

**Forty-Two-Month Impacts
of Vermont's
Welfare Restructuring Project**

**Richard Hendra
Charles Michalopoulos**

MDRC

**Manpower Demonstration
Research Corporation**

September 1999

The Manpower Demonstration Research Corporation's evaluation of Vermont's Welfare Restructuring Project is funded under a contract with the Vermont Department of Social Welfare, with support from the U.S. Department of Health and Human Services and the Ford Foundation.

Dissemination of MDRC publications is also supported by MDRC's Public Policy Outreach funders: the Ford Foundation, the Ambrose Monell Foundation, the Alcoa Foundation, and the James Irvine Foundation.

The findings and conclusions presented in this report do not necessarily represent the official positions or policies of the funders.

For information about MDRC, see our Web site: www.mdr.org.

MDRC® is a registered trademark of the Manpower Demonstration Research Corporation.

Copyright © 1999 by the Manpower Demonstration Research Corporation. All rights reserved.

Contents

Acknowledgments	v
I. Summary	1
<hr/>	
II. The WRP Program and Evaluation	2
<hr/>	
A. The Welfare Restructuring Project	2
B. The WRP Evaluation	2
C. About This Report	3
III. 42 Month Impacts of WRP for Single-Parent Families and Two-Parent Families with An Incapacitated Parent	5
<hr/>	
A. Impacts on Employment, Welfare, and Combined Income for Single-Parent Families	5
B. Impacts of Incentives Alone and of Adding the Time Limit for Single-Parent Families	9
C. Subgroup Impacts for Single Parent Families	14
1. Impacts for Job-Readiness Subgroups	14
2. Impacts by Case Status at Random Assignment	17
3. Impacts for Other Subgroups	17
D. Impacts of WRP for Single-Parent Families in a Statewide Sample	19
E. Impacts on Employment, Welfare, and Combined Income for Two-Parent Households with an Incapacitated Parent	19
F. Impacts of WRP on Two-Parent Families with an Incapacitated Parent for a Statewide Sample	24
IV. Impacts of WRP for Two-Parent Families with an Unemployed Parent	27
<hr/>	
A. The Design of WRP for ANFC-UP Cases	27
B. Impacts on Employment, Welfare, and Combined Income for Two-Parent Cases	27
C. Impacts of Incentives Alone and of Adding the Time Limit	30
D. Impacts on Applicants vs. Recipients	33
E. Impacts for WRP in a Statewide Sample	35

Tables and Figures

Tables

1	42 Month Impacts of WRP for Single-Parent Families (Research Districts)	7
2	42 Month Impacts of WRP and WRP Incentives Only for Single-Parent Families (Research Districts)	10
3	Impacts of WRP and WRP Incentives Only by Barriers to Employment Subgroups for Single-Parent Families, Quarter 14 (Research Districts)	15
4	Impacts of WRP and WRP Incentives Only by Case Status Subgroups for Single-Parent Families, Quarter 14 (Research Districts)	18
5	42 Month Impacts of WRP and WRP Incentives Only for Single-Parent Families (Statewide)	20
6	42 Month Impacts of WRP and WRP Incentives Only for Two-Parent Families With an Incapacitated Parent (Research Districts)	22
7	42 Month Impacts of WRP for Two-Parent Families With an Incapacitated Parent (Statewide)	25
8	42 Month Impacts of WRP for Two-Parent Families with an Unemployed Parent (Research Districts)	29
9	42 Month Impacts of WRP and WRP Incentives Only for Two-Parent Families with an Unemployed Parent (Research Districts)	31
10	Impacts of WRP and WRP Incentives Only by Case Status Subgroups for Two-Parent Families With an Unemployed Parent, Quarter 14 (Research Districts)	36
11	42 Month Impacts of WRP and WRP Incentives Only for Two-Parent Families with an Unemployed Parent (Statewide)	37

Figures

1	Single-Parent Families in the WRP and ANFC Groups Employed and Receiving ANFC (Research Districts)	6
2	Composition of Combined Income Across Research Groups in Quarter 14 (Research Districts)	13
3	Two-Parent Families with an Unemployed Parent in the WRP and ANFC Groups Employed and Receiving ANFC (Research Districts)	28
4	Composition of Combined Income Across Research Groups in Quarter 14 Two-Parent Families With an Unemployed Parent (Research Districts)	34

Acknowledgments

This update report could not have been completed without the support and assistance of many people in the State of Vermont and at MDRC.

Staff at all levels in the Department of Social Welfare (DSW) district offices that were targeted for intensive research have diligently followed the complex procedures necessary to create and maintain the study's research groups. In the DSW central office, Jane Kitchel, Commissioner, and Sandra Dooley, Deputy Commissioner, have strongly supported the study since it began. Roy Haupt and Donna Jenckes coordinated the extraction of administrative records data, and Debra Tighe and Fred DiCesare did the programming.

At MDRC, Barbara Goldman has provided overall guidance to the study since its inception and reviewed a draft of the report. Dan Bloom and Johanna Walter contributed many helpful comments that substantially shaped the analysis; they also provided editorial advice. Galina Farberova and Ngan Lee, working under the supervision of Debra Romm, prepared and processed the administrative records data, and Lynn Miyazaki served as liaison to DSW on data-related issues. Melisa Diaz created tables and served as report coordinator. Frank Tsai developed the programs used for the impact analysis.

Finally, thanks are due the U.S. Department of Health and Human Services for its ongoing support for the WRP evaluation.

The Authors

I. Summary

This document provides an update to the impact estimates presented in the October 1998 report *Implementation and Early Impacts of Vermont's Welfare Restructuring Project*.¹ Impacts on key outcomes are presented through 42 months of follow-up. As in the last report, impacts are presented separately for single- and two-parent households.

Highlights of the findings from this analysis include the following:

- Once single parents began to reach WRP's 30-month work-trigger time limit, the program began to substantially increase employment rates and reduce the proportion of parents who received welfare without working.
- The work-trigger time limit was necessary for producing impacts: WRP's financial incentives alone generated no significant changes in employment or income for single-parent families.
- WRP changed the composition of income for single-parent families: They relied more on earnings and less on cash assistance. However, because the decrease in cash assistance largely offset the increase in earnings, the program did not affect these families' total combined income from public assistance and earnings. These results do not include the federal or state earned income tax credits, which provide additional income to many working families.
- WRP's impacts for two-parent families with an incapacitated parent were generally similar to those for single-parent families.
- WRP did not significantly increase employment or earnings among two-parent Unemployed Parent (UP) families, but the program's incentives and changes in eligibility rules increased cash assistance receipt and payment amounts.

This update will be followed by a report, scheduled for January 2000, discussing results of a survey of about 2,000 people who are part of the research. A final report, due in 2002, will provide additional follow-up and will also compare the financial benefits and costs of WRP.

¹Dan Bloom, Charles Michalopoulos, Johanna Walter, and Patricia Auspos. 1998. *Implementation and Early Impacts of Vermont's Welfare Restructuring Project*. New York: MDRC.

II. The WRP Program and Evaluation

A. The Welfare Restructuring Project

Vermont's Welfare Restructuring Project (WRP) was one of the first statewide welfare reform programs initiated under waivers of federal welfare rules that were granted before the passage of the 1996 federal welfare law. WRP, which was implemented in July 1994 and will run through June 2001, aims to increase work and self-support among recipients of cash assistance. To this end, the program requires most single-parent recipients to work in wage-paying jobs once they have received welfare for 30 cumulative months (two-parent families with an able-bodied primary wage earner face a full-time work requirement after 15 months of benefits). Single-parent recipients begin a mandatory two-month job search at the beginning of month 29. The state assists recipients in searching for jobs, and also provides subsidized minimum-wage community service jobs to recipients who cannot find jobs by the time they reach the 15- or 30-month work trigger time limit. WRP also includes a set of financial work incentives, consisting of supports for families who leave welfare for employment, as well as changes in welfare rules intended to encourage and reward work.²

B. The WRP Evaluation

The Vermont Department of Social Welfare (DSW), the agency that administers WRP, has contracted with the Manpower Demonstration Research Corporation (MDRC) to conduct a comprehensive evaluation of WRP. The study, which is based on a rigorous random assignment research design, uses data from the entire state, but focuses in detail on six of Vermont's 12 welfare districts. It began in 1994 and is scheduled to end in early 2002. MDRC is a nonprofit, non-partisan organization that designs and evaluates social policy initiatives for low-income individuals, families, and communities.

For purposes of the study, parents who were applying for or receiving cash assistance in Vermont were assigned, at random, to one of three groups: *the WRP group*, whose members are both eligible for WRP's financial work incentives and subject to its time limit; *the Aid to Needy Families with Children (ANFC) group*,³ whose members are subject to the welfare rules that were in effect before WRP began; and *the WRP Incentives Only group*, whose members receive WRP's incentives but are not subject to its time limit. Because individuals were assigned to the groups by chance, there were no systematic differences among the groups' members when they entered the study. Thus, any differences in employment rates, welfare receipt, or other outcomes that emerge

²For example, WRP rules disregard (i.e., do not count) the first \$150 plus 25 percent of any remaining earned income in calculating a family's monthly welfare grant. This enhanced disregard is similar to, and sometimes less generous than, the one provided under prior rules during the first four months of work, but more generous thereafter. In addition, WRP provides three years of transitional Medicaid coverage to families leaving welfare for work and also offers transitional child care assistance (on a sliding scale) for as long as a family's income does not exceed 80 percent of the state median (as opposed to the one year of both transitional benefits provided under prior rules). See MDRC's 1998 report for a complete description of WRP's policies.

³ANFC is 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. In 1996, federal legislation (the Personal Responsibility and Work Opportunity Reconciliation Act) replaced AFDC with a block grant to states. The name ANFC is still used in Vermont.

among the groups during the study's follow-up period can reliably be attributed to WRP's policies. Such differences are referred to as the program's *impacts*.

Although random assignment assures that there are no systematic differences among the research groups prior to random assignment, chance will nevertheless cause some small differences. To assess whether a difference can confidently be attributed to WRP or whether it is likely due to chance, the concept of statistical significance is used. In results in this document, an impact is said to be statistically significant at the 10 percent level if there is less than a 10 percent chance that the estimated impact could have stemmed from a program with no real effect. Likewise, an impact is statistically significant at the 5 percent level if there is less than a 5 percent chance that the program had no effect; and an impact is statistically significant at the 1 percent level if there is less than a 1 percent chance that the program had no effect. Statistical significance does not directly indicate the magnitude or importance of an impact estimate, nor does it indicate that the program definitely had an effect; it indicates only whether differences in policies are likely to have affected behavior.

The WRP impact analysis is designed both to determine what difference WRP makes and to examine the impacts generated by each of WRP's two main components: the time limit and the financial work incentives.⁴ 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 time limit, relative to outcomes for the traditional welfare system.
- Comparing the *WRP Incentives Only group* with the *ANFC group* shows the impact of WRP's financial incentives alone, not accompanied by the work-trigger time limit.
- Comparing the *WRP group* with the *WRP Incentives Only group* shows the impact that is generated by adding the work-trigger time limit to the financial incentives.

C. About This Report

This update focuses primarily on about 8,000 families which were randomly assigned to the three groups from July 1994 (when WRP began) through June 1995 in the six districts targeted for intensive study (Barre, Burlington, Newport, Rutland, Springfield, and St. Albans). It examines ANFC and Food Stamp receipt, employment, earnings, and combined income from these sources during a 42-month follow-up period.

⁴This comparison does not provide direct information on the effects of adding a time limit to an ANFC program that lacks other policy changes given to the Incentives Only group. To permit this comparison, the WRP evaluation would need a fourth research group that received the same program as the ANFC group but that was required to work after receiving ANFC for 30 months.

Most statements about WRP's effects on earnings and employment are based on information provided by employers each calendar quarter⁵ to the Unemployment Insurance (UI) systems in Vermont and New Hampshire. Because employers are given six months to report earnings to the UI office, impacts on employment and earnings presented in this update use earnings information through December of 1998, or fourteen quarters after the calendar quarter in which the last case in the analysis sample entered the evaluation.⁶

Data on welfare benefits were drawn from ACCESS, Vermont's computerized public benefits system. For each case and for each month from July 1992 through March 1999, ACCESS provided ANFC and Food Stamps payment amounts.⁷ In addition, ACCESS provided information on Community Service Employment (CSE) for the month of random assignment through March 1999.⁸ Although benefit information was available for each month, outcomes are aggregated to calendar quarters to make them comparable to employment and earnings from the UI system. In addition, the analysis only uses ANFC and Food Stamp data through December 1998 to match the follow-up period for the employment and earnings data.

It is important to note that the measures of income used in this update do not include the federal or state Earned Income Tax Credit—a refundable credit for taxpayers with annual incomes up to \$30,095. The federal EITC may be as large as \$3,756 in 1998. In addition, the Vermont EITC is 25% of the federal credit. As a result, the income measures used in this chapter are likely to underestimate the actual amount of income sample members acquired, particularly sample members with earnings up to the EITC threshold.⁹ However, sample members who work are also subject to payroll taxes of 7.65 percent and must often pay work related expenses such as transportation. The January 2000 report will include fuller measures of household income based on survey data.

⁵January through March form the first calendar quarter; April through June form the second; July through September, the third; and October through December, the fourth.

⁶Cases with UI earnings of greater than \$100,000 in a calendar quarter were deleted from the analysis. This accounts for slight differences in sample sizes from the 1998 report. For example, the sample size for single parents in the research sample (5,463) is one less than that presented in the 1998 report.

⁷According to ACCESS, 35 cases received ANFC payments of \$2,000 or more per month. These appear to be payments made for services provided to needy pregnant women. Since they are not comparable to ANFC payments made to other families, we set all ANFC payments greater than \$2,000 to 0 in calculating ANFC payments and treated all such cases as if they had not received ANFC in that month.

⁸For this analysis, CSE payments were counted as earnings rather than ANFC as they had been in the 1998 report. This results in slightly higher employment and earnings levels, and slightly lower ANFC payment levels for WRP group members. In the quarter most affected (quarter 11) employment rates were approximately 1 percentage point higher among WRP group members than they would have been had CSE payments been considered part of ANFC grants. The largest effect on ANFC payments occurred in quarter 14 when deducting CSE payments lowered ANFC grant levels by approximately \$10 on average among WRP group members.

⁹An analysis of an interim sample of the Vermont 42 month survey (N=1,838) indicates that approximately 59 percent of sample members report that they had, or planned to file for the 1997 Federal EITC, and approximately 53 percent planned to, or had filed for the 1997 State EITC.

III. Forty-Two Month Impacts of WRP for Single-Parent Families and Two-Parent Families with An Incapacitated Parent

A. Impacts on Employment, Welfare, and Combined Income for Single-Parent Families

Figure 1 shows the percent of single-parent cases employed for the WRP group and the ANFC group during each quarter of the follow-up period. Figure 1 indicates that WRP's impact on employment rates is closely associated with the timing of the 30-month time limit. While a small difference in employment rates emerged immediately after random assignment, the impact grew around quarter 10, when WRP group members in single parent cases were first starting to reach the mandatory job search requirement and the work-trigger time limit.

The bottom panel of Figure 1 shows the percentage of WRP and ANFC group members receiving ANFC for each quarter of the follow-up period. It shows that WRP had virtually no effect on the percentage of single-parent cases receiving ANFC during most of the 42-month follow-up period.

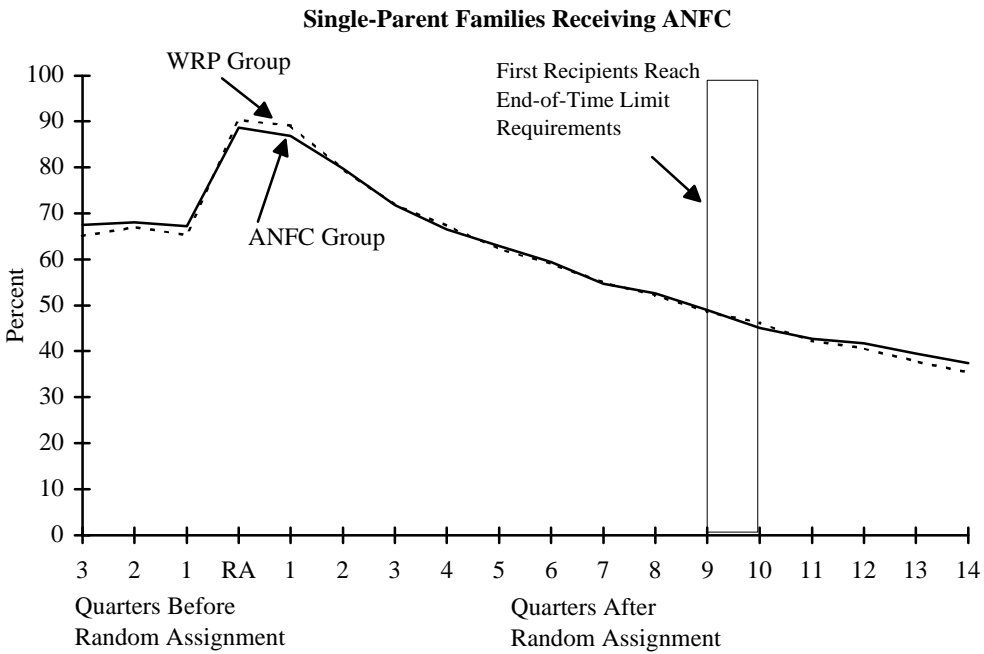
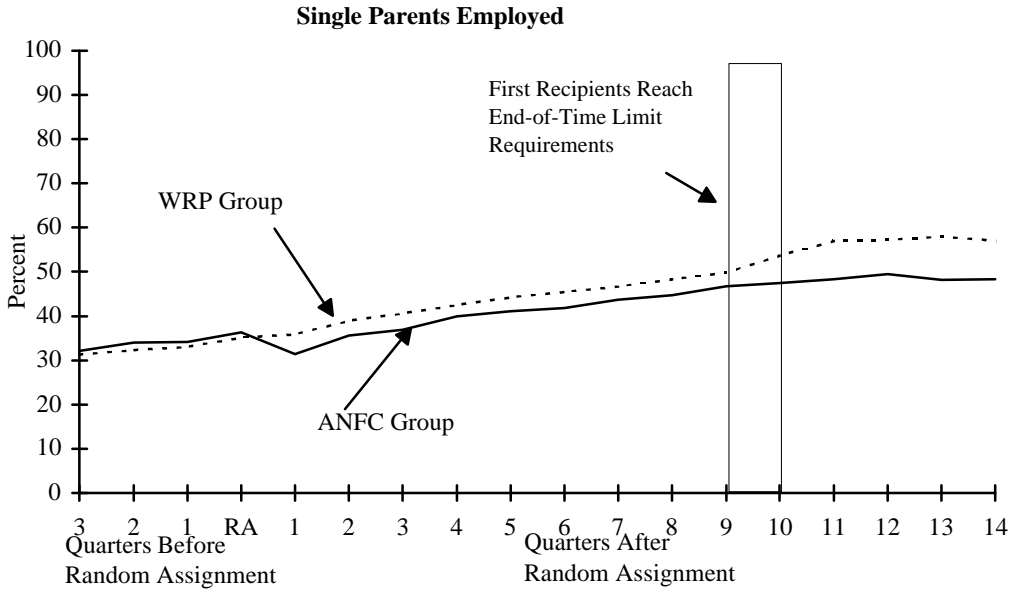
Table 1 presents the impacts of WRP on a number of outcomes including employment, earnings, total combined income from earnings and public assistance, welfare receipt rates and payment amounts, and impacts on combining employment and ANFC receipt.¹⁰ It is important to note that dollar averages presented throughout this analysis include zero values for sample members who were not employed or were not receiving ANFC or Food Stamps. The first section of the table presents cumulative findings for the 42-month follow-up period. It shows that WRP encouraged employment and increased earnings. Eighty-five percent of the WRP group were employed at some point during the 42-month follow-up period, compared to approximately 77 percent of the ANFC group. This nearly 8 percentage point difference is the impact of WRP. WRP's impact on employment is substantial, especially since a very large proportion of the ANFC group worked at some point, making it more difficult for the program to generate a significant difference. Table 1 also shows that the program increased average quarterly earnings by \$91 (almost 9 percent).

Table 1 shows that WRP had virtually no cumulative impact on the rate of ANFC receipt. However, WRP did have a modest (and statistically significant) impact on ANFC payments. WRP reduced ANFC payments by an average of \$47 per quarter during the 42-month follow-up period. These findings suggest that WRP changed the mix of income sources, without increasing total combined income from earnings and public assistance. Table 1 shows that combined income was not affected by WRP.¹¹

¹⁰See Appendix Tables A.1-A.3 (available under separate cover from the Department of Social Welfare) for a list of quarterly outcomes and impacts for single-parent families.

¹¹As noted earlier, the total income amounts discussed in this update do not include the EITC. Given that WRP group members derived a higher proportion of their income from earnings, it is likely that they would derive a greater benefit from the EITC. To the extent that this is the case, the differences in total income between the WRP and ANFC groups would be larger. However, as mentioned, these individuals must pay payroll taxes and have work related expenses such as transportation. Therefore, the addition of the EITC must be considered a benefit net of other work related expenses and taxes.

Figure 1
Vermont's Welfare Restructuring Project
Single-Parent Families in the WRP and ANFC Groups
Employed and Receiving ANFC
(Research Districts)



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

NOTE: RA refers to the quarter in which random assignment occurred.

Table 1
Vermont's Welfare Restructuring Project
42 Month Impacts of WRP for Single-Parent Families
(Research Districts)

Outcome	Average Outcome Levels		Impacts of Financial Incentives and Eligibility Rules	
	WRP Group	ANFC Group	Combined with Time Limit	Percentage Difference
<u>Entire Follow-Up Period</u>				
Ever employed (%)	85.0	77.4	7.5 ***	9.7
Ever received ANFC (%)	92.8	92.2	0.6	0.6
Ever received Food Stamps (%)	95.5	95.0	0.5	0.6
Quarterly earnings (\$)	1,162	1,071	91 **	8.5
Quarterly ANFC payments (\$)	772	820	-47 ***	-5.8
Quarterly Food Stamp payments (\$)	362	365	-2	-0.7
Quarterly combined income from earnings, ANFC, and Food Stamps (\$)	2,297	2,256	41	1.8
<u>Last 3 Months of Follow-Up Period</u>				
Ever employed (%)	57.1	48.4	8.7 ***	18.0
Ever received ANFC (%)	35.4	37.4	-2.1	-5.5
Ever received Food Stamps (%)	48.5	50.1	-1.6	-3.3
Quarterly earnings (\$)	1,637	1,502	135 *	9.0
Quarterly ANFC payments (\$)	434	539	-106 ***	-19.6
Quarterly Food Stamp payments (\$)	261	266	-5	-1.7
Quarterly combined income from earnings, ANFC, and Food Stamps (\$)	2,332	2,307	25	1.1
Percentage receiving at least 50 percent of combined income from earnings	66.4	60.2	6.2 ***	10.2
Earnings brackets (%)				
\$0	42.9	51.6	-8.7 ***	-16.8
\$1 - \$1,200	13.1	10.7	2.4 **	22.7
\$1,201 - \$3,000	19.5	14.6	4.9 ***	33.9
\$3,001 or more	24.5	23.1	1.4	5.9
Employed and receiving ANFC	17.7	10.2	7.5 ***	73.0
Not employed and receiving ANFC	17.7	27.2	-9.5 ***	-35.0
Employed and not receiving ANFC	39.3	38.1	1.2	3.2
Neither employed nor receiving ANFC	25.3	24.4	0.8	3.4
Sample size (Total=4,376)	3,267	1,109		

(continued)

Table 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 the six research 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, ANFC 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 ANFC 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.

"Percentage difference" equals 100 times the impact (the difference between the WRP group and the ANFC group) divided by the ANFC group average.

The bottom section of Table 1 presents impacts for quarter 14, the last three months of the follow-up period. During this period, a substantial proportion of the WRP group members had become subject to the work requirement. A separate analysis (not shown) indicates that by the final three months of the follow-up period, nearly 40 percent of WRP group members had potentially been subject to the WRP work requirement at some point, based on their ANFC receipt history (most of the others had not yet accumulated 30 months of benefit receipt).¹² Therefore, the bottom of Table 1 provides insight into the extent to which the end-of-time-limit (ETL) process has affected outcomes.

The bottom section of Table 1 shows that in the last three months of the follow-up period, WRP's impacts on employment, earnings, and ANFC had grown as more sample members became subject to the work trigger time limit. By quarter 14, WRP group members earned an average of \$135 more than ANFC group members. This increase reflects WRP's growing effect on employment rates. WRP generated a substantial 9 percentage-point increase in employment rates in the final three months of the follow-up period. While these findings are positive, they also provide sobering information about the ability of WRP and ANFC group members to sustain employment. Approximately 33 percent of the WRP group members and 37 percent of the ANFC group members who held a job at some point during the follow-up period had left those jobs and were not working at the end of the 42 month follow-up period.

WRP's impact on earnings appears to have been generated by increasing the likelihood of

¹²This analysis applied credits for individuals who were off welfare for 12 continuous months. Thus, some parents might have accumulated 30 months of benefit receipt, but also earned a credit, and thus were not yet subject to the work requirement.

being employed, rather than increasing the amount WRP group members earned when they were employed. By dividing earnings by the employment rates, one can calculate that employed WRP group members earned an average of \$2,867 in the last 3 months of the follow-up period, which is \$236 *less* than the average earnings of employed ANFC group members. This suggests that a primary affect of the WRP program might be moving parents from no job, to a low paying or part time job. This may have occurred because WRP persuaded some people with relatively low skills to enter the labor market, and these people may command low wages. It also reflects the fact that WRP requires part-time work for most single parents who reach the time limit.

To check this, the bottom of Table 1 presents measures which show WRP's impact on the percentage of the sample who fell into various earnings brackets during the final three months of the follow-up period. It indicates that WRP decreased the percentage of WRP group members having no earnings, and increased the percentage in the next two earnings brackets. However, WRP did not increase the percentage of single-parents in the highest earnings bracket (\$3,000 in quarterly earnings is equivalent to full-time work at about \$6 per hour). The January 2000 report will provide additional information on the characteristics of the jobs sample members obtained.

WRP reduced ANFC payments by over \$100 in quarter 14 (or approximately 20 percent). WRP's impact on ANFC payments somewhat offset gains in earnings. Therefore, while WRP changed the composition of income, total combined income (not including the EITC) was not affected.

The final section of Table 1 displays impacts on sample members' combined employment and ANFC status during the last quarter of the follow-up period. To create the measures in this table, sample members were classified into one of four mutually exclusive categories defined by their employment and ANFC receipt status. Impact estimates are the differences between the percentage of WRP group members in each category and the percentage of ANFC group members in each category. The first two measures show that WRP has furthered the overall goal of increasing self-sufficiency. By the end of the follow-up period, WRP had substantially decreased the percentage of people who were receiving ANFC without working – less than 18 percent of the WRP group remained in this status, compared with 27 percent of the ANFC group – and substantially increased the proportion who were employed and receiving ANFC. As will be discussed below, this effect is mainly attributable to WRP's work trigger time limit which had as a goal reducing the sole reliance of parents on ANFC. Unlike some other recent time limited welfare programs, the primary goal of Vermont's program was not necessarily to remove recipients from the welfare rolls, but rather to encourage welfare recipients to work.

B. Impacts of Incentives Alone and of Adding the Time Limit for Single-Parent Families

As noted earlier, the WRP evaluation was set up with a three group design in order to enable a direct estimate of the unique contributions of two different program components: the package of incentives and changes in eligibility rules and the addition of the time limit. Table 2 summarizes the various impacts for single-parent cases during the 42-month follow-up period, and in the last three months of the follow-up period. As in Table 1, the first columns show average outcomes for each research group. In this case, however, all three groups are shown—the WRP group, the WRP Incentives Only group, and the ANFC group. Columns 4 to 6 show the estimated impacts as described earlier. Column 4 shows the impacts of the full WRP program,

Table 2
Vermont's Welfare Restructuring Project
42 Month Impacts of WRP and WRP Incentives Only for Single-Parent Families
(Research Districts)

Outcome	Average Outcome Levels			WRP vs. ANFC	WRP Incentives	WRP vs. WRP
	WRP Group	WRP Incentives Only Group	ANFC Group	Impacts of Financial Incentives and Eligibility Rules, Combined with Time Limit	Only vs. ANFC	Incentives Only
Entire Follow-Up Period						
Ever employed (%)	85.0	78.8	77.4	7.5 ***	1.4	6.2 ***
Ever received ANFC (%)	92.8	92.1	92.2	0.6	-0.1	0.6
Ever received Food Stamps (%)	95.5	95.4	95.0	0.5	0.4	0.1
Quarterly earnings	1,162	1,061	1,071	91 **	-11	102 **
Quarterly ANFC payments	772	826	820	-47 ***	6	-54 ***
Quarterly Food Stamp payments	362	374	365	-2	9	-12
Quarterly combined income from earnings, ANFC, and Food Stamps (\$)	2,297	2,261	2,256	41	5	36
Last 3 Months of Follow-Up Period						
Ever employed (%)	57.1	51.1	48.4	8.7 ***	2.8	6.0 ***
Ever received ANFC (%)	35.4	37.7	37.4	-2.1	0.3	-2.3
Ever received Food Stamps (%)	48.5	51.1	50.1	-1.6	1.0	-2.6
Quarterly earnings	1,637	1,515	1,502	135 *	14	121
Quarterly ANFC payments	434	523	539	-106 ***	-17	-89 ***
Quarterly Food Stamp payments	261	276	266	-5	10	-15
Quarterly combined income from earnings, ANFC, and Food Stamps (\$)	2,332	2,314	2,307	25	7	18
Employed and receiving ANFC	17.7	13.1	10.2	7.5 ***	2.9 *	4.6 ***
Not employed and receiving ANFC	17.7	24.6	27.2	-9.5 ***	-2.6	-6.9 ***
Employed and not receiving ANFC	39.3	38.0	38.1	1.2	-0.1	1.4
Neither employed nor receiving ANFC	25.3	24.3	24.4	0.8	-0.2	1.0
Sample size (Total = 5,463)	3,267	1,087	1,109			

Table 2 (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 the six research 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, ANFC 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 ANFC 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.

repeating the impacts presented in Table 1. Column 5 shows the impacts of the incentives alone, and column 6 shows the effects of adding the time limit to the incentives.

Column 6 shows that the time limit played a critical role in generating the impacts discussed in Table 1. For example, 85 percent of WRP group members were ever employed, resulting in a 7.5 percentage point impact of the complete program. In comparison, only 78.8 percent of the WRP Incentives only group ever worked during the follow-up period. The addition of the time limit thus increased employment by a statistically significant 6.2 percentage points, constituting over eighty percent of the estimated impact of WRP on employment.

Although adding the time limit did not affect the rate at which parents received ANFC, it reduced average quarterly grant amounts by a statistically significant \$54. While adding the time limit had a significant effect on many outcomes, the incentives alone had small effects that were statistically insignificant. While it appears that the incentives tended to slightly increase grant amounts and decrease earnings, the impacts on these outcomes are not statistically significant. Therefore, these differences may be the outcome of chance rather than a reliable estimate of the real effect of the program.

The bottom of Table 2 presents findings for the last 3 months of the follow-up period. It reveals that the time limit is responsible for WRP's growing impacts on employment and earnings. Adding the time limit increased the percentage of parents who combine work and welfare and decreased the percentage of parents who received welfare without working. In quarter 14, the time limit increased the percentage of employed sample members by 6 percentage points. The impact of the full WRP program was more than three times larger than the impact of the incentives alone.

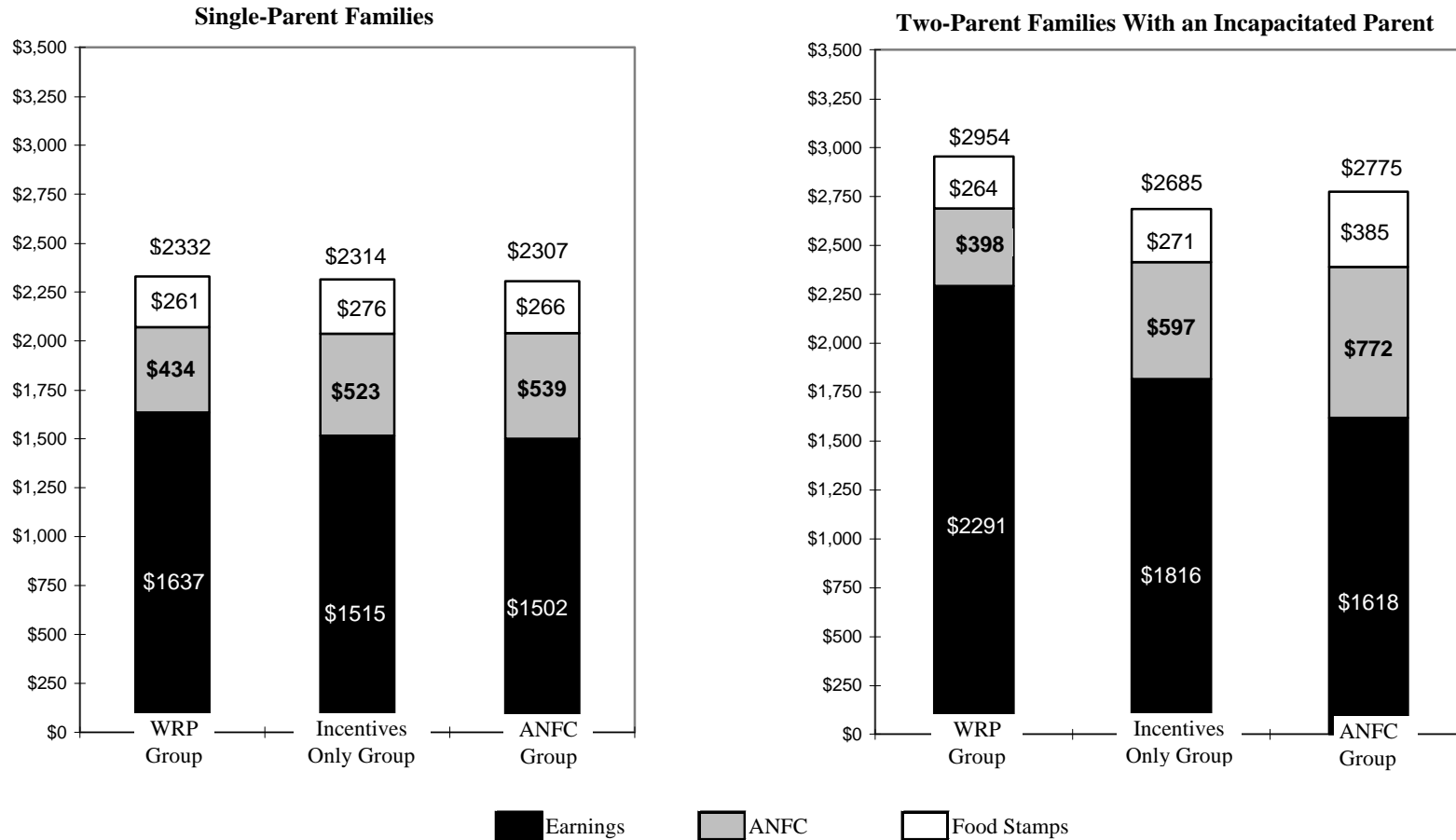
The bottom of Table 2 also presents impacts of the program on combining work and welfare. While the incentives and the time limit components seem to be affecting parents in the same way across these measures, the movement of parents to more self sufficient work and welfare categories is mostly attributable to the time limit.

Figure 2 is a bar graph illustrating the amount of income that was derived from UI-reported earnings, Food Stamp payments, and ANFC payments, across the three research groups during the final quarter of the follow-up period. The left panel of Figure 2 presents results for single-parent families. The first bar shows the amount and composition of income for the WRP group, the second bar shows the amount and composition of income for the WRP Incentives Only group, and the third bar shows the amount and composition of income for the ANFC group. Figure 2 shows that while total income did not vary substantially across the research groups, the composition of income was affected by WRP. For example, the WRP group derived \$695 or 30 percent of their total income from public assistance, compared with nearly 35 percent for the ANFC group. Figure 2 provides more evidence that the WRP incentives and changes in eligibility rules have had little impact on behavior. The Incentives Only group derived over 34 percent of their total income from public assistance.

Given that WRP's earned income disregard is more generous than the traditional ANFC policy, one might have assumed that WRP group members would have higher combined income than their ANFC group counterparts. In order to try to understand why WRP did not produce an

Figure 2

**Vermont's Welfare Restucturing Project
Composition of Combined Income Across Research Groups in Quarter 14
(Research Districts)**



SOURCES: MDRC calculations from Vermont and New Hampshire unemployment insurance (UI) earnings records, Vermont ANFC records, and Vermont Food Stamps records.

increase in total measured income, a separate analysis (not shown) was conducted that examined whether there were any differences between the groups in the percentage of UI earnings that were reported to the DSW. This analysis examined single-parent households who received ANFC for each month in quarter 14, and had any UI earnings in that quarter. Through a match with the ACCESS system, this analysis computed the percentage of quarter 14 UI earnings that each individual reported to the DSW. The analysis found persuasive evidence that employed WRP group members were more likely to report their earnings to DSW, presumably because many of them were subject to the work requirement. Had parents in the ANFC group reported earnings at the same rate as those in the WRP group, it is likely that they would have experienced larger reductions in ANFC, and therefore, lower total measured income.

C. Subgroup Impacts for Single Parent Families

1. Impacts for Job-Readiness Subgroups. WRP may have different effects for different groups of parents. Of particular interest is how WRP affects those having particularly serious barriers to employment. Table 3 presents subgroups defined based on the level of disadvantage, or the ‘job readiness’ of parents at random assignment. Specifically, job readiness subgroups were defined based on (1) whether a sample member had continually received ANFC during the two years prior to random assignment,¹³ (2) whether a sample member had recent work experience (that is, had worked during the year prior to entering the study according to the UI system), and (3) whether a sample member reported having received a high school diploma or GED prior to random assignment.

The top panel of Table 3 shows the impact estimates for the most disadvantaged group. These parents faced all three barriers to employment. Some caution should be exercised when interpreting these results due to the low sample sizes. Some numerically large impact estimates may not be statistically significant when sample sizes are small. In general, the least job ready parents had very different outcome levels, but similar impacts when compared to both the full sample of single-parent families and the other two job readiness groups. During the last 3 months of the follow-up period, WRP substantially increased the employment of sample members in the most disadvantaged category. The 10.9 percentage point impact is particularly large when we consider the low levels of employment in this group. WRP group members in the most disadvantaged category were nearly one-third more likely to work than their counterparts in the ANFC group. WRP also produced a substantial 32 percent increase in earnings during the last three months of the follow-up period, although this impact was not statistically significant. However, substantial declines in ANFC payments offset earnings gains. Therefore, there was no impact on combined income from public assistance and earnings.

The middle panel of Table 3 shows the impact estimates for those facing some, but not all, of the three barriers to employment defined in this analysis. The bottom panel shows the impact estimates for those facing none of the three barriers to employment. Though the impacts were not quite as large as those experienced among sample members in the most disadvantaged category, the bottom two panels of Table 3 give further evidence that WRP produced similar impacts for parents entering WRP with varying levels of job readiness. Higher earnings helped to produce an impact of \$258 on total combined income for those facing none of the three barriers to employment.

¹³Continual receipt was defined as having received ANFC in 22 out of 24 months prior to random assignment.

Table 3
Vermont's Welfare Restructuring Project
Impacts of WRP and WRP Incentives Only by Barriers to Employment Subgroups
for Single-Parent Families, Quarter 14
(Research Districts)

Outcome	Average Outcome Levels			WRP vs. ANFC	WRP Incentives Only vs. ANFC	WRP vs. WRP Incentives Only
	WRP Group	WRP Incentives Only Group	ANFC Group	Impacts of Financial Incentives and Eligibility Rules Combined with Time Limit	Impacts of Financial Incentives and Eligibility Rules	Added Impacts of Time Limit
Most Disadvantaged						
Percentage employed	44.2	43.1	33.3	10.9 *	9.9	1.0
Percentage receiving ANFC	52.3	61.2	55.2	-2.9	6.0	-8.9
Percentage receiving Food Stamps	68.9	68.5	68.4	0.5	0.1	0.4
Quarterly earnings (\$)	1,064	891	801	263	90	173
Quarterly ANFC payments (\$)	714	904	847	-134	56	-190 **
Quarterly Food Stamp payments (\$)	395	417	391	4	26	-22
Quarterly combined income from earnings, ANFC, and Food Stamps (\$)	2,172	2,211	2,039	133	172	-39
Sample size (Total=502)	302	92	108			
Moderately Disadvantaged						
Percentage employed	54.7	45.3	44.9	9.8 ***	0.3	9.4 ***
Percentage receiving ANFC	38.2	38.0	40.6	-2.4	-2.6	0.2
Percentage receiving Food Stamps	51.5	52.2	52.8	-1.3	-0.6	-0.7
Quarterly earnings (\$)	1,461	1,298	1,406	56	-108	164 *
Quarterly ANFC payments (\$)	466	538	593	-128 ***	-55	-73 **
Quarterly Food Stamp payments (\$)	277	279	285	-9	-7	-2
Quarterly combined income from earnings, ANFC, and Food Stamps (\$)	2,204	2,114	2,284	-81	-170	89
Sample size (Total=3,345)	2,000	656	689			
Least Disadvantaged						
Percentage employed	66.4	65.0	59.5	7.0 **	5.5	1.5
Percentage receiving ANFC	24.3	29.6	24.5	-0.2	5.2	-5.4 *
Percentage receiving Food Stamps	35.7	42.8	38.7	-3.1	4.1	-7.1 **
Quarterly earnings (\$)	2,201	2,111	1,897	304 **	214	90
Quarterly ANFC payments (\$)	277	372	328	-51	44	-94 **
Quarterly Food Stamp payments (\$)	187	224	183	5	41 *	-37 **
Quarterly combined income from earnings, ANFC, and Food Stamps (\$)	2,665	2,706	2,408	258 *	299 *	-41
Sample size (Total=1,590)	952	331	307			

(continued)

Table 3 (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 to June 30, 1995.

Barriers to Employment subgroups were defined on the basis of three characteristics measured at baseline: 1) whether a sample member received ANFC for 22 or more out of 24 months prior to random assignment, 2) not working in the prior year, and 3) not having earned a high school diploma or GED. The "most disadvantaged" group had all three characteristics, the "moderately disadvantaged" had some, but not all, and the "least disadvantaged" had none of the characteristics.

Dollar averages include zero values for sample members who were not employed or were not receiving ANFC 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.

Interestingly, Table 3 shows that increases in employment rates among the most and least job ready groups appear to be due primarily to WRP's incentives and eligibility rules, rather than to the time limit. However in general, all three groups experienced similar patterns of impacts, indicating that WRP is having affects that are consistent across sample members.

2. Impacts by Case Status at Random Assignment. Table 4 summarizes the impacts of WRP for parents applying for ANFC at the time of random assignment and those already receiving ANFC when they were randomly assigned. The 1998 report found that WRP's financial incentives substantially increased ANFC receipt among applicants, but had little effect on ANFC receipt among recipients. Adding the time limit reduced ANFC receipt among applicants but had little effect on recipients. Last year's report also found that the time limit had a significant impact on employment by quarter 7 among applicants, and that the full WRP program had an earlier impact on employment among recipients that then faded by quarter 7.

Table 4 shows that during the last 3 months of the follow-up period, WRP increased the earnings and decreased the ANFC payments of parents who entered the study when they were applying for ANFC. However, earnings increases outweighed ANFC losses and, therefore, total income increased by \$124, which was not statistically significant. Among parents who were on ANFC at the time of random assignment, WRP increased earnings by a smaller magnitude (earnings were 6 percent higher among WRP group members which was statistically insignificant, compared with the 12 percent earnings impacts among those applying for ANFC at random assignment). Moreover, parents who were on ANFC at the time of random assignment had larger ANFC losses. The combination of smaller earnings gains and larger ANFC losses resulted in a loss of \$44 in total combined income in quarter 14 for parents who were on ANFC at the time of random assignment, which was not statistically significant.

Table 4 shows that while WRP increased employment among both applicants and recipients, the 10.3 percentage point impact among recipients was more substantial. Since earnings increases were larger among applicants, these findings suggest that WRP has increased the employment of recipients in lower wage or part time jobs. This is confirmed by a separate analysis of the distribution of sample members across different earnings brackets (not shown). WRP increased the proportion of applicants earning between \$1201 and \$3000 in quarter 14 by nearly 50 percent, while a comparable increase of recipients occurred in the bracket containing those earning \$1 to \$1200.

3. Impacts for Other Subgroups. Appendix tables A.4 through A.7 (available under separate cover from the Department of Social Welfare) summarize the impacts of WRP for several additional subgroups: by an alternate specification of the job readiness subgroups (Table A.4), by the age of youngest child (Table A.5), and by district office (Table A.6). Table A.7 shows results for the six district offices that were studied more intensively and the other six district offices.

In general, many of the patterns of impacts for these subgroups are similar to the patterns for the full sample discussed above. In some cases, similarities may be due, in part, to the fact that the subgroups share common characteristics. In other cases, similarities may be due to the way WRP operated for sample members with different characteristics.

Table 4
Vermont's Welfare Restructuring Project
Impacts of WRP and WRP Incentives Only
by Case Status Subgroups for Single-Parent Families, Quarter 14
(Research Districts)

Outcome	Average Outcome Levels			WRP vs. ANFC	WRP Incentives Only vs. ANFC	WRP vs. WRP Incentives Only
	WRP Group	WRP Incentives Only Group	ANFC Group	Impacts of Financial Incentives and Eligibility Rules Combined with Time Limit	Impacts of Financial Incentives and Eligibility Rules	Added Impacts of Time Limit
Applicants						
Percentage employed	57.9	54.6	51.4	6.6 ***	3.3	3.3
Percentage receiving ANFC	27.5	27.2	27.3	0.2	-0.1	0.3
Percentage receiving Food Stamps	39.0	42.5	39.9	-0.9	2.6	-3.5
Quarterly earnings (\$)	1,774	1,674	1,585	189 *	89	100
Quarterly ANFC payments (\$)	331	369	406	-75 **	-37	-37
Quarterly Food Stamp payments (\$)	208	217	198	10	19	-9
Quarterly combined income from earnings, ANFC, and Food Stamps (\$)	2,314	2,260	2,190	124	70	54
Sample size (Total=2,382)	1,429	480	473			
Recipients						
Percentage employed	56.3	48.6	46.0	10.3 ***	2.5	7.8 ***
Percentage receiving ANFC	41.7	45.7	45.0	-3.4	0.7	-4.0 *
Percentage receiving Food Stamps	55.9	57.6	57.8	-1.9	-0.1	-1.7
Quarterly earnings (\$)	1,533	1,382	1,440	93	-58	151
Quarterly ANFC payments (\$)	515	641	638	-123 ***	4	-127 ***
Quarterly Food Stamp payments (\$)	303	318	317	-13	2	-15
Quarterly combined income from earnings, ANFC, and Food Stamps (\$)	2,350	2,342	2,394	-44	-52	9
Sample size (Total=3,081)	1,838	607	636			

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 to June 30, 1995.

Dollar averages include zero values for sample members who were not employed or were not receiving ANFC 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.

D. Impacts of WRP for Single-Parent Families in a Statewide Sample

The research sample used in most of this study includes families who entered the WRP evaluation while living in one of the six welfare districts that were studied intensively. One of the unique features of WRP is that families throughout the state were randomly assigned to the three research groups. Table 5 presents outcomes and impacts using the statewide sample of single-parent cases which is about 56 percent larger than the report sample used for Table 2. Examining the statewide sample can yield useful supplemental information on the reliability of the estimated impacts.

The statewide sample used in Table 5 yields largely the same implications as the six district sample used in Table 2. WRP increased employment and earnings, and decreased ANFC payment amounts during the 42-month follow-up period. In the final 3 months of the follow-up period, WRP increased the likelihood that parents combined work and welfare, and decreased the likelihood of receiving welfare without working. WRP had impacts on earnings and ANFC amounts that were consistent with those measured in the research districts.

The larger statewide sample adds confidence that some differences evident in Table 2 are in fact due to the program rather than being the product of chance. For example, the effect of adding the time limit results in a reduction in average quarterly food stamp payments of \$11 for the full follow-up period, which is statistically significant.

The bottom panel of Table 5 presents outcomes and impacts for the last three months of the follow-up period. For the statewide sample, WRP caused a somewhat larger reduction in ANFC receipt rates than in the report sample, and the difference is statistically significant. The impact of the WRP time limit on moving parents to a status where they are employed and not receiving ANFC is slightly larger for the statewide sample and is statistically significant. The impacts of the financial incentives and eligibility rules are also largely the same for the statewide sample. In general, the statewide sample increases one's confidence in the reliability of the impact estimates presented for the six research districts.

E. Impacts on Employment, Welfare, and Combined Income for Two-Parent Households with An Incapacitated Parent

About 10 percent of Vermont's welfare cases are two-parent families in which one parent is incapacitated. The able-bodied parent in such families is subject to the same time limit and work requirement rules as the sole parents in single-parent families. In the six intensively studied welfare districts that comprise the main part of this study, 570 cases were identified as having an incapacitated parent at random assignment, with 345 cases in the WRP group, 107 in the WRP Incentives Only group, and 118 in the ANFC group. This section briefly presents impacts on economic outcomes for this small group of families.

Table 6 presents outcomes and impacts for two-parent households with an incapacitated parent.¹⁴ For these families, some of the estimated impacts of WRP are quite large. Quarterly earnings of parents in the WRP group exceeded earnings for the ANFC group by more than \$356

¹⁴See Appendix Tables A.8-A.10 (available under separate cover from the Department of Social Welfare) for a list of quarterly outcomes and impacts for two-parent families with an incapacitated parent.

Table 5
Vermont's Welfare Restructuring Project
42 Month Impacts of WRP and WRP Incentives Only for Single-Parent Families
(Statewide)

Outcome	Average Outcome Levels			WRP vs. ANFC	WRP Incentives	WRP vs. WRP
	WRP Group	WRP Incentives Only Group	ANFC Group	Impacts of Financial Incentives and Eligibility Rules, Combined with Time Limit	Only vs. ANFC	Incentives Only
Entire Follow-Up Period						
Ever employed (%)	84.8	78.7	77.9	6.9 ***	0.8	6.1 ***
Ever received ANFC (%)	92.0	91.8	91.6	0.4	0.2	0.2
Ever received Food Stamps (%)	95.1	95.0	94.2	0.8	0.8	0.0
Quarterly earnings (\$)	1,175	1,068	1,080	96 ***	-12	107 ***
Quarterly ANFC payments (\$)	733	787	778	-45 ***	9	-54 ***
Quarterly Food Stamp payments (\$)	356	367	357	-1	10	-11 *
Quarterly combined income from earnings, ANFC, and Food Stamps (\$)	2,264	2,222	2,215	49	7	42
Last 3 Months of Follow-Up Period						
Ever employed (%)	57.2	50.2	49.5	7.8 ***	0.8	7.0 ***
Ever received ANFC (%)	33.1	36.4	36.3	-3.3 **	0.0	-3.3 **
Ever received Food Stamps (%)	46.6	48.9	48.5	-1.9	0.5	-2.3 *
Quarterly earnings (\$)	1,654	1,473	1,487	167 ***	-14	180 ***
Quarterly ANFC payments (\$)	397	490	509	-112 ***	-19	-93 ***
Quarterly Food Stamp payments (\$)	248	265	263	-15 *	2	-18 **
Quarterly combined income from earnings, ANFC, and Food Stamps (\$)	2,299	2,229	2,259	39	-30	69
Employed and receiving ANFC	16.7	12.9	11.1	5.6 ***	1.8	3.8 ***
Not employed and receiving ANFC	16.4	23.5	25.3	-8.9 ***	-1.8	-7.1 ***
Employed and not receiving ANFC	40.6	37.4	38.4	2.2	-1.1	3.2 **
Neither employed nor receiving ANFC	26.4	26.3	25.3	1.1	1.1	0.1
Sample size (Total= 8,540)	5,120	1,700	1,720			

(continued)

Table 5 (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 twelve 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, ANFC 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 ANFC 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.

Table 6
Vermont's Welfare Restructuring Project
42 Month Impacts of WRP and WRP Incentives Only
for Two-Parent Families With an Incapacitated Parent
(Research Districts)

Outcome	Average Outcome Levels			WRP vs. ANFC	WRP Incentives	WRP vs. WRP
	WRP Group	WRP Incentives Only Group	ANFC Group	Impacts of Financial Incentives and Eligibility Rules Combined with Time Limit	Only vs. ANFC Impacts of Financial Incentives and Eligibility Rules	Incentives Only Added Impacts of Time Limit
<u>Entire Follow-Up Period</u>						
Either parent ever employed (%)	83.3	73.7	75.1	8.3 *	-1.3	9.6 **
Ever received ANFC (%)	90.9	90.1	93.3	-2.5	-3.2	0.7
Ever received Food Stamps (%)	95.9	93.9	96.3	-0.4	-2.3	2.0
Quarterly earnings, both parents (\$)	1,665	1,414	1,309	356 **	105	251
Quarterly ANFC payments (\$)	789	885	895	-106 *	-10	-95
Quarterly Food Stamps payments, (\$)	389	378	433	-44 *	-55 *	10
Quarterly combined income from earnings, ANFC, and Food Stamps	2,843	2,677	2,637	206	40	166
<u>Last 3 Months of Follow-Up Period</u>						
Either parent ever employed (%)	57.2	52.6	53.7	3.5	-1.1	4.6
Ever received ANFC (%)	33.2	43.7	48.2	-15.0 ***	-4.5	-10.5 **
Ever received Food Stamps (%)	53.8	57.3	61.9	-8.1	-4.7	-3.5
Quarterly earnings, both parents (\$)	2,291	1,816	1,618	674 **	199	475 *
Quarterly ANFC payments (\$)	398	597	772	-374 ***	-175 *	-199 **
Quarterly Food Stamps payments (\$)	264	271	385	-120 ***	-113 **	-7
Quarterly combined income from earnings, ANFC, and Food Stamps	2,954	2,685	2,775	179	-90	269
Either parent employed, family receiving ANFC	13.5	15.9	20.7	-7.1 *	-4.8	-2.4
Neither parent employed, family receiving ANFC	19.6	27.8	27.5	-7.9 *	0.3	-8.2 *
Either parent employed, family not receiving ANFC	43.7	36.7	33.1	10.6 **	3.6	7.0
Neither parent employed, family not receiving ANFC	23.2	19.6	18.7	4.4	0.9	3.6
Sample size (Total=570)	345	107	118			

(continued)

Table 6 (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 to June 30, 1995.

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

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, ANFC payments, or Food Stamp payments in that quarter, prior to their date of random assignment.

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.

over the full follow-up period. Parents in the WRP group were more likely to have worked in the full follow-up period and this impact grew over time. Impacts on employment rates were similar to those experienced by single-parent families: 83.3 percent of families in the WRP group had at least one parent employed during the follow-up period, compared with 75.1 percent in the ANFC group.

The full WRP package also had a striking impact on receipt of public assistance during the last 3 months of the follow-up period. Parents were significantly less likely to have received ANFC, with 33.2 percent of families in the WRP group receiving ANFC compared with 48.2 percent in the ANFC group. WRP generated large decreases in both ANFC and Food Stamps payment amounts of \$374 and \$120 respectively.

The bottom section of Table 6 presents evidence that WRP is moving these families towards self sufficiency. WRP has decreased the percentage of families which received ANFC with neither parent employed by approximately 8 percentage points and increased the percentage of families with either parent employed but neither parent receiving ANFC by nearly 11 percentage points.

While WRP did not have a statistically significant impact on total combined income among two-parent households with one parent incapacitated, it caused significant changes in the composition of income. The right panel of Figure 2 presents bar charts showing the composition of total income for two-parent families with an incapacitated parent. Figure 2 shows that WRP group members derived only \$662, or 22.4 percent of their total income from welfare during the last three months of the follow-up period compared with \$1157, or 41.7 percent among ANFC group members. Further analysis (not shown) revealed that 66.8 percent of WRP group members derived over 50 percent of their income from earnings compared to 50.7 percent of ANFC group members.

It must be stressed that these impacts have been measured using a relatively small sample. As will be discussed below, analysis of the larger statewide sample suggests caution in interpreting these results.

F. Impacts of WRP on Two-Parent Families with An Incapacitated Parent for a Statewide Sample

Table 7 presents outcomes and impacts using the statewide sample of two-parent families with an incapacitated parent. The statewide sample has 401 more sample members than the research sample presented in Table 6, an increase in sample size of 70 percent. Table 7 shows that the statewide sample yields impacts that are generally smaller than those presented for the research sample. For example, WRP produced a more modest (and statistically insignificant) 4.3 percentage point increase in cases with an employed parent, compared with the 8.7 percentage point increase presented in Table 6 for the six research districts. Moreover, in the final three months of the follow-up period, WRP generated earnings impacts that were \$556 less than the \$674 impact measured among the research districts. WRP generated quarter 14 impacts on ANFC and Food Stamps payments that were nearly half those presented in Table 6. Table 7 also suggests caution about the extent to which WRP is moving parents towards self sufficiency. For the statewide sample, WRP did not produce statistically significant reductions in the proportion

Table 7
Vermont's Welfare Restructuring Project
42 Month Impacts of WRP for Two-Parent Families With an Incapacitated Parent
(Statewide)

Outcome	Average Outcome Levels			WRP vs. ANFC	WRP Incentives	WRP vs. WRP
	WRP Group	WRP Incentives Only Group	ANFC Group	Impacts of Financial Incentives and Eligibility Rules, Combined with Time Limit	Only vs. ANFC	Incentives Only
Entire Follow-Up Period						
Either parent ever employed (%)	82.1	75.3	77.7	4.3	-2.4	6.7 **
Ever received ANFC (%)	89.3	89.2	90.8	-1.4	-1.6	0.1
Ever received Food Stamps (%)	95.6	93.1	97.0	-1.3	-3.9 *	2.5
Quarterly earnings, both parents (\$)	1,647	1,585	1,491	156	94	62
Quarterly ANFC payments (\$)	761	850	812	-51	37	-88 *
Quarterly Food Stamps payments, (\$)	380	379	427	-48 **	-48 *	0
Quarterly combined income from earnings, ANFC, and Food Stamps (\$)	2,788	2,814	2,730	58	84	-26
Last 3 Months of Follow-Up Period						
Either parent ever employed (%)	55.8	53.9	57.4	-1.6	-3.6	2.0
Ever received ANFC (%)	34.0	40.7	40.8	-6.8 *	-0.2	-6.7 *
Ever received Food Stamps (%)	54.8	57.3	55.9	-1.1	1.4	-2.5
Quarterly earnings, both parents (\$)	2,152	2,013	2,034	118	-21	139
Quarterly ANFC payments (\$)	426	569	623	-196 ***	-53	-143 **
Quarterly Food Stamps payments, (\$)	267	284	335	-69 **	-52	-17
Quarterly combined income from earnings, ANFC, and Food Stamps (\$)	2,845	2,866	2,992	-147	-126	-21
Either parent employed, family receiving ANFC	14.0	14.5	19.4	-5.4 *	-4.9	-0.6
Neither parent employed, family receiving ANFC	20.0	26.1	21.4	-1.4	4.7	-6.1 *
Either parent employed, family not receiving ANFC	41.9	39.3	38.0	3.8	1.3	2.6
Neither parent employed, family not receiving ANFC	24.1	20.0	21.1	3.0	-1.1	4.1
Sample size (Total=971)	588	173	210			

(continued)

Table 7 (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 twelve 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, ANFC 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 ANFC 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.

of sample members who were not employed while receiving ANFC, nor did WRP increase the proportion of sample members who were employed while not receiving ANFC.

IV. Impacts of WRP for Two-Parent Families with An Unemployed Parent

A. The Design of WRP for ANFC-UP Cases

This section explores the impacts of WRP on employment and welfare receipt for two-parent families with an unemployed parent (UP). While WRP has the same basic components for two-parent UP families as for single-parent families, two-parent UP families in the ANFC group encounter a different ANFC program than single-parent families. Two-parent families in all three research groups face work-related requirements throughout their time on welfare, somewhat limiting the potential effects of WRP's work mandates. Two-parent families in the ANFC group must pass non-financial eligibility criteria not applied to families in the other two research groups. The requirements that principal earners have a work history and currently work less than 100 hours per month have been eliminated for the WRP and WRP Incentives Only groups.¹⁵

B. Impacts on Employment, Welfare, and Combined Income for Two-Parent Cases

Figure 3 shows the proportion of families with a working parent and the proportion of families who received ANFC by quarter before and after the quarter of random assignment. The top panel of Figure 3 shows the percent of UP families with either parent employed for the WRP and ANFC groups. It shows that WRP had little impact on the percentage of families with an employed parent. Figure 3 offers little indication that encountering the 15-month work-trigger time limit had an impact on employment.

The bottom panel of Figure 3 shows the percentage of UP families receiving ANFC. It shows that WRP increased ANFC receipt throughout most of the follow-up period. The gap widened during the third year of follow-up before closing somewhat at the end of the follow-up period.

Table 8 shows the impacts of WRP on employment, earnings, combined income, ANFC, Food Stamps, and combining work and welfare.¹⁶ A look at the *outcomes* for the WRP group reveals some striking differences from those for single-parent families (shown in Table 1). Two-parent households have substantially higher incomes, and are less likely to ever receive ANFC than single-parent families.

Table 8 shows little evidence that WRP increased employment overall. In fact, the ANFC group households were slightly more likely to have either parent employed at some point during the entire follow-up period (although this difference is not statistically significant). The lack of a positive impact on employment could be due to 1) Vermont's strong economy, 2) high ANFC

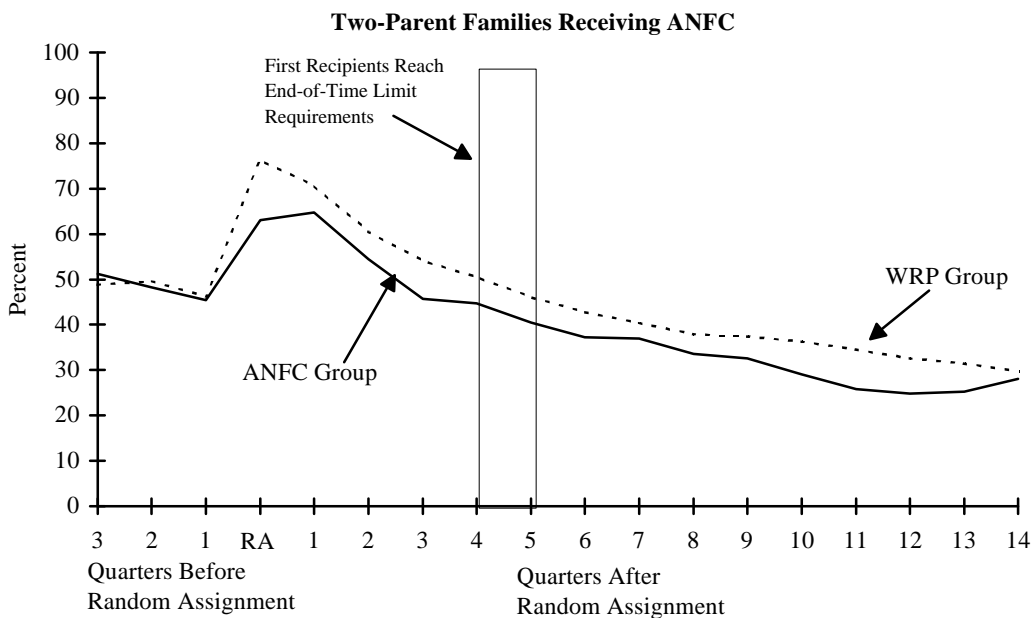
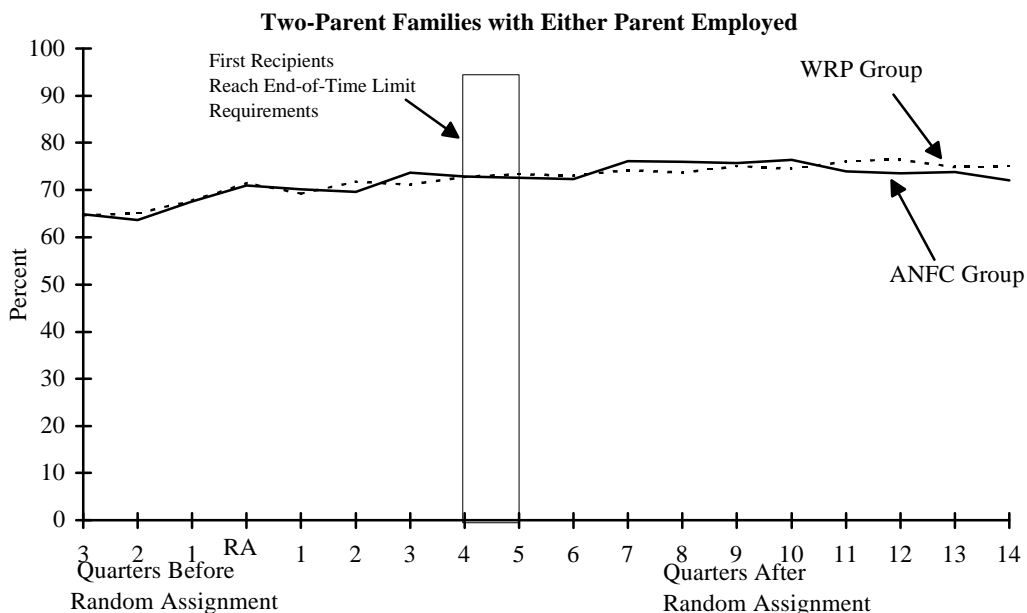
¹⁵According to DSW regulations, the principal earner is the parent with greater earnings in the 24 months prior to applying for ANFC benefits.

¹⁶See appendix tables B.1-B.3 (available under separate cover from the Department of Social Welfare) for a list of quarterly outcomes and impacts for two-parent UP families.

Figure 3

Vermont's Welfare Restructuring Project

Two-Parent Families with an Unemployed Parent in the WRP and ANFC Groups Employed and Receiving ANFC (Research Districts)



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

NOTE: RA refers to the quarter in which random assignment occurred.

Table 8
Vermont's Welfare Restructuring Project
42 Month Impacts of WRP
for Two-Parent Families with an Unemployed Parent
(Research Districts)

Outcome	Average Outcome Levels		Impacts of Financial Incentives and Eligibility Rules Combined with Time Limit	
	WRP Group	ANFC Group	Percentage	Difference
<u>Entire Follow-Up Period</u>				
Ever employed (%)				
Parent designated as primary wage earner	87.7	88.4	-0.7	-0.8
Other parent	77.4	73.2	4.2	5.7
Either parent	94.1	95.5	-1.4	-1.4
Ever received ANFC (%)	81.9	75.7	6.2 ***	8.1
Ever received Food Stamps (%)	91.6	91.6	0.0	0.0
Quarterly earnings (\$)				
Parent designated as primary wage earner	2,180	2,182	-2	-0.1
Other parent	1,034	1,002	31	3.1
Both parents	3,223	3,185	37	1.2
Quarterly ANFC payments (\$)	571	517	54 *	10.5
Quarterly Food Stamps payments (\$)	391	404	-14	-3.4
Quarterly combined income from earnings, ANFC, and Food Stamps, (\$)	4,185	4,107	78	1.9
<u>Last 3 Months of Follow-Up Period</u>				
Ever employed (%)				
Parent designated as primary wage earner	58.4	58.4	0.0	0.0
Other parent	49.6	44.7	4.9	11.0
Either parent	75.1	72.1	3.0	4.2
Ever received ANFC (%)	29.7	28.0	1.7	6.1
Ever received Food Stamps (%)	46.5	46.3	0.1	0.3
Quarterly earnings (\$)				
Parent designated as primary wage earner	2,562	2,443	119	4.9
Other parent	1,335	1,289	46	3.5
Both parents	3,906	3,734	173	4.6
Quarterly ANFC payments (\$)	368	365	3	0.8
Quarterly Food Stamps payments (\$)	303	306	-3	-0.9
Earnings brackets (%)				
\$0	24.9	27.9	-3.0	-10.8
\$1 - \$1,200	8.4	7.4	1.0	13.6
\$1,201 - \$3,000	13.8	12.3	1.5	12.4
\$3,001 or more	52.9	52.4	0.5	0.9
Quarterly combined income from earnings, ANFC, and Food Stamps, (\$)	4,577	4,404	173	3.9
Either parent employed, family receiving ANFC	21.6	16.5	5.0 **	30.5
Neither parent employed, family receiving ANFC	8.2	11.5	-3.3 *	-28.9
Either parent employed, family not receiving ANFC	53.6	55.6	-2.0	-3.6
Neither parent employed, family not receiving ANFC	16.7	16.4	0.3	1.8
Sample size (Total=1,322)	992	330		

(continued)

Table 8 (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 to June 30, 1995.

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

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, ANFC payments, or Food Stamp payments in that quarter, prior to their date of random assignment.

For families who received ANFC, 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.

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.

"Percentage difference" equals 100 times the impact (the difference between the WRP group and the ANFC group) divided by the ANFC group average.

group employment levels, or 3) the fact that employment mandates are applied to parents in all groups. It should also be noted that other demonstrations have found that two-parent families are less likely to experience significant impacts from welfare-to-work programs.¹⁷

As discussed, there is a large treatment difference between the WRP and ANFC groups in the non-financial eligibility rules. Families in the ANFC group are not eligible for welfare if the principal earner has worked 100 hours or more in the most recent month, whereas families in the WRP group are not subject to this rule. Probably because of this difference, WRP increased welfare receipt among two-parent UP families. WRP group members were 6.2 percentage points more likely to have received welfare during the follow-up period, a difference that is statistically significant. Table 8 also shows that WRP group members received higher total welfare benefits. Average quarterly grant amounts were \$54 higher for WRP group members. By the last 3 months of the follow-up period, WRP's impacts on ANFC receipt rates and payment amounts became smaller, and statistically insignificant. The bottom panel of Table 8 shows that WRP group members were significantly more likely to combine work and welfare and less likely to receive ANFC with neither parent employed in the last three months of the follow-up period.

C. Impacts of Incentives Alone and of Adding the Time Limit

As noted earlier, the WRP evaluation was set up with a three group design in order to enable a direct estimate of the unique contributions of two different program components: the package of incentives and changes in eligibility rules and the addition of the time limit. Table 9

¹⁷For example, see Miller, Cynthia, Virginia Knox, Patricia Auspos, Jo Anna Hunter-Manns, and Alan Orenstein. 1997. *Implementation and 18-Month Impacts of the Minnesota Family Investment Program*. New York: MDRC.

Table 9
Vermont's Welfare Restructuring Project
42 Month Impacts of WRP and WRP Incentives Only
for Two-Parent Families with an Unemployed Parent
(Research Districts)

Outcome	Average Outcome Levels			WRP vs. ANFC	WRP Incentives	WRP Vs. WRP
	WRP Group	WRP Incentives Only Group	ANFC Group	Impacts of Financial Incentives and Eligibility Rules, Combined with Time Limit	Only Vs. ANFC	Incentives Only
Entire Follow-Up Period						
Ever employed (%)						
Parent designated as principal earner	87.7	89.2	88.4	-0.7	0.8	-1.5
Other parent	77.4	76.6	73.2	4.2	3.4	0.8
Either parent	94.1	96.3	95.5	-1.4	0.8	-2.2
Ever received ANFC (%)	81.9	81.8	75.7	6.2 ***	6.1 **	0.1
Ever received Food Stamps (%)	91.6	92.0	91.6	0.0	0.4	-0.4
Quarterly earnings (\$)						
Parent designated as principal earner	2,180	2,246	2,182	-2	63	-65
Other parent	1,034	960	1,002	31	-43	74
Both parents	3,223	3,205	3,185	37	20	18
Quarterly ANFC payments (\$)	571	634	517	54 *	117 ***	-62 *
Quarterly Food Stamp payments (\$)	391	428	404	-14	24	-37 **
Quarterly combined income from earnings, ANFC, and Food Stamps (\$)	4,185	4,267	4,107	78	160	-82
Last 3 months of Follow-Up Period						
Ever employed (%)						
Parent designated as principal earner	58.4	59.2	58.4	0.0	0.8	-0.8
Other parent	49.6	44.4	44.7	4.9	-0.3	5.2 *
Either parent	75.1	73.0	72.1	3.0	0.9	2.1
Ever received ANFC (%)	29.7	35.3	28.0	1.7	7.3 **	-5.6 **
Ever received Food Stamps (%)	46.5	51.0	46.3	0.1	4.6	-4.5

(continued)

Table 9 (continued)

Outcome	Average Outcome Levels			WRP Vs. ANFC	WRP Incentives	WRP Vs. WRP
	WRP Group	WRP Incentives Only Group	ANFC Group	Impacts of Financial Incentives and Eligibility Rules, Combined with Time Limit	Only Vs. ANFC	Incentives Only
Quarterly earnings (\$)						
Parent designated as principal earner	2,562	2,644	2,443	119	201	-83
Other parent	1,335	1,251	1,289	46	-39	84
Both parents	3,906	3,895	3,734	173	161	12
Quarterly ANFC payments (\$)	368	488	365	3	124 **	-121
Quarterly Food Stamp payments (\$)	303	366	306	-3	60 **	-63
Quarterly combined income from earnings, ANFC, and Food Stamps (\$)	4,577	4,749	4,404	173	345	-172
Either parent employed, family receiving ANFC	21.6	22.2	16.5	5.0 **	5.7 *	-0.7
Neither parent employed, family receiving ANFC	8.2	13.1	11.5	-3.3 *	1.6	-4.9
Either parent employed, family not receiving ANFC	53.6	50.7	55.6	-2.0	-4.8	2.8
Neither parent employed, family not receiving ANFC	16.7	13.9	16.4	0.3	-2.5	2.8
Sample size (Total=1,652)	992	330	330			

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 the six research 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, ANFC 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 ANFC or Food Stamps.

For families who received ANFC, 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.

summarizes the various impacts for two-parent UP cases during the whole follow-up period, and during the last three months of follow-up. As described previously in the discussion of Table 2, Column 4 shows the impact of the full WRP program, Column 5 shows the impacts of the incentives alone, and Column 6 shows the effects of adding the time limit to the incentives.

Table 9 helps us understand better the origin of some of the impacts noted in the discussion of Table 8 above. As expected, Column 5 reveals that WRP's effects on ANFC receipt and payment amounts are mostly derived from the package of incentives and eligibility rules. For example, nearly 98 percent of WRP's 6.2 percentage point increase in ANFC receipt rates is generated by the financial incentives and eligibility rules.

The bottom panel of Table 9 shows findings for the last 3 months of the follow-up period. This panel reveals several interesting features of impacts (or the lack thereof) noted in Table 8. What appeared to be a diminishing impact of WRP on ANFC receipt rates is the product of the opposing influences of the two treatment components on these measures. In fact, WRP's incentives and eligibility rules generated a larger increase in both the receipt of ANFC and ANFC payment amounts during the last 3 months. However, the time limit generated comparable *decreases* in both measures that are both statistically significant. The bottom panel of Table 9 reveals the same pattern with average quarterly food stamp payments. It shows that the two program components generated statistically significant impacts, in opposite directions, that muted the impact on quarterly food stamps payments in the aggregate.

While the time limit did not increase employment during the final three months of the follow-up period, it resulted in lower ANFC and Food Stamps payments, and decreased the occurrence of cases where neither parent was employed while the family was receiving ANFC. On the contrary, the package of incentives and changes in eligibility rules increased ANFC receipt rates by 7.3 percentage points, and increased ANFC and Food Stamps payment amounts.

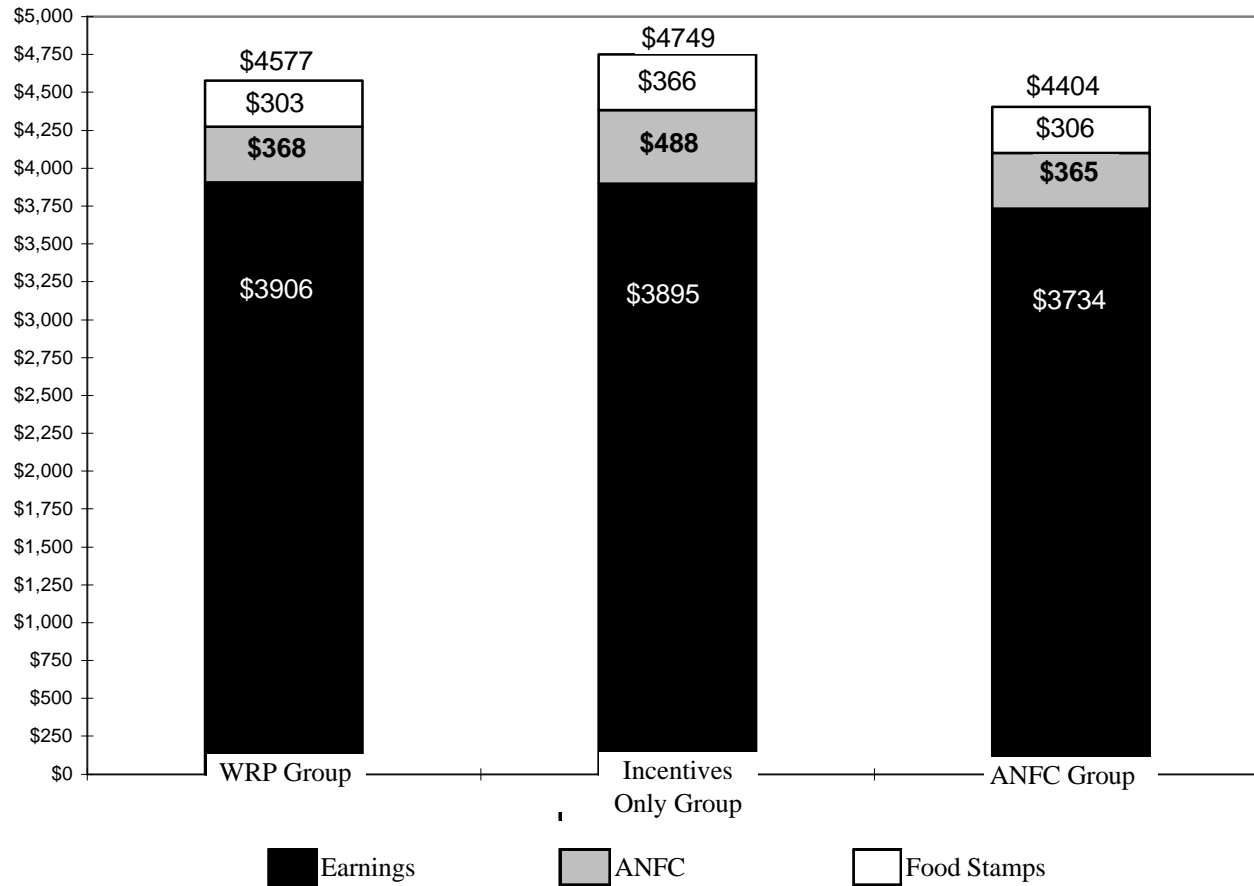
Figure 4 is a bar graph illustrating the amount of combined income that was derived from UI-reported earnings, Food Stamp payments, and ANFC payments, across the three research groups, during the final quarter of the follow-up period. The left bar indicates the amount and composition of income for the WRP group, the middle bar indicates the amount and composition of income for the WRP incentives only group, and the right bar indicates the amount and composition of income for the ANFC group.

Figure 4 shows that while total combined income did not vary substantially across the research groups, the composition of income was modestly affected by WRP. As might be expected based on the previously noted impact of the WRP incentives and eligibility rules on increasing ANFC receipt rates and payments, Figure 4 indicates that the WRP incentives did modestly increase the proportion of income derived from welfare. In the last quarter of follow-up, approximately 18 percent of the income of WRP Incentives group members was derived from welfare. By contrast, only 15.2 percent of the income of ANFC group members was derived from welfare.

D. Impacts on Applicants vs. Recipients

One of the primary differences of the WRP program for two-parent UP families is the removal of the so-called 100-hour rule and ending the requirement that the principal earner have

Figure 4
Vermont's Welfare Restucturing Project
Composition of Combined Income Across Research Groups in Quarter 14
Two Parent Families With An Unemployed Parent
(Research Districts)



calculations from Vermont and New Hampshire unemployment insurance (UI) earnings records, Vermont ANFC records, and Vermont Food Stamps records.

a substantial work history. If this change is causing WRP's increase in the proportion of families receiving ANFC, then it should be stronger initially among applicants, since recipients at the time of random assignment had already passed the stricter eligibility requirements. Since the 100-hour rule is an ongoing requirement, working parents in the ANFC group may lose their access to ANFC while parents in the WRP and WRP Incentives Only groups maintain theirs. As parents in the WRP group begin to work, however, this change might also begin to affect families who were receiving ANFC at the time of random assignment.

Table 10 presents the impacts of WRP on various outcomes by AFDC case status at random assignment. The first half of Table 10 shows the quarter 14 impacts of WRP for families applying for welfare at the time of random assignment. Table 10 shows that, besides a reduction in Food Stamps payments caused by the time limit, WRP did not significantly affect any major outcomes in the last three months of the follow-up period. This is consistent with findings presented in the 1998 report which found that early impacts of WRP on ANFC receipt had faded by quarter 7, the last quarter for which full sample data were available.

The bottom panel of Table 10 presents impacts for two-parent families who were receiving ANFC at the time of random assignment. As, discussed, since the 100-hour rule is applied on an ongoing basis for families in the ANFC group, there might be a later impact on the proportion of families receiving ANFC among those who were receiving ANFC at the time of random assignment. The 1998 report discussed increases in ANFC receipt among recipients which emerged 18 months into the follow-up period. The bottom of table 10 shows that WRP increased ANFC receipt among recipients during the final 3 months of the follow-up period as well. The package of financial incentives and eligibility rules resulted in a substantial 18.8 percentage point increase in ANFC receipt, and a \$276 increase in quarterly ANFC payments. However the WRP time limit significantly reduced ANFC receipt rates and payments thus muting the effects of the overall program on these measures.

E. Impacts of WRP in a Statewide Sample

The research sample used in most of this study represents families who entered the WRP evaluation while living in one of the six intensively studied welfare districts. Table 11 shows the same outcomes and impacts as Table 9, but uses the larger sample of families randomly assigned statewide. This sample is about 60 percent larger than the research sample used in Table 9. As is true for the single parent cases discussed previously, examining the statewide sample can yield useful supplemental information on the reliability of the estimated impacts.

The statewide sample yields largely the same implications as the research sample used in Table 9. For the research sample, the estimated impact of WRP on employment of the primary wage earners is a statistically insignificant -.7 percentage points; for the larger statewide sample, the estimated impact is also -.5. Several of the less positive impacts of WRP on ANFC receipt and payments are smaller in the statewide sample. For the research sample, WRP increased ANFC receipt by a statistically significant 6.2 percentage points during the entire follow-up period. For the statewide sample, the impact of the full WRP program is smaller, at 3.9 percentage points. The statewide sample reinforces the finding that WRP's financial incentives and eligibility rules are allowing some sample members to combine work and welfare, and reducing the percentage who are employed without receiving ANFC.

Table 10
Vermont's Welfare Restructuring Project
Impacts of WRP and WRP Incentives Only
by Case Status Subgroups for Two-Parent Families With an Unemployed Parent, Quarter 14
(Research Districts)

Outcome	Average Outcome Levels			WRP vs. ANFC	WRP Incentives Only vs. ANFC	WRP vs. WRP Incentives Only
	WRP Group	WRP Incentives Only Group	ANFC Group	Impacts of Financial Incentives and Eligibility Rules Combined with Time Limit	Impacts of Financial Incentives and Eligibility Rules	Added Impacts of Time Limit
Applicants						
Quarterly earnings, both parents (\$)	4,393	4,238	4,054	339	184	154
Quarterly ANFC payments (\$)	271	325	271	0	54	-54
Quarterly Food Stamp payments (\$)	248	307	265	-17	42	-60 **
Quarterly combined income from earnings, ANFC, and Food Stamps (\$)	4,911	4,871	4,590	321	281	40
Percentage employed, either parent	76.4	73.0	74.4	2.0	-1.3	3.3
Percentage receiving ANFC	22.8	24.9	22.8	0.0	2.1	-2.1
Percentage receiving Food Stamps	40.4	42.8	42.1	-1.8	0.7	-2.5
Sample size (Total=1,097)	659	211	227			
Recipients						
Quarterly earnings, both parents (\$)	2,969	3,181	3,066	-97	115	-212
Quarterly ANFC payments (\$)	565	802	526	39	276 **	-236 ***
Quarterly Food Stamp payments (\$)	413	475	385	28	90	-61
Quarterly combined income from earnings, ANFC, and Food Stamps (\$)	3,948	4,457	3,977	-29	480	-509 *
Percentage employed, either parent	73.0	72.0	67.3	5.6	4.6	1.0
Percentage receiving ANFC	43.5	55.7	36.9	6.6	18.8 ***	-12.2 **
Percentage receiving Food Stamps	58.1	66.2	56.0	2.1	10.2	-8.1
Sample size (Total=555)	333	119	103			

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 to June 30, 1995.

Dollar averages include zero values for sample members who were not employed or were not receiving ANFC 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.

Table 11
Vermont's Welfare Restructuring Project
42 Month Impacts of WRP and WRP Incentives Only
for Two-Parent Families with an Unemployed Parent
(Statewide)

Outcome	Average Outcome Levels			WRP vs. ANFC	WRP Incentives	WRP Vs. WRP
	WRP Group	WRP Incentives Only Group	ANFC Group	Impacts of Financial Incentives and Eligibility Rules, Combined with Time Limit	Only vs. ANFC	Incentives Only
Entire Follow-Up Period						
Ever employed (%)						
Parent designated as principal earner	87.8	89.4	88.3	-0.5	1.2	-1.7
Other parent	77.6	77.3	74.5	3.1	2.8	0.3
Either parent	94.2	95.7	94.7	-0.5	1.0	-1.5
Ever received ANFC (%)	80.3	79.6	76.5	3.9 **	3.1	0.7
Ever received Food Stamps (%)	91.0	90.2	91.2	-0.2	-1.1	0.9
Quarterly earnings (\$)						
Parent designated as principal earner	2,238	2,260	2,205	33	55	-22
Other parent	1,014	1,005	1,015	-1	-10	9
Both parents	3,259	3,265	3,221	39	44	-5
Quarterly ANFC payments (\$)	521	592	491	31	101 ***	-70 ***
Quarterly Food Stamp payments (\$)	377	403	391	-15	12	-26 **
Quarterly combined income from earnings, ANFC, and Food Stamps (\$)	4,157	4,259	4,102	55	157	-102
Last 3 Months of Follow-Up Period						
Ever employed (%)						
Parent designated as principal earner	59.3	59.8	58.9	0.4	1.0	-0.6
Other parent	48.6	47.7	44.7	4.0	3.1	0.9
Either parent	75.0	74.4	72.1	2.9	2.3	0.5
Ever received ANFC (%)	26.6	31.9	24.9	1.6	6.9 ***	-5.3 **
Ever received Food Stamps (%)	44.6	46.8	43.2	1.4	3.6	-2.2

(continued)

Table 11 (continued)

Outcome	Average Outcome Levels			WRP vs. ANFC	WRP Incentives	WRP vs. WRP
	WRP Group	WRP Incentives Only Group	ANFC Group	Impacts of Financial Incentives and Eligibility Rules Combined with Time Limit	Only vs. ANFC	Incentives Only
Quarterly earnings (\$)						
Parent designated as principal earner	2,587	2,626	2,526	61	100	-39
Other parent	1,326	1,304	1,330	-4	-26	22
Both parents	3,922	3,930	3,857	65	73	-8
Quarterly ANFC payments (\$)	326	435	332	-5	104 ***	-109 ***
Quarterly Food Stamp payments (\$)	282	321	285	-3	36	-38 **
Quarterly combined income from earnings, ANFC, and Food Stamps (\$)	4,531	4,686	4,474	57	212	-155
Percentage receiving at least 50 percent of combined income from earnings	82.0	79.4	80.3	1.7	-0.9	2.6
Either parent employed, family receiving ANFC	19.6	21.8	15.2	4.4 **	6.7 ***	-2.3
Neither parent employed, family receiving ANFC	7.0	10.0	9.8	-2.8 **	0.2	-3.0 **
Either parent employed, family not receiving ANFC	55.4	52.6	56.9	-1.5	-4.3	2.8
Neither parent employed, family not receiving ANFC	18.0	15.6	18.2	-0.1	-2.6	2.5
Sample size (Total=2,664)	1581	562	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 twelve 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, ANFC 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 ANFC or Food Stamps.

For families who received ANFC, 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.

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, 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.

