.7 ***	1.8	6.9 ***
Quarter 12	57.3	49.4	49.5	7.8 ***	-0.1	7.9 ***
Quarter 13	58.1	50.6	48.1	10.0 ***	2.6	7.5 ***
Quarter 14	57.2	51.8	48.5	8.8 ***	3.3	5.5 ***
Quarter 15	58.0	50.8	50.1	7.9 ***	0.7	7.2 ***
Quarter 16	58.4	51.6	51.4	7.0 ***	0.2	6.8 ***
Quarter 17	58.7	51.7	50.8	7.9 ***	0.8	7.0 ***
Quarter 18	57.7	51.9	50.6	7.1 ***	1.3	5.8 ***
Quarter 19	58.0	52.1	52.3	5.7 ***	-0.2	5.9 ***
Quarter 20	57.9	51.1	52.2	5.7 ***	-1.2	6.9 ***
Quarter 21	57.3	51.7	51.8	5.5 ***	-0.1	5.6 ***
Quarter 22	56.4	51.0	50.7	5.8 ***	0.3	5.5 ***
Quarter 23	55.7	51.3	51.7	4.0 **	-0.5	4.4 **
Quarter 24	55.0	52.2	52.2	2.8 *	0.0	2.8 *

(continued)

Appendix Table D.2 (continued)

Outcome	Average Outcome Levels: WRP Group	Average Outcome Levels: WRP Incentives Only Group	Average Outcome Levels: ANFC Group	WRP vs. ANFC: Impacts of Financial Incentives and Eligibility Rules, Combined with Work Requirement	WRP Incentives Only vs. ANFC: Impacts of Financial Incentives and Eligibility Rules	WRP vs. WRP Incentives Only: Added Impacts of Work Requirement
Quarterly earnings ($)						
Quarter 1	588	538	540	48.5	-2.3	50.7
Quarter 2	718	700	694	23.8	5.7	18.1
Quarter 3	814	758	785	28.8	-27.1	55.8
Quarter 4	896	853	854	41.2	-2.0	43.2
Quarter 5	1,006	910	923	82.5	-13.4	95.9 *
Quarter 6	1,028	964	987	40.9	-23.5	64.4
Quarter 7	1,100	1,025	1,076	23.4	-50.8	74.3
Quarter 8	1,171	1,081	1,105	65.6	-24.3	89.9
Quarter 9	1,257	1,166	1,147	110.8 *	19.8	91.0
Quarter 10	1,437	1,250	1,248	189.3 ***	1.8	187.5 ***
Quarter 11	1,519	1,428	1,294	225.2 ***	134.6	90.6
Quarter 12	1,588	1,377	1,389	199.4 ***	-11.5	211.0 ***
Quarter 13	1,630	1,438	1,429	200.8 ***	9.1	191.7 ***
Quarter 14	1,669	1,565	1,502	166.9 **	62.5	104.4
Quarter 15	1,745	1,630	1,544	201.1 ***	86.1	115.0
Quarter 16	1,767	1,693	1,634	133.4 *	59.0	74.4
Quarter 17	1,913	1,656	1,634	279.2 ***	22.2	257.0 ***
Quarter 18	1,893	1,692	1,723	170.5 **	-31.2	201.7 **
Quarter 19	1,950	1,766	1,757	193.4 **	9.6	183.8 **
Quarter 20	2,042	1,804	1,909	133.3	-105.0	238.3 **
Quarter 21	2,059	1,837	1,894	165.1 *	-57.1	222.1 **
Quarter 22	2,042	1,889	1,890	151.9 *	-1.5	153.4 *
Quarter 23	2,082	1,923	1,998	84.2	-74.7	158.8 *
Quarter 24	2,116	1,955	2,025	90.9	-70.4	161.3 *

(continued)

Appendix Table D.2 (continued)

Outcome	Average Outcome Levels: WRP Group	Average Outcome Levels: WRP Incentives Only Group	Average Outcome Levels: ANFC Group	WRP vs. ANFC: Impacts of Financial Incentives and Eligibility Rules, Combined with Work Requirement	WRP Incentives Only vs. ANFC: Impacts of Financial Incentives and Eligibility Rules	WRP vs. WRP Incentives Only: Added Impacts of Work Requirement
Total combined income ($)						
Quarter 1	2,367	2,329	2,326	40.6	3.0	37.6
Quarter 2	2,312	2,332	2,328	-15.6	4.5	-20.1
Quarter 3	2,290	2,259	2,274	16.1	-15.0	31.1
Quarter 4	2,263	2,247	2,244	19.3	2.8	16.5
Quarter 5	2,286	2,226	2,243	43.6	-16.9	60.5
Quarter 6	2,234	2,230	2,231	2.7	-1.5	4.2
Quarter 7	2,230	2,220	2,231	-1.6	-11.0	9.5
Quarter 8	2,237	2,210	2,209	28.0	0.1	27.8
Quarter 9	2,257	2,218	2,194	63.3	23.9	39.4
Quarter 10	2,361	2,269	2,222	139.4 **	47.4	92.1
Quarter 11	2,352	2,371	2,224	128.0 **	146.7 *	-18.7
Quarter 12	2,368	2,263	2,279	89.2	-15.3	104.5
Quarter 13	2,363	2,288	2,267	96.0	20.4	75.6
Quarter 14	2,363	2,361	2,310	52.4	51.0	1.4
Quarter 15	2,403	2,386	2,298	105.0	88.4	16.6
Quarter 16	2,374	2,404	2,366	8.5	38.2	-29.7
Quarter 17	2,493	2,364	2,335	157.7 *	29.4	128.3
Quarter 18	2,438	2,370	2,389	49.0	-19.1	68.1
Quarter 19	2,467	2,413	2,389	77.6	24.1	53.5
Quarter 20	2,528	2,422	2,530	-1.6	-107.8	106.3
Quarter 21	2,526	2,411	2,491	34.6	-79.9	114.6
Quarter 22	2,483	2,452	2,450	32.9	1.6	31.3
Quarter 23	2,503	2,465	2,533	-30.2	-68.1	37.9
Quarter 24	2,519	2,491	2,548	-29.3	-57.3	28.0
Sample size	3,267	1,087	1,109			

SOURCES: MDRC calculations using data from Vermont ANFC and Food Stamp records.

NOTES: The sample includes members randomly assigned from July 1, 1994, through June 1, 1995, in the six research districts.
Quarter 1 refers to the calendar quarter following the quarter in which the case was randomly assigned.
Dollar averages include zero values for sample members who were not employed or were not receiving cash assistance or Food Stamps.
Estimates were regression-adjusted using ordinary least squares, controlling for pre-random assignment characteristics of sample members.
A two-tailed t-test was applied to all estimated impacts. Statistical significance levels are indicated as: ***=1 percent; **=5 percent; and *=10 percent.
Rounding may cause slight discrepancies in calculating sums and differences.

Vermont's Welfare Restructuring Project

Appendix Table D.3

Six-Year Impacts on the Distribution of Earnings for Single-Parent Families

Outcome	WRP Group	ANFC Group	Difference (Impact)	Percentage Change (%)
Last quarter of Year 1 (%)				
$0	57.5	60.1	-2.6 *	-4.4
$1-$1,200	15.0	13.9	1.1	8.0
$1,201-$3,000	16.5	15.0	1.6	10.4
$3,001 or more	11.0	11.0	-0.1	-0.6
Last quarter of Year 2 (%)				
$0	51.6	55.3	-3.7 **	-6.6
$1-$1,200	15.2	11.9	3.3 ***	27.9
$1,201-$3,000	17.2	17.6	-0.5	-2.6
$3,001 or more	16.0	15.2	0.8	5.2
Last quarter of Year 3 (%)				
$0	42.7	50.5	-7.8 ***	-15.4
$1-$1,200	14.2	12.4	1.8	14.5
$1,201-$3,000	20.2	17.3	2.8 **	16.2
$3,001 or more	22.9	19.8	3.2 **	16.0
Last quarter of Year 4 (%)				
$0	41.6	48.6	-7.0 ***	-14.4
$1-$1,200	12.5	10.4	2.0 *	19.4
$1,201-$3,000	18.2	14.5	3.8 ***	26.2
$3,001 or more	27.7	26.5	1.2	4.5
Last quarter of Year 5 (%)				
$0	42.1	47.8	-5.7 ***	-11.9
$1-$1,200	10.3	9.4	0.9	9.1
$1,201-$3,000	15.4	12.9	2.6 **	19.9
$3,001 or more	32.2	30.0	2.3	7.5
Last quarter of Year 6 (%)				
$0	45.0	47.8	-2.8 *	-5.9
$1-$1,200	8.3	8.9	-0.7	-7.5
$1,201-$3,000	13.8	12.0	1.8	15.0
$3,001 or more	32.9	31.2	1.7	5.4
Sample size	3,271	1,110		

SOURCES: MDRC calculations using data from Vermont and New Hampshire unemployment insurance earnings records, Vermont ANFC records, and Vermont Food Stamp records.

NOTES: Dollar averages include zero values for sample members who were not employed or were not receiving cash assistance or Food Stamps. Estimates were regression-adjusted using ordinary least squares, controlling for pre-random assignment characteristics of sample members.

A two-tailed t-test was applied to all estimated impacts. Statistical significance levels are indicated as: ***=1 percent; **=5 percent; and *=10 percent.

Rounding may cause slight discrepancies in calculating sums and differences.

Vermont's Welfare Restructuring Program

Appendix Table D.4

Impacts on Combining Work and Welfare

Outcome	WRP Group	ANFC Group	Difference (Impact)	Percentage Change (%)
Last quarter of Year 1 (%)				
Employed and receiving cash assistance	22.1	18.1	4.0 ***	22.2
Not employed and receiving cash assistance	45.2	48.4	-3.2 **	-6.6
Employed and not receiving cash assistance	20.4	21.8	-1.4	-6.5
Not employed and not receiving cash assistance	12.3	11.7	0.6	5.1
Last quarter of Year 2 (%)				
Employed and receiving cash assistance	19.1	15.5	3.6 ***	23.0
Not employed and receiving cash assistance	33.0	37.2	-4.2 ***	-11.3
Employed and not receiving cash assistance	29.3	29.2	0.1	0.3
Not employed and not receiving cash assistance	18.7	18.1	0.5	2.9
Last quarter of Year 3 (%)				
Employed and receiving cash assistance	20.8	13.1	7.7 ***	58.5
Not employed and receiving cash assistance	19.7	28.7	-8.9 ***	-31.2
Employed and not receiving cash assistance	36.5	36.4	0.1	0.3
Not employed and not receiving cash assistance	23.0	21.8	1.2	5.3
Last quarter of Year 4 (%)				
Employed and receiving cash assistance	14.9	10.5	4.4 ***	41.8
Not employed and receiving cash assistance	15.3	23.0	-7.8 ***	-33.7
Employed and not receiving cash assistance	43.5	40.9	2.6	6.4
Not employed and not receiving cash assistance	26.4	25.6	0.8	2.9
Last quarter of Year 5 (%)				
Employed and receiving cash assistance	11.6	8.7	2.9 ***	33.0
Not employed and receiving cash assistance	11.9	19.7	-7.8 ***	-39.6
Employed and not receiving cash assistance	46.3	43.5	2.8 *	6.4
Not employed and not receiving cash assistance	30.2	28.1	2.1	7.5
Last quarter of Year 6 (%)				
Employed and receiving cash assistance	8.0	7.3	0.7	9.4
Not employed and receiving cash assistance	10.3	15.9	-5.6 ***	-35.1
Employed and not receiving cash assistance	47.0	44.8	2.1	4.7
Not employed and not receiving cash assistance	34.7	31.9	2.8 *	8.8
Sample size	3,271	1,110		

SOURCE: MDRC calculations using Vermont and New Hampshire unemployment insurance (UI) earnings records and cash assistance records.

NOTES: Dollar averages include zero values for sample members who were not employed or were not receiving cash assistance. Estimates were adjusted using ordinary least squares, controlling for pre-random assignment characteristics of sample members.

A two-tailed t-test was applied to differences between the research groups. Statistical significance levels are indicated as: ***=1 percent, **=5 percent, and *=10 percent.

Rounding may cause slight discrepancies in calculating sums and differences.

Vermont's Welfare Restructuring Project

Appendix Table D.5

Six-Year Impacts on the Distribution of Income for Single-Parent Families

Outcome	WRP Group	ANFC Group	Difference (Impact)	Percentage Change (%)
Last quarter of Year 1 (%)				
$0	8.9	8.5	0.4	4.7
$1-$2,000	28.5	31.7	-3.2 **	-10.1
$2,001-$4,000	54.5	52.4	2.1	3.9
$4,001 or more	8.1	7.4	0.7	10.2
Last quarter of Year 2 (%)				
$0	13.9	13.9	0.0	-0.1
$1-$2,000	27.9	29.5	-1.6	-5.6
$2,001-$4,000	47.5	47.0	0.4	1.0
$4,001 or more	10.8	9.6	1.2	12.6
Last quarter of Year 3 (%)				
$0	18.1	16.5	1.6	9.4
$1-$2,000	24.3	27.1	-2.8 *	-10.4
$2,001-$4,000	41.2	43.9	-2.7	-6.2
$4,001 or more	16.5	12.6	3.9 ***	31.2
Last quarter of Year 4 (%)				
$0	20.8	20.1	0.7	3.6
$1-$2,000	23.7	24.1	-0.4	-1.6
$2,001-$4,000	35.5	37.8	-2.3	-6.0
$4,001 or more	20.0	18.0	1.9	10.7
Last quarter of Year 5 (%)				
$0	24.1	23.4	0.7	2.8
$1-$2,000	21.4	20.9	0.5	2.3
$2,001-$4,000	30.0	32.3	-2.3	-7.0
$4,001 or more	24.5	23.3	1.1	4.8
Last quarter of Year 6 (%)				
$0	28.3	25.9	2.4	9.2
$1-$2,000	19.9	20.3	-0.3	-1.6
$2,001-$4,000	24.9	29.1	-4.2 ***	-14.5
$4,001 or more	26.8	24.7	2.2	8.7
Sample size	3,271	1,110		

SOURCES: MDRC calculations using data from Vermont and New Hampshire unemployment insurance earnings records, Vermont ANFC records, and Vermont Food Stamp records.

NOTES: Dollar averages include zero values for sample members who were not employed or were not receiving cash assistance or Food Stamps. Estimates were regression-adjusted using ordinary least squares, controlling for pre-random assignment characteristics of sample members.

A two-tailed t-test was applied to all estimated impacts. Statistical significance levels are indicated as: ***=1 percent; **=5 percent; and *=10 percent.

Rounding may cause slight discrepancies in calculating sums and differences.

Vermont's Welfare Restructuring Project

Appendix Table D.6

Supplementary Table: Survey Income

Outcome	Average Outcome Levels: WRP Group	Average Outcome Levels: WRP Incentives Only Group	Average Outcome Levels: ANFC Group	WRP vs. ANFC: Impacts of Financial Incentives and Eligibility Rules, Combined with Work Requirement	WRP Incentives Only vs. ANFC: Impacts of Financial Incentives and Eligibility Rules	WRP vs. WRP Incentives Only: Added Impacts of Work Requirement
Average income for respondent in prior month ($)	961	1,004	959	1	44	-43
Average income for others in the household in prior month ($)	544	659	545	-1	114 *	-115 *
Average total household income in prior month ($)	1,504	1,662	1,504	0	158 **	-158 **
Distribution of total household income (%)						
$0	1.2	0.4	0.2	1.0 *	0.2	0.8
$1-499	5.3	4.6	4.5	0.8	0.1	0.7
$500-$999	25.1	23.4	33.1	-8.0 **	-9.7 ***	1.6
$1,000-$1,499	27.8	25.4	26.8	1.0	-1.4	2.4
$1,500-$1,999	14.3	19.4	10.8	3.6	8.6 ***	-5.0 *
$2,000 or more	26.3	26.8	24.6	1.7	2.2	-0.5
Average household earnings ($)	1,102	1,186	1,006	96	180 **	-84
Average household cash assistance payments ($)	125	171	201	-76 ***	-30 *	-45 ***
Average household Food Stamp payments ($)	98	104	109	-11	-5	-6
Average household child support received ($)	83	90	77	6	13	-7
Average household disability received ($)	68	87	84	-16	3	-18
Average amount of other household income ($)	28	25	28	1	-3	3
Households with at least 50% of measured income from earnings (%)	66	61	57	10 ***	4	6

(continued)

Appendix Table D.6 (continued)

Outcome	Average Outcome Levels: WRP Group	Average Outcome Levels: WRP Incentives Only Group	Average Outcome Levels: ANFC Group	WRP vs. ANFC: Impacts of Financial Incentives and Eligibility Rules, Combined with Work Requirement	WRP Incentives Only vs. ANFC: Impacts of Financial Incentives and Eligibility Rules	WRP vs. WRP Incentives Only: Added Impacts of Work Requirement
Respondent reporting earnings (%)	65.5	53.7	54.9	10.6 ***	-1.2	11.8 ***
Others in the household with earnings (%)	38.2	41.1	36.4	1.8	4.7	-2.9
Respondent receiving cash assistance (%)	33.8	36.1	38.4	-4.7	-2.4	-2.3
Others in the household receiving cash assistance (%)	2.3	4.3	2.9	-0.7	1.4	-2.0
Respondent receiving Food Stamps (%)	49.7	49.7	53.4	-3.7	-3.7	0.0
Others in the household receiving Food Stamps (%)	1.8	2.8	2.2	-0.3	0.6	-0.9
Respondent receiving child support (%)	34.5	39.1	38.2	-3.7	0.9	-4.6
Others in the household receiving child support (%)	1.5	1.1	1.5	0.0	-0.4	0.4
Respondent receiving disability (%)	8.6	11.2	7.9	0.7	3.2	-2.6
Others in the household receiving disability (%)	5.7	6.2	8.3	-2.7	-2.2	-0.5
Respondent receiving other income (%)	4.5	5.3	4.3	0.2	1.0	-0.8
Others in the household receiving other income (%)	2.8	1.9	2.6	0.2	-0.7	0.9
Sample size	421	414	421			

SOURCES: MDRC calculations using data from the 42-Month Client Survey.

NOTES: A two-tailed t-test was applied to all estimated impacts. Statistical significance levels are indicated as: ***=1 percent; **=5 percent; and *=10 percent. Rounding may cause slight discrepancies in calculating differences.

Vermont's Welfare Restructuring Project

Appendix Table D.7

Supplementary Table: Job Characteristics

Outcome	Average Outcome Levels: WRP Group	Average Outcome Levels: WRP Incentives Only Group	Average Outcome Levels: ANFC Group	WRP vs. ANFC: Impacts of Financial Incentives and Eligibility Rules, Combined with Work Requirement	WRP Incentives Only vs. ANFC: Impacts of Financial Incentives and Eligibility Rules	WRP vs. WRP Incentives Only: Added Impacts of Work Requirement
Ever employed since random assignment (%)	86.8	79.6	81.5	5.2 **	-2.0	7.2 ***
Weekly work hours (%)						
Not employed since random assignment	13.2	20.4	18.5	-5.2 **	2.0	-7.2 ***
Less than 20	10.2	9.9	8.0	2.2	1.9	0.3
20-29	14.2	14.2	14.1	0.1	0.1	0.0
30-39	25.1	17.2	17.8	7.3 ***	-0.6	7.9 ***
40 or more	35.7	35.5	38.9	-3.1	-3.3	0.2
Missing information on hours worked	1.5	2.7	2.7	-1.2	0.0	-1.2
Hourly wage (%)						
Not employed since random assignment	13.2	20.4	18.5	-5.2 **	2.0	-7.2 ***
Less than $6	22.0	19.6	22.9	-1.0	-3.4	2.4
$6-$7.49	24.0	22.2	23.5	0.5	-1.3	1.8
$7.50 or more	34.7	28.8	28.5	6.2 **	0.3	5.9 *
Missing information on hourly wage	6.1	9.0	6.6	-0.4	2.5	-2.9
Weekly earnings (%)						
Not employed since random assignment	13.2	20.4	18.5	-5.2 **	2.0	-7.2 ***
Less than $100	9.7	11.4	9.3	0.5	2.1	-1.6
$100-$199	20.0	17.3	19.7	0.3	-2.4	2.7
$200-$299	26.2	19.8	23.8	2.4	-4.0	6.4 **
$300 or more	25.5	25.0	23.5	2.0	1.4	0.6
Missing information on weekly earnings	5.3	6.2	5.3	0.0	0.9	-0.9
Typical work schedule (%)						
Not employed since random assignment	13.2	20.4	18.5	-5.2 **	2.0	-7.2 ***
Regular daytime shift	53.9	46.2	52.4	1.5	-6.2 *	7.7 **
Regular evening/night shift	12.3	12.0	10.3	2.0	1.7	0.3

(continued)

Appendix Table D.7 (continued)

Outcome	Average Outcome Levels: WRP Group	Average Outcome Levels: WRP Incentives Only Group	Average Outcome Levels: ANFC Group	WRP vs. ANFC: Impacts of Financial Incentives and Eligibility Rules, Combined with Work Requirement	WRP Incentives Only vs. ANFC: Impacts of Financial Incentives and Eligibility Rules	WRP vs. WRP Incentives Only: Added Impacts of Work Requirement
Split or rotating schedule	7.5	6.8	7.7	-0.3	-1.0	0.7
Irregular schedule	11.0	13.1	9.2	1.7	3.8 *	-2.1
Other or missing	2.1	1.5	1.9	0.3	-0.4	0.7
Employer-provided health insurance (%)						
Not employed since random assignment	13.2	20.4	18.5	-5.2 **	2.0	-7.2 ***
Employed, job offers health insurance	31.0	26.9	26.9	4.1	0.0	4.2
Enrolled in employer's health plan	14.5	13.6	15.6	-1.1	-2.0	0.9
Not enrolled in employer's health plan	16.5	13.0	10.9	5.6 **	2.2	3.5
Employed, job does not offer health insurance	55.3	52.0	53.9	1.3	-1.9	3.2
Missing response	0.5	0.7	0.7	-0.2	-0.1	-0.2
Paid sick leave (%)						
Not employed since random assignment	13.2	20.4	18.5	-5.2 **	2.0	-7.2 ***
Employed, job provides sick leave	26.7	24.6	22.0	4.7	2.6	2.1
Employed, job does not provide sick leave	59.1	54.4	58.6	0.5	-4.2	4.7
Missing response	1.0	0.5	0.9	0.1	-0.4	0.5
Paid vacation or holidays (%)						
Not employed since random assignment	13.2	20.4	18.5	-5.2 **	2.0	-7.2 ***
Employed, job provides paid vacation or holidays	38.3	34.9	34.7	3.5	0.2	3.3
Employed, job does not provide paid vacation or holidays	47.5	44.1	46.1	1.5	-2.0	3.4
Missing response	1.0	0.5	0.7	0.3	-0.2	0.5
Training classes or tuition reimbursement (%)						
Not employed since random assignment	13.2	20.4	18.5	-5.2 **	2.0	-7.2 ***
Employed, job provides training classes or tuition reimbursement	19.5	17.5	16.3	3.2	1.3	2.0
Employed, job does not provide training classes or tuition reimbursement	64.6	58.8	62.9	1.7	-4.0	5.7 *
Missing response	2.7	3.2	2.4	0.3	0.8	-0.5
Sample size	421	414	421			

(continued)

Appendix Table D.7 (continued)

SOURCES: MDRC calculations using data from the 42-Month Client Survey.

NOTES: Estimates were regression-adjusted using ordinary least squares, controlling for pre-random assignment characteristics of sample members.
A two-tailed t-test was applied to all estimated impacts. Statistical significance levels are indicated as: ***=1 percent; **=5 percent; and *=10 percent.
Rounding may cause slight discrepancies in calculating differences.

Vermont's Welfare Restructuring Project

Appendix Table D.8

Impacts on Job Retention

Outcome	WRP Group	ANFC Group	Difference (Impact)	Percentage Change (%)
Worked in Years 1-2 (%)	71.3	65.9	5.4 ***	8.2
Worked in Years 1-2 and: (%)				
Worked 12 or more quarters of Years 3-6	39.3	33.1	6.2 ***	18.8
Worked fewer than 12 quarters of Years 3-6	32.0	32.8	-0.8	-2.5
First employed in Year 3 and: (%)	11.2	9.5	1.6	17.2
Worked 9 or more quarters of Years 4-6	5.9	4.4	1.5 *	33.6
Worked fewer than 9 quarters of Years 4-6	5.3	5.1	0.2	3.3
Employed all four quarters of: (%)				
Year 1	22.1	19.5	2.6 **	13.2
Year 2	30.4	27.6	2.8 *	10.1
Year 3	37.5	33.5	4.0 **	12.0
Year 4	43.1	37.7	5.4 ***	14.2
Year 5	43.9	38.4	5.5 ***	14.3
Year 6	43.6	39.8	3.9 **	9.7
First quarter of employment in: (%)				
Year 1	57.2	52.4	4.8 ***	9.2
Year 2	14.1	13.5	0.6	4.5
Year 3	11.2	9.5	1.6	17.2
Year 4	3.8	4.1	-0.2	-5.9
Year 5	1.8	4.5	-2.7 ***	-59.4
Year 6	1.6	2.8	-1.2 **	-43.8
Never worked	10.3	13.2	-2.9 ***	-22.2
Sample size	3,271	1,110		

SOURCES: MDRC calculations using data from Vermont and New Hampshire unemployment insurance earnings records

NOTE: A two-tailed t-test was applied to all estimated impacts. Statistical significance levels are indicated as: ***=1 percent; **=5 percent; and *=10 percent.

Vermont's Welfare Restructuring Project

Appendix Table D.9

Impacts, by Each of the Three Work Barriers[a]

Outcome	WRP Group	ANFC Group	Difference (Impact)	Percentage Change (%)
Continuously on welfare in two years before random assignment				
Average quarterly employment (%)	49.7	44.2	5.4 ***	12.3
Average quarterly percentage receiving cash assistance (%)	51.7	55.3	-3.5 **	-6.4
Average annual earnings ($)	5,465	5,146	319	6.2
Average annual cash assistance payments ($)	2,875	3,291	-415 ***	-12.6
Combined income ($)	9,765	9,895	-130	-1.3
Sample size	1,338	471		
No work in prior four quarters				
Average quarterly employment (%)	41.7	35.3	6.4 ***	18.2
Average quarterly percentage receiving cash assistance (%)	48.3	52.4	-4.1 ***	-7.8
Average annual earnings ($)	4,537	4,093	443 *	10.8
Average annual cash assistance payments ($)	2,695	3,166	-472 ***	-14.9
Combined income ($)	8,568	8,655	-87	-1.0
Sample size	1,694	573		
No high school diploma or GED				
Average quarterly employment (%)	43.9	36.8	7.1 ***	19.2
Average quarterly percentage receiving cash assistance (%)	49.7	53.6	-3.9 **	-7.3
Average annual earnings ($)	4,250	3,565	685 **	19.2
Average annual cash assistance payments ($)	2,795	3,234	-439 ***	-13.6
Combined income ($)	8,445	8,232	213	2.6
Sample size	886	308		

SOURCE: MDRC calculations using data from Vermont and New Hampshire unemployment insurance earnings records, Baseline Information Form data, Private Opinion Survey data, Vermont ANFC Records, and Vermont Food Stamp Records.

NOTES: Dollar averages include zero values for sample members who were not employed or were not receiving cash assistance or Food Stamps. Estimates were regression-adjusted using ordinary least squares, controlling for pre-random assignment characteristics of sample members.

A two-tailed t-test was applied to all estimated impacts. Statistical significance levels are indicated as: ***=1 percent; **=5 percent; and *=10 percent.

Rounding may cause slight discrepancies in calculating sums and differences.

[a]This table examines each of the components of the levels-of-disadvantage subgroups. Sample members having all three of these barriers were classified as most disadvantaged. Those with none were classified as least disadvantaged. The remaining sample members who had nonmissing values on these three indicators were classified as moderately disadvantaged.

Vermont's Welfare Restructuring Project

Appendix Table D.10

Impacts, by Status as Welfare Applicant or Recipient

Outcome	WRP Group	ANFC Group	Difference (Impact)	Percentage Change (%)
Applicant				
Average quarterly employment (%)	54.9	50.5	4.4 ***	8.6
Average quarterly percentage receiving cash assistance (%)	33.6	33.9	-0.3	-0.9
Average annual earnings ($)	6,766	6,170	597 *	9.7
Average annual cash assistance payments ($)	1,702	1,884	-182 **	-9.7
Average annual food stamps payments ($)	945	936	9	1.0
Combined income ($)	9,414	8,990	424	4.7
Sample size	1,431	473		
Recipient				
Average quarterly employment (%)	49.8	43.7	6.2 ***	14.1
Average quarterly percentage receiving cash assistance (%)	50.6	53.2	-2.6 *	-4.9
Average annual earnings ($)	5,409	5,029	380	7.5
Average annual cash assistance payments ($)	2,787	3,150	-364 ***	-11.5
Average annual food stamps payments ($)	1,381	1,420	-39	-2.7
Combined income ($)	9,576	9,599	-23	-0.2
Sample size	1,840	637		

SOURCE: MDRC calculations using data from Vermont and New Hampshire unemployment insurance earnings records, Baseline Information Form data, Vermont ANFC records, and Vermont Food Stamp records.

NOTES: Dollar averages include zero values for sample members who were not employed or were not receiving cash assistance or Food Stamps. Estimates were regression-adjusted using ordinary least squares, controlling for pre-random assignment characteristics of sample members.

A two-tailed t-test was applied to all estimated impacts. Statistical significance levels are indicated as: ***=1 percent; **=5 percent; and *=10 percent.

Rounding may cause slight discrepancies in calculating sums and differences.

Vermont's Welfare Restructuring Project

Appendix Table D.11

Impacts, by Age of Youngest Child

Outcome	WRP Group	ANFC Group	Difference (Impact)	Percentage Change (%)
Youngest child younger than 3				
Average quarterly employment (%)	51.3	44.7	6.6 ***	14.8
Average quarterly percentage receiving cash assistance (%)	47.6	50.3	-2.7	-5.4
Average annual earnings ($)	5,402	4,544	859 ***	18.9
Average annual cash assistance payments ($)	2,668	3,037	-369 ***	-12.2
Combined income ($)	9,475	8,951	525 *	5.9
Sample size	1,037	347		
Youngest child aged 3-5				
Average quarterly employment (%)	52.5	44.8	7.7 ***	17.1
Average quarterly percentage receiving cash assistance (%)	45.7	46.4	-0.6	-1.4
Average annual earnings ($)	6,153	5,542	610	11.0
Average annual cash assistance payments ($)	2,515	2,817	-302 **	-10.7
Combined income ($)	9,948	9,680	269	2.8
Sample size	726	268		
Youngest child aged 6-12				
Average quarterly employment (%)	53.4	50.7	2.7	5.3
Average quarterly percentage receiving cash assistance (%)	42.1	43.6	-1.4	-3.3
Average annual earnings ($)	6,519	6,566	-47	-0.7
Average annual cash assistance payments ($)	2,172	2,425	-252 **	-10.4
Combined income ($)	9,781	10,158	-377	-3.7
Sample size	972	310		
Youngest child 13-20				
Average quarterly employment (%)	49.7	47.6	2.1	4.3
Average quarterly percentage receiving cash assistance (%)	27.8	27.3	0.4	1.6
Average annual earnings ($)	6,376	5,905	471	8.0
Average annual cash assistance payments ($)	1,339	1,354	-15	-1.1
Combined income ($)	8,449	7,988	461	5.8
Sample size	344	116		

SOURCE: MDRC calculations using data from Vermont and New Hampshire unemployment insurance earnings records, Baseline Information Form data, Vermont ANFC records, and Vermont Food Stamp records.

NOTES: Dollar averages include zero values for sample members who were not employed or were not receiving cash assistance or Food Stamps. Estimates were regression-adjusted using ordinary least squares, controlling for pre-random assignment characteristics of sample members.

A two-tailed t-test was applied to all estimated impacts. Statistical significance levels are indicated as: ***=1 percent; **=5 percent; and *=10 percent.

Rounding may cause slight discrepancies in calculating sums and differences.

Vermont's Welfare Restructuring Project

Appendix Table D.12

Impacts, by Level of Education

Outcome	WRP Group	ANFC Group	Difference (Impact)	Percentage Change (%)
No credential				
Average quarterly employment (%)	43.9	36.8	7.1 ***	19.2
Average quarterly percentage receiving cash assistance (%)	49.7	53.6	-3.9 **	-7.3
Average annual earnings ($)	4,250	3,565	685 **	19.2
Average annual cash assistance payments ($)	2,795	3,234	-439 ***	-13.6
Combined income ($)	8,445	8,232	213	2.6
Sample size	886	308		
Highest credential: GED				
Average quarterly employment (%)	51.7	46.3	5.3 *	11.5
Average quarterly percentage receiving cash assistance (%)	44.8	49.0	-4.2	-8.6
Average annual earnings ($)	5,771	5,247	523	10.0
Average annual cash assistance payments ($)	2,440	2,846	-406 **	-14.3
Combined income ($)	9,443	9,371	72	0.8
Sample size	586	163		
Highest credential: high school diploma				
Average quarterly employment (%)	55.2	50.4	4.8 ***	9.5
Average quarterly percentage receiving cash assistance (%)	40.5	40.5	0.0	-0.1
Average annual earnings ($)	6,478	6,208	270	4.4
Average annual cash assistance payments ($)	2,110	2,287	-178 *	-7.8
Combined income ($)	9,708	9,602	105	1.1
Sample size	1,403	492		
Highest degree: associate's, technical, or bachelor's				
Average quarterly employment (%)	59.3	54.9	4.4	8.1
Average quarterly percentage receiving cash assistance (%)	35.7	35.6	0.1	0.2
Average annual earnings ($)	8,560	7,655	904	11.8
Average annual cash assistance payments ($)	1,790	2,024	-234	-11.6
Combined income ($)	11,251	10,678	573	5.4
Sample size	384	142		

SOURCE: MDRC calculations using data from Vermont and New Hampshire unemployment insurance earnings records, Baseline Information Form data, Vermont ANFC records, and Vermont Food Stamp records.

NOTES: Dollar averages include zero values for sample members who were not employed or were not receiving cash assistance or Food Stamps. Estimates were regression-adjusted using ordinary least squares, controlling for pre-random assignment characteristics of sample members.

A two-tailed t-test was applied to all estimated impacts. Statistical significance levels are indicated as: ***=1 percent; **=5 percent; and *=10 percent.

Rounding may cause slight discrepancies in calculating sums and differences.

Vermont's Welfare Restructuring Project

Appendix Table D.13

Impacts, by Age of Respondent

Outcome	WRP Group	ANFC Group	Difference (Impact)	Percentage Change (%)
Respondent under age 24 at random assignment				
Average quarterly employment (%)	51.3	44.5	6.8 ***	15.3
Average quarterly percentage receiving cash assistance (%)	46.9	52.8	-5.9 ***	-11.1
Average annual earnings ($)	5,376	4,541	835 ***	18.4
Average annual cash assistance payments ($)	2,546	3,055	-509 ***	-16.7
Combined income ($)	9,173	8,934	239	2.7
Sample size	908	311		
Respondent aged 25-34 at random assignment				
Average quarterly employment (%)	54.5	49.2	5.3 ***	10.8
Average quarterly percentage receiving cash assistance (%)	43.6	44.3	-0.7	-1.6
Average annual earnings ($)	6,375	6,029	346	5.7
Average annual cash assistance payments ($)	2,383	2,655	-273 ***	-10.3
Combined income ($)	10,015	9,929	86	0.9
Sample size	1,426	494		
Respondent aged 35 or older at random assignment				
Average quarterly employment (%)	49.0	44.3	4.7 **	10.6
Average quarterly percentage receiving cash assistance (%)	38.7	38.4	0.3	0.8
Average annual earnings ($)	6,087	5,641	446	7.9
Average annual cash assistance payments ($)	1,969	2,103	-135	-6.4
Combined income ($)	9,074	8,787	287	3.3
Sample size	937	305		

SOURCE: MDRC calculations using data from Vermont and New Hampshire unemployment insurance earnings records, Baseline Information Form data, Vermont ANFC records, and Vermont Food Stamp records.

NOTES: Dollar averages include zero values for sample members who were not employed or were not receiving cash assistance or Food Stamps. Estimates were regression-adjusted using ordinary least squares, controlling for pre-random assignment characteristics of sample members.

A two-tailed t-test was applied to all estimated impacts. Statistical significance levels are indicated as: ***=1 percent; **=5 percent; and *=10 percent.

Rounding may cause slight discrepancies in calculating sums and differences.

Vermont's Welfare Restructuring Project

Appendix Table D.14

Impacts, by Respondent's Marital Status

Outcome	WRP Group	ANFC Group	Difference (Impact)	Percentage Change (%)
Never married				
Average quarterly employment (%)	52.4	44.7	7.7 ***	17.2
Average quarterly percentage receiving cash assistance (%)	46.6	52.2	-5.6 ***	-10.7
Average annual earnings ($)	5,696	4,742	954 ***	20.1
Average annual cash assistance payments ($)	2,486	2,969	-483 ***	-16.3
Combined income ($)	9,420	9,009	411	4.6
Sample size	1,280	462		
Separated or divorced				
Average quarterly employment (%)	51.9	49	2.7	5.6
Average quarterly percentage receiving cash assistance (%)	41.3	40.9	0.4	0.9
Average annual earnings ($)	6,270	6,490	-220	-3.4
Average annual cash assistance payments ($)	2,210	2,391	-181 *	-7.6
Combined income ($)	9,616	10,026	-410	-4.1
Sample size	1,405	465		

SOURCE: MDRC calculations using data from Vermont and New Hampshire unemployment insurance earnings records, Baseline Information form data, Vermont ANFC records, and Vermont Food Stamp records.

NOTES: Dollar averages include zero values for sample members who were not employed or were not receiving cash assistance or Food Stamps. Estimates were regression-adjusted using ordinary least squares, controlling for pre-random assignment characteristics of sample members.

A two-tailed t-test was applied to all estimated impacts. Statistical significance levels are indicated as: ***=1 percent; **=5 percent; and *=10 percent.

Rounding may cause slight discrepancies in calculating sums and differences.

Vermont's Welfare Restructuring Project

Appendix Table D.15

Impacts, by Miscellaneous Baseline Characteristics

Outcome	WRP Group	ANFC Group	Difference (Impact)	Percentage Change (%)
On AFDC as a child				
Average quarterly employment (%)	50.9	43.3	7.6 ***	17.6
Average quarterly percentage receiving cash assistance (%)	51.1	54.0	-2.9	-5.3
Average annual earnings ($)	5,321	4,961	360	7.3
Average annual cash assistance payments ($)	2,841	3,338	-497 ***	-14.9
Combined income ($)	9,570	9,760	-190	-1.9
Sample size	718	245		
Has 3 or more children				
Average quarterly employment (%)	47.0	38.9	8.0 **	20.6
Average quarterly percentage receiving cash assistance (%)	47.5	42.3	5.2	12.4
Average annual earnings ($)	5,330	4,400	930	21.1
Average annual cash assistance payments ($)	2,949	2,893	56	1.9
Combined income ($)	9,904	8,746	1,158 *	13.2
Sample size	315	92		
Enrolled in any employment-related activities in prior year				
Average quarterly employment (%)	55.1	50.6	4.4 **	8.7
Average quarterly percentage receiving cash assistance (%)	44.7	46.1	-1.5	-3.2
Average annual earnings ($)	6,619	6,211	408	6.6
Average annual cash assistance payments ($)	2,419	2,680	-261 **	-9.7
Combined income ($)	10,268	10,142	126	1.2
Sample size	1,214	416		
Ever worked full time 6 months or more				
Average quarterly employment (%)	55.2	49.8	5.4 ***	10.9
Average quarterly percentage receiving cash assistance (%)	40.0	40.9	-0.9	-2.3
Average annual earnings ($)	6,780	6,261	519 *	8.3
Average annual cash assistance payments ($)	2,097	2,329	-232 ***	-10.0
Combined income ($)	9,983	9,707	276	2.8
Sample size	2,012	663		

SOURCE: MDRC calculations using data from Vermont and New Hampshire unemployment insurance earnings records, Baseline Information Form data, Vermont ANFC records, and Vermont Food Stamp records.

NOTES: Dollar averages include zero values for sample members who were not employed or were not receiving cash assistance or Food Stamps. Estimates were regression-adjusted using ordinary least squares, controlling for pre-random assignment characteristics of sample members.

A two-tailed t-test was applied to all estimated impacts. Statistical significance levels are indicated as: ***=1 percent; **=5 percent; and *=10 percent.

Rounding may cause slight discrepancies in calculating sums and differences.

Vermont's Welfare Restructuring Project

Appendix Table D.16

Impacts for Subgroups Defined by Responses to the Private Opinion Survey of Baseline Attitudes and Opinions[a]

Outcome	WRP Group	ANFC Group	Difference (Impact)	Percentage Change (%)
Of those who responded cannot work part time because they "had no way to get there every day"				
Average quarterly employment (%)	44.0	35.5	8.6 ***	24.2
Average quarterly percentage receiving cash assistance (%)	51.6	53.2	-1.6	-3.0
Average annual earnings ($)	4,290	3,763	528 *	14.0
Average annual cash assistance payments ($)	2,883	3,222	-339 ***	-10.5
Combined income ($)	8,590	8,418	173	2.0
Sample size	1,030	361		
Of those who responded cannot work part time because they "cannot arrange for child care"				
Average quarterly employment (%)	47.5	39.3	8.3 ***	21.0
Average quarterly percentage receiving cash assistance (%)	49.2	51.4	-2.3	-4.4
Average annual earnings ($)	4,900	4,538	362	8.0
Average annual cash assistance payments ($)	2,751	3,129	-378 ***	-12.1
Combined income ($)	9,056	9,063	-7	-0.1
Sample size	1,029	364		
Of those who responded "there is little that can be done to change many of the important things in my life"				
Average quarterly employment (%)	47.5	40.7	6.9 ***	16.9
Average quarterly percentage receiving cash assistance (%)	48.8	50.8	-2.1	-4.1
Average annual earnings ($)	4,936	4,749	188	4.0
Average annual cash assistance payments ($)	2,643	2,922	-280 **	-9.6
Combined income ($)	8,907	8,977	-70	-0.8
Sample size	827	288		
Of those who responded "when I have trouble or need help, I have someone to talk to"				
Average quarterly employment (%)	53.8	47.6	6.1 ***	12.9
Average quarterly percentage receiving cash assistance (%)	42.4	44.7	-2.4 **	-5.3
Average annual earnings ($)	6,260	5,734	526 **	9.2
Average annual cash assistance payments ($)	2,251	2,583	-332 ***	-12.9
Combined income ($)	9,674	9,513	161	1.7
Sample size	2,376	842		

(continued)

Appendix Table D.16 (continued)

Outcome	WRP Group	ANFC Group	Difference (Impact)	Percentage Change (%)
Of those who responded "it is better for my family that I stay on welfare than work at a job"				
Average quarterly employment (%)	40.2	33.4	6.8 ***	20.3
Average quarterly percentage receiving cash assistance (%)	50.3	54.2	-3.9	-7.2
Average annual earnings ($)	4,079	3,692	388	10.5
Average annual cash assistance payments ($)	2,843	3,366	-523 ***	-15.6
Combined income ($)	8,310	8,478	-168	-2.0
Sample size	531	188		
Of those who responded they were "ashamed to admit to people that I am on welfare"				
Average quarterly employment (%)	53.6	50.7	2.9 ***	5.8
Average quarterly percentage receiving cash assistance (%)	41.5	42.6	-1.1	-2.5
Average annual earnings ($)	6,400	6,253	148	2.4
Average annual cash assistance payments ($)	2,235	2,439	-204 ***	-8.4
Combined income ($)	9,796	9,847	-51	-0.5
Sample size	1,877	601		

SOURCE: MDRC calculations using data from Vermont and New Hampshire unemployment insurance earnings records, Private Opinion Survey data, Vermont ANFC records, and Vermont Food Stamp records.

NOTES: Dollar averages include zero values for sample members who were not employed or were not receiving cash assistance or Food Stamps. Estimates were regression-adjusted using ordinary least squares, controlling for pre-random assignment characteristics of sample members.

A two-tailed t-test was applied to all estimated impacts. Statistical significance levels are indicated as: ***=1 percent; **=5 percent; and *=10 percent.

Rounding may cause slight discrepancies in calculating sums and differences

[a]This table is a subgroup analysis grouped by responses to the Private Opinion Survey. The Private Opinion Survey was a short questionaire administered at baseline to most sample members. The survey was designed to collect information about attitudes and opinions.

Vermont's Welfare Restructuring Project

Appendix Table D.17

Impacts, by Random Assignment Cohort

Outcome	WRP Group	ANFC Group	Difference (Impact)	Percentage Change (%)
Randomly assigned 7/94-9/94				
Average quarterly employment (%)	51.9	43.3	8.6 ***	19.9
Average quarterly percentage receiving cash assistance (%)	42.6	45.0	-2.4	-5.3
Average annual earnings ($)	5,970	5,108	863 **	16.9
Average annual cash assistance payments ($)	2,292	2,614	-322 ***	-12.3
Combined income ($)	9,416	8,936	480	5.4
Sample Size	925	323		
Randomly assigned 10/94-12/94				
Average quarterly employment (%)	50.7	49.1	1.6	3.3
Average quarterly percentage receiving cash assistance (%)	45.1	44.3	0.8	1.8
Average annual earnings ($)	5,762	5,751	12	0.2
Average annual cash assistance payments ($)	2,417	2,521	-104	-4.1
Combined income ($)	9,418	9,460	-42	-0.4
Sample Size	801	269		
Randomly assigned 1/95-3/95				
Average quarterly employment (%)	52.9	47.2	5.7 ***	12.1
Average quarterly percentage receiving cash assistance (%)	41.7	44.3	-2.7	-6.0
Average annual earnings ($)	6,112	5,670	442	7.8
Average annual cash assistance payments ($)	2,234	2,598	-364 ***	-14.0
Combined income ($)	9,495	9,439	57	0.6
Sample Size	875	311		
Randomly assigned 4/95-6/95				
Average quarterly employment (%)	52.9	47.2	5.7 **	12.1
Average quarterly percentage receiving cash assistance (%)	43.3	46.4	-3.1	-6.7
Average annual earnings ($)	6,204	5,449	755	13.8
Average annual cash assistance payments ($)	2,307	2,698	-391 **	-14.5
Combined income ($)	9,735	9,433	301	3.2
Sample Size	670	207		

SOURCES: MDRC calculations using data from Vermont and New Hampshire unemployment insurance earnings records, Baseline Information Form data, Vermont ANFC records, and Vermont Food Stamp records.

NOTES: Dollar averages include zero values for sample members who were not employed or were not receiving cash assistance or Food Stamps. Estimates were regression-adjusted using ordinary least squares, controlling for pre-random assignment characteristics of sample members.

A two-tailed t-test was applied to all estimated impacts. Statistical significance levels are indicated as: ***=1 percent; **=5 percent; and *=10 percent.

Rounding may cause slight discrepancies in calculating sums and differences.

Vermont's Welfare Restructuring Project

Appendix Table D.18

Impacts, by Research District, Arrayed from Most to Least Rural

Outcome	WRP Group	ANFC Group	Difference (Impact)	Percentage Change (%)
Morrisville (County 100% rural)				
Average quarterly employment (%)	52.7	53.0	-0.3	-0.6
Average quarterly percentage receiving cash assistance (%)	37.7	39.5	-1.8	-4.7
Average annual earnings ($)	6,033	5,805	228	3.9
Average annual cash assistance payments ($)	1,870	2,176	-306	-14.1
Combined income ($)	9,040	9,170	-130	-1.4
Sample size	236	77		
Springfield (County 87.6% rural)				
Average quarterly employment (%)	52.9	48.4	4.5	9.4
Average quarterly percentage receiving cash assistance (%)	38.4	43.2	-4.7	-11.0
Average annual earnings ($)	5,733	5,663	69	1.2
Average annual cash assistance payments ($)	2,017	2,517	-500 **	-19.9
Combined income ($)	8,826	9,349	-523	-5.6
Sample size	349	115		
Hartford (County 87.6% rural)				
Average quarterly employment (%)	50.6	49.5	1.1	2.2
Average quarterly percentage receiving cash assistance (%)	39.4	37.7	1.8	4.7
Average annual earnings ($)	5,764	5,778	-14	-0.2
Average annual cash assistance payments ($)	2,023	2,109	-87	-4.1
Combined income ($)	8,901	8,974	-73	-0.8
Sample size	391	126		
St. Albans (County 82% rural)				
Average quarterly employment (%)	55.5	46.2	9.3 ***	20.2
Average quarterly percentage receiving cash assistance (%)	41.3	44.9	-3.6	-8.0
Average annual earnings ($)	6,805	5,469	1,336 **	24.4
Average annual cash assistance payments ($)	2,127	2,546	-419 **	-16.5
Combined income ($)	10,120	9,198	922 *	10.0
Sample size	425	153		
Newport (County 82% rural)				
Average quarterly employment (%)	48.0	45.9	2.1	4.7
Average quarterly percentage receiving cash assistance (%)	44.9	42.8	2.1	5.0
Average annual earnings ($)	5,147	5,341	-194	-3.6
Average annual cash assistance payments ($)	2,338	2,423	-85	-3.5
Combined income ($)	8,932	9,093	-161	-1.8
Sample size	293	102		

(continued)

Appendix Table D.18 (continued)

Outcome	WRP Group	ANFC Group	Difference (Impact)	Percentage Change (%)
St. Johnsbury (County 77% rural)				
Average quarterly employment (%)	50.2	42.8	7.4 **	17.4
Average quarterly percentage receiving cash assistance (%)	38.9	42.1	-3.2	-7.6
Average annual earnings ($)	5,335	5,235	100	1.9
Average annual cash assistance payments ($)	1,978	2,342	-365 *	-15.6
Combined income ($)	8,474	8,812	-339	-3.8
Sample size	311	105		
Middlebury (County 74% rural)				
Average quarterly employment (%)	54.8	51.0	3.8	7.4
Average quarterly percentage receiving cash assistance (%)	33.2	44.4	-11.2 ***	-25.2
Average annual earnings ($)	6,406	5,905	500	8.5
Average annual cash assistance payments ($)	1,622	2,420	-797 ***	-33.0
Combined income ($)	8,975	9,505	-529	-5.6
Sample size	252	81		
Bennington (County 73% rural)				
Average quarterly employment (%)	49.7	41.8	7.9 **	18.8
Average quarterly percentage receiving cash assistance (%)	44.0	39.5	4.4	11.2
Average annual earnings ($)	5,755	4,875	880	18.1
Average annual cash assistance payments ($)	2,385	2,135	250	11.7
Combined income ($)	9,392	8,061	1,331 **	16.5
Sample size	330	110		
Rutland (County 71% rural)				
Average quarterly employment (%)	51.9	44.1	7.7 ***	17.5
Average quarterly percentage receiving cash assistance (%)	44.5	46.3	-1.8	-4.0
Average annual earnings ($)	5,698	5,142	556	10.8
Average annual cash assistance payments ($)	2,388	2,643	-254 *	-9.6
Combined income ($)	9,284	9,016	268	3.0
Sample size	625	211		
Barre (County 68% rural)				
Average quarterly employment (%)	50.3	46.8	3.5	7.5
Average quarterly percentage receiving cash assistance (%)	44.2	43.1	1.1	2.7
Average annual earnings ($)	5,517	5,383	134	2.5
Average annual cash assistance payments ($)	2,307	2,456	-149	-6.1
Combined income ($)	8,996	9,000	-4	0.0
Sample size	481	174		

(continued)

Appendix Table D.18 (continued)

Outcome	WRP Group	ANFC Group	Difference (Impact)	Percentage Change (%)
Brattleboro (County 64% rural)				
Average quarterly employment (%)	48.9	41.7	7.3 **	17.4
Average quarterly percentage receiving cash assistance (%)	35.7	42.2	-6.5 **	-15.3
Average annual earnings ($)	5,825	4,427	1,398 **	31.6
Average annual cash assistance payments ($)	1,873	2,250	-376 *	-16.7
Combined income ($)	8,711	7,779	932 *	12.0
Sample size	334	112		
Burlington (County 34% rural)				
Average quarterly employment (%)	52.3	47.9	4.4 **	9.1
Average quarterly percentage receiving cash assistance (%)	43.8	46.1	-2.3	-5.0
Average annual earnings ($)	6,392	5,768	623	10.8
Average annual cash assistance payments ($)	2,436	2,764	-328 ***	-11.9
Combined income ($)	9,983	9,752	231	2.4
Sample size	1,098	355		

SOURCES: Center for Rural Studies, 1990 census (percentage rural); MDRC calculations using data from Vermont and New Hampshire unemployment insurance earnings records, Baseline Information Form data, Vermont ANFC records, and Vermont Food Stamp records.

NOTES: Counties do not exactly overlap with welfare districts. Therefore the percentage rural in the county that the welfare district is in might not accurately represent the percentage rural in the welfare district. The following counties were used as proxies for welfare districts: Lamoille County (Morrisville), Windsor County (Springfield/Hartford), Franklin County (St. Albans), Orleans County (Newport), Caledonia County (St. Johnsbury), Addison County (Middlebury), Bennington County (Bennington), Rutland County (Rutland), Washington County (Barre), Windham County (Brattleboro), Chittenden County (Burlington).

Dollar averages include zero values for sample members who were not employed or were not receiving cash assistance or Food Stamps. Estimates were regression-adjusted using ordinary least squares, controlling for pre-random assignment characteristics of sample members.

A two-tailed t-test was applied to all estimated impacts. Statistical significance levels are indicated as: ***=1 percent; **=5 percent; and *=10 percent.

Rounding may cause slight discrepancies in calculating sums and differences.

Appendix E

Supplemental Tables for the Section Entitled "Effects on Family and Child Outcomes for Single-Parent Families"

Vermont's Welfare Restructuring Project

Appendix Table E.1

Impacts on Family Expenditures and Savings for Single-Parent Families

Outcome	Average Outcome Levels: WRP Group	Average Outcome Levels: WRP Incentives Only Group	Average Outcome Levels: ANFC Group	WRP vs. ANFC: Impacts of Financial Incentives and Eligibility Rules, Combined with Work Requirement	WRP Incentives Only vs. ANFC: Impacts of Financial Incentives and Eligibility Rules	WRP vs. WRP Incentives Only: Added Impacts of Work Requirement
Expenditures						
Average spent on housing in prior month ($)[a]	542	582	555	-12.1	27.2	-39.4
Average work-related transportation costs ($)[b]	37	27	37	-0.6	-10.7 **	10.2 **
Average child care costs ($)[c]	49	41	40	9.1	1.0	8.1
Average expenditures on clothing ($)	139	131	131	8.4	-0.5	8.9
Total amount spent on groceries and eating out ($)[d]	378	387	388	-9.8	-1.1	-8.7
Expenditures as proportion of income	75.2	73.3	74.5	0.7	-1.3	1.9
Savings and assets[e]						
No savings (%)	67.5	65.5	67.2	0.2	-1.8	2.0
$1-$499 (%)	17.9	17.6	20.0	-2.1	-2.4	0.3
$500 or more (%)	12.1	14.4	9.4	2.7	5.0 **	-2.3
Average savings ($)	313	294	283	30.2	11.0	19.2
Owns a car, van, or truck (%)	73.1	74.2	70.3	2.8	3.9	-1.1
Had debts exceeding $100 (%)	68.0	70.4	68.1	-0.1	2.3	-2.4
Sample size	421	414	421			

(continued)

Appendix Table E.1 (continued)

SOURCES: MDRC calculations using data from the 42-Month Client Survey.

NOTES: This sample includes members who responded to the 42-Month Client Survey and were randomly assigned between October 1994 and June 1995 in the six research districts.

Estimates were regression-adjusted using ordinary least squares, controlling for pre-random assignment characteristics of sample members.

A two-tailed t-test was applied to all estimated impacts. Statistical significance levels are indicated as: ***=1 percent; **=5 percent; and *=10 percent.

Rounding may cause slight discrepancies in calculating differences.

Dollar averages include zero values for respondents who had no savings or expenditures on the specified items.

[a]Includes expenditures on gas, heat, and electricity.

[b]Assumes no work-related transportation costs for respondents not currently employed.

[c]Only asked of those who have a child age 13 or younger (N = 986). Assumes no child care costs for those with no children in child care. The survey did not distinguish child care that was work related from other child care.

[d]Includes any food assistance that the respondent might have received.

[e]This question asked about savings at the time of the survey, not during the month prior.

Vermont's Welfare Restructuring Project

Appendix Table E.2

Impacts on Housing Situation, Neighborhood, and Food Insecurity for Single-Parent Families

Outcome	Average Outcome Levels: WRP Group	Average Outcome Levels: WRP Incentives Only Group	Average Outcome Levels: ANFC Group	WRP vs. ANFC: Impacts of Financial Incentives and Eligibility Rules, Combined with Work Requirement	WRP Incentives Only vs. ANFC: Impacts of Financial Incentives and Eligibility Rules	WRP vs. WRP Incentives Only: Added Impacts of Work Requirement
Housing status (%)						
Owns home	17.5	21.9	20.4	-3.0	1.4	-4.4
Rents home or apartment	69.2	65.7	68.6	0.6	-2.9	3.4
Lives rent-free with family or friends	5.4	5.9	4.0	1.4	1.9	-0.6
Other	8.0	6.5	7.0	1.0	-0.5	1.5
Number of moves						
0	37.6	29.4	33.9	3.7	-4.5	8.1 **
1	29.6	28.2	28.0	1.6	0.2	1.5
2 or 3	22.6	29.2	28.3	-5.7 *	0.9	-6.6 **
More than 3	10.2	13.2	9.8	0.5	3.4	-3.0
Neighborhood is excellent or good (%)	69.2	68.8	68.5	0.7	0.2	0.4
Food security in last 12 months (%)						
Did not have enough to eat[a]	21.8	20.2	23.0	-1.1	-2.8	1.7
The food bought did not last[a]	51.2	47.6	49.8	1.4	-2.2	3.6
Could not eat balanced meals[a]	31.3	30.1	31.0	0.3	-0.9	1.2
Anyone cut size of or skip meals	17.0	18.4	18.7	-1.7	-0.3	-1.4
Anyone did not eat for a whole day	5.6	7.5	6.6	-1.0	1.0	-2.0
Experienced food insecurity	27.8	26.5	29.0	-1.3	-2.5	1.2
Experienced food insecurity with hunger	9.7	10.3	10.3	-0.6	0.0	-0.6
Health coverage (%)						
Respondent						
Respondent covered by Medicaid or similar coverage	64.9	66.3	68.0	-3.1	-1.7	-1.4
Respondent covered by other health insurance	18.1	18.6	16.8	1.3	1.9	-0.5
Respondent covered by any health insurance	79.3	81.5	81.6	-2.4	-0.1	-2.2

(continued)

Appendix Table E.2 (continued)

Outcome	Average Outcome Levels: WRP Group	Average Outcome Levels: WRP Incentives Only Group	Average Outcome Levels: ANFC Group	WRP vs. ANFC: Impacts of Financial Incentives and Eligibility Rules, Combined with Work Requirement	WRP Incentives Only vs. ANFC: Impacts of Financial Incentives and Eligibility Rules	WRP vs. WRP Incentives Only: Added Impacts of Work Requirement
Children						
Some or all covered by Medicaid or similar coverage	71.0	71.2	76.8	-5.8 *	-5.6 *	-0.2
Some or all covered by other health insurance	16.7	21.2	15.4	1.3	5.8 **	-4.5 *
All children covered by some type of insurance	79.5	82.9	84.3	-4.8 *	-1.4	-3.3
Employment status and health coverage (%)						
Employed with health coverage	54.0	45.3	47.0	6.9 **	-1.8	8.7 **
Employed without health coverage	11.6	8.5	7.9	3.7 *	0.6	3.1
Not employed with health coverage	27.6	39.7	38.8	-11.3 ***	0.8	-12.1 ***
Not employed with no health coverage	6.9	6.6	6.2	0.7	0.3	0.4
Not enrolled in employer's health insurance[b]	16.5	13.0	10.9	5.6 **	2.2	3.5
Welfare status and health coverage (%)						
Not on welfare and receiving Medicaid or similar coverage	40.0	36.3	40.7	-0.6	-4.3	3.7
Not on welfare and not receiving Medicaid or similar coverage	24.4	24.6	19.1	5.3 *	5.5 *	-0.3
On welfare and receiving Medicaid or similar coverage	34.4	37.0	38.3	-3.9	-1.3	-2.5
On welfare not receiving Medicaid or similar coverage	1.2	2.1	1.9	-0.7	0.1	-0.9
Sample size	421	414	421			

SOURCES: MDRC calculations using data from the 42-Month Client Survey.

NOTES: This sample includes members who responded to the 42-Month Client Survey and were randomly assigned between October 1994 and June 1995 in the six research districts.

Estimates were regression-adjusted using ordinary least squares, controlling for pre-random assignment characteristics of sample members.

A two-tailed t-test was applied to all estimated impacts. Statistical significance levels are indicated as: ***=1 percent; **=5 percent; and *=10 percent.

Rounding may cause slight discrepancies in calculating differences.

The percentages covered by Medicaid and other insurance do not sum to the percentage covered by any insurance because some respondents indicated that they were covered by more than one type of insurance.

[a]Respondent or someone else sometimes or often experienced this outcome.

[b]The question regarding enrollment in employer's health coverage was asked of respondents who were employed and their employer offered health coverage.

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Appendix Table E.3

Impacts on Educational Attainment and Difficulties of Employment for Single-Parent Families

Outcome	Average Outcome Levels: WRP Group	Average Outcome Levels: WRP Incentives Only Group	Average Outcome Levels: ANFC Group	WRP vs. ANFC: Impacts of Financial Incentives and Eligibility Rules, Combined with Work Requirement	WRP Incentives Only vs. ANFC: Impacts of Financial Incentives and Eligibility Rules	WRP vs. WRP Incentives Only: Added Impacts of Work Requirement
Education (%)						
Has a high school diploma or GED	83.3	82.0	82.3	1.0	-0.3	1.4
Has a college degree	16.0	16.6	15.9	0.1	0.7	-0.6
Has a trade school certificate	14.2	8.6	8.5	5.7 ***	0.2	5.5 ***
Ever earned college credits	24.1	30.0	27.1	-3.0	2.9	-5.9 *
Difficulties of employment (%)						
Did not take or quit job due to transportation problems	23.6	20.2	23.6	0.0	-3.4	3.4
Did not take or quit job due to child care problems	26.7	33.0	31.3	-4.6	1.7	-6.3 *
Family has so many problems makes work difficult	18.6	22.6	19.6	-0.9	3.0	-4.0
Has a health or emotional problem that makes work difficult	23.5	26.1	20.3	3.2	5.9 **	-2.7
Sample size	421	414	421			

SOURCES: MDRC calculations using data from the 42-Month Client Survey.

NOTES: This sample includes members who responded to the 42-Month Client Survey and were randomly assigned between October 1994 and June 1995 in the six research districts.

Estimates were regression-adjusted using ordinary least squares, controlling for pre-random assignment characteristics of sample members.

A two-tailed t-test was applied to all estimated impacts. Statistical significance levels are indicated as: ***=1 percent; **=5 percent; and *=10 percent.

Rounding may cause slight discrepancies in calculating differences.

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Appendix Table E.4

Impacts on Household Composition, Marital Status, and Childbearing for Single-Parent Families

Outcome	Average Outcome Levels: WRP Group	Average Outcome Levels: WRP Incentives Only Group	Average Outcome Levels: ANFC Group	WRP vs. ANFC: Impacts of Financial Incentives and Eligibility Rules, Combined with Work Requirement	WRP Incentives Only vs. ANFC: Impacts of Financial Incentives and Eligibility Rules	WRP vs. WRP Incentives Only: Added Impacts of Work Requirement
Household composition						
Lives with no other adult (%)	45.0	44.0	47.4	-2.4	-3.4	1.1
Lives with spouse or partner (%)	34.9	38.0	34.1	0.7	3.9	-3.2
Lives with relative (%)	16.4	15.7	15.9	0.5	-0.2	0.7
Lives with other (%)	8.5	9.2	8.3	0.2	0.8	-0.6
Number of adults in household	1.7	1.7	1.8	0.0	0.0	0.0
Number of children in household	1.7	1.7	1.7	0.0	0.0	0.0
Total number in household	3.4	3.4	3.4	0.0	0.0	0.0
Marital status (%)						
Married and living with spouse	19.8	22.2	16.9	2.9	5.3 *	-2.4
Separated	7.8	6.8	8.0	-0.2	-1.2	1.0
Divorced	39.7	38.5	39.4	0.3	-0.9	1.2
Widowed	1.6	0.4	0.9	0.6	-0.6	1.2 **
Never married	30.9	32.0	34.6	-3.7 *	-2.6	-1.1
Childbearing (%)						
Gave birth since random assignment	22.7	25.7	23.1	-0.3	2.6	-3.0
Currently pregnant	2.5	4.5	2.6	0.0	2.0	-2.0
Sample size	421	414	421			

SOURCES: MDRC calculations using data from the 42-Month Client Survey.

NOTES: This sample includes members who responded to the 42-Month Client Survey and were randomly assigned between October 1994 and June 1995 in the six research districts.

Estimates were regression-adjusted using ordinary least squares, controlling for pre-random assignment characteristics of sample members.

A two-tailed t-test was applied to all estimated impacts. Statistical significance levels are indicated as: ***=1 percent; **=5 percent; and *=10 percent.

Rounding may cause slight discrepancies in calculating differences.

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Appendix Table E.5

Impacts on Parental Involvement for Single-Parent Families

Outcome	Average Outcome Levels: WRP Group	Average Outcome Levels: WRP Incentives Only Group	Average Outcome Levels: ANFC Group	WRP vs. ANFC: Impacts of Financial Incentives and Eligibility Rules, Combined with Work Requirement	WRP Incentives Only vs. ANFC: Impacts of Financial Incentives and Eligibility Rules	WRP vs. WRP Incentives Only: Added Impacts of Work Requirement
Parental involvement (%)						
Both parents in household	20.2	17.8	16.4	3.8 *	1.4	2.4
Children covered by child support order[a]	49.0	54.6	50.9	-1.9	3.7	-5.6 **
Received any child support in prior year						
Formal	33.1	40.1	36.1	-3.0	4.0	-7.0 ***
Informal	6.7	5.3	8.2	-1.6	-3.0 **	1.4
Visits with noncustodial parent during the past 12 months[b]						
At least once per month	26.6	28.9	31.3	-4.7 **	-2.4	-2.3
Less than once per month	48.6	48.8	47.8	0.8	1.0	-0.2
Never	25.9	27.9	30.2	-4.3 *	-2.3	-2.0
Sample size	754	708	728			

SOURCES: MDRC calculations using data from the 42-Month Client Survey.

NOTES: This sample includes members who responded to the 42-Month Client Survey and were randomly assigned between October 1994 and June 1995 in the six research districts.

This analysis was conducted at the child level and includes children age 18 or younger.

Standard errors were adjusted to account for shared variance between siblings.

Estimates were regression-adjusted using ordinary least squares, controlling for pre-random assignment characteristics of sample members.

A two-tailed t-test was applied to all estimated impacts. Statistical significance levels are indicated as: ***=1 percent; **=5 percent; and *=10 percent.

Rounding may cause slight discrepancies in calculating differences.

[a]Questions regarding child support and visitation were asked for children under age 18 with one parent residing outside of the household.

[b]This question refers to visits during the 12 months prior to the survey.

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Appendix Table E.6

Impacts on Child Care for Single-Parent Families[a]

Outcome	Average Outcome Levels: WRP Group	Average Outcome Levels: WRP Incentives Only Group	Average Outcome Levels: ANFC Group	WRP vs. ANFC: Impacts of Financial Incentives and Eligibility Rules, Combined with Work Requirement	WRP Incentives Only vs. ANFC: Impacts of Financial Incentives and Eligibility Rules	WRP vs. WRP Incentives Only: Added Impacts of Work Requirement
Children aged 0-4 at the time of survey						
Using any child care (%)[b]	63.3	53.0	55.6	7.6	-2.6	10.3 *
Child in the following arrangements: (%)[c]						
Any formal care	31.8	23.9	26.6	5.1	-2.8	7.9 *
Head Start program	4.5	5.0	7.7	-3.3	-2.8	-0.5
Preschool, nursery school, or daycare	24.2	20.4	22.0	2.3	-1.6	3.8
Before- or after-school daycare	4.6	1.4	0.1	4.6 ***	1.3	3.2 **
Summer camp program	0.0	0.0	0.0	0.0	0.0	0.0
After-school activities	0.0	0.0	0.0	0.0	0.0	0.0
Any informal care	44.4	36.7	40.2	4.2	-3.4	7.7
Family daycare home	12.2	11.3	15.1	-2.9	-3.8	0.9
Baby-sitter not related to child	12.7	13.6	8.9	3.8	4.8	-1.0
Child's other parent	8.9	4.3	8.2	0.7	-3.9	4.6 *
Relative, other than child's parent	23.4	15.5	22.9	0.4	-7.4 *	7.8 *
Child takes care of self alone	1.2	0.9	0.3	0.9	0.7	0.3
Report satisfied or very satisfied with all aspects of care (%)[d]	*83.1*	*82.3*	*84.9*	*-1.8*	*-2.5*	*0.8*
Percentage receiving child care subsidy (%)	21.1	19.2	22.1	-1.0	-2.9	1.9
Informed that state would pay for child care while working (%)[e]	77.0	74.0	73.6	3.5	0.4	3.0
Sample size	164	168	173			

(continued)

Appendix Table E.6 (continued)

Outcome	Average Outcome Levels: WRP Group	Average Outcome Levels: WRP Incentives Only Group	Average Outcome Levels: ANFC Group	WRP vs. ANFC: Impacts of Financial Incentives and Eligibility Rules, Combined with Work Requirement	WRP Incentives Only vs. ANFC: Impacts of Financial Incentives and Eligibility Rules	WRP vs. WRP Incentives Only: Added Impacts of Work Requirement
Children aged 5-9 at the time of survey (%)						
Using any child care (%)[b]	56.8	44.9	48.6	8.3 *	-3.7	12.0 ***
Child in the following arrangements: (%)[c]						
Any formal care	25.3	12.5	13.9	11.4 ***	-1.4	12.8 ***
Head Start program	0.9	0.4	0.6	0.3	-0.2	0.5
Preschool, nursery school, or daycare	14.2	6.5	8.3	5.9 **	-1.8	7.7 ***
Before- or after-school daycare	12.2	2.2	4.0	8.2 ***	-1.8	10.0
Summer camp program	1.2	2.2	1.7	-0.6	0.5	-1.1
After-school activities	2.6	1.7	1.1	1.4	0.6	0.8
Any informal care	42.4	39.0	40.5	1.9	-1.5	3.4
Family daycare home	8.2	9.7	11.7	-3.4	-2.0	-1.4
Baby-sitter not related to child	12.8	13.4	13.2	-0.4	0.2	-0.6
Child's other parent	7.4	5.3	4.9	2.6	0.4	2.2
Relative, other than child's parent	24.4	17.9	21.9	2.4	-4.0	6.4 *
Child takes care of self alone	3.9	2.6	3.6	0.3	-1.0	1.3
Participates in clubs or organizations (%)	31.9	27.1	24.7	7.2 *	2.3	4.9
Report satisfied or very satisfied with all aspects of care (%)[d]	*83.1*	*82.3*	*84.9*	*-1.8*	*-2.5*	*0.8*
Percentage receiving child care subsidy (%)	24.9	12.2	16.7	8.2 **	-4.5	12.7 ***
Informed that state would pay for child care while working (%)[e]	77.0	74.0	73.6	3.5	0.4	3.0
Sample size	268	249	247			

(continued)

Appendix Table E.6 (continued)

Outcome	Average Outcome Levels: WRP Group	Average Outcome Levels: WRP Incentives Only Group	Average Outcome Levels: ANFC Group	WRP vs. ANFC: Impacts of Financial Incentives and Eligibility Rules, Combined with Work Requirement	WRP Incentives Only vs. ANFC: Impacts of Financial Incentives and Eligibility Rules	WRP vs. WRP Incentives Only: Added Impacts of Work Requirement
Children aged 10-13 at the time of survey (%)						
Using any child care (%)[b]	39.3	33.4	37.2	2.1	-3.7	5.8
Child in the following arrangements: (%)[c]						
Any formal care	11.4	8.5	11.0	0.4	-2.4	2.8
Head Start program	0.0	0.0	0.0	0.0	0.0	0.0
Preschool, nursery school, or daycare	2.0	1.1	3.1	-1.2	-2.0	0.8
Before- or after-school daycare	2.2	1.4	3.3	-1.1	-1.9	0.8
Summer camp program	2.6	2.7	2.3	0.3	0.5	-0.2
After-school activities	4.2	4.2	3.0	1.2	1.2	0.0
Any informal care	31.4	27.8	31.8	-0.4	-4.0	3.6
Family daycare home	2.3	3.7	4.3	-2.0	-0.6	-1.4
Baby-sitter not related to child	8.0	9.0	8.4	-0.4	0.7	-1.0
Child's other parent	5.6	6.3	7.9	-2.3	-1.6	-0.7
Relative, other than child's parent	18.1	15.9	22.2	-4.2	-6.3	2.1
Child takes care of self alone	25.0	24.4	24.4	0.6	0.0	0.6
Participates in clubs or organizations (%)	40.8	38.4	30.9	9.9 *	7.5	2.4
Report satisfied or very satisfied with all aspects of care (%)[d]	*83.1*	*82.3*	*84.9*	*-1.8*	*-2.5*	*0.8*
Percentage receiving child care subsidy (%)	9.5	5.7	7.9	1.5	-2.2	3.7
Informed that state would pay for child care while working (%)[e]	77.0	74.0	73.6	3.5	0.4	3.0
Sample size	171	144	158			

(continued)

Appendix Table E.6 (continued)

SOURCES: MDRC calculations using data from the 42-Month Client Survey.

NOTES: This sample includes members who responded to the 42-Month Client Survey and were randomly assigned between October 1994 and June 1995 in the six research districts.

This analysis was conducted at the child level except where otherwise noted.

Standard errors were adjusted to account for shared variance between siblings.

Estimates were regression-adjusted using ordinary least squares, controlling for pre-random assignment characteristics of sample members.

A two-tailed t-test was applied to all estimated impacts. Statistical significance levels are indicated as: ***=1 percent; **=5 percent; and *=10 percent.

Italics indicate that the results do not present experimental comparisons.

Rounding may cause slight discrepancies in calculating differences.

[a]Child care information was collected for children aged 13 or younger.

[b]Child care does not include a child caring for him- or herself.

[c]Respondents were asked to identify any child care that they used once a week, in the past month. A child may have been in more than one child care arrangement. Therefore, the sum of the percentages in each arrangement exceeds the percentage using any child care arrangement.

[d]This analysis was conducted at the family level. Respondents were asked about the main child care arrangement for the youngest child. Only those respondents with a child in an formal or informal arrangement were asked; therefore, this outcome is nonexperimental.

[e]This analysis was conducted at the family level.

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Appendix Table E.7

Impacts on School Progress and Other Child Outcomes for Single-Parent Families

Outcome	Average Outcome Levels: WRP Group	Average Outcome Levels: WRP Incentives Only Group	Average Outcome Levels: ANFC Group	WRP vs. ANFC: Impacts of Financial Incentives and Eligibility Rules, Combined with Work Requirement	WRP Incentives Only vs. ANFC: Impacts of Financial Incentives and Eligibility Rules	WRP vs. WRP Incentives Only: Added Impacts of Work Requirement
Children aged 5-9 at the time of survey (%)						
Days absent from school in prior month						
None	47.4	43.9	45.6	1.7	-1.7	3.5
1-2 days	20.0	27.2	22.4	-2.4	4.8	-7.2 *
3 or more days	9.9	5.8	7.6	2.2	-1.8	4.0 *
Behavior or academic problems						
Received special education for any physical or emotional problem	19.4	24.5	22.7	-3.3	1.8	-5.1
Student suspended or expelled	2.3	3.0	3.5	-1.2	-0.5	-0.7
Parent contacted by school for behavior problems	19.5	20.9	25.1	-5.6	-4.2	-1.4
Repeated a grade since random assignment	10.1	5.8	8.5	1.7	-2.7	4.4 *
Doing below average in school	10.0	5.7	6.8	3.2	-1.1	4.3 *
Sample size	269	250	247			
Children aged 10-13 at the time of survey (%)						
Days absent from school in prior month						
None	48.7	41.6	41.6	7.1	0.0	7.1
1-2 days	24.6	23.8	22.3	2.3	1.5	0.8
3 or more days	1.4	9.6	8.8	-7.4 ***	0.8	-8.2 ***
Behavior or academic problems						
Received special education for any physical or emotional problem	30.1	34.2	35.5	-5.4	-1.3	-4.1
Student suspended or expelled	7.7	17.1	12.7	-5.0	4.3	-9.4 ***
Parent contacted by school for behavior problems	25.2	29.9	31.8	-6.6	-1.9	-4.7
Repeated a grade since random assignment	12.7	9.7	9.6	3.1	0.1	3.0
Doing below average in school	15.2	16.9	17.7	-2.5	-0.7	-1.8
Sample size	171	146	159			

(continued)

Appendix Table E.7 (continued)

Outcome	Average Outcome Levels: WRP Group	Average Outcome Levels: WRP Incentives Only Group	Average Outcome Levels: ANFC Group	WRP vs. ANFC: Impacts of Financial Incentives and Eligibility Rules, Combined with Work Requirement	WRP Incentives Only vs. ANFC: Impacts of Financial Incentives and Eligibility Rules	WRP vs. WRP Incentives Only: Added Impacts of Work Requirement
Children aged 14-18 at the time of survey (%)						
Days absent from school in prior month						
None	35.4	27.7	43.9	-8.4	-16.2 ***	7.8
1-2 days	27.3	30.2	23.5	3.8	6.6	-2.8
3 or more days	12.4	19.7	11.0	1.3	8.7 *	-7.3
Behavior or academic problems						
Received special education for any physical or emotional problem	25.9	30.4	25.6	0.4	4.8	-4.5
Any trouble with police[a]	26.8	27.3	17.3	9.5 **	10.1 *	-0.6
Ever dropped out of school	7.4	7.9	12.5	-5.0	-4.6	-0.5
Student suspended or expelled	32.2	30.4	33.0	-0.8	-2.6	1.8
Parent contacted by school for behavior problems	37.2	30.9	36.6	0.6	-5.7	6.3
Repeated a grade since random assignment	11.6	12.0	13.1	-1.6	-1.2	-0.4
Doing below average in school	21.7	19.1	23.3	-1.6	-4.2	2.6
Sample size	151	144	149			

SOURCES: MDRC calculations using data from the 42-Month Client Survey.

NOTES: This sample includes members who responded to the 42-Month Client Survey and were randomly assigned between October 1994 and June 1995 in the six research districts.

This analysis was conducted at the child level and includes children age 18 or younger.

Standard errors were adjusted to account for shared variance between siblings.

Estimates were regression-adjusted using ordinary least squares, controlling for pre-random assignment characteristics of sample members.

A two-tailed t-test was applied to all estimated impacts. Statistical significance levels are indicated as: ***=1 percent; **=5 percent; and *=10 percent.

Rounding may cause slight discrepancies in calculating differences.

[a]Police-involvement information was collected only for children aged 13 and older at the time of the 42-month survey. Results for 13-year-olds are not reported here because of sample size limitations. If 13-year-olds were included in the age 14 to 18 group, the impact is no longer statistically significant.

Appendix F

Supplemental Materials for the Section Entitled "Costs and Benefits for Single-Parent Families"

The report presents the key findings of the WRP benefit-cost analysis. This appendix discusses the analytical approach, methods, and data sources used in calculating those benefits and costs. Some additional tables are presented, including: (1) the benefits and costs of providing the incentives-only portion of WRP; and (2) the benefits and costs of the program for two-parent families.

The WRP program achieved financial gains and incurred financial losses in numerous ways. This analysis attempts to account for as many of the direct and indirect financial costs and benefits as possible. It focuses on the benefits and costs incurred as a result of the program's enhanced financial incentives, work requirement, and increased transitional assistance.

Analytical Approach

The analytical approach used in this benefit-cost analysis is similar to the approach used in previous MDRC evaluations.[1] The general approach is to place dollar values on WRP's effects and its use of resources wherever possible, either by directly measuring them or by estimating them. This benefit-cost analysis incorporates positive and negative financial estimates even when they do not reach the level of statistical significance, because they nonetheless represent the best estimates available.

Estimating Program Costs

The first step in this analysis was to estimate the cost of providing WRP's services, over and above the cost that would have been incurred in the absence of the program — that is, to estimate the average *net cost per WRP group member*. The net cost is the difference between the *gross cost per WRP group member* and the *gross cost per ANFC group member*, where the gross costs reflect the cost of all services that sample members used in the WRP program and of the education and training services that they used outside the program, when they were no longer receiving welfare benefits. In other words, the cost for the ANFC group is the benchmark used to determine the additional costs incurred as a result of the WRP program.

Costs per sample member are the product of unit costs and behavioral variables. The *unit cost* of an activity is an estimate of the average cost of serving one person in a specified

[1]Many of the techniques were originally developed for the benefit-cost analysis conducted as part of MDRC's Demonstration of State Work/Welfare Initiatives (see Long and Knox, 1985). This report's description of the analytical approach was adapted from previous MDRC reports (Riccio, Friedlander, and Freedman, 1994; Kemple, Fellerath, and Friedlander, 1995; Miller et al., 2000; and Bloom et al., 2000). Minor distinctions were introduced in this analysis to accommodate the data that were available and the unique features of WRP.

activity for a specified unit of time (one month or one hour, for example). In general, unit costs are calculated by dividing expenditures for an activity (or service) during a steady-state period by the total number of *participant-months* in that activity during the same period. The number of participant-months is obtained by counting the number of participants in an activity in each month of the steady-state period and summing across the months. The estimated unit costs for WRP program services are presented in Table F.1. The costs of operating the WRP program include costs associated with delivering transfer and support service payments, Reach Up services, and employment and training services.

Transfer program costs include the cost of administering cash assistance, Food Stamps, and Medicaid benefits — determining eligibility, calculating and issuing benefits (where applicable), and imposing any sanctions for program noncompliance. Unit costs were calculated for fiscal years 1995-1996 and 1997-1998 (steady-state periods), using expenditure data and state caseload data for these programs.

The cost of operating Reach Up was estimated using data from the automated participation tracking system maintained by DSW and program expenditure data. Reach Up services include case management and operation of job search activities.[2] Other employment and training activities were operated by providers outside the welfare department. Average unit costs for these components were calculated using data from the major providers of these activities. For college, these included costs for the Community College of Vermont; for basic education, these costs were estimated using data published by the Vermont Board of Education for the major providers of basic education; for job training, these included the Cold Hollow Career Center, Essex Technical Center, and Step Up.

Finally, costs for community service employment (CSE) include the amounts paid to WRP group members participating in this component of the program. The cost for CSE jobs does not include the administrative costs associated with processing the paychecks sent to participants. In addition, the analysis of CSE jobs may not take into account the full value of output of the work performed by employees in these positions. Under normal circumstances, the value of output is considered to be equivalent to compensation. However, CSE workers were paid the minimum wage. Therefore, the value of their output would be greater if non-CSE workers in the same position were paid more than the minimum wage. However, because the number of WRP group members who participated in CSE was very small, these costs were expected to be minimal.

[2]Case management for two-parent families and operation of the job search component were provided by the Vermont Department of Employment and Training (DET), under contract to DSW, and are included here.

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Appendix Table F.1

Estimated Unit Costs for Program Services (in 2000 Dollars)

	Average per Hour of Participation ($)	Average per Month of Participation ($)
DSW costs		
Eligibility-related services		
Cash assistance	N/A	59.14
Food Stamps	N/A	24.90
Case management for Reach Up activities[a]		
Job search[b]	3.52	N/A
Basic education[c]	3.80	N/A
College[d]	4.13	N/A
Vocational training[e]	3.04	N/A
Work experience	N/A	168.72
Employment and training operations		
Job search[b]	3.28	193.49
Work experience[f]	N/A	157.42
Outside agency costs		
Employment and training operations		
Basic education[c]	32.34	N/A
College[d]	12.25	N/A
Vocational training[e]	8.50	N/A

SOURCES: Expenditure reports from Vermont DSW, office of Vermont Health Access, and other outside providers (see below).

NOTES: Costs in this table are based on expenditures for fiscal year 1997-1998 in all activities, except eligiblity-related expenditures, which are an average of FY 1996 and FY 1998. All estimates are adjusted for inflation.

Values were discounted at a rate of 5 percent annually and adjusted for inflation using GNP quarterly inflation rates for the follow-up period.

N/A = not applicable.

[a]Hourly unit costs were used in calculating all case management and program operation costs with the exception of job search operating costs while sample member was not receiving public assistance, where monthly costs were used.

[b]Vermont Department of Employment and Training operated job search under contract with DSW.

[c]Cost estimates for basic education were calculated using data from the Vermont Adult Basic Education 2000 Annual Report, which includes the main providers of ABE for this sample.

[d]Cost estimates for higher education were calculated using data from the Community College of Vermont.

[e]Cost estimates for this component were calculated using an average cost for Essex Technical Center, Cold Hollow Career Center, and Step-Up.

[f]The operating costs for work experience do not include the administrative cost of processing the paychecks for the community service jobs provided to program group members.

Once the unit cost of an activity was determined, it was multiplied by the average number of months that sample members spent in the activity — called the *behavioral variable* — to determine the average cost incurred per WRP group member or ANFC group member during the follow-up period. Data from the Reach Up participation tracking system were used to measure participation in education and training activities while sample members were receiving welfare. Estimates of participation while sample members were not receiving welfare were based on data from the 42-Month Client Survey. The behavioral variables used in this analysis cover the six-year period following each sample member's entry into the study.

The costs presented in the report include the costs of program services as well as the costs of employment-related services that sample members used outside the programs when they were not receiving welfare. The off-welfare costs are important because they represent an additional investment of resources that could have differentially affected WRP and ANFC group members' future earnings and welfare receipt (effects that are accounted for in the benefit-cost analysis).

All sample members — not just those who participated in program services — were included in calculating the net costs, because the program may have affected some recipients' behavior: Some people may have chosen to avoid the program mandate by finding a job on their own or by leaving the welfare rolls. In addition, sample members who did not participate in WRP program services may have taken part in education and training services on their own, and these costs need to be taken into account as well.

Later in the analysis, to assess whether the WRP program was cost-effective from the perspective of the government's budget, the six-year net cost was compared with the value of any budgetary savings during the same period (for example, from lower welfare or Food Stamp payments) and of any tax revenue increases associated with the additional earnings of program group members.

Comparing the Program's Benefits and Costs

The benefit-cost analysis includes key financial effects discussed in the report (such as effects on earnings, cash assistance payments, and Food Stamp payments) and expands the scope to consider such effects as fringe benefits from employment, taxes, compensation from unemployment insurance (UI), and Medicaid coverage. All these effects were considered, along with the estimated net cost of the WRP program, to ascertain the net gains and losses to program group members and to the government budget.

WRP's effects on earnings, public assistance payments, child care subsidies, support service payments, and UI benefits were measured directly using data collected from administrative records kept by the State of Vermont.

WRP's effects on fringe benefits, federal and state taxes, and federal and state Earned Income Credits (EICs) could not be measured directly but were estimated using published data along with survey and administrative records data.

WRP's effects on medical assistance were estimated for the main health insurance programs offered in Vermont to uninsured or underinsured individuals. All sample members who were receiving cash assistance were also receiving Medicaid. Transitional Medicaid was provided to WRP group members for up to three years after leaving welfare and to ANFC group members for up to one year after leaving welfare. Dr. Dynasaur provides health care coverage to pregnant women and children under age 18 in families with income up to 300 percent of the federal poverty level. The Vermont Health Access Plan (VHAP) provides health care coverage through managed care to parents/caretaker relatives with incomes up to 185 percent of the poverty level who otherwise would be uninsured. Eligibility for these programs was estimated using administrative data on cash assistance receipt and earnings. To account for the fact that not all eligible individuals receive these services, take-up rates were calculated using responses to the questions on the 42-Month Client Survey regarding receipt of health care assistance.

Table F.2 shows detailed costs of transfer payments, medical assistance, and associated administration costs.

Accounting Methods

The benefit-cost estimates presented in this report are expressed in terms of *net present values* per program group member. The "net" in *net present value* means that, like the impacts, the amounts represent differences between estimates for program group members and for control group members. The estimates are in "present value" terms because the accounting method of "discounting" is used to express the dollar value today of program effects that occur in the future.[3] All benefit-cost amounts in this report are expressed in 2000 dollars, eliminating the effects of inflation on the values.

[3]Simply comparing the nominal dollar value of program costs with benefits over multiple years would be problematic, because a dollar's value is greater in the present than in the future: A dollar available today can be invested and may produce income over time, making it worth more than a dollar available in the future. In order to make a fair comparison between benefits and costs over multiple years, it is essential to determine their value at a common point in time — for example, the present. This determination was accomplished by *discounting,* a method for reducing the value of benefits and costs accrued in later years relative to benefits and costs accrued in early years. In the WRP analysis, the end of each sample member's first year following random assignment was used as the comparison point for the investment period. Gains that were accrued after that point were discounted to reflect their value at the end of Year 1. In calculating these discounted values, it was assumed that a dollar invested at the end of Year 1 would earn a real rate of return of 5 percent annually.

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Appendix Table F.2

Detailed Impacts on Transfer Payments, Medical Assistance, and Support Service Payments per WRP Group Member, for Six Years (in 2000 Dollars)

Outcome	WRP Group ($)	ANFC Group ($)	Difference (Impact)
Transfer payments			
Cash assistance	13,886	15,390	-1,503 ***
Food Stamps	6,966	7,091	-125
CSE jobs[a]	77	0	77 ***
Total transfer payments	20,929	22,480	-1,552 ***
Medical assistance			
Medicaid	5,368	5,678	-310
Transitional Medicaid	5,117	2,237	2,880 ***
Dr. Dynasaur	1,696	3,611	-1,915 ***
Vermont Health Assistance Program	939	2,315	-1,375 ***
Total medical assistance	13,120	13,840	-720 ***
Adminstrative costs of transfer payments			
Cash assistance administration	1,499	1,581	-81 **
Food Stamp administration	794	813	-19
Medical assistance administration[b]	3,312	3,424	-112 ***
Total administrative costs	5,605	5,817	-212 ***

SOURCES: MDRC calculations from DSW expenditure reports, administrative records, Office of Vermont Health Access expenditure reports, and published information about Medicaid eligibility and expenditures.

NOTES: Estimates reflect discounting and adjustment for inflation.

Values were discounted at a rate of 5 percent annually and adjusted for inflation using GNP quarterly inflation rates for the follow-up period.

[a] This estimate only reflects the wages for CSE jobs. It does not include the administrative costs of processing the paychecks.

[b] Administrative costs for Medicaid were used for all medical assistance programs.

The benefit-cost estimates cover a six-year time period starting with the month following random assignment (Month 1). Benefit-cost estimates were also calculated for a five-year period (shown in Table F.3) for comparison with other programs evaluated by MDRC.

Analytical Perspectives

An important aspect of benefit-cost analysis of government programs is determining who bears any costs or benefits from the program. An effect of a program can sometimes be a gain from one perspective and a loss from another. For example, a decrease in public assistance is viewed as a financial loss from the perspective of the program group but is seen as a gain from the perspective of the government's budget. This trade-off makes it important to consider the perspectives of all the directly affected groups when assessing each main program effect. The analysis presented here includes the net benefits and costs of WRP from the perspective of each of the following groups: program participants, the government budget, and society as a whole.

The *participant's* perspective identifies net gains or losses for members of the program group — how they fared as a result of the program. The WRP group experienced financial gains from increased earnings, supports for work subsidies, and EICs. On the other hand, there were financial losses for this group in terms of decreased public assistance, Medicaid, and higher income taxes (in large part from Social Security taxes). Since the benefits from earnings and other supports exceeded the value of decreased public assistance and Medicaid and higher income taxes, the program produced a modest net financial gain from the standpoint of participants. However, it is important to note that this calculation does not take into account nonfinancial gains or losses that may have value for participants, such as increased time spent out of the home.

The *government budget* perspective identifies the combined gains and losses incurred by the federal and state governments that fund such programs. Gains to the government budget occurred through reduced public assistance payments, reduced Medicaid-related assistance, and increased income and sales taxes. This analysis does not attempt to separate federal- and state-level costs and does not account for transfers from the federal government to the state (such as the TANF block grants).

The perspective of *society as a whole* combines the perspectives of two groups: participants and those outside the program (taxpayers who fund the federal and state government budgets). For a given component, a net gain to society occurred only when a gain to one group was not at the expense of another group. For example, a gain from earnings and fringe benefits benefited participants but was neither a benefit nor a cost for the government budget; thus the net result was a gain for society. A net loss to society occurs when a loss from one perspective is not a gain from another. For example, the operating cost of WRP represents a cost to the government budget, but this cost has no direct financial effect on participants; thus it is considered a

cost to society. Program effects that constitute a net gain from one perspective but a net loss from another are considered transfers that have no financial consequences from the societal perspective. For example, EICs represent a gain for participants who receive them but are a cost to the government budget.

When adopting the societal perspective, it is assumed that the value placed on a dollar lost is equivalent for each of the groups. This assumption may not be valid. Typically, participants in programs such as WRP have much lower incomes, on average, than the average taxpayer. Thus, it is likely that a dollar is worth more to a member of the program group than it is to the average taxpayer who funds the government budget. Nonetheless, this analysis treats each dollar the same, no matter to whom in society it accrues.

Limitations of the Analysis

This analysis accounts for the major financial effects of WRP, but limitations remain. First, although the estimates reflect the best data available, they should be considered only approximations. Estimates were based on a variety of data sources, and — depending on the sources available — some estimates of costs may be less reliable.

In addition, not all the effects of WRP are measurable in dollars. This analysis does not account for nonfinancial effects, such as family and child well-being, but readers should take them into account when assessing the overall value of the program. There were very few consistent effects on family and child outcomes evaluated in this report.

Further, there may be effects of WRP that were not measured in any way or that the researchers are unaware of. For example, it is possible that other workers were displaced as a result of the increased employment of WRP group members; such displaced workers may have become unemployed or may have accepted lower-paying jobs. Similarly, there may be indirect, long-term nonfinancial benefits brought on by increased work experience and financial stability.

Additional Benefit-Cost Analyses

The remaining tables in this appendix present additional analyses not described in the report.

Table F.3 presents five-year costs and benefits of WRP, by accounting perspective, for comparison with benefits and costs of other welfare-to-work programs evaluated by MDRC. The results for the five-year time horizon tell the same overall story as for six years.

The benefits and costs presented thus far have focused on the full WRP program, including the costs and benefits associated with a combination of enhanced financial incentives

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Appendix Table F.3

Five-Year Estimated Net Gains and Losses per WRP Group Member for Single-Parent Families, by Accounting Perspective (in 2000 Dollars)

	Accounting Perspective ($)		
Component of Analysis	Participants	Government Budget	Society
Financial effects			
Cash assistance, Food Stamps, and administration[a]	-1,254	1,323	-69
CSE jobs[b]	67	-67	0
Earnings and fringe benefits[c]	2,442	0	2,442
Income and sales tax[d]	-190	341	0
Tax credits	517	-517	0
Employment and training	0	-544	-544
Case management	0	-351	-351
Medical assistance and administration[e]	-528	602	74
Support services	444	-444	0
Net gain or loss (net present value)	1,498	342	1,552

SOURCES: MDRC calculations from Vermont and New Hampshire unemployment insurance earnings records, Vermont cash assistant records, Vermont Food Stamp records, Vermont Reach Up program participation records, DSW expenditures for fiscal years 1996 and 1998, Medicaid and related program expenditures from Office of Vermont Health Access, Vermont Medicaid-related administrative expenditures and eligibility statistics from the Health Care Financing Administration Web site, the 42-Month Client Survey, and published information on employee fringe benefits, tax rates, and tax credits.

NOTES: Estimates reflect discounting and inflation adjustment.

Values were discounted at a rate of 5 percent annually and adjusted for inflation using GNP quarterly inflation rates for the follow-up period.

[a]Cash assistance, Food Stamps, and administration includes cash assistance and Food Stamp payments and DSW administration costs.

[b]This estimate only reflects the wages for CSE jobs. It does not include the administrative costs of processing the paychecks.

[c]This summary measure includes unemployment insurance payments.

[d]The government budget perspective includes employer-paid Social Security and Medicare taxes.

[e]Medical assistance and administration includes payments and administration costs for Medicaid, transitional Medicaid, Dr. Dynasaur, and Vermont Health Assistance Program.

and the work requirement. Table F.4 focuses on the costs and benefits of the financial incentives alone and on the net financial effect of the work requirement. The table shows that, without the work requirement associated with the full WRP program, the net present values from all perspectives are essentially zero. The first three columns of the table show that the enhanced financial incentives produced a gain to program group members of a little more than $100 over the six-year period, while the government budget lost about $300 over the same time horizon.

The last three columns of Table F.4 show the net financial effect of the work requirement, over and above the financial incentives alone. From the perspective of the government budget, the financial gain to the budget from the work requirement (and resulting increased employment/decreased public assistance) was about $1,300 for the six-year period. A similar financial gain of $1,300 ($200 per year) was realized by program group members.

Table F.5 shows the benefits and costs of WRP, by accounting perspective, for two-parent families with an unemployed parent. WRP produced a net financial gain of about $2,700 from the perspective of two-parent families in the program group and a small financial loss of $840 over six years from the perspective of the government budget.

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Appendix Table F.4

Six-Year Estimated Net Gains and Losses per WRP Group Member for Single-Parent Families, by Accounting Perspective (in 2000 Dollars)

	Benefits/Costs of Financial Incentives Alone ($)			Benefits/Costs of Adding Work Requirement ($)		
Components	Participants	Government Budget	Society	Participants	Government Budget	Society
Financial effects						
Cash assistance, Food Stamps, and administration[a]	212	-285	-72	-1,841	2,013	-135
CSE jobs[b]	-4	4	0	80	-80	0
Earnings and fringe benefits[c]	-259	0	-259	3,059	0	3,059
Income and sales tax[d]	15	-31	0	-242	436	0
Tax credits	-151	151	0	752	-752	0
Employment and training	0	267	267	0	-734	-734
Case management	0	23	23	0	-361	-361
Medical assistance and administration[e]	225	-351	-125	-946	1,183	238
Support services	96	-96	0	421	-421	0
Net gain or loss (net present value)	134	-319	-167	1,283	1,284	2,066

SOURCES: MDRC calculations from Vermont and New Hampshire unemployment insurance earnings records, Vermont ANFC records, Vermont Food Stamp records, Vermont Reach Up program participation records, DSW expenditures for fiscal years 1996 and 1998, Medicaid and related program expenditures from Office of Vermont Health Access, Vermont Medicaid-related administrative expenditures and eligibility statistics from the Health Care Financing Administration Web site, the 42-Month Client Survey, and published information on employee fringe benefits, tax rates, and tax credits.

NOTES: Estimates reflect discounting and inflation adjustment.

Values were discounted at a rate of 5 percent annually and adjusted for inflation using GNP quarterly inflation rates for the follow-up period.

[a]Cash assistance, Food Stamps, and administration includes cash assistance and Food Stamp payments and DSW administration costs.

[b]This estimate only reflects the wages for CSE jobs. It does not include the administrative costs of processing the paychecks.

[c]This summary measure includes unemployment insurance payments.

[d]The government budget perspective includes employer-paid Social Security and Medicare taxes.

[e]Medical assistance and administration includes payments and administration costs for Medicaid, transitional Medicaid, Dr. Dynasaur, and Vermont Health Assistance Program.

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Appendix Table F.5

Six-Year Estimated Net Gains and Losses per WRP Group Member for Two-Parent Unemployed Families, by Accounting Perspective (in 2000 Dollars)

	Accounting Perspective ($)		
Component of Analysis	Participants	Government Budget	Society
Financial effects			
Cash assistance, Food Stamps, and administration[a]	372	-476	104
CSE jobs[b]	147	-147	0
Earnings and fringe benefits[c]	1,409	0	1,409
Income and sales tax[d]	-94	200	0
Tax credits	42	-42	0
Employment and training[e]	0	-1,025	-1,025
Case management	0	-258	-258
Medical assistance and administration[f]	632	1,145	1,777
Support services	240	-240	0
Net gain or loss (net present value)	2,747	-842	2,007

SOURCES: MDRC calculations from Vermont and New Hampshire unemployment insurance earnings records, Vermont ANFC records, Vermont Food Stamp records, Vermont Reach Up program participation records, DSW expenditures for fiscal years 1996 and 1998, Medicaid and related program expenditures from Office of Vermont Health Access, Vermont Medicaid-related administrative expenditures and eligibility statistics from the Health Care Financing Administration Web site, the 42-Month Client Survey, and published information on employee fringe benefits, tax rates, and tax credits.

NOTES: Estimates reflect discounting and inflation adjustment.

Values were discounted at a rate of 5 percent annually and adjusted for inflation using GNP quarterly inflation rates for the follow-up period.

[a]Cash assistance, Food Stamps, and administration includes cash assistance and Food Stamp payments and DSW administration costs.

[b]This estimate only reflects the wages for CSE jobs. It does not include the administrative costs of processing the paychecks.

[c]This summary measure includes unemployment insurance payments.

[d]The government budget perspective includes employer paid social security and Medicare taxes.

[e]Employment and training costs while sample member was not receiving cash assistance were not estimated for two-parent families. There were no significant differences in participation in employment and training activities while sample members were not receiving public assistance. Therefore, estimating the costs associated with participation in these activities would not have changed the results shown in this table.

[f]Medical assistance and administration includes payments and administration costs for Medicaid, transitional Medicaid, Dr. Dynasaur, and Vermont Health Assistance Program.

Appendix G

Supplemental Tables for the Section Entitled "Effects on Employment, Public Assistance, and Income for Two-Parent Families"

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Appendix Table G.1

Six-Year Impacts of WRP and WRP Incentives Only for Two-Parent Families with an Incapacitated Parent (Statewide)

	Average Outcome Levels			WRP vs. ANFC		WRP Incentives Only vs. ANFC		WRP vs. WRP Incentives Only	
Outcome	WRP Group	WRP Incentives Only Group	ANFC Group	Impacts of Financial Incentives and Eligibility Rules, Combined with Work Requirement		Impacts of Financial Incentives and Eligibility Rules		Added Impacts of Work Requirement	
Years 1-2									
Ever employed, either parent (%)	46.0	44.6	43.1	2.9		1.5		1.4	
Ever received cash assistance (%)	64.4	64.9	62.9	1.5		2.0		-0.5	
Ever received Food Stamps (%)	76.4	71.2	76.2	0.2		-4.9	*	5.1	**
Quarterly earnings, both parents ($)	693	674	642	51		32		19	
Quarterly cash assistance payments ($)	464	498	457	7		41		-34	
Quarterly Food Stamp payments ($)	217	210	240	-22	**	-30	**	8	
Quarterly combined income from earnings, cash assistance, and Food Stamps ($)	2,749	2,762	2,678	71		85		-14	
Years 3-4									
Ever employed, either parent (%)	56.4	50.6	51.3	5.1	*	-0.7		5.9	*
Ever received cash assistance (%)	38.5	44.0	43.6	-5.1		0.4		-5.5	
Ever received Food Stamps (%)	57.3	59.1	56.3	1.0		2.8		-1.8	
Quarterly earnings, both parents ($)	1,056	992	955	100		37		63	
Quarterly cash assistance payments ($)	251	319	324	-74	***	-5		-68	**
Quarterly Food Stamp payments ($)	146	160	173	-27	**	-12		-15	
Quarterly combined income from earnings, cash assistance, and Food Stamps ($)	2,904	2,944	2,904	0		40		-40	

(continued)

Appendix Table G.1 (continued)

Outcome	Average Outcome Levels: WRP Group	Average Outcome Levels: WRP Incentives Only Group	Average Outcome Levels: ANFC Group	WRP vs. ANFC: Impacts of Financial Incentives and Eligibility Rules, Combined with Work Requirement	WRP Incentives Only vs. ANFC: Impacts of Financial Incentives and Eligibility Rules	WRP vs. WRP Incentives Only: Added Impacts of Work Requirement
Years 5-6						
Ever employed, either parent (%)	58.1	56.1	54.4	3.8	1.8	2.0
Ever received cash assistance (%)	25.3	33.7	29.1	-3.8	4.7	-8.4 ***
Ever received Food Stamps (%)	42.2	47.2	41.0	1.2	6.2	-5.0
Quarterly earnings, both parents ($)	1,308	1,245	1,288	20	-43	63
Quarterly cash assistance payments ($)	168	239	225	-57 **	13	-71 ***
Quarterly Food Stamp payments ($)	105	119	117	-12	2	-14
Quarterly combined income from earnings, cash assistance, and Food Stamps ($)	3,161	3,204	3,260	-98	-56	-43
Sample size	588	173	210			

SOURCES: MDRC calculations using data from Vermont and New Hampshire unemployment insurance earnings records, Vermont ANFC records, and Vermont Food Stamp records.

NOTES: The sample includes members randomly assigned from July 1, 1994, through June 30, 1995, in all 12 of Vermont's welfare districts.

Dollar averages include zero values for sample members who were not employed or were not receiving cash assistance or Food Stamps.

For families who received cash assistance, the state data system designated one parent as the principal earner. For families who did not receive cash assistance, the present analysis assumed the male to be the principal earner, though that may not have been the situation in all such families.

Estimates were regression-adjusted using ordinary least squares, controlling for pre-random assignment characteristics of sample members.

A two-tailed t-test was applied to all estimated impacts. Statistical significance levels are indicated as: ***=1 percent; **=5 percent; and *=10 percent.

Rounding may cause slight discrepancies in calculating sums and differences.

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Appendix Table G.2

Impacts of WRP and WRP Incentives Only on Cash Assistance and Food Stamp Receipt for Two-Parent Unemployed Families, by Quarter (Research Districts)

Outcome	Average Outcome Levels: WRP Group	Average Outcome Levels: WRP Incentives Only Group	Average Outcome Levels: ANFC Group	WRP vs. ANFC: Impacts of Financial Incentives and Eligibility Rules, Combined with Work Requirement	WRP Incentives Only vs. ANFC: Impacts of Financial Incentives and Eligibility Rules	WRP vs. WRP Incentives Only: Added Impacts of Work Requirement
Percentage receiving cash assistance (%)						
Quarter 1	70.7	69.0	64.6	6.1 **	4.4	1.7
Quarter 2	60.7	58.9	54.1	6.6 **	4.7	1.9
Quarter 3	54.3	51.6	45.3	9.0 ***	6.4 *	2.6
Quarter 4	50.7	48.1	44.4	6.3 **	3.7	2.6
Quarter 5	46.3	47.2	40.3	6.0 **	6.9 *	-0.9
Quarter 6	42.9	42.4	37.1	5.8 **	5.4	0.5
Quarter 7	40.5	42.3	36.8	3.8	5.6	-1.8
Quarter 8	38.0	40.2	33.7	4.3	6.5 *	-2.2
Quarter 9	37.4	39.2	32.7	4.7 *	6.5 *	-1.8
Quarter 10	36.4	38.8	28.9	7.5 ***	9.9 ***	-2.4
Quarter 11	34.5	38.5	25.6	8.9 ***	12.9 ***	-4.0
Quarter 12	32.5	36.8	24.9	7.6 ***	11.9 ***	-4.3
Quarter 13	31.5	36.9	25.2	6.3 **	11.7 ***	-5.4 *
Quarter 14	29.8	35.2	27.8	2.0	7.4 **	-5.4 *
Quarter 15	26.9	31.9	27.2	-0.3	4.6	-5.0 *
Quarter 16	26.6	32.4	25.7	1.0	6.7 **	-5.8 **
Quarter 17	23.6	31.8	23.0	0.6	8.8 ***	-8.3 ***
Quarter 18	23.4	32.6	23.1	0.3	9.5 ***	-9.2 ***
Quarter 19	23.2	29.1	21.7	1.5	7.4 **	-5.9 **
Quarter 20	22.7	26.4	21.2	1.6	5.2 *	-3.6
Quarter 21	22.4	24.5	17.6	4.9 *	6.9 **	-2.1
Quarter 22	20.4	19.8	18.2	2.2	1.6	0.6
Quarter 23	18.0	17.8	18.4	-0.4	-0.7	0.3
Quarter 24	17.4	15.7	18.2	-0.9	-2.5	1.7

(continued)

Appendix Table G.2 (continued)

Outcome	Average Outcome Levels: WRP Group	Average Outcome Levels: WRP Incentives Only Group	Average Outcome Levels: ANFC Group	WRP vs. ANFC: Impacts of Financial Incentives and Eligibility Rules, Combined with Work Requirement	WRP Incentives Only vs. ANFC: Impacts of Financial Incentives and Eligibility Rules	WRP vs. WRP Incentives Only: Added Impacts of Work Requirement
Cash assistance payments ($)						
Quarter 1	976	966	909	66.6	57.2	9.3
Quarter 2	850	829	813	36.7	15.5	21.2
Quarter 3	770	730	709	61.5	20.9	40.6
Quarter 4	700	685	635	65.4	50.6	14.7
Quarter 5	617	687	593	25.0	94.9	-69.9
Quarter 6	578	634	522	55.5	111.3 *	-55.8
Quarter 7	528	591	482	46.3	109.0 **	-62.7
Quarter 8	492	568	446	45.7	122.5 **	-76.8 *
Quarter 9	457	580	415	42.0	165.2 ***	-123.2 ***
Quarter 10	462	530	366	95.7 **	163.7 ***	-67.9
Quarter 11	424	514	342	82.2 *	172.5 ***	-90.4 **
Quarter 12	391	511	298	93.1 **	213.3 ***	-120.2 ***
Quarter 13	406	519	329	77.0 *	189.9 ***	-112.9 ***
Quarter 14	369	488	363	5.9	125.2 **	-119.3 ***
Quarter 15	335	468	373	-37.9	94.5 *	-132.5 ***
Quarter 16	340	464	356	-16.3	107.5 **	-123.8 ***
Quarter 17	331	456	346	-14.4	110.3 **	-124.7 ***
Quarter 18	310	462	333	-22.7	129.2 **	-151.9 ***
Quarter 19	302	414	325	-22.8	89.4 *	-112.2 ***
Quarter 20	304	378	286	18.2	92.1 *	-73.8 *
Quarter 21	286	362	265	21.3	96.6 **	-75.3 *
Quarter 22	263	313	273	-10.2	40.1	-50.4
Quarter 23	233	268	273	-40.3	-5.0	-35.3
Quarter 24	223	233	257	-33.7	-24.2	-9.5

(continued)

Appendix Table G.2 (continued)

Outcome	Average Outcome Levels: WRP Group	Average Outcome Levels: WRP Incentives Only Group	Average Outcome Levels: ANFC Group	WRP vs. ANFC: Impacts of Financial Incentives and Eligibility Rules, Combined with Work Requirement	WRP Incentives Only vs. ANFC: Impacts of Financial Incentives and Eligibility Rules	WRP vs. WRP Incentives Only: Added Impacts of Work Requirement
Percentage receiving Food Stamps (%)						
Quarter 1	84.6	83.7	82.2	2.5	1.5	1.0
Quarter 2	76.8	75.2	74.8	2.0	0.4	1.6
Quarter 3	71.9	70.0	71.5	0.4	-1.5	1.9
Quarter 4	69.3	66.1	68.0	1.4	-1.8	3.2
Quarter 5	63.2	63.2	64.1	-0.9	-1.0	0.1
Quarter 6	60.5	63.1	64.3	-3.8	-1.2	-2.6
Quarter 7	57.5	58.7	59.7	-2.2	-1.0	-1.3
Quarter 8	55.8	58.3	57.7	-1.9	0.6	-2.5
Quarter 9	54.8	58.4	56.0	-1.3	2.4	-3.7
Quarter 10	53.3	57.9	55.2	-1.8	2.7	-4.6
Quarter 11	51.8	55.7	50.8	1.0	4.9	-3.9
Quarter 12	50.5	52.7	51.4	-1.0	1.3	-2.2
Quarter 13	48.7	52.6	45.4	3.3	7.2 **	-3.9
Quarter 14	46.7	50.7	45.9	0.7	4.8	-4.1
Quarter 15	44.0	49.6	47.4	-3.3	2.2	-5.6 *
Quarter 16	42.8	45.5	43.5	-0.8	1.9	-2.7
Quarter 17	41.6	46.1	40.6	1.0	5.5	-4.5
Quarter 18	39.1	46.4	38.2	0.9	8.3 **	-7.3 **
Quarter 19	37.4	41.8	39.3	-1.9	2.5	-4.4
Quarter 20	36.5	39.6	37.5	-1.1	2.0	-3.1
Quarter 21	35.6	37.2	37.0	-1.4	0.2	-1.6
Quarter 22	33.1	33.5	35.2	-2.1	-1.7	-0.4
Quarter 23	31.4	32.1	34.7	-3.3	-2.5	-0.7
Quarter 24	31.3	28.5	35.2	-3.9	-6.8 **	2.9

(continued)

Appendix Table G.2 (continued)

Outcome	Average Outcome Levels: WRP Group	Average Outcome Levels: WRP Incentives Only Group	Average Outcome Levels: ANFC Group	WRP vs. ANFC: Impacts of Financial Incentives and Eligibility Rules, Combined with Work Requirement	WRP Incentives Only vs. ANFC: Impacts of Financial Incentives and Eligibility Rules	WRP vs. WRP Incentives Only: Added Impacts of Work Requirement
Food Stamp payments ($)						
Quarter 1	562	567	553	9.6	14.8	-5.3
Quarter 2	484	500	491	-6.0	9.3	-15.3
Quarter 3	466	471	467	-1.3	3.3	-4.6
Quarter 4	450	432	463	-12.2	-30.9	18.7
Quarter 5	411	440	432	-20.3	8.2	-28.6
Quarter 6	406	437	422	-16.2	14.9	-31.1
Quarter 7	377	403	395	-18.1	8.1	-26.2
Quarter 8	369	390	390	-21.9	-0.4	-21.5
Quarter 9	356	426	385	-29.8	40.2	-70.0 ***
Quarter 10	340	414	361	-21.1	53.2 *	-74.2 ***
Quarter 11	327	384	340	-13.0	44.0	-57.1 **
Quarter 12	318	367	332	-13.8	35.1	-48.9 **
Quarter 13	314	373	301	12.3	71.7 **	-59.3 **
Quarter 14	305	363	302	2.4	61.0 **	-58.6 **
Quarter 15	284	341	306	-22.0	35.0	-57.0 **
Quarter 16	284	326	295	-10.8	31.4	-42.2 *
Quarter 17	270	327	271	-1.1	55.3 **	-56.5 **
Quarter 18	260	323	258	1.5	65.1 **	-63.6 ***
Quarter 19	238	286	259	-20.8	26.8	-47.6 **
Quarter 20	236	278	247	-10.6	31.2	-41.8 *
Quarter 21	223	252	245	-22.0	6.3	-28.3
Quarter 22	208	227	234	-25.2	-6.5	-18.7
Quarter 23	197	216	228	-31.2	-12.5	-18.7
Quarter 24	199	196	221	-22.2	-25.4	3.3

(continued)

Appendix Table G.2 (continued)

Outcome	Average Outcome Levels: WRP Group	Average Outcome Levels: WRP Incentives Only Group	Average Outcome Levels: ANFC Group	WRP vs. ANFC: Impacts of Financial Incentives and Eligibility Rules, Combined with Work Requirement	WRP Incentives Only vs. ANFC: Impacts of Financial Incentives and Eligibility Rules	WRP vs. WRP Incentives Only: Added Impacts of Work Requirement
Ever employed (%)						
Quarter 1	69.3	70.1	69.9	-0.6	0.2	-0.8
Quarter 2	71.8	72.4	69.8	2.0	2.6	-0.6
Quarter 3	71.1	74.0	73.7	-2.6	0.3	-2.8
Quarter 4	72.9	72.1	72.7	0.1	-0.7	0.8
Quarter 5	73.4	70.9	72.3	1.2	-1.4	2.5
Quarter 6	73.0	70.9	72.4	0.6	-1.4	2.1
Quarter 7	74.3	71.9	76.0	-1.8	-4.1	2.3
Quarter 8	73.8	70.1	75.8	-2.1	-5.7 *	3.7
Quarter 9	75.2	72.8	75.3	-0.1	-2.5	2.4
Quarter 10	74.6	73.0	76.2	-1.6	-3.2	1.6
Quarter 11	76.1	73.3	74.0	2.0	-0.7	2.8
Quarter 12	76.4	73.1	74.0	2.4	-0.9	3.3
Quarter 13	75.0	72.1	74.1	0.8	-2.1	2.9
Quarter 14	75.3	73.3	72.8	2.5	0.5	2.0
Quarter 15	78.1	71.7	75.9	2.2	-4.3	6.4 **
Quarter 16	75.4	73.6	75.5	-0.1	-1.9	1.8
Quarter 17	75.8	71.9	74.9	0.9	-3.0	3.9
Quarter 18	75.3	73.0	75.3	0.0	-2.3	2.3
Quarter 19	75.5	71.9	76.6	-1.1	-4.7	3.6
Quarter 20	75.6	71.7	75.6	0.0	-4.0	3.9
Quarter 21	75.2	70.9	72.2	2.9	-1.3	4.2
Quarter 22	73.5	72.3	71.6	2.0	0.8	1.2
Quarter 23	74.6	74.6	71.2	3.4	3.4	0.0
Quarter 24	73.4	74.9	69.9	3.6	5.1	-1.5

(continued)

Appendix Table G.2 (continued)

Outcome	Average Outcome Levels: WRP Group	Average Outcome Levels: WRP Incentives Only Group	Average Outcome Levels: ANFC Group	WRP vs. ANFC: Impacts of Financial Incentives and Eligibility Rules, Combined with Work Requirement	WRP Incentives Only vs. ANFC: Impacts of Financial Incentives and Eligibility Rules	WRP vs. WRP Incentives Only: Added Impacts of Work Requirement
Quarterly earnings ($)						
Quarter 1	2,335	2,197	2,355	-19.8	-157.8	138.0
Quarter 2	2,542	2,696	2,479	62.9	217.2	-154.3
Quarter 3	2,777	2,989	2,617	160.6	372.8 *	-212.2
Quarter 4	2,844	2,916	2,819	24.3	96.3	-72.0
Quarter 5	3,071	2,951	2,996	74.8	-45.3	120.1
Quarter 6	3,119	3,162	2,990	128.9	171.5	-42.6
Quarter 7	3,270	3,370	3,144	125.9	225.5	-99.6
Quarter 8	3,366	3,305	3,301	65.4	4.2	61.2
Quarter 9	3,403	3,301	3,407	-4.2	-106.2	102.0
Quarter 10	3,462	3,327	3,570	-108.0	-242.9	134.9
Quarter 11	3,656	3,535	3,908	-252.6	-373.0	120.4
Quarter 12	3,881	3,632	3,671	210.7	-39.1	249.8
Quarter 13	3,750	3,657	3,769	-19.7	-112.8	93.1
Quarter 14	3,975	3,937	3,812	162.6	124.4	38.2
Quarter 15	4,211	3,904	3,976	235.4	-72.1	307.6
Quarter 16	4,251	4,210	4,194	57.0	16.6	40.3
Quarter 17	4,275	4,173	4,541	-266.1	-367.8	101.8
Quarter 18	4,406	4,481	4,391	15.7	90.6	-75.0
Quarter 19	4,535	4,586	4,580	-45.0	5.8	-50.8
Quarter 20	4,607	4,635	4,514	92.5	121.4	-28.9
Quarter 21	4,593	4,559	4,442	151.0	117.7	33.3
Quarter 22	4,603	4,757	4,555	47.4	201.1	-153.8
Quarter 23	4,698	4,880	4,643	55.1	237.0	-181.9
Quarter 24	4,791	4,820	4,608	183.0	212.0	-29.0

(continued)

Appendix Table G.2 (continued)

Outcome	Average Outcome Levels: WRP Group	Average Outcome Levels: WRP Incentives Only Group	Average Outcome Levels: ANFC Group	WRP vs. ANFC: Impacts of Financial Incentives and Eligibility Rules, Combined with Work Requirement	WRP Incentives Only vs. ANFC: Impacts of Financial Incentives and Eligibility Rules	WRP vs. WRP Incentives Only: Added Impacts of Work Requirement
Quarterly earnings ($)						
Quarter 1	3,873	3,731	3,817	56.3	-85.7	142.1
Quarter 2	3,876	4,025	3,783	93.6	242.0	-148.5
Quarter 3	4,014	4,190	3,793	220.8	396.9 *	-176.1
Quarter 4	3,994	4,033	3,917	77.5	116.0	-38.6
Quarter 5	4,100	4,078	4,021	79.4	57.8	21.6
Quarter 6	4,103	4,233	3,935	168.2	297.7	-129.5
Quarter 7	4,175	4,364	4,021	154.1	342.6	-188.6
Quarter 8	4,226	4,263	4,137	89.1	126.3	-37.1
Quarter 9	4,215	4,306	4,207	8.0	99.2	-91.2
Quarter 10	4,263	4,271	4,297	-33.3	-26.0	-7.3
Quarter 11	4,407	4,434	4,590	-183.5	-156.4	-27.0
Quarter 12	4,590	4,510	4,300	290.0	209.4	80.7
Quarter 13	4,469	4,548	4,400	69.6	148.8	-79.2
Quarter 14	4,648	4,788	4,477	170.9	310.6	-139.7
Quarter 15	4,830	4,712	4,654	175.4	57.3	118.1
Quarter 16	4,874	5,000	4,845	29.8	155.5	-125.7
Quarter 17	4,876	4,955	5,158	-281.6	-202.2	-79.4
Quarter 18	4,976	5,267	4,982	-5.5	284.9	-290.4
Quarter 19	5,075	5,286	5,164	-88.7	122.0	-210.7
Quarter 20	5,147	5,291	5,047	100.1	244.6	-144.5
Quarter 21	5,103	5,173	4,952	150.4	220.6	-70.2
Quarter 22	5,074	5,297	5,063	11.9	234.7	-222.8
Quarter 23	5,128	5,364	5,145	-16.4	219.5	-235.9
Quarter 24	5,214	5,249	5,086	127.2	162.4	-35.2
Sample size	992	330	330			

SOURCES: MDRC calculations using data from Vermont ANFC and Food Stamp records.

NOTES: The sample includes members randomly assigned from July 1, 1994, through June 1, 1995, in the six research districts.
Quarter 1 refers to the calendar quarter following the quarter in which the case was randomly assigned.
Dollar averages include zero values for sample members who were not employed or were not receiving cash assistance or Food Stamps.
Estimates were regression-adjusted using ordinary least squares, controlling for pre-random assignment characteristics of sample members.
A two-tailed t-test was applied to all estimated impacts. Statistical significance levels are indicated as: ***=1 percent; **=5 percent; and *=10 percent.
Rounding may cause slight discrepancies in calculating sums and differences.

Vermont's Welfare Restructuring Project

Appendix Table G.3

Six-Year Impacts on the Distribution of Earnings for Two-Parent Families

Outcome	WRP Group	ANFC Group	Difference (Impact)	Percentage Change (%)
Last quarter of Year 1 (%)				
$0	27.1	27.3	-0.1	-0.5
$1-$1,200	13.6	11.1	2.5	22.7
$1,201-$3,000	16.4	20.5	-4.1 *	-20.2
$3,001 or more	42.9	41.2	1.8	4.3
Last quarter of Year 2 (%)				
$0	26.2	24.2	2.1	8.5
$1-$1,200	8.8	12.0	-3.1 *	-26.3
$1,201-$3,000	17.2	14.4	2.8	19.7
$3,001 or more	47.7	49.5	-1.7	-3.5
Last quarter of Year 3 (%)				
$0	23.6	26.0	-2.4	-9.3
$1-$1,200	8.1	8.7	-0.5	-5.9
$1,201-$3,000	13.0	12.5	0.5	4.0
$3,001 or more	55.2	52.8	2.4	4.6
Last quarter of Year 4 (%)				
$0	24.6	24.5	0.1	0.4
$1-$1,200	6.2	8.3	-2.1	-24.9
$1,201-$3,000	12.9	11.2	1.7	15.4
$3,001 or more	56.3	56.0	0.3	0.4
Last quarter of Year 5 (%)				
$0	24.4	24.4	0.0	0.1
$1-$1,200	7.2	7.7	-0.4	-5.5
$1,201-$3,000	9.9	9.4	0.5	5.2
$3,001 or more	58.4	58.5	-0.1	-0.2
Last quarter of Year 6 (%)				
$0	26.6	30.2	-3.6	-11.9
$1-$1,200	6.1	4.3	1.8	41.9
$1,201-$3,000	9.3	9.3	0.0	0.3
$3,001 or more	58.0	56.3	1.8	3.1
Sample size	992	330		

SOURCES: MDRC calculations using data from Vermont ANFC and Food Stamp records.

NOTES: The sample includes members randomly assigned from July 1, 1994, through June 1, 1995, in the six research districts.

Quarter 1 refers to the calendar quarter following the quarter in which the case was randomly assigned.

Dollar averages include zero values for sample members who were not employed or were not receiving cash assistance or Food Stamps.

Estimates were regression-adjusted using ordinary least squares, controlling for pre-random assignment characteristics of sample members.

A two-tailed t-test was applied to all estimated impacts. Statistical significance levels are indicated as: ***=1 percent; **=5 percent; and *=10 percent.

Rounding may cause slight discrepancies in calculating sums and differences.

Vermont's Welfare Restructuring Project

Appendix Table G.4

Six-Year Impacts of WRP for Two-Parent Families with an Unemployed Parent (Statewide)

Outcome	WRP Group	ANFC Group	Difference (Impact)	Percentage Change (%)
Years 1-2				
Ever employed, either parent (%)	73.0	72.6	0.4	0.6
Ever received cash assistance (%)	47.9	42.6	5.3 ***	12.4
Ever received Food Stamps (%)	66.7	66.0	0.7	1.1
Quarterly earnings, both parents ($)	1,476	1,452	24	1.7
Quarterly cash assistance payments ($)	316	302	15	4.8
Quarterly Food Stamp payments ($)	215	222	-7	-3.0
Quarterly combined income from earnings, cash assistance, and Food Stamps ($)	4,016	3,952	65	1.6
Years 3-4				
Ever employed, either parent (%)	75.4	73.1	2.4	3.2
Ever received cash assistance (%)	29.0	25.2	3.8 **	15.1
Ever received Food Stamps (%)	46.6	46.7	-0.1	-0.2
Quarterly earnings, both parents ($)	1,926	1,887	39	2.1
Quarterly cash assistance payments ($)	179	166	13	8.0
Quarterly Food Stamp payments ($)	149	154	-5	-3.5
Quarterly combined income from earnings, cash assistance, and Food Stamps ($)	4,508	4,414	94	2.1
Years 5-6				
Ever employed, either parent (%)	73.8	71.4	2.4	3.4
Ever received cash assistance (%)	19.7	18.4	1.3	7.1
Ever received Food Stamps (%)	34.3	35.1	-0.8	-2.3
Quarterly earnings, both parents ($)	2,225	2,165	60	2.8
Quarterly cash assistance payments ($)	130	136	-6	-4.1
Quarterly Food Stamp payments ($)	110	113	-3	-2.8
Quarterly combined income from earnings, cash assistance, and Food Stamps ($)	4,929	4,827	102	2.1
Sample size	1,581	521		

SOURCES: MDRC calculations using data from Vermont and New Hampshire unemployment insurance earnings records, Vermont ANFC records, and Vermont Food Stamp records.

NOTES: The sample includes members randomly assigned from July 1, 1994, through June 30, 1995, in all 12 of Vermont's welfare districts.

Dollar averages include zero values for sample members who were not employed or were not receiving cash assistance or Food Stamps.

For families who received cash assistance, the state data system designated one parent as the principal earner. For families who did not receive cash assistance, the present analysis assumed the male to be the principal earner, though that may not have been the situation in all such families.

Estimates were regression-adjusted using ordinary least squares, controlling for pre-random assignment characteristics of sample members.

A two-tailed t-test was applied to all estimated impacts. Statistical significance levels are indicated as: ***=1 percent; **=5 percent; and *=10 percent.

Rounding may cause slight discrepancies in calculating sums and differences.

Vermont's Welfare Restructuring Project

Appendix Table G.5

Impacts on Job Characteristics and Income for Two-Parent Families, at Time of 42-Month Survey

Outcome	WRP Group	ANFC Group	Difference (Impact)	Percentage Change (%)
Weekly work hours (%)				
Currently employed	59.5	58.1	1.3	2.3
Less than 20 hours per week	6.3	6.6	-0.3	-5.1
20-29 hours per week	6.3	6.0	0.3	5.7
30-39 hours per week	12.6	8.1	4.5	55.3
40 or more hours per week	33.7	36.3	-2.5	-7.0
Missing information on work hours	0.5	1.1	-0.6	-54.9
Hourly wage (%)				
Currently employed	59.5	58.1	1.3	2.3
Less than $6.00	12.5	10.8	1.7	15.4
$6.00-$7.49	13.7	12.5	1.2	9.9
$7.50-$8.99	11.7	10.3	1.4	13.4
$9.00 or more	15.7	17.3	-1.6	-9.1
Missing information on hourly wage	5.8	7.2	-1.4	-19.0
Household income sources ($)				
Average total monthly household income	1,657	1,637	19.4	1.2
Average total monthly individual income	904	999	-94.8	-9.5
Average total monthly income for others in the household	753	639	114.2	17.9
Sample size	218	198		

SOURCE: MDRC calculations using data from the 42-Month Client Survey.

NOTES: Estimates were regression-adjusted using ordinary least squares, controlling for pre-random assignment characteristics of sample members.

A two-tailed t-test was applied to all estimated impacts. Statistical significance levels are indicated as: ***=1 percent; **=5 percent; and *=10 percent.

Rounding may cause slight discrepancies in calculating differences.

Appendix H

Supplemental Tables for the Section Entitled "Effects on Family and Child Outcomes for Two-Parent Families"

Vermont's Welfare Restructuring Project

Appendix Table H.1

Impacts on Household Composition, Marital Status, and Childbearing for Two-Parent Families

Outcome	Average Outcome Levels: WRP Group	Average Outcome Levels: WRP Incentives Only Group	Average Outcome Levels: ANFC Group	WRP vs. ANFC: Impacts of Financial Incentives and Eligibility Rules, Combined with Work Requirement	WRP Incentives Only vs. ANFC: Impacts of Financial Incentives and Eligibility Rules	WRP vs. WRP Incentives Only: Added Impacts of Work Requirement
Household composition						
Lives with no other adult (%)	16.4	17.6	15.7	0.7	2.0	-1.3
Lives with spouse or partner (%)	76.3	73.9	76.7	-0.4	-2.9	2.4
Lives with relative (%)	15.4	10.5	16.0	-0.6	-5.5	4.9
Lives with other (%)	4.5	5.4	7.8	-3.3	-2.3	-1.0
Number of adults	2.1	2.1	2.2	-0.1	-0.1	0.0
Number of children	2.0	2.0	2.1	-0.1	-0.2 **	0.0
Total number in household	4.1	4.1	4.4	-0.2 *	-0.2 *	0.0
Marital status (%)						
Married and living with spouse	67.3	62.0	66.9	0.4	-4.9	5.3
Separated	10.5	11.0	8.1	2.4	2.8	-0.4
Divorced	10.9	13.2	13.1	-2.2	0.1	-2.3
Widowed	0.6	0.2	0.7	-0.1	-0.5	0.3
Never married	10.8	13.6	11.2	-0.5	2.4	-2.9
Childbearing (%)						
Gave birth since random assignment	28.3	34.1	31.1	-2.8	3.0	-5.8
Currently pregnant	2.0	3.1	3.4	-1.4	-0.3	-1.1
Sample size	218	200	198			

SOURCE: MDRC calculations using data from the 42-Month Client Survey.

NOTES: This sample includes members who responded to the 42-Month Client Survey and were randomly assigned between October 1994 and June 1995 in the six research districts.

Estimates were regression-adjusted using ordinary least squares, controlling for pre-random assignment characteristics of sample members.

A two-tailed t-test was applied to all estimated impacts. Statistical significance levels are indicated as: ***=1 percent; **=5 percent; and *=10 percent.

Rounding may cause slight discrepancies in calculating differences.

Vermont's Welfare Restructuring Project

Appendix Table H.2

Impacts on Housing Situation, Neighborhood, and Food Insecurity for Two-Parent Families

Outcome	Average Outcome Levels: WRP Group	Average Outcome Levels: WRP Incentives Only Group	Average Outcome Levels: ANFC Group	WRP vs. ANFC: Impacts of Financial Incentives and Eligibility Rules, Combined with Work Requirement	WRP Incentives Only vs. ANFC: Impacts of Financial Incentives and Eligibility Rules	WRP vs. WRP Incentives Only: Added Impacts of Work Requirement
Housing status (%)						
Owns home	33.0	28.6	31.8	1.2	-3.2	4.4
Rents home or apartment	59.3	62.2	52.7	6.6	9.5 *	-2.9
Lives rent-free with family or friends	1.9	3.5	6.0	-4.1 **	-2.6	-1.6
Other	5.8	5.7	9.5	-3.7	-3.8	0.1
Number of moves						
0	45.0	40.3	33.6	11.4 **	6.7	4.7
1	24.0	25.8	21.8	2.2	4.1	-1.9
2 or 3	19.4	24.9	31.8	-12.4 ***	-6.8	-5.6
More than 3	11.7	8.9	12.9	-1.2	-4.0	2.8
Neighborhood is excellent or good (%)	78.4	72.4	75.5	2.9	-3.1	6.0
Food security in last 12 months (%)						
Did not have enough to eat[a]	15.2	16.1	25.8	-10.5 ***	-9.7 **	-0.9
The food bought didn't last[a]	47.8	48.3	56.6	-8.8 *	-8.3	-0.5
Couldn't eat balanced meals[a]	30.7	25.5	31.8	-1.1	-6.3	5.2
Anyone cut size of or skip meals	12.6	11.4	17.7	-5.1	-6.3 *	1.3
Anyone did not eat for a whole day	1.7	5.3	6.5	-4.8 **	-1.1	-3.7 *
Experienced food insecurity	29.2	28.4	30.6	-1.4	-2.2	0.8
Experienced food insecurity with hunger	3.8	4.7	8.2	-4.4 *	-3.5	-0.9

(continued)

Appendix Table H.2 (continued)

Outcome	Average Outcome Levels: WRP Group	Average Outcome Levels: WRP Incentives Only Group	Average Outcome Levels: ANFC Group	WRP vs. ANFC: Impacts of Financial Incentives and Eligibility Rules, Combined with Work Requirement	WRP Incentives Only vs. ANFC: Impacts of Financial Incentives and Eligibility Rules	WRP vs. WRP Incentives Only: Added Impacts of Work Requirement
Health coverage (%)						
Respondent						
Respondent covered by Medicaid or similar coverage	58.7	60.1	57.5	1.2	2.6	-1.4
Respondent covered by other health insurance	26.8	24.1	24.0	2.8	0.1	2.7
Respondent covered by any health insurance	81.7	82.1	80.6	1.1	1.5	-0.5
Children						
Some or all covered by Medicaid or similar coverage	70.4	70.5	72.4	-2.0	-1.9	-0.1
Some or all covered by other health insurance	18.9	19.1	16.9	2.0	2.2	-0.2
All children covered by some type of insurance	84.3	85.0	85.4	-1.1	-0.4	-0.7
Sample size	218	200	198			

SOURCE: MDRC calculations using data from the 42-Month Client Survey.

NOTES: This sample includes members who responded to the 42-Month Client Survey and were randomly assigned between October 1994 and June 1995 in the six research districts.

Estimates were regression-adjusted using ordinary least squares, controlling for pre-random assignment characteristics of sample members.

A two-tailed t-test was applied to all estimated impacts. Statistical significance levels are indicated as: ***=1 percent; **=5 percent; and *=10 percent.

Rounding may cause slight discrepancies in calculating differences.

The percentages covered by Medicaid and other insurance do not sum to the percentage covered by any insurance because some respondents indicated that they were covered by more than one type of insurance.

[a]Respondent or someone else sometimes or often experienced this outcome.

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Appendix Table H.3

Impacts on Family Expenditures and Savings for Two-Parent Families

Outcome	Average Outcome Levels: WRP Group	Average Outcome Levels: WRP Incentives Only Group	Average Outcome Levels: ANFC Group	WRP vs. ANFC: Impacts of Financial Incentives and Eligibility Rules, Combined with Work Requirement	WRP Incentives Only vs. ANFC: Impacts of Financial Incentives and Eligibility Rules	WRP vs. WRP Incentives Only: Added Impacts of Work Requirement
Expenditures						
Average spent on housing in prior month ($)[a]	622	618	616	6.9	2.3	4.6
Average work-related transportation costs ($)[b]	35	31	34	0.9	-2.7	3.6
Average child care costs ($)[c]	33	45	55	-22.2 **	-9.5	-12.6
Average expenditures on clothing ($)	151	139	123	27.4 *	16.3	11.1
Total amount spent on groceries and eating out ($)[d]	468	411	486	-17.4	-74.5 **	57.1 *
Expenditures as proportion of income (%)	75.9	74.9	75.8	0.1	-0.9	1.1
Savings and assets[e]						
No savings (%)	67.4	63.2	74.6	-7.2	-11.4 **	4.2
$1-$499 (%)	19.3	18.6	12.5	6.8 *	6.1	0.6
$500 or more (%)	10.5	17.1	11.1	-0.6	6.0 *	-6.6 **
Average savings ($)	484	300	414	69.8	-114.6	184.5
Owns a car, van, or truck (%)	85.2	84.1	85.9	-0.6	-1.8	1.2
Had debts exceeding $100 (%)	70.8	69.3	70.3	0.5	-1.0	1.5
Sample size	218	200	198			

(continued)

Appendix Table H.3 (continued)

SOURCE: MDRC calculations using data from the 42-Month Client Survey.

NOTES: This sample includes members who responded to the 42-Month Client Survey and were randomly assigned between October 1994 and June 1995 in the six research districts.

Estimates were regression-adjusted using ordinary least squares, controlling for pre-random assignment characteristics of sample members.

A two-tailed t-test was applied to all estimated impacts. Statistical significance levels are indicated as: ***=1 percent; **=5 percent; and *=10 percent.

Rounding may cause slight discrepancies in calculating differences.

Dollar averages include zero values for respondents who had no savings or expenditures on the specified items.

[a]Includes expenditures on gas, heat, and electricity.

[b]Assumes no work-related transportation costs for respondents not currently employed.

[c]Only asked of those who have a child age 13 or younger (N = 986). Assumes no child care costs for those with no children in child care. The survey did not distinguish child care that was work-related from other child care.

[d]Includes any food assistance that the respondent might have received.

[e]This question asked about savings at the time of the survey, not during the month prior.

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Appendix Table H.4

Impacts on Difficulties of Employment for Two-Parent Families

Outcome	Average Outcome Levels: WRP Group	Average Outcome Levels: WRP Incentives Only Group	Average Outcome Levels: ANFC Group	WRP vs. ANFC: Impacts of Financial Incentives and Eligibility Rules, Combined with Work Requirement	WRP Incentives Only vs. ANFC: Impacts of Financial Incentives and Eligibility Rules	WRP vs. WRP Incentives Only: Added Impacts of Work Requirement
Education (%)						
Has high school diploma or GED	74.6	74.3	77.6	-3.1	-3.3	0.2
Has college degree	8.5	10.1	11.2	-2.7	-1.2	-1.5
Has trade school certificate	10.6	10.8	10.8	-0.3	0.0	-0.2
Ever earned college credits	16.5	14.4	17.9	-1.4	-3.4	2.1
Difficulties of employment (%)						
Did not take or quit job due to transportation problems	17.1	25.2	15.4	1.7	9.8 **	-8.1 **
Did not take or quit job due to child care problems	22.7	23.6	27.3	-4.6	-3.6	-1.0
Family has so many problems makes work difficult	19.9	15.3	14.4	5.4	0.9	4.5
Has a health or emotional problem that makes work difficult	25.8	20.9	16.4	9.4 **	4.5	4.9
Sample size	218	200	198			

SOURCE: MDRC calculations using data from the 42-Month Client Survey.

NOTES: This sample includes members who responded to the 42-Month Client Survey and were randomly assigned between October 1994 and June 1995 in the six research districts.

Estimates were regression-adjusted using ordinary least squares, controlling for pre-random assignment characteristics of sample members.

A two-tailed t-test was applied to all estimated impacts. Statistical significance levels are indicated as: ***=1 percent; **=5 percent; and *=10 percent.

Rounding may cause slight discrepancies in calculating differences.

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Appendix Table H.5

Impacts on Child Care for Two-Parent Families[a]

Outcome	Average Outcome Levels: WRP Group	Average Outcome Levels: WRP Incentives Only Group	Average Outcome Levels: ANFC Group	WRP vs. ANFC: Impacts of Financial Incentives and Eligibility Rules, Combined with Work Requirement	WRP Incentives Only vs. ANFC: Impacts of Financial Incentives and Eligibility Rules	WRP vs. WRP Incentives Only: Added Impacts of Work Requirement
All children						
Using any child care[b] (%)	42.3	46.8	45.7	-3.4	1.1	-4.5
Child in the following arrangements[c] (%)						
Any formal care	12.4	15.5	17.4	-5.0 *	-1.8	-3.2
Head Start program	1.1	2.4	3.1	-2.0 *	-0.7	-1.4 *
Preschool, nursery school, or daycare	7.1	9.9	12.0	-4.9 **	-2.1	-2.8
Before- or after-school daycare	1.5	2.9	3.6	-2.2 **	-0.7	-1.4
Summer camp program	1.6	2.5	0.6	1.0	1.9 **	-0.9
After-school activities	1.9	1.0	1.1	0.8	-0.1	0.9
Any informal care	37.8	39.7	36.7	1.0	2.9	-1.9
Family daycare home	6.0	6.8	6.1	-0.1	0.8	-0.9
Baby-sitter not related to child	9.4	12.9	9.2	0.2	3.7 *	-3.6
Child's other parent	15.0	15.2	12.3	2.7	2.8	-0.2
Relative other than child's parent	21.4	16.3	16.4	5.1 *	-0.1	5.2 *
Child takes care of self alone	6.3	4.2	7.0	-0.6	-2.7 *	2.1
Report satisfied or very satisfied with all aspects of care[d] (%)	*87.9*	*84.9*	*83.9*	*4.0*	*1.0*	*3.0*
Percentage receiving child care subsidy (%)	6.0	6.3	7.8	-1.8	-1.5	-0.3
Informed that state would pay for child care while working[e] (%)	62.1	69.6	65.3	-3.2	4.3	-7.5
Sample size	381	387	367			

(continued)

Appendix Table H.5 (continued)

SOURCE: MDRC calculations using data from the 42-Month Client Survey.

NOTES: This sample includes members who responded to the 42-Month Client Survey and were randomly assigned between October 1994 and June 1995 in the six research districts.

Standard errors were adjusted to account for shared variance between siblings.

Estimates were regression-adjusted using ordinary least squares, controlling for pre-random assignment characteristics of sample members.

A two-tailed t-test was applied to all estimated impacts. Statistical significance levels are indicated as: ***=1 percent; **=5 percent; and *=10 percent.

Italics indicate that the results do not present experimental comparisons.

Rounding may cause slight discrepancies in calculating differences.

[a]Child care information was collected for children aged 13 or younger.

[b]Child care does not include a child caring for him- or herself.

[c]Respondents were asked to identify any child care that they used once a week, in the past month. A child may have been in more than one child care arrangement. Therefore, the sum of the percentages in each arrangement exceeds the percentage using any child care arrangement.

[d]This analysis was conducted at the family level. Respondents were asked about the main child care arrangement for the youngest child. Only those respondents with a child in an formal or informal arrangement were asked; therefore, this outcome is nonexperimental.

[e]This analysis was conducted at the family level.

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Appendix Table H.6

Impacts on School Progress and Other Child Outcomes for Two-Parent Families

Outcome	Average Outcome Levels: WRP Group	Average Outcome Levels: WRP Incentives Only Group	Average Outcome Levels: ANFC Group	WRP vs. ANFC: Impacts of Financial Incentives and Eligibility Rules, Combined with Work Requirement	WRP Incentives Only vs. ANFC: Impacts of Financial Incentives and Eligibility Rules	WRP vs. WRP Incentives Only: Added Impacts of Work Requirement
Children aged 5-18 at the time of survey (%)						
Days absent from school in prior month						
None	44.1	43.1	50.6	-6.5	-7.5 *	1.0
1-2 days	18.3	20.8	19.1	-0.8	1.7	-2.5
3 or more days	7.3	16.1	10.1	-2.9	6.0 **	-8.9 ***
Behavior or academic problems						
Received special education for any physical or emotional problem	25.9	27.6	23.3	2.6	4.3	-1.7
Any trouble with police[a]	10.6	14.5	8.0	2.6	6.6	-3.9
Ever dropped out of school[b]	2.9	3.5	4.6	-1.7	-1.1	-0.6
Student suspended or expelled	11.2	8.7	9.3	2.0	-0.6	2.6
Parent contacted by school for behavior problems	28.7	22.4	22.3	6.4 *	0.1	6.3 *
Repeated a grade since random assignment	11.7	10.4	10.7	1.0	-0.3	1.3
Doing below average in school	11.4	9.9	7.9	3.5	2.1	1.5
Sample size	332	307	290			

SOURCE: MDRC calculations using data from the 42-Month Client Survey.

NOTES: This sample includes members who responded to the 42-Month Client Survey and were randomly assigned between October 1994 and June 1995 in the six research districts.

This analysis was conducted at the child level and includes children age 18 or younger.

Standard errors were adjusted to account for shared variance between siblings.

Estimates were regression-adjusted using ordinary least squares, controlling for pre-random assignment characteristics of sample members.

A two-tailed t-test was applied to all estimated impacts. Statistical significance levels are indicated as: ***=1 percent; **=5 percent; and *=10 percent.

Rounding may cause slight discrepancies in calculating differences.

[a]Police-involvement information was collected only for children aged 13 and older at the time of the 42-month survey.

[b]Information about dropping out was collected only for children aged 10 and older at the time of the 42-month survey.