

The Effects on Employment and Wages When Medicaid and Child
Care Subsidies are no Longer Available

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Executive Summary

Welfare reform promised welfare mothers that if they went to work, they would receive the work supports and assistance necessary to help them find and keep employment. Congress has fulfilled some of that promise in that expenditures on child care subsidies and Medicaid for working families have increased since the early 1990s. However, work supports are generally time-limited and phase-out quickly as income rises. This limits their ability to stay employed because most mothers do not easily transition off government work supports into private-sector work supports.

This study examines the importance of two work supports—health insurance and child care—in promoting employment and wage growth for prime-age mothers. Mothers on welfare and other low-income mothers are often eligible for Medicaid and child care subsidies but as they move up the job ladder, they lose eligibility. Employer-provided health insurance is an option for those lucky enough to have found a job that provides it. However, there is no private sector equivalent to child care subsidies and a mother must be able to afford market prices for child care once her subsidy runs out.

Work supports matter and losing them limits mother's ability to stay employed. This is more the case for health insurance than for child care. However, this is most likely due to the fact that a relatively small number of children have access to child care subsidies, and therefore it is difficult to measure their impact.

Few mothers make the transition from Medicaid to employer-provided health insurance. Between the beginning of 1997 and the end of 1998, 41.5 percent of those on Medicaid left the program but less than one third of those (27.7 percent) moved into employer-provided health insurance. Between the beginning of 2002 and the end of 2003, 37.2 percent of those on Medicaid left the program, but fewer than a quarter (23.4 percent) of those had employer-provided health insurance. This falloff in the early 2000s in the share moving directly into employer-provided health insurance is most likely attributable to the protracted labor market recession and falling employer-provided health insurance coverage overall.

The problem is not necessarily that Medicaid leavers lacked employment, but that they did not find jobs that offered employer-provided health insurance. Among those who left Medicaid in the late 1990s, the share moving from a job without employer-provided health insurance to one with insurance was just under one third (28.7 percent), however this fell by 14.0 percentage points, down to 14.7 percent by the early 2000s. There was not, however, a comparably large decline in the share of mothers overall who moved from a job without employer-provided health insurance to one with. In the late 1990s, one-in-five (18.3 percent) of all mothers made this transition and in the early 2000s, this share only fell by 1.6 percentage points to 16.7 percent.

The transition from Medicaid to employer-provided health insurance is critical. Mothers who make this transition into employer-provided health insurance are nine times more likely to stay employed than mothers who leave Medicaid without this benefit. In fact, mothers leaving Medicaid with employer-provided health insurance are just as likely to stay employed as mothers

who have employer-provided health insurance and are not Medicaid leavers. All Medicaid leavers suffer a wage penalty—that is, their wages are lower than those of comparable women, all else equal—, however, compared to other mothers. This is true regardless of whether they left Medicaid with or without employer-provided health insurance.

Child care subsidies are less common than Medicaid. Welfare mothers are not more likely than mothers who have left welfare to receive child care subsidies. However, since so few—about one-in-eight—eligible children receives a subsidy, the negligible effect on employment may be due to the limited numbers receiving help.

Mothers who receive child care subsidies, however, are likely to be able to continue receiving them. Most—over 90 percent—mothers who had subsidies in 1997 still had a subsidy two years later in 1999. Child care subsidies have a positive effect on employment, but losing them does not necessarily lead to losing employment. As with Medicaid, mothers who have child care subsidies suffer a wage penalty, compared to other mothers.

What we know is that work supports matter. The private market does not step up quickly enough to allow the majority of women leaving Medicaid the opportunity to participate in an employer-based health insurance plan. The promise of work supports is only fulfilled, however, if they help mothers both find and maintain employment. Rapid phase-outs and relatively low earnings thresholds limit mothers' ability to stay employed, even if they had been successful at finding employment.

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Introduction

Over the 1990s, the purpose of welfare changed from being a program that paid mothers to stay at home to being one that ostensibly offered support to mothers to enable them to hold down a job. The foundation of the 1996 Personal Responsibility and Work Opportunity Reconciliation Act—commonly known as welfare reform—was that families should move from welfare into self-sufficiency as quickly as possible. This landmark legislation created time limits and mandated work requirements for those receiving cash assistance. In exchange, policymakers said that they would facilitate the movement towards self-sufficiency by increasing access to work supports for workers.

The passage of welfare reform accelerated a shift that began in the early 1990s. States have begun spending an increasing portion of their public assistance dollars on work supports, in particular Medicaid, other state public health programs, child care, and transportation, while the share going to cash assistance has decreased. Funding was available for these supports because Congress pegged the amount of money that states received under welfare reform to caseload levels in the early 1990s. When caseloads plummeted in the late 1990s, the states had more welfare money per client to spend. Further, within a year of the passage of welfare reform, the federal government increased other forms of assistance to low-wage workers by increasing the minimum wage, expanding the Earned Income Tax Credit, and initiating the State Child Health Insurance Program, which extended Medicaid to the children of low-wage workers.

However, many of these work supports are time-limited or phase-out quickly as income rises. For example, although most women moving off welfare will find jobs without health insurance, federal law requires states to offer just six months of Medicaid coverage to families leaving welfare for work. Some states have waivers for the first full year or year and a half of employment, but this is rare. Similarly with child care: in 1999, 20 states had imposed time limits on the receipt of child care subsidies ranging from two months to three years, with an average of 16 months. As states moved through the fiscal crises of the early 2000s, many of these work support programs were either reduced or eliminated. When that happened, those working were often the first to be cut from the programs.

Only women who are on welfare or working and receiving poverty or near-poverty wages are eligible for health insurance and child care work supports. This creates a hole in the safety net for low-wage, working women, who are not likely to have access to employer-provided health insurance. Further, the phase-out of work supports reduces women's ability to become and remain self-sufficient by limiting their ability to stay employed and, thus, move up the job ladder.

Very few mothers on Medicaid make the transition to employer-provided health insurance. Between the beginning of 1997 and the end of 1998, 41.5 percent of those on Medicaid left the program, but nearly one third (27.7 percent) moved from Medicaid into employer-provided health insurance. Between the beginning of 2002 and the end of 2003, 37.2 percent of those on Medicaid left the program, but fewer than a quarter (23.4 percent) of those had employer-provided health insurance. This falloff in the share moving directly into

employer-provided health insurance is most likely attributable to the protracted labor market recession and falling employer-provided health insurance coverage overall.

The problem was not necessarily that Medicaid leavers lacked employment, but that they did not find jobs that offered employer-provided health insurance. Among those who left Medicaid in the late 1990s, the share moving from a job without employer-provided health insurance to one with was just under one third (28.7 percent), however this fell by 14.0 percentage points, down to 14.7 percent in the early 2000s. There was not, however, a large decline in the share of mothers overall who moved from a job with employer-provided health insurance to one without. In the late 1990s, one-in-five (18.3 percent) of all mothers made this transition and in the early 2000s, this share only fell by 1.6 percentage points, down to 16.7 percent.

The transition from Medicaid to employer-provided health insurance is critical because mothers who make this transition nine times more likely to stay employed than mothers who leave Medicaid without employer-provided health insurance. Mothers leaving Medicaid with employer-provided health insurance are just as likely to stay employed as mothers who have employer-provided health insurance and are not Medicaid leavers. All Medicaid leavers suffer a wage penalty, however, compared to other mothers. This is true regardless of whether they left Medicaid with or without employer-provided health insurance.

Child care subsidies are far rarer than Medicaid. Welfare mothers are not more likely than mothers who have left welfare to receive child care subsidies. However, since so few—about one-in-eight—eligible children receives a subsidy, the limited effect may be due to the limited numbers receiving help.

Mothers who receive child care subsidies, however, are likely to be able to continue receiving them. Most—over 90 percent—mothers who had subsidies in 1997 still had a subsidy two years later in 1999.

Child care subsidies have a positive effect on employment, but losing them does not necessarily lead to losing employment. As with Medicaid, mothers who have child care subsidies suffer a wage penalty, compared to other mothers.

The problem is the two-tiered nature of social policy. While the social safety net provides work supports to the very poor and employers provide them for the upper and middle classes, neither provides for the working poor. In short, the way our social policy system works, low-wage workers are too rich for public supports, but too poor to afford these goods and services on their wages. The lack of an adequate safety for low-wage, working parents threatens their ability to stay employed and move up the job ladder. It also threatens their ability to parent effectively. Mothers who cannot afford safe and enriching child care put their child at risk of falling behind in school. Recent research has shown that the positive effects of high quality pre-school are still seen decades after the child has grown (Oden, Schweinhart, and Weikart 2004).

In order to create an adequate safety net for all working families, policymakers must move away from policies aimed only at the non-working poor or recent labor market entrants

and focus on meeting the needs of working families more generally. Universal health insurance would remove the link between having a good job and having access to health care. Further, it is likely that a universal system could not only save money in administrative costs, but also provide real incentives to keep people healthy, rather than waiting until people are very ill.

Working families also need access to safe, affordable, and enriching child care. In the United States, families are more likely to receive assistance with their child's college costs than daycare costs. The Children's Defense Fund has found that in 14 states, the average annual cost of child care is more than double the tuition at a state university (Ewen and Hart 2003). High costs come at a time when families can least afford it—when the parents are young, starting out in their careers, and when they are also saving up for major life purchases (a home) and paying off student debt. A universal pre-kindergarten system would help working families while providing the kind of quality environment provided by the public school system.

Work Supports Phase-Out Before Families are Self-Sufficient

The landmark 1996 welfare reform legislation focused on moving families from welfare into self-sufficiency as quickly as possible. The legislation implemented a number of “sticks” and “carrots” in order to achieve this goal. Most notably, some of the sticks that Congress imposed include a five-year lifetime limit on the receipt of cash assistance, a requirement that 50 percent of welfare recipients had to participate in work by 2002, and a reduction in the ability of welfare recipients to be in school while on welfare. Further, Congress changed the program from an entitlement, where everyone who was eligible was guaranteed assistance, to a block grant, which gives more discretion to the states to cap eligibility and determine how to best spend public assistance funds.

Congress did, however, also provide new incentives to keep low-wage workers in the labor market by increasing the benefits of work. In 1996, Congress raised the minimum wage and increased the value of the Earned Income Tax Credit (EITC). The 1996 welfare reform legislation consolidated child care assistance and increased funding for child care under the Child Care and Development Fund (CCDF)² and, in 1997, Congress expanded low-income children's access to health insurance through Medicaid by implementing the State Child Health Insurance Program (SCHIP). The end result was that due to the expansion of funding for Medicaid, SCHIP, CCDF, the EITC, and the Child Tax Credit, low-income families received nine times more assistance in 1999 than in 1984, as federal spending rose from \$5.6 to \$51.7 billion (in constant 1999 dollars) (Congressional Budget Office 1998; Sawhill and Haskins 2002).

These expansions were important because research on basic budgets shows that families living above the poverty threshold need access to work supports to make ends meet. The basic family budget threshold—the income at which a family will not need any public assistance to

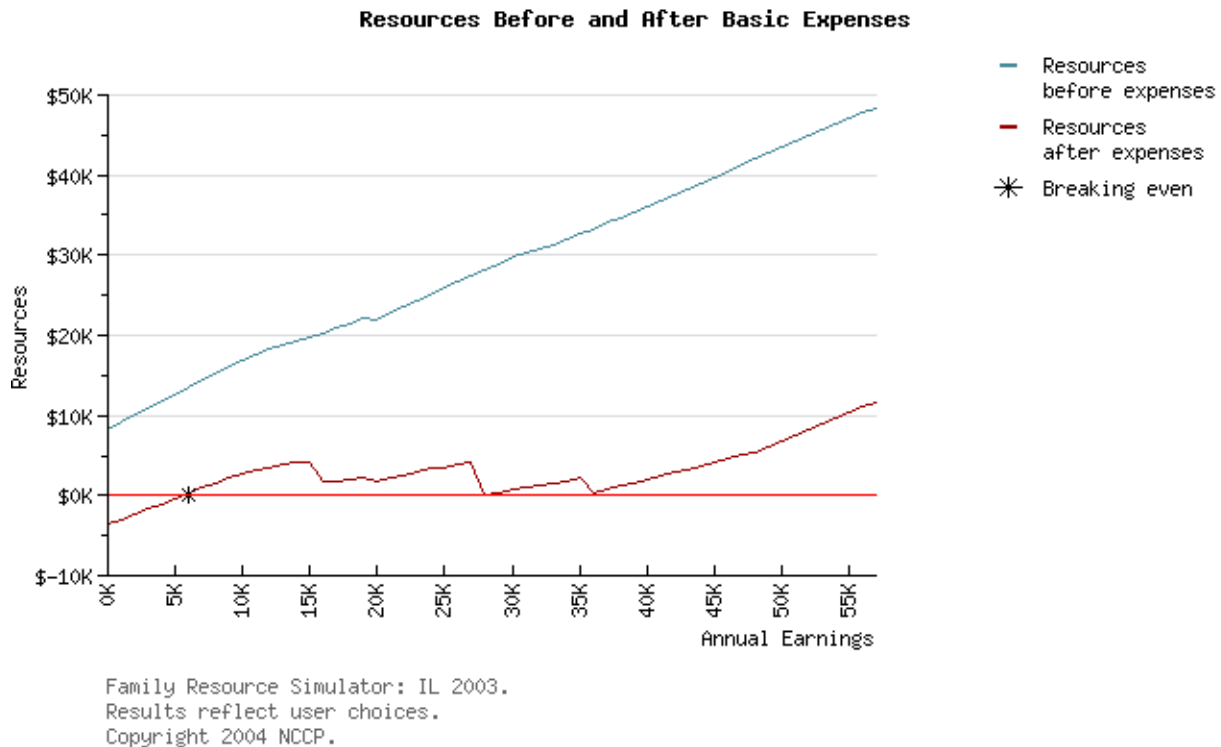
² CCDF is the administrative term for combined child care funds, including entitlement funds issued under the Social Security Act and discretionary funds through the Child Care Development Block Grant. For all practical purposes, the funds are administered as one program, CCDF, although there are two funding streams, one an entitlement and one discretionary.

make ends meet—for a two-parent, two-child family ranges from \$27,005 a year in Hattiesburg, Mississippi, to a high of \$52,114 in Nassau-Suffolk County, New York (in constant 2000 dollars) (Boushey et al. 2001). Thus, families need income of about twice the poverty line in order to afford basic goods and services—including health insurance and safe, enriching, and affordable child care.

However, even if families have access to all the benefits for which they are eligible, many do not reach their family budget threshold. Figure 1 shows “total resources”—income from earnings, as well as cash and in-kind assistance—before and after expenses for a single-parent family in Illinois in 2003. Resources for this family includes child care subsidies (through CCDF), Food Stamps, Medicaid and/or other public health insurance, Temporary Assistance to Needy Families (TANF) cash assistance, and the federal Child Tax Credit Refund and EITC while they are eligible for them. This family “breaks even”—that is, it has income greater than expenses—at a fairly low earnings level, about \$5,000 per year.³ Illinois has relatively generous policies; a similar family in Pennsylvania, for example, would not break even until they hit \$30,000 per year. However, between earnings of \$5,000 and about \$40,000, the Illinois family sees little or no real improvement in their resources, once we account for expenditures on basic needs.

³ This model assumes that the family does not have access to employer-provided health insurance and, if they do not have public health insurance, they must pay for private health insurance out-of-pocket. The model also assumes that the family receives all benefits that they are eligible for, which is a highly unreasonable assumption as most families receive only one or two benefits that they are eligible for, not the entire basket of goods and services (National Center for Children in Poverty 2004).

Figure 1



Source: National Center for Children in Poverty (2004).

Note: “Resources” includes income from earnings, as well as cash and in-kind assistance, such as child care subsidies or Medicaid

A major problem with the current structure of work supports is that they have relatively rapid phase-outs. As a result, for many low-income families, higher earnings are largely or completely offset by a reduction in benefits. Although the rules vary across states, most work supports phase-out when a family reaches somewhere around the poverty threshold. In addition, program rules prohibit families from receiving work supports for a long period of time once they are employed, even if they have very low earnings. Thus, while work supports are intended to support both current and former working welfare recipients, they most often benefit only current welfare recipients and are not as useful for working families. This has become increasingly the case since the early 2000s, when many states faced large budget deficits and assistance for working families was often one of the first items to be cut back.

Access to Work Supports

The three most expensive family budget items are housing, health insurance, and child care. Only health insurance and child care can be evaluated as a work support, however, because access to subsidized housing is not generally tied directly to employment. Further, shortages in housing vouchers and public housing availability limit the potential for many families to access housing subsidies as only about one out of every four families eligible for a housing voucher actually receives one (Sard and Fischer 2004). Health insurance and child care subsidies,

however, are generally tied to employment. Most Americans who have health insurance receive it through an employer, either their own or a spouse's, and Medicaid picks up the coverage for the non-working poor and many children of the working poor. Child care subsidies are generally offered through the government to employed parents or, occasionally, by employers (usually only to high-end workers, however, not low-wage workers). The remainder of this analysis focuses on access to health insurance and child care because they are the two most expensive family budget items tied to employment and because these work supports are a critical component in making the transition from welfare to work sustainable.

This analysis only examines access to works supports for mothers, rather than entire families. Access to employer-provided health insurance is only measured when it is in the mother's own name, from her employer, rather than from a spouse or other family member's employer. This is because the analysis examines the effects of policy on moving mothers off welfare and into the labor market. Although one stated goal of welfare reform was to encourage marriage, we do not evaluate this policy goal in this report.

This analysis examines which mothers have access to work supports, in particular health insurance and child care. The result presented are simulations for low-wage mothers, earning \$10.00 an hour or less in constant 1999 dollars. The regressions, however, include all mothers. The results of the simulations are similar for low-wage and all mothers. (See Appendix B for a full description of the estimation techniques.)

Medicaid: Transitional Assistance Phases Out Before Many Get Employer-Provided Health Insurance

Medicaid was established in 1967 by the federal government to provide public health insurance to the nation's poor. Currently, one-in-seven children (14.0 percent in 2002) and 5.8 percent of adults under age 65 are covered by Medicaid or the State Child Health Insurance Program (SCHIP) (Boushey and Wright 2004b). However, low income limits for eligibility for the program cause many working families to be excluded from the program, even though they still may not be able to obtain health services through employer- or self-provided insurance. This is particularly problematic because welfare reform pushed families receiving welfare into the workforce. If work means the loss of basic access to health care, this creates a substantial disincentive for mothers to choose employment over welfare receipt.

Before the 1996 welfare reform, families usually had to receive cash assistance from welfare—what was then called Assistance to Families with Dependent Children (AFDC)—in order to be eligible for Medicaid. This requirement effectively excluded almost all working families from the program, just as working families were excluded from welfare. In families above poverty, only children under age six and pregnant women living below 133% of the poverty line were eligible for Medicaid (Centers for Medicare and Medicaid Services 2004b).

Welfare reform, which gave states a great deal of flexibility in establishing Medicaid eligibility standards, also opened up new opportunities to expand Medicaid coverage to working families. Currently, federal law requires states to provide only six months of medical coverage to

families leaving welfare for work under the Transitional Medical Assistance program. Those whose income remains below 185 percent of the federal poverty line receive an additional six months, for a total of one year. Over the years, 11 states have obtained waivers to extend Transitional Medical Assistance however, by 2002, all but three had expired and not been renewed (Mann 2002).

The other major innovation in health care policy for low-income families over the 1990s was the 1997 expansion of Medicaid through SCHIP. The goal of SCHIP was to “to provide funds to States to enable them to initiate and expand the provision of child health assistance to uninsured, low-income children in an effective and efficient manner that is coordinated with other sources of health benefits coverage for children.” This program provides health coverage for children of the working poor – children of families with incomes in most instances between 100 and 200 percent of the federal poverty level.⁴ SCHIP, however, only expanded coverage for children; their parents remain ineligible. Under SCHIP, states can either expand their Medicaid program to cover more children, they can establish a separate program, or they can do both. Funding for Medicaid and SCHIP increased by \$92.4 billion from 1997 to 2002, from \$160.7 to \$253.1 billion (Centers for Medicare and Medicaid Services 2004a, p. 3).⁵

States varied, however, in how they used their new flexibility to cover working families under Medicaid and SCHIP. All states expanded coverage for children after the 1996 law, due in large part to high federal matching rates for extra state investment in childhood coverage under SCHIP. As of April 2003, only 12 states failed to cover kids in families earning up to twice the federal poverty line (Kaiser Family Foundation various years). However, coverage of parents in working families was not comparably expanded under the new “family coverage” category. In 2001, most states (31 out of 51) did not extend coverage to parents with incomes above the poverty line.

After the recession of the early 2000s, which began in March 2001, income limits as a share of the poverty threshold were lowered for working parents. Table 1 shows the generosity of state Medicaid policies in the late 1990s and early 2000s, pre- and post-recession. Pre-recession, working parents in families with income above the poverty line were eligible for Medicaid in 20 states, however post-recession, this was true in only 16 states. Only four states had a cutoff as high as double the poverty threshold before the recession. This number fell to three states after the recession. In 2003, 13 states made additional cuts to their Medicaid program. SCHIP coverage for children has also fallen victim to constricting state budgets, as six states have completely frozen SCHIP enrollment and others have cut back (Ross and Cox 2004).

⁴ This eligibility level is determined on a state-by-state basis. For a summary of the rates in each state, see Kaiser Family Foundation (various years).

⁵ However, many states were slow to begin making use of the new federal funds (Kenney, Ullman, and Weil 2000).

Table 1. Medicaid/SCHIP Income Limits for Employed Parents and Children
(Income as a percent of the federal poverty threshold)

State	Working parents		Children		State	Working parents		Children	
	2001	2003	2001	2003		2001	2003	2001	2003
Alabama	21%	20%	133%	200%	Montana	69%	67%	133%	17%
Alaska	79	81	200	200	Nebraska	55	57	185	0
Arizona	107	200	133	200	Nevada	90	88	133	67
Arkansas	21	20	200	200	New Hampshire	62	61	185	115
California	107	107	133	250	New Jersey	200	42	133	217
Colorado	42	47	133	185	New Mexico	58	71	235	0
Connecticut	157	107	185	300	New York	133	150	133	117
Delaware	122	120	133	200	North Carolina	62	59	133	67
District of Columbia	200	200	200	200	North Dakota	110	94	133	7
Florida	66	63	133	200	Ohio	100	100	200	0
Georgia	62	59	133	235	Oklahoma	48	46	185	0
Hawaii	100	100	200	200	Oregon	100	100	133	52
Idaho	33	32	150	150	Pennsylvania	56	66	133	67
Illinois	56	83	133	185	Rhode Island	192	192	250	0
Indiana	31	30	150	200	South Carolina	100	98	150	0
Iowa	87	84	133	200	South Dakota	65	63	200	0
Kansas	40	39	133	200	Tennessee	81	100	N/A	N/A
Kentucky	75	71	150	200	Texas	32	34	133	67
Louisiana	22	21	200	200	Utah	55	53	133	67
Maine	157	157	150	200	Vermont	192	192	300	0
Maryland	43	41	200	300	Virginia	31	37	133	67
Massachusetts	133	133	150	200	Washington	200	86	200	50
Michigan	63	61	150	200	West Virginia	28	39	150	50
Minnesota	275	275	275	275	Wisconsin	185	185	185	0
Mississippi	38	36	133	200	Wyoming	65	62	133	0
Missouri	107	84	300	300					

Source: Kaiser Family Foundation (various years).

Note: In 2000, in Tennessee, children's eligibility for Medicaid was determined by lack of insurance, rather than an income limit.

Table 2 shows how these policies have shaped who receives Medicaid. Because the Medicaid eligibility rules favor those on welfare and recent welfare leavers, prime-age, low-wage, working mothers are much more likely to receive Medicaid if they are on welfare, relative to those not on welfare and those who recently left welfare (Table 2).⁶ In the late 1990s, low-wage, working mothers on welfare were 53.2 percent more likely than mothers who had left welfare within the past six months to be on Medicaid. Medicaid eligibility rules do not favor all former welfare recipients, however, only those who have recently left the program. Low-wage, working mothers who left welfare over two years ago were 13.3 percent less likely than more recent welfare leavers to receive Medicaid.

⁶ See Appendix for a complete description of the data and analysis.

Table 2. Probability Low-Wage Working Mothers Receive Medicaid

	Late 1990s	Early 2000s
Relative to those exiting welfare within past six months:		
Welfare recipient	53.2%***	44.5%***
Months since welfare exit		
7 to 12 months	-7.2***	-9.2***
13 to 18 months	-12.0***	-8.7***
19 to 24 months	-13.2***	-9.5***
25 months or more	-13.3***	-10.1*
Relative to those working continuously six months or less:		
Continuous months of employment		
7 to 12 months	-3.6***	-3.3***
13 to 18 months	-4.7***	-7.0***
19 to 24 months	-4.7***	-7.1***
25 months or more	-5.2***	-6.2***

Source: Author's analysis of the 1996 and 2001 panels of the Survey of Income and Program Participation.

Notes: Sample includes mothers age 25 to 54. Low-wage workers are those earning at or less than \$10.00 per hour in December 1999 constant dollars. Marginal effects are calculated from a logit estimation of the probability of receiving Medicaid. For full model results, see Appendix B. The marginal effects are calculated assuming that months off welfare and months employed are equal and all other values are set at their means.

* significant at 10%; ** significant at 5%; *** significant at 1%

By the early 2000s, however, low-wage working mothers on welfare were less likely to receive Medicaid than they had been in the late 1990s, compared to those who had exited welfare in the past six months. There was an 8.7 percentage point decline in their probability of receiving Medicaid, down to 44.5 percent. Compared to the late 1990s, the probability of receiving Medicaid more than a year after leaving welfare also fell. Over this time period, the share of families on Medicaid increased slightly overall for adults, and increased by about a third for children (Boushey and Wright 2004b). Thus, although Medicaid coverage rose slightly, the composition of those on Medicaid shifted away from current recipients towards welfare leavers.

Mother's months of continuous employment did not change the likelihood of receiving Medicaid as much as length of time off welfare. Low-wage, working mothers who had been at work for more than two years were 5.4 percent less likely to receive Medicaid, compared to those only at work for less than six months. Those at work for only a year were 7.1 percent less likely to have Medicaid, relative to those only employed less than six months. The share of low-wage mothers on Medicaid did not shift over this time period.

Overall, Medicaid remains a program for mothers on welfare, rather than low-wage, working mothers who have left welfare. The short phase-out of Transitional Medical Assistance

is evidenced in the rates of Medicaid reciprocity. State cutbacks in Medicaid programs may have led states to favor recent welfare leavers over other categories of mothers so that by the early 2000s, the probability of receiving Medicaid was greater for those having left welfare within the past six months than it was in the late 1990s.

Few Mothers Make the Transition from Medicaid to Employer-Provided Health Insurance

The underlying logic behind providing Medicaid as a work support is that this should help recent welfare leavers access health insurance until they either receive employer-provided health insurance or can afford to purchase private health insurance. However, many of those who left welfare during the late 1990s and early 2000s moved into low-wage, short-tenure jobs that did not offer employer-provided health insurance. In the late 1990s, the average wage in these jobs was between \$6.00 to \$8.00 per hour and only about one-quarter received health benefits (Loprest 2001). Thus, not only were few able to access health insurance through their employer, but wages were generally so low that they could not reasonably afford private health insurance on their own.

The low rate of transitions from Medicaid to employer-provided health insurance exemplifies the limited ability of former welfare recipients to find high quality jobs. Among those leaving Medicaid, over the two-year period from the beginning of 1997 through the end of 1998, just over one-in-ten (11.8 percent) moved from Medicaid into employer-provided health insurance (EPHI) (Table 3). There was a 2.0 percentage point drop in the share making this transition between the beginning of 2002 and the end of 2003. In reality, most mothers remained on Medicaid, with 58.4 percent staying over 1997 through 1998 and 62.8 percent staying from 2002 through 2003, but a not-insignificant share—about one-third in both time periods—moved off Medicaid without having employer-provided health insurance.

Therefore, among the 41.5 percent leaving Medicaid between the beginning of 1997 and the end of 1998, nearly one third of those (27.7 percent) moved from Medicaid into employer-provided health insurance. However, fewer left Medicaid for employer-provided health insurance in the early 2000s: of the 37.2 percent of those who left Medicaid between the beginning of 2002 and the end of 2003, fewer than a quarter (23.4 percent) had employer-provided health insurance. This 4.3 percentage point decline in the share of those who left Medicaid and moved to employer-provided health insurance is likely due to the fact that in the recession of the early 2000s, the rate of employer-provided coverage fell overall.

African Americans and whites were more likely than Hispanics to move from Medicaid into employer-provided health insurance. Over the two-year period from 1997 through 1998, 12.9 percent of both African Americans and whites moved from Medicaid to employer-provided health insurance, while only 7.8 percent of Hispanics made this transition. The low transition rate from Medicaid to employer-provided health insurance for Hispanics is consistent with the low rates of employer-provided health insurance coverage for Hispanics overall (Boushey and Wright 2004a).

Although whites were just as likely as African Americans to transition from Medicaid to employer-provided health insurance, whites were more likely than African Americans to leave Medicaid without having employer-provided health insurance and less likely to stay on Medicaid. In the late 1990s, 34.2 percent of whites transitioned off Medicaid without employer-provided health insurance, compared to only 22.8 percent of African Americans. Only 52.9 percent of whites remained on Medicaid in the late 1990s, compared to 64.3 percent of African Americans, an 11.4 percentage point gap. However, this gap shrunk to only 2.7 percentage points in the early 2000s, as 62.5 percent of whites and 65.2 percent of African Americans remained on Medicaid. Non-citizens were more likely than other groups to leave Medicaid without having employer-provided health insurance and also less likely to stay on Medicaid, compared to native-born and naturalized citizens.

Table 3. Transitions from Medicaid into Employer-Provided Health Insurance (EPHI)

	Among those on Medicaid in January 1997, health insurance status in December 1998			Among those on Medicaid in January 2002, health insurance status in December 2003		
	Medicaid	EPHI	Neither	Medicaid	EPHI	Neither
All	58.5%	11.5%	30.0%	62.8%	8.7%	28.5%
White	52.9	12.9	34.2	62.5	9.2	28.3
African American	64.3	12.9	22.8	65.2	12.3	22.6
Hispanic	58.1	7.8	34.1	57.1	6.1	36.8
Other	73.2	8.9	17.9	77.8	2.2	20.0
Native	59.0	12.0	29.0	64.5	9.7	25.8
Naturalized	76.0	12.0	12.0	58.3	8.3	33.3
Non-citizen	54.6	8.6	36.8	57.0	3.2	39.8
Children infants to age 5 only	47.3	17.6	35.2	61.4	5.3	33.3
Children 6 to 17 only	60.1	11.9	28.0	64.2	8.7	27.1
Children infants to age 5 & children 6 to 17	56.9	10.5	32.5	57.8	11.2	31.1

Source: Author's analysis of the 1996 and 2001 panels of the Survey of Income and Program Participation.

Notes: Sample includes mothers age 25 to 54. Transitions are measured from the first to the last month of the period and will not include transitions that occur within the two-year period. Thus, a person moving from Medicaid to employer-provided health insurance then back to Medicaid within the period will be counted as staying on Medicaid.

Mothers with young children were less likely to stay on Medicaid and more likely to leave Medicaid without having employer-provided health insurance, compared to mothers who only had children from age six to 17. In the early 2000s, mothers with only pre-school age children were very unlikely to move to employer-provided health insurance, with only 5.3

percent moving from Medicaid to employer-provided health insurance, while one-third (33.3 percent) moved off Medicaid without having employer-provided health insurance.

Longer Employment Tenure Increases Probability of Having Employer-Provided Health Insurance

Mothers do not quickly transition from Medicaid into employer-provided health insurance. However, the longer a mother is off welfare and on the job, the greater her probability of acquiring employer-provided health insurance, at least in the late 1990s (Table 4). Compared to mothers who left welfare within the past six months, the probability of having employer-provided health insurance in the late 1990s is 16.5 percentage points greater for those who left welfare over two years earlier and 14.3 percent greater for those that had been working for more than two years. This is nearly three times as large a probability than for those who left welfare and had been employed for the past seven to 12 months.

However, length of time since leaving welfare was not a factor in predicting whether a low-wage working mother had access to employer-provided health insurance in the early 2000s. Compared to the late 1990s, the effect of employment tenure on the likelihood of receiving employer-provided health insurance was also smaller in the early 2000s.

The differences across the late 1990s and early 2000s may be due to changes in the how firms offer health insurance. For the past three years, there have been double-digit increases in health insurance costs, far higher than overall inflation (Kaiser Commission on Medicaid and the Uninsured 2003). Employers are increasingly passing these higher costs on to their employees in the form of higher premiums or co-payments (Bureau of Labor Statistics 2003). In the early 2000s, it may have been more difficult for former welfare recipients to find jobs with health insurance or to afford the higher premiums many employers were requiring employees to pay, compared to the late 1990s.

Table 4. Probability of Receiving Employer-Provided Health Insurance Among Low-wage Working Mothers

	Late 1990s	Early 2000s
Relative to those exiting welfare within past six months:		
Welfare recipient	-2.3	5.0
Months since welfare exit:		
7 to 12 months	5.0***	-2.7
13 to 18 months	10.4***	-1.3
19 to 24 months	15.5***	2.8
25 months or more	16.5***	3.2
Relative to those working continuously six months or less:		
Continuous months of employment:		
7 to 12 months	5.2***	3.9***
13 to 18 months	8.5***	6.5***
19 to 24 months	11.3***	8.6***
25 months or more	14.3***	10.3***

Source: Author's analysis of the 1996 and 2001 panels of the Survey of Income and Program Participation.

Notes: Sample includes mothers age 25 to 54 Low-wage workers are those earning at or less than \$10.00 per hour in December 1999 constant dollars. Marginal effects are calculated from a logit estimation of the probability of receiving employer-provided health insurance. For full model results, see Appendix B. The marginal effects are calculated assuming that months off welfare and months employed are equal and all other values are set at their means.

* significant at 10%; ** significant at 5%; *** significant at 1%

Transitioning from Medicaid into a job with employer-provided health insurance became less likely between the late 1990s and the early 2000s (Table 5). Among those who left Medicaid in the late 1990s, the share moving from a job without employer-provided health insurance to one with employer-provided health insurance was 28.7 percent, 14.0 percentage points higher than in the early 2000s when only 14.7 made this transition. The strong labor market of the late 1990s may be part of the reason. At that time, individuals could job-switch to find better wages or benefits and the labor market was especially good for low-wage workers, who saw their first significant inflation-adjusted wage gains in decades. However, in the early 2000s, the recession made finding a good job more difficult. The low rate of transition into employer-provided health insurance may also be due to the rapid increases in health insurance costs during the past few years and the greater likelihood of employers asking workers to pay a larger share of the premiums.

It may also be that those who left Medicaid in the late 1990s were more advantaged than those in the early 2000s, given the large decreases in the welfare rolls over the past decade. As the better skilled mothers have moved off welfare, those left on welfare are more disadvantaged

and less equipped to find the kinds of jobs that offered employer-provided health insurance (Boushey and Wenger 2003).

While the probability of transitioning from a job without employer provided health insurance to a job with insurance fell sharply for Medicaid leavers between the late nineties and the early 2000s, it did not change for other mothers. During the late 1990s, among those who started with a job, but did not have employer-provided health insurance, one-in-five (18.3 percent) had a job with employer-provided health insurance two years later. During the early 2000s, the share gaining employer-provided health insurance fell by 1.6 percentage points, down to 16.7 percent.

Over this time period, because of the recession, mothers—both all mothers and Medicaid leavers—became more likely to stay without a job and less likely to move from no job into a job with or without employer-provided health insurance. However, mothers leaving Medicaid saw a 15.2 percentage point increase in their likelihood of staying unemployed, from 64.1 percent in the late 1990s up to 79.3 percent in the early 2000s, while mothers overall only saw a 6.1 percentage point increase over the same time period, from 70.0 to 76.1 percent.

Table 5. Transitions into Jobs with Employer-Provided Health Insurance (EPHI)

Status at beginning of period	Status at end of period					
	January 1997 to December 1998			January 2002 to December 2003		
	No job, no EPHI	Job, no EPHI	Job, EPHI	No job, no EPHI	Job, no EPHI	Job, EPHI
No job, no EPHI	70.0%	23.4%	6.6%	76.1%	18.3%	5.7%
Job, no EPHI	16.9	64.7	18.3	19.1	64.3	16.7
Job, EPHI	6.6	14.3	79.1	7.4	14.8	77.8
Medicaid Leavers						
No job, no EPHI	64.1	28.3	7.6	79.3	15.9	4.9
Job, no EPHI	19.4	51.9	28.7	20.0	65.3	14.7
Job, EPHI	3.5	13.8	82.8	3.9	13.7	82.4

Source: Author's analysis of the 1996 and 2001 panels of the Survey of Income and Program Participation. Notes: Sample includes mothers age 25 to 54. Transitions are measured from the first to the last month of the period and will not include transitions that occur within the two-year period. Thus, a person moving from Medicaid to employer-provided health insurance, then back to Medicaid within the period will be counted as staying on Medicaid.

The Generosity of a State's Medicaid Program Plays a Role

The likelihood of leaving Medicaid for employer-provided health insurance is related to the generosity of the state's Medicaid program. Working mothers living in states with generous programs are more likely to stay on Medicaid long enough to transition from Medicaid directly into employer-provided health insurance, although these transitions are still relatively rare in all

states. To evaluate this, states' Medicaid programs were rated by examining how states covered a working parent with two children. Specifically, the rating is based on how much income parents could earn and still be eligible for their state's Medicaid program in early 2000, before the beginning of the recession and subsequent fiscal crises in most states (Broaddus et al. 2002, Table 6).

States that cut off Medicaid eligibility under a "family coverage" category for working parents with two children at or below one-half of the poverty line were given a "least generous" rating. States whose income ceiling for such parents fell above one-half of the poverty line, but below the poverty line itself, were given a "moderately generous" rating. States who covered such parents all the way up to or above the poverty line were given a "most generous" rating. Five states—Hawaii, Illinois, Massachusetts, Nebraska, and Texas—had not implemented a "family coverage" category, required by the welfare reform law, by 2000. For these states, the income ceilings for a single working parent with two children were used to measure generosity (Broaddus et al. 2002). Twenty states were given a rating of least generous, 24 were given a rating of moderately generous, and 7 received the most generous rating.⁷

Mothers living in states with the least generous state Medicaid policies were more likely to leave Medicaid, compared to those living in moderate and more generous states (Table 6). Those in the least generous states were also more often likely to leave Medicaid without having employer-provided health insurance. Over the two-year period from January 1997 to December 1998, 36.0 percent of those living in the least generous states left Medicaid without having employer-provided health insurance, while 25.6 percent of those in the most generous and 27.0 in the moderately generous did so.

However, those in the least generous states were about as likely as those in other states to transition from Medicaid into employer-provided health insurance. Over the two-year period in the late 1990s, 10.7 percent of those in the most generous, 9.9 percent of those in the moderately generous, and 12.3 percent of those in the least generous transitioned from Medicaid into employer-provided health insurance. Thus, state generosity plays a role in whether mothers are allowed to stay on Medicaid until they are able to transition directly into employer-provided health insurance. While all states have relatively high rates of mothers leaving Medicaid without employer-provided health insurance, this rate is much higher in the least generous states.

⁷ The least generous states are AL, AZ, AR, CO, GA, ID, IN, KS, LA, MD, MI, MS, MO, NE, OK, PA, TX, VA, WV, WI; the moderately generous states are AK, CT, DE, FL, HI, IL, IA, KY, MN, MT, NV, NH, NM, NY, NC, ND, OR, SC, SD, TN, UT, VT, WA, WY; and the most generous states are CA, DC, ME, MA, NJ, OH, RI,

Table 6. Transitions from Medicaid by Generosity of State Medicaid Program

	Among those on Medicaid in January 1997, health insurance status in December 1998			Among those on Medicaid in January 2002, health insurance status in December 2003		
	Medicaid	EPHI	Neither	Medicaid	EPHI	Neither
Most Generous	63.7%	10.7%	25.6%	67.4%	7.1%	25.5%
Moderately Generous	63.0	9.9	27.0	58.4	9.8	31.8
Least Generous	51.7	12.3	36.0	62.9	9.1	28.1

Source: Author's analysis of the 1996 and 2001 panels of the Survey of Income and Program Participation.

Notes: Sample includes mothers age 25 to 54. Transitions are measured from the first to the last month of the period and will not include transitions that occur within the two-year period. Thus, a person moving from Medicaid to employer-provided health insurance then back to Medicaid within the period will be counted as staying on Medicaid. Generosity of Medicaid programs is based on the income eligibility rules.

Child Care Subsidies: Limited Assistance, but Not Concentrated Among Welfare Recipients

Child care subsidies are designed to help mothers address their child care needs while working. For low-wage mothers, the costs of child care can eat up a large share of their family budget. In 2002, mothers at the bottom 40th percentile or below who paid for formal daycare spent an average of 16 percent of their total income on child care, compared to only 6 percent among mothers in the highest quintile (Boushey and Wright 2004c). However, few families receive child care assistance and there is no private sector equivalent for working mothers to transition into once their subsidy runs out.

In the early 1990s, the federal government guaranteed child care assistance for all families receiving AFDC cash assistance and participating in education, training, or work. However, this assistance was cut off one year after a family began earning too much income to be eligible for welfare. Thus, workers leaving welfare quickly lost access to child care support. After 1990s, mothers not on welfare had access to two new federally-funded child care assistance programs, the Child Care and Development Block Grant (CCDBG) and the Title IV-A At Risk Child Care program, both of which offered assistance to low-income families not on welfare (Cohen 2002). Neither program was an entitlement, however, and funding was limited.

With welfare reform in 1996, Congress eliminated all federal guarantees of child care assistance and increased state discretion over child care subsidies. Various programs offering child care subsidies to families on welfare were replaced with the Child Care Development Fund (CCDF). Federal law precludes providing CCDF subsidies to families earning more than 85 percent of the state median income. This limits the program to those earning less than 125 percent of the federal poverty threshold in South Carolina while allowing Alaska to cover individuals up to 2.5 times the poverty threshold.

In the late 1990s, 35 states continued to guarantee child care subsidies for families receiving Temporary Assistance to Needy Families (TANF) (Parizek, Falk, and Spar 1998). Only 27 states extended this guarantee to families transitioning off TANF due to increased earnings and of those, in 1999, 20 had imposed time limits on transitional child care assistance ranging from two to 36 months and averaging 16 months. Thirteen of those states also imposed income limits. The other seven states relied solely on income limits, ranging from 138 to 345 percent of the poverty threshold for a family of three (Center for Law and Social Policy and the Center on Budget and Policy Priorities 2000).

Thus, although child care subsidies are an often touted part of welfare reform, they have been underfunded and underutilized, relative to need. In the late 1990s, subsidies provided by the government did little to help most low-income mothers who needed help paying for child care. The Department of Health and Human Services found that only 15 percent of children eligible for federal child care assistance received any aid in 1999 (U.S. Department of Health and Human Services 1999). Among low-wage women in the spring of 1997, only 3.7 percent received government child care subsidies; in the spring of 2001, 6.0 percent received such subsidies (Boushey and Wright 2004c).

Since the economic downturn in 2001, funding for child care subsidies has been reduced (Table 7). While income eligibility limits for CCDF funds have not been lowered across the board, less money has been available to provide support. As TANF reserves have been drawn down since 2000, states have decreased the amount of money in their TANF budgets used to fund child care assistance (Mezey 2004). For fiscal years 2004 and 2005, only five states provide child care to families up to the allowable 85 percent of state median income and eight states impose an income ceiling of less than 50 percent of state median income.

Table 7. Child Care and Development Fund (CCDF) Income Limits By State, 2001 and 2003
(Income as a percent of the federal poverty threshold)

State	2001	2003	Percentage point change	State	2001	2003	Percentage point change
Alabama	130%	127%	-3	Montana	150%	146%	-4
Alaska	255	259	4	Nebraska	182	168	-14
Arizona	165	161	-4	Nevada	231	250	19
Arkansas	133	157	24	New Hampshire	190	212	22
California	244	234	-10	New Jersey	150	243	93
Colorado	185	219	34	New Mexico	200	195	-5
Connecticut	330	317	-13	New York	202	195	-7
Delaware	155	195	40	North Carolina	235	228	-7
District of Columbia	201	277	76	North Dakota	211	197	-14
Florida	150	195	45	Ohio	182	180	-2
Georgia	175	285	110	Oklahoma	167	155	-12
Hawaii	240	262	22	Oregon	181	180	-1
Idaho	147	136	-11	Pennsylvania	185	195	10
Illinois	157	145	-12	Rhode Island	225	219	-6
Indiana	143	176	33	South Carolina	125	146	21
Iowa	155	151	-4	South Dakota	150	146	-4
Kansas	185	180	-5	Tennessee	175	174	-1
Kentucky	160	161	1	Texas	237	253	16
Louisiana	209	166	-43	Utah	155	179	24
Maine	250	243	-7	Vermont	224	207	-17
Maryland	162	167	5	Virginia	185	180	-5
Massachusetts	167	193	26	Washington	175	219	44
Michigan	188	174	-14	West Virginia	150	188	38
Minnesota	275	280	5	Wisconsin	165	180	15
Mississippi	202	201	-1	Wyoming	133	180	47
Missouri	128	118	-10				

Sources: The 1999 data is from Center for Law and Social Policy and the Center on Budget and Policy Priorities (2000, Table "Child Care Assistance") and the 2002 data is from Administration for Children and Families (2003).

Access to child care subsidies is less affected by welfare receipt or time-limited phase-outs than is access to Medicaid. Table 8 shows that during the late 1990s, the probability of receiving any child care subsidy or a government child care subsidy is slightly less for low-wage working mothers with young children who were still on welfare and for those who left welfare more than six months ago, than for recent welfare leavers, however the differences are not statistically significant. Low-wage working mothers who left welfare more than two years earlier are significantly less likely to receive child care subsidies, however. There are no significant differences by employment tenure in the probability of receiving child care subsidies, either any subsidies or government subsidies. The lack of difference in access to child care subsidies by welfare receipt or length of time employed is most likely because child care assistance is relatively sparse.

Table 8. Probability of Receiving Child Care Subsidies Among Low-Wage Working Mothers with Children up to Age Five

	Any child care subsidy		Government subsidy	
	Late 1990s	Early 2000s	Late 1990s	Early 2000s
Relative to those exiting welfare within past six months:				
Welfare recipient	-2.2%	6.5%	-2.1%	3.0%
Months since welfare exit				
7 to 12 months	-0.9	-3.3	-0.5	-3.2
13 to 18 months	1.4		-0.8	
19 to 24 months	-5.5**		-8.0*	
25 months or more	-6.6***		-7.6***	
Relative to those working continuously six months or less:				
Continuous months of employment				
7 to 12 months	0.3	1.0	0.1	0.8
13 to 18 months	1.5	0.8	1.0	0.9
19 to 24 months	0.4		1.7	
25 months or more	0.8		0.7	

Source: Author's analysis of the 1996 and 2001 panels of the Survey of Income and Program Participation. Notes: Sample includes mothers age 25 to 54, who had children between infancy and age five. Low-wage workers are those earning at or less than \$10.00 per hour in December 1999 constant dollars. Marginal effects are calculated from a logit estimation of the probability of receiving child care subsidies. For full model results, see Appendix B. The marginal effects are calculated assuming that months off welfare and months employed are equal and all other values are set at their means.

* significant at 10%; ** significant at 5%; *** significant at 1%

Unlike Medicaid, once a mother receive child care assistance, however, she is likely to continue to receive aid. Table 9 shows that among mothers who had any child care assistance in 1997, 91.4 percent still received assistance in 1999. Among those who had government child care assistance in 1997, 92.5 percent had a government subsidy in 1999. On the other hand, very few mothers begin receiving assistance. Only 0.4 percent of mothers started receiving any child care assistance in 1999, after having no help in 1997 and 0.2 percent began receiving government child care assistance over that same time period.⁸

The relatively low rates of child care assistance are due to the limited funding available. However, many mothers, including low-income mothers use relative or parental child care (Boushey and Wright 2004c). Therefore, they may not need child care subsidies or be able to use them for that kind of care. It may also be that mothers refuse vouchers because they require that children be placed in child care arrangements that the mother find objectionable.

⁸ Children may have aged out of child care subsidy eligibility, however. These numbers should be seen as the lower bound of the share of mothers acquiring or maintaining child care assistance because the aging out of children would bias the findings towards higher rates of not receiving assistance in 1999.

Table 9. Transitions In and Out of Child Care Subsidies for Mothers with Children up to Age Five

	Any child care subsidy in 1999	
	No	Yes
Any child care subsidy in 1997		
No	99.6%	0.4%
Yes	8.7	91.4
	Government child care subsidy in 1999	
	No	Yes
Government child care subsidy in 1997		
No	99.8%	0.2%
Yes	7.5	92.5

Source: Author's analysis of the 1996 and 2001 panels of the Survey of Income and Program Participation.

Notes: Sample includes mothers age 25 to 54, who had children between infancy and age five, and who reported using any kind of child care. Transitions are measured from the spring of 1997 to the spring of 1999. Transitions that occur within that period are not measured.

The Effects of Medicaid and Child Care Subsidies on Employment and Earnings

The lack of sustained work supports for working, low-wage women threatens their ability to stay employed. Research has indicated that access to work supports increases employment tenure, which then feeds back into higher wages (Boushey 2002; Lee 2004; Strawn and Martinson 2000). Lee (2004), for example, finds that having employer-provided health insurance significantly reduces the rate of leaving jobs. All else equal, mothers with employer-provided health insurance are nearly three times as likely to stay on the job compared to mothers with other types of health insurance. Research on child care has found that mothers who use formal day care or have child care subsidies are more likely to stay employed, relative to mothers without access to stable and affordable child care (Anderson and Levine 1999; Wadfogel 1998).

Work supports are, in theory, supposed to help mothers stay employed by providing the supports that they need to work. This was the underlying logic of the “Work First” programs implemented in many states as a part of welfare reform. The faster the government could get women into employment, the sooner they would gain the kinds of on-the-job experience that would lead to higher wages.

Work supports not only help mothers stay employed, but also they are correlated with wage gains (Newman 2000). Workers with longer work histories generally are paid higher wages, and increased work experience is positively correlated with at least moderate wage growth (Gladden and Taber 2000). However, for low-wage workers, the gains to tenure have been found to be smaller than for higher wage: less educated workers do not experience the average within-job wage growth; their real wage profiles within jobs are remarkably flat

(Gottschalk 2000). Even so, workers who end up dropping out of the labor force because they cannot solve their child care problem or because they need health insurance and turn back to welfare to get Medicaid will not see the same wage gains when they try to go back to work.

However, work supports generally phase-out before private sector supports begin. Most mothers transitioning off Medicaid do not move directly into employer-provided health insurance, which may make it difficult to remain employed. Child care subsidies, which are limited to a small share of eligible mothers, are more likely to be maintained over a two-year period, so they may have more of a positive effect on employment and wage outcomes.

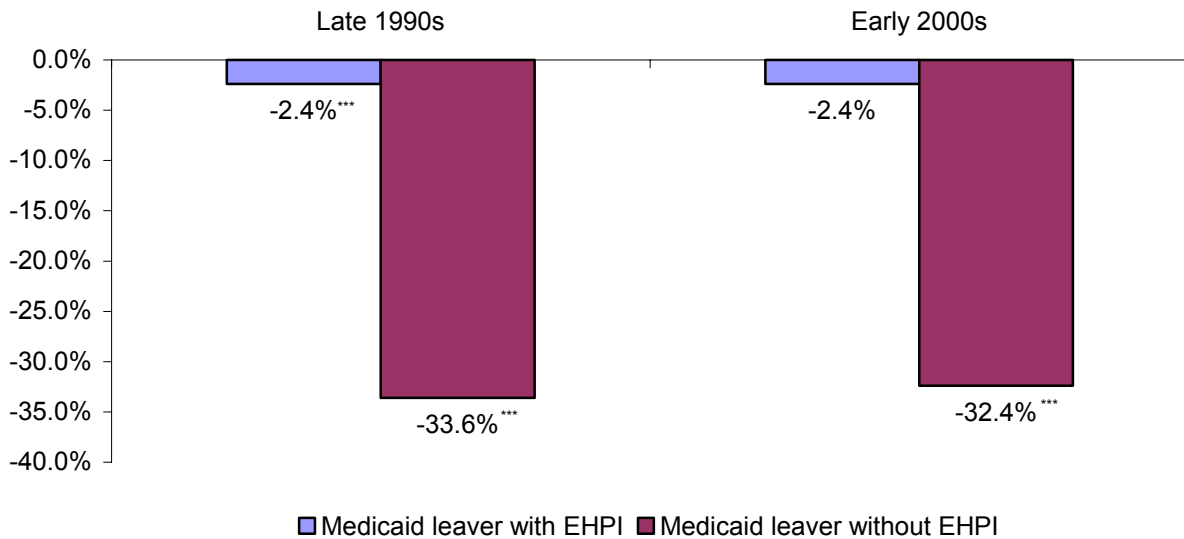
This analysis examines the implications of losing Medicaid and child care subsidies for employment and wage outcomes for mothers age 25 to 54. The result presented are simulations for low-wage mothers, earning \$10.00 an hour or less in constant 1999 dollars. The regressions, however, include all mothers. The results of the simulations are similar for low-wage and all mothers. (See Appendix B for a full description of the estimation techniques.)

Moving Off Medicaid without Employer-Provided Health Insurance Increases Probability of Leaving Employment and Creates Wage Penalty

Low-wage mothers who left Medicaid and had employer-provided health insurance (EPHI) were nine times more likely to stay employed, compared to those who left Medicaid without having EPHI. Figure 2 shows the probability of staying employed for low-wage mothers based on whether they left Medicaid with or without EPHI. Compared to low-wage mothers who did not leave Medicaid, but had EPHI, mothers who left Medicaid without EPHI were about one-third less likely to stay employed over a year, compared to mothers who left Medicaid with EPHI.

Mothers who left Medicaid with EPHI had employment durations similar to mothers who had EPHI. In the late 1990s, Medicaid leavers were 3.6 percent less likely to stay employed and in the early 2000s, they were a statistically insignificant 1.2 percent less likely to stay employed.

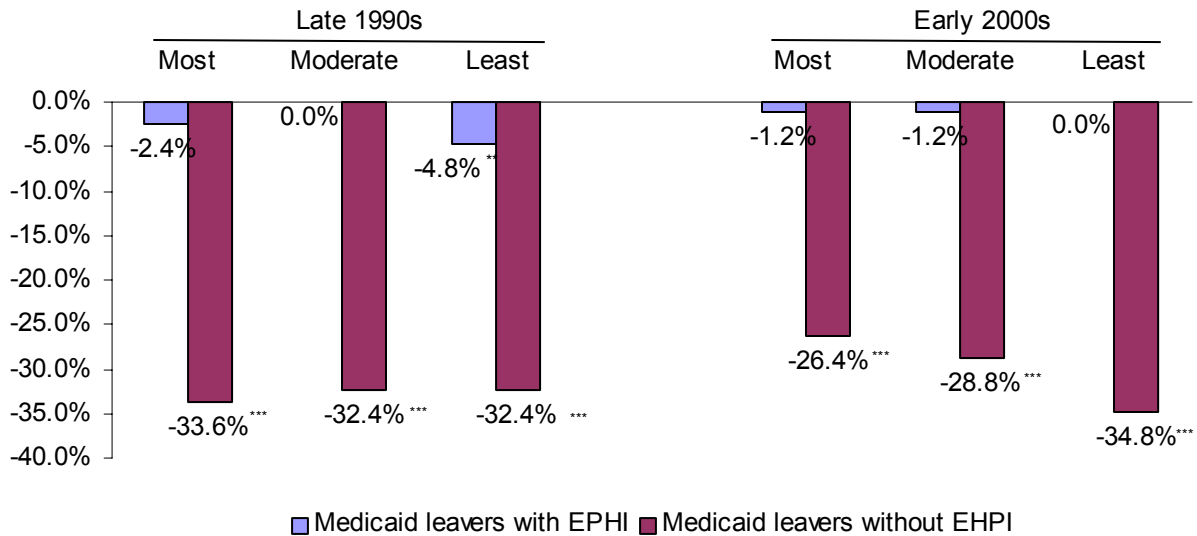
Figure 2. Annualized probability that low-wage mothers stay employed: Medicaid leavers compared to mothers with EPHI



Source: Author's analysis of the 1996 and 2001 panels of the Survey of Income and Program Participation. Notes: Sample includes mothers age 25 to 54. Low-wage workers are those earning at or less than \$10.00 per hour in 1999 constant dollars. Marginal effects are calculated from a logit estimation of the monthly probability of staying employed. For full model results, see Appendix B. The marginal effects are calculated with all other values except those in this figure set at their means. EPHI is employer-provided health insurance. significant at 10%; ** significant at 5%; *** significant at 1%

The level of state Medicaid generosity affected mothers' probability of staying employed, more so in the early 2000s than the late 1990s (Figure 3). In the early 2000s, low-wage mothers living in the least generous states who left Medicaid without EPHI were 34.8 percent less likely to stay employed relative to low-wage mothers not on Medicaid who had EPHI. However, there is an 8.4 percentage point gap between mothers in the least and most generous states as low-wage mothers who left Medicaid without EPHI in the most generous states were only 26.4 percent less likely to stay employed.

Figure 3. Annualized probability that low-wage mothers stay employed by generosity of state Medicaid: Medicaid leavers compared to mothers with EPHI

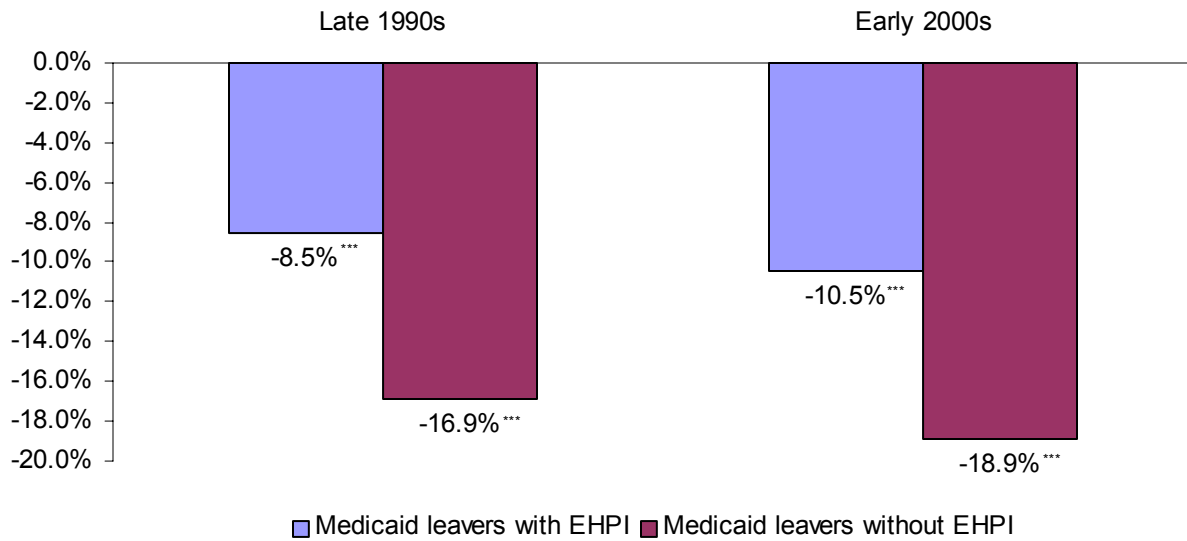


Source: Author's analysis of the 1996 and 2001 panels of the Survey of Income and Program Participation. Notes: Sample includes mothers age 25 to 54. Low-wage workers are those earning at or less than \$10.00 per hour in December 1999 constant dollars. Marginal effects are calculated from a logit estimation of the monthly probability of staying employed. For full model results, see Appendix B. The marginal effects are calculated assuming that months off welfare and months employed are equal and all other values are set at their means. EPHI is employer-provided health insurance. significant at 10%; ** significant at 5%; *** significant at 1%

Moving from Medicaid to EPHI increases the probability of staying employed, so much so that mothers leaving Medicaid look like mothers who have EPHI and are not Medicaid leavers. However, mothers leaving Medicaid have lower wages than non-Medicaid mothers with EPHI, regardless of whether they left Medicaid with or without EPHI (Figure 4). Mothers leaving Medicaid for EPHI have a wage penalty that is half as large as mothers leaving Medicaid without EPHI. In the early 2000s, compared to non-Medicaid low-wage mothers with EPHI, the wages of low-wage mothers who left Medicaid were 18.9 percent lower for those that did not move into EPHI and only 10.5 percent lower for those that did.

The lower wages for all Medicaid leavers may indicate systemic differences in these mothers compared to mothers overall. Mothers leaving Medicaid have often also been on welfare and there may be a wage penalty associated with the stigma of being a former welfare recipient. It may also be that these mothers are willing (and able) to trade off higher wages for health insurance. Given two job offers, one with EPHI and one with higher wages, they may choose the lower-paying job with health insurance. In general, however, jobs that provide higher wages are more likely to provide employer-provided health insurance, however mothers moving off Medicaid may be searching for health insurance more so than other low-wage mothers.

**Figure 4. Effect of losing Medicaid on wages:
Medicaid leavers compared to mothers with EPHI**



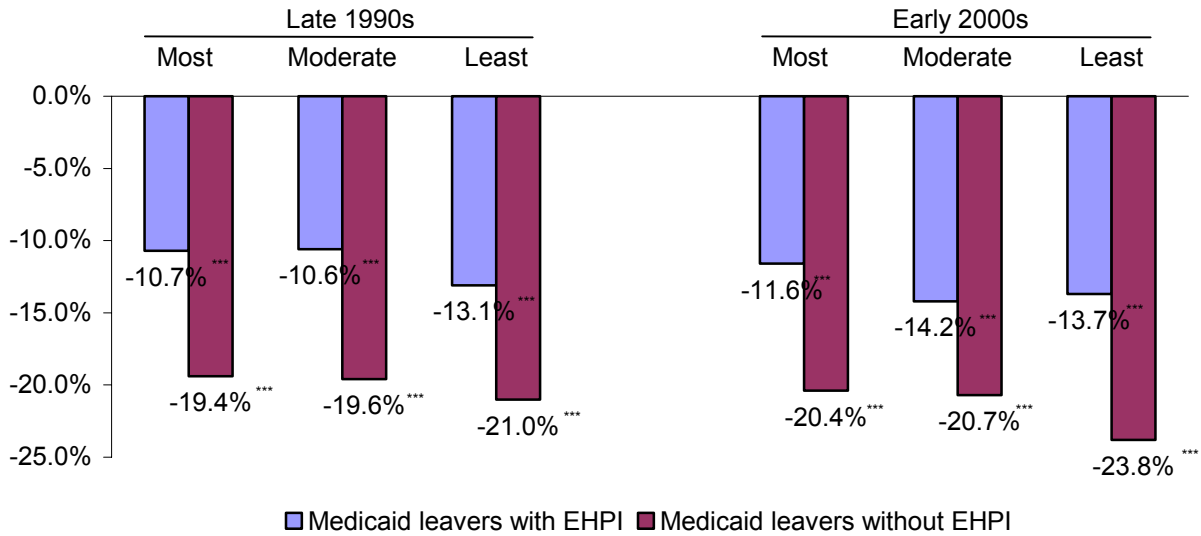
Source: Author's analysis of the 1996 and 2001 panels of the Survey of Income and Program Participation. \

Notes: Sample includes mothers age 25 to 54. Low-wage workers are those earning at or less than \$10.00 per hour in December 1999 constant dollars. Marginal effects are calculated from an estimation of wages using a two-step Heckman procedure. For full model results, see Appendix B. The marginal effects are calculated assuming that months off welfare and months employed are equal and all other values are set at their means. EPHI is employer-provided health insurance.

* significant at 10%; ** significant at 5%; *** significant at 1%

The wage penalty for moving from Medicaid to no EPHI was greatest in states with the least generous Medicaid policies (Figure 5). In the late 1990s, low-wage mothers living in the least generous states and had left Medicaid without EPHI had wages that were 21.0 percent lower than low-wage mothers who had not been on Medicaid and had EPHI; in the early 2000s, the wage penalty was even higher, at 23.8 percent. In both the late 1990s and early 2000s, the wage penalty is higher in the least generous states, compared to the most generous states.

Figure 5. Effect of losing Medicaid on wages by state Medicaid generosity: Medicaid leavers compared to mothers with EPHI

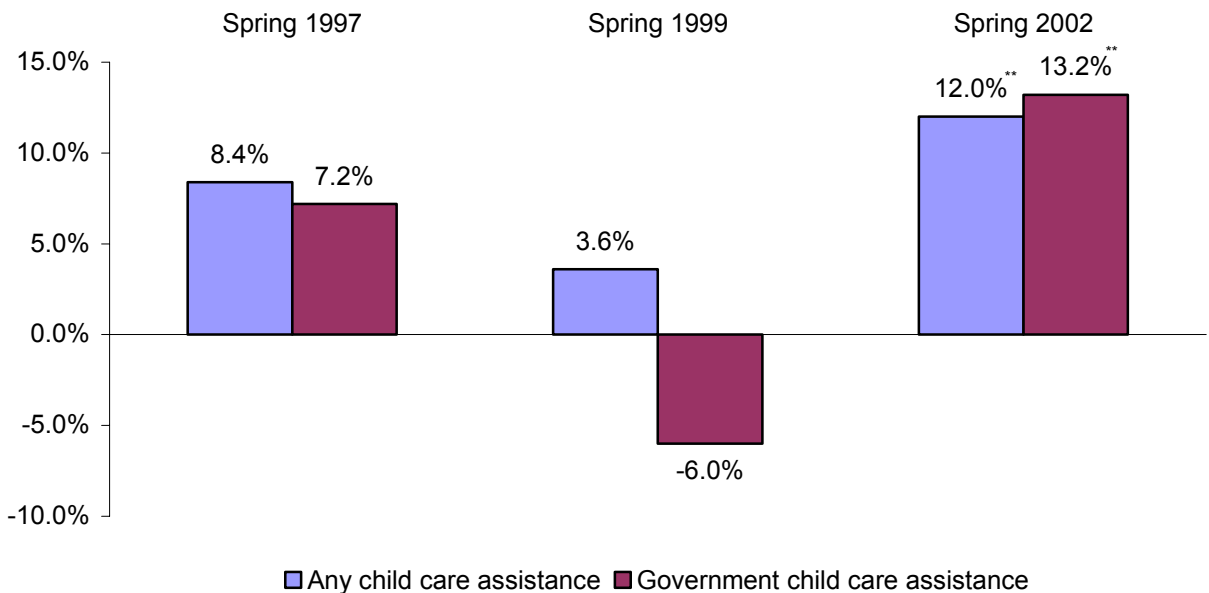


Source: Author's analysis of the 1996 and 2001 panels of the Survey of Income and Program Participation. Notes: Sample includes mothers age 25 to 54. Low-wage workers are those earning at or less than \$10.00 per hour in December 1999 constant dollars. Marginal effects are calculated from an estimation of wages using a two-step Heckman procedure. For full model results, see Appendix B. The marginal effects are calculated assuming that months off welfare and months employed are equal and all other values are set at their means. EPHI is employer-provided health insurance. All estimates significant at 1%

Child Care Subsidies Have Slight Positive Effect on Staying Employed and Little Effect on Wages

The effect of child care subsidies on the probability of staying employed is smaller than for Medicaid. Having government child care subsidies increased the probability of staying employed in the early 2000s by an annualized (statistically significant) 13.2 percent and, in the spring of 1997, by a statistically insignificant 7.2 percent annualized increase (Figure 6). However, in the spring of 1999, government subsidies led to a decrease in the probability of staying employed, although this was statistically insignificant. The limited significance of child care subsidies on employment is related to the relatively small numbers of mothers who receive assistance.

Figure 6. Annualized probability that low-wage mothers stay employed: Compared to mothers without subsidies



Source: Author's analysis of the 1996 and 2001 panels of the Survey of Income and Program Participation.

Notes: Sample includes mothers age 25 to 54, who had children between infancy and age five. Low-wage workers are those earning at or less than \$10.00 per hour in December 1999 constant dollars. Marginal effects are calculated from a logit estimation of the monthly probability of staying employed. For full model results, see Appendix B. The marginal effects are calculated assuming that months off welfare and months employed are equal and all other values are set at their means.

* significant at 10%; ** significant at 5%; *** significant at 1%

Losing child care subsidies has a negligible effect on the probability of staying employed (Table 10). For mothers who had child care subsidies in the spring of 1997, but not in 1999, the probability of staying employed was statistically indistinguishable from mothers who did not have subsidies in either period. Those who stayed employed may be less likely to remain eligible for child care assistance due to either eligibility rules about the duration of receipt, earnings thresholds, or children aging out of subsidies. However, those who gained assistance between the spring of 1997 and 1999 saw a statistically significant increase in their probability of staying employed in the late 1990s, but not the early 2000s.

For mothers who had assistance in both springs, there was a decrease in their probability of staying employed, which was statistically significant in the early 2000s. Mothers who continued to need assistance may be disadvantaged in other ways not captured in this model.

Table 10. Probability Low-Wage Mothers with Children up to Age Five Stay Employed by Receipt of Child Care Subsidies
(Annualized)

	Any child care subsidy	Government subsidy
Lost assistance between Spring 1997 and 1999	8.4%	0.0%
Had assistance in both Spring 1997 and 1999	-20.4	39.6*
Gained assistance between Spring 1997 and 1999 (No assistance in either period omitted)	9.6*	1.2

Source: Author's analysis of the 1996 and 2001 panels of the Survey of Income and Program Participation. Notes: Sample includes mothers age 25 to 54. Low-wage workers are those earning at or less than \$10.00 per hour in December 1999 constant dollars. Marginal effects are calculated from a logit estimation of the probability of staying employed. For full model results, see Appendix B. The marginal effects are calculated with all other values except those in table set at their means.

* significant at 10%; ** significant at 5%; *** significant at 1%

Losing child care subsidies also have little discernable effect on wages. Low-wage mothers of young children (up to age five) who lost child care assistance between 1997 and 1999 saw no statistically significant effect on their wages. Gaining any child care subsidy between 1997 and 1999 led to a slight decline in wages, compared to mothers with young children without subsidies. This may be because there are systemic, but unobserved, differences in mothers with subsidies compared to mothers without.

Table 11. The Effects of Child Care Subsidies on Wages for Mothers with Children up to Age Five

	Any child care subsidy	Government subsidy
Lost assistance between Spring 1997 and 1999	1.2%	-4.7%
Had assistance in both Spring 1997 and 1999	6.1	-0.4
Gained assistance between Spring 1997 and 1999 (No assistance in either period omitted)	-4.0**	-4.1

Source: Author's analysis of the 1996 and 2001 panels of the Survey of Income and Program Participation.

Notes: Sample includes mothers age 25 to 54, who had children between infancy and age five, and who reported using any kind of child care. Low-wage workers are those earning at or less than \$10.00 per hour in December 1999 constant dollars. Marginal effects are calculated from estimation of wages using a two-step Heckman procedure. For full model results, see Appendix B. The marginal effects are calculated with all other values except those in this table set at their means.

* significant at 10%; ** significant at 5%; *** significant at 1%

Conclusions

This study finds that it is not enough for states to offer work supports for a few months; to fulfill their promise, they need to be offered until the woman is self-sufficient. Work supports are critical to helping these women take care of their familial responsibilities—such as adequate

health insurance and child care for their children—while holding down a low-wage job. However, for most mothers, work supports—in particular, health insurance—phases out before private-sector work supports are available.

This study examined the importance of two work supports—health insurance and child care—in promoting employment and wage growth for prime-age mothers. Mothers on welfare and other low-income mothers are often eligible for Medicaid and child care subsidies however, as they move up the job ladder, most become ineligible, even if they do not have private-sector support. Some do move onto employer-provided health insurance, there is, however, no private sector equivalent to child care subsidies and a mother must be able to afford market prices for child care once her subsidy runs out.

This study finds that work supports matter and losing them limits a mother's ability to stay employed. This is more the case for health insurance than for child care. This is most likely because the effects of child care subsidies are hampered by the relatively small numbers of children who are able to take advantage of them.

Few mothers on make the transition from Medicaid to employer-provided health insurance. Between the beginning of 1997 and the end of 1998, 41.5 percent of those on Medicaid left the program and less than one third of those (27.7 percent) moved from Medicaid into employer-provided health insurance. Between the beginning of 2002 and the end of 2003, 37.2 percent of those on Medicaid left the program, but fewer than a quarter (23.4 percent) of those had employer-provided health insurance. This falloff in the share moving directly into employer-provided health insurance is most likely attributable to the protracted labor market recession and falling employer-provided health insurance coverage overall.

The problem was not necessarily that Medicaid leavers lacked employment, but that they did not find jobs that offered employer-provided health insurance. Among those who left Medicaid in the late 1990s, the share moving from a job without employer-provided health insurance to one with was just under one third (28.7 percent), however this fell by 14.0 percentage points, down to 14.7 percent in the early 2000s. There was not, however, a large decline in the share of mothers overall who moved from a job without employer-provided health insurance to one with. In the late 1990s, one-in-five (18.3 percent) of all mothers made this transition and in the early 2000s, this share only fell by 1.6 percentage points, down to 16.7 percent.

The transition from Medicaid to employer-provided health insurance is critical because mothers who make this transition are nine times more likely to stay employed than mothers who leave Medicaid without employer-provided health insurance. Mothers leaving Medicaid with employer-provided health insurance are just as likely to stay employed as mothers who have employer-provided health insurance and are not Medicaid leavers. All Medicaid leavers suffer a wage penalty, however, compared to other mothers. This is true regardless of whether they left Medicaid with or without employer-provided health insurance.

Child care subsidies are rarer than Medicaid. Welfare mothers are not more likely than mothers who have left welfare to receive child care subsidies. However, since so few—about

one-in-eight—eligible children receives a subsidy, the limited effect may be due to the limited numbers receiving help.

Mothers who receive child care subsidies are likely to be able to continue receiving them. Most—over 90 percent—mothers who had subsidies in 1997 still had a subsidy two years later in 1999. Child care subsidies have a positive effect on employment, but losing them does not necessarily lead to losing employment. As with Medicaid, mothers who have child care subsidies suffer a wage penalty, compared to other mothers.

Work supports matter. The private market does not step up quickly enough to allow the majority of women leaving Medicaid the opportunity to participate in an employer-based health insurance plan. There is no private-sector equivalent of subsidized child care and for many low-income mothers, child care expenses can eat up upwards of one-fifth of their family budget. Work supports only fulfill their mission if they help mothers both find and maintain employment. Rapid phase-outs and relatively low earnings thresholds limit mothers' ability to stay employed, even if they had been successful at finding employment.

Appendix A: The Survey of Income and Program Participation

This analysis makes use of two panels of the Survey of Income and Program Participation (SIPP), 1996 and 2001. The SIPP is a multi-panel, longitudinal survey of the civilian, non-institutional population in the United States, conducted by the U.S. Census. It is designed to examine issues related to participation in income maintenance programs, such as welfare and Medicaid and contains extensive information on individuals' backgrounds, employment and earnings, and access to services, including health insurance and child-care. Unlike other available longitudinal datasets, such as the Panel Study of Income Dynamics or National Longitudinal Survey of Youth, it covers all workers and contains monthly, rather than annual data.⁹ The 1996 SIPP panel includes interviews from December 1995 through March 2000. The 2001 panel includes interviews from December 2000 through January 2004.

Respondents are counted as employed if they reported being at a job for any week(s) during the month. Wages are taken from the hourly wage variable if reported; if the respondent reports monthly earnings, rather than an hourly wage, wages are calculated from earnings per month and usual hours worked (Boushey 2004; Boushey and Schmitt 2004). We only include wage information from the respondent's first job. Wages below \$1.00 per hour are recoded as missing; wages above \$50.00 per hour are recoded to equal \$50.00. All dollar values are recoded into December 1999 dollars.

Health insurance from an employer must be in one's own name. Thus, this study excludes the substantial share of mothers—about one-third—who receive employer-provided health insurance from a spouse or other family member. The rationale behind this is that our analysis is examining the effects of receiving employment-based work supports on employment, not the effects of simply having benefits.

Medicaid coverage includes both Medicaid and other public health insurance programs. The SIPP question refers not only to Medicaid, but also specifically asks the respondent if they (or their children) are covered by the program name under which Medicaid operates in their locality. They are not, however, specifically asked about participation in the State Child Health Insurance Program.

The child care subsidy question asks respondents whether anyone helped them pay for their child care expenses. Mothers who receive child care assistance through placing their children in a low-cost or subsidized provider may not respond "yes" to this question, even though they do in fact receive a subsidy. The child care questions are topical module questions and only appear in wave 4 and wave 10 of the 1996 panel, covering the spring of 1997 and 1999, and in wave 4 of the 2001 panel, covering the spring of 2002.

⁹ The SIPP data are structured so that every month one-fourth of the sample is interviewed; over each four-month interval (a "wave"), all sample members are interviewed. During each wave, respondents are asked a set of core questions, which cover labor market participation, wages, and participation in income support programs; additional questions from topical modules change each wave. The first topical module, for example, includes employment and welfare history, asks questions that allow identification of a history of welfare use, as well as labor market experience prior to the panel. Other modules focus on childcare, assets, training history, etc.

The final sample for this analysis is women age 25 to 54 who have children under the age of 18 in their subfamily, regardless of whether the children are biologically related to the mother. The SIPP allows analysts to identify parents and children; however, detailed data work has found that using children within a subfamily is a better measure. Our sample includes 15,613 unique mothers in the 1996 panel and 13,540 in the 2001 panel.

Appendix B: Estimation Techniques

For all the estimations, the sample is mothers, age 25 to 54. The estimations are run separately for the 1996 and 2001 SIPP panels. All estimations are weighted using the person weight.

The findings reported in the tables in the report are simulations for low-wage mothers, earning \$10.00 an hour or less in constant 1999 dollars. The regressions, however, include all mothers. The results of the simulations are similar for low-wage and all mothers.

Probability of Receiving Benefits

The marginal effects reported in Tables 2, 4, and 8 are calculated from a logit estimates. For Table 2, the model predicts the probability of receiving Medicaid, where Medicaid receipt is a function of welfare status, employment duration, and controls for personal characteristics. The sample for this model includes all observations in our sample. Table B1 reports the full regression results.

For Table 4, the model predicts the probability of receiving employer-provided health insurance in one's own name, where having insurance is a function of welfare status, employment duration, history of Medicaid usage, and controls for personal characteristics. The sample for this model includes all observations in our sample. Table B2 reports the full regression results.

For Table 8, the model predicts the probability of receiving any child care subsidy or a government child care subsidy, where receipt of child care subsidies is a function of welfare status, employment duration, and controls for personal characteristics. The sample for the model only includes observations in waves 4 and 10 of the 1996 panel and those in wave 4 in the 2001 panel. Table B3 reports the full regression results.

Table B1. Logit: Probability of Receiving Medicaid
(Odds ratios reported)

	Late 1990s	Early 2000s
Welfare status		
Not on welfare	0.073 (0.008)***	0.105 (0.015)***
Welfare recipient	12.166 (1.851)***	7.039 (1.702)***
Months since welfare exit		
7 to 12 months (1 - 6 months omitted)	0.672 (0.056)***	0.606 (0.092)***
13 to 18 months	0.439 (0.056)***	0.573 (0.119)***
19 to 24 months	0.369 (0.057)***	0.527 (0.122)***
25 months or more	0.291 (0.057)***	0.522 (0.213)
Continuous months of employment		
7 to 12 months (1 to 6 months omitted)	0.813 (0.038)***	0.823 (0.042)***
13 to 18 months	0.688 (0.046)***	0.632 (0.046)***
19 to 24 months	0.649 (0.051)***	0.609 (0.052)***
25 months or more	0.538 (0.050)***	0.651 (0.066)***
Controls		
Log of real wages	0.503 (0.026)***	0.387 (0.031)***
Age	0.958 (0.057)	0.888 (0.055)*
Age squared	1.000 (0.001)	1.001 (0.001)
African American (white omitted)	1.712 (0.207)***	2.104 (0.261)***
Hispanic	1.407 (0.195)**	1.557 (0.239)***
Other race	4.445 (0.911)***	2.758 (0.630)***
Naturalized citizen (Native omitted)	0.451 (0.105)***	0.705 (0.174)
Non-citizen	0.849 (0.148)	0.643 (0.110)***
High-school (less than high-school omitted)	0.672 (0.079)***	0.523 (0.075)***
Some college	0.546 (0.071)***	0.433 (0.066)***

Table B1. Logit: Probability of Receiving Medicaid, cont. 0.193 0.130
(Odds ratios reported)

	Late 1990s	Early 2000s
Never married (Married/cohabitating omitted)	2.763 (0.366)***	3.211 (0.421)***
Widowed	2.674 (0.968)***	5.936 (1.365)***
Divorced/separated	2.695 (0.262)***	3.098 (0.348)***
Children 0 to 5	1.471 (0.141)***	1.859 (0.198)***
Children 6 to 17	1.265 (0.156)*	2.120 (0.302)***
Middle Atlantic (Northeast omitted)	0.734 (0.165)	0.505 (0.119)***
E. North Central	0.538 (0.121)***	0.399 (0.097)***
W. North Central	0.523 (0.132)**	0.473 (0.131)***
South Atlantic	0.394 (0.091)***	0.205 (0.048)***
E. South Central	0.882 (0.225)	0.359 (0.097)***
W. South Central	0.334 (0.082)***	0.150 (0.039)***
Mountain	0.571 (0.149)**	0.466 (0.116)***
Pacific	1.067 (0.240)	0.658 (0.152)*
Observations	292903	172052

Standard errors in parentheses
* significant at 10%; ** significant at 5%; *** significant at 1%

Table B2. Logit: Probability of Receiving Employer-Provided Health Insurance

(Odds ratios reported)

	Late 1990s			Early 2000s		
Welfare status						
Not on welfare during panel	4.126 (0.414)***	1.879 (0.225)***	5.087 (0.817)***	3.017 (0.522)***	1.384 (0.258)*	5.064 (0.988)***
Welfare recipient	0.482 (0.068)***	0.857 (0.132)	0.595 (0.110)***	0.692 (0.127)**	1.291 (0.266)	1.159 (0.254)
Months since welfare exit						
7 to 12 months (1 - 6 months omitted)	1.451 (0.113)***	1.298 (0.106)***		0.969 (0.157)	0.874 (0.151)	
13 to 18 months	2.023 (0.235)***	1.636 (0.195)***		1.056 (0.240)	0.941 (0.230)	
19 to 24 months	2.578 (0.334)***	1.986 (0.269)***		1.270 (0.342)	1.134 (0.326)	
25 months or more	2.771 (0.430)***	2.031 (0.327)***		1.291 (0.517)	1.150 (0.478)	
Continuous months of employment						
7 to 12 months (1 to 6 months omitted)	1.322 (0.020)***	1.315 (0.020)***	1.325 (0.020)***	1.235 (0.023)***	1.237 (0.023)***	1.234 (0.023)***
13 to 18 months	1.494 (0.032)***	1.479 (0.032)***	1.497 (0.032)***	1.405 (0.036)***	1.396 (0.036)***	1.403 (0.036)***
19 to 24 months	1.642 (0.042)***	1.629 (0.042)***	1.648 (0.042)***	1.504 (0.046)***	1.493 (0.046)***	1.501 (0.046)***
25 months or more	1.848 (0.056)***	1.835 (0.056)***	1.856 (0.056)***	1.610 (0.058)***	1.609 (0.059)***	1.607 (0.058)***
Post-Medicaid & months since welfare exit						
1 - 6 months (not on welfare during panel omitted)			2.054 (0.379)***			3.005 (0.856)***
7 to 12 months			2.665 (0.472)***			2.753 (0.812)***
13 to 18 months			3.439 (0.657)***			2.856 (0.906)***
19 to 24 months			4.110 (0.814)***			4.521 (1.510)***

Table B2. Logit: Probability of Receiving Employer-Provided Health Insurance, cont.
(Odds ratios reported)

		Late 1990s		Early 2000s		
25 months or more			4.422 (0.949)***		3.504 (1.589)***	
Post-Medicaid		3.760 (0.389)***		5.415 (0.642)***		
Never on Medicaid		6.082 (0.702)***		9.668 (1.193)***		
Log of real wages	2.931 (0.131)***	2.818 (0.125)***	2.928 (0.131)***	2.832 (0.141)***	2.609 (0.129)***	2.832 (0.141)***
Age	0.975 (0.029)	0.968 (0.030)	0.978 (0.030)	1.003 (0.034)	0.986 (0.034)	1.001 (0.034)
Age squared	1.000 (0.000)	1.000 (0.000)	1.000 (0.000)	1.000 (0.000)	1.000 (0.000)	1.000 (0.000)
African American (white omitted)	1.440 (0.094)***	1.495 (0.098)***	1.443 (0.094)***	1.527 (0.107)***	1.676 (0.119)***	1.535 (0.108)***
Hispanic	1.408 (0.116)***	1.441 (0.120)***	1.413 (0.117)***	1.202 (0.104)**	1.278 (0.112)***	1.198 (0.103)**
Other race	1.431 (0.165)***	1.580 (0.188)***	1.435 (0.166)***	1.100 (0.130)	1.209 (0.146)	1.100 (0.131)
Naturalized citizen (Native omitted)	1.035 (0.121)	0.991 (0.116)	1.032 (0.120)	1.143 (0.129)	1.098 (0.125)	1.141 (0.129)
Non-citizen	0.717 (0.070)***	0.710 (0.071)***	0.714 (0.070)***	0.807 (0.083)**	0.763 (0.079)***	0.806 (0.082)**
High-school (less than high-school omitted)	1.456 (0.123)***	1.384 (0.118)***	1.455 (0.123)***	1.601 (0.159)***	1.437 (0.146)***	1.613 (0.160)***
Some college	1.403 (0.120)***	1.314 (0.114)***	1.402 (0.120)***	1.644 (0.164)***	1.464 (0.149)***	1.656 (0.165)***
College degree or more	1.429 (0.135)***	1.324 (0.126)***	1.429 (0.135)***	1.583 (0.173)***	1.397 (0.154)***	1.594 (0.174)***
Never married (Married/cohabitating omitted)	2.726 (0.222)***	3.134 (0.258)***	2.718 (0.223)***	1.962 (0.168)***	2.467 (0.217)***	1.969 (0.169)***

Table B2. Logit: Probability of Receiving Employer-Provided Health Insurance, cont.
(Odds ratios reported)

	Late 1990s			Early 2000s		
Widowed	2.327 (0.422)***	2.505 (0.475)***	2.318 (0.421)***	1.970 (0.366)***	2.630 (0.542)***	1.974 (0.367)***
Divorced/separated	3.414 (0.184)***	3.771 (0.207)***	3.426 (0.185)***	2.716 (0.171)***	3.157 (0.205)***	2.714 (0.171)***
Children 0 to 5	0.827 (0.043)***	0.855 (0.045)***	0.828 (0.043)***	0.843 (0.053)***	0.903 (0.058)	0.844 (0.054)***
Children 6 to 17	0.837 (0.053)***	0.854 (0.054)**	0.835 (0.053)***	0.806 (0.060)***	0.867 (0.065)*	0.808 (0.060)***
Middle Atlantic (Northeast omitted)	1.296 (0.154)**	1.292 (0.153)**	1.297 (0.154)**	1.415 (0.188)***	1.343 (0.180)**	1.415 (0.188)***
E. North Central	1.330 (0.154)**	1.304 (0.150)**	1.330 (0.154)**	1.421 (0.184)***	1.324 (0.173)**	1.425 (0.185)***
W. North Central	1.627 (0.207)***	1.595 (0.202)***	1.625 (0.206)***	1.840 (0.267)***	1.717 (0.252)***	1.845 (0.268)***
South Atlantic	1.631 (0.188)***	1.590 (0.182)***	1.630 (0.188)***	1.775 (0.226)***	1.605 (0.207)***	1.771 (0.226)***
E. South Central	1.461 (0.196)***	1.467 (0.197)***	1.467 (0.197)***	2.096 (0.323)***	1.992 (0.309)***	2.093 (0.323)***
W. South Central	1.425 (0.173)***	1.370 (0.166)***	1.426 (0.173)***	1.764 (0.242)***	1.552 (0.215)***	1.760 (0.241)***
Mountain	1.381 (0.186)**	1.363 (0.184)**	1.379 (0.186)**	1.497 (0.229)***	1.416 (0.219)**	1.498 (0.229)***
Pacific	1.264 (0.151)*	1.274 (0.152)**	1.267 (0.151)**	1.459 (0.192)***	1.409 (0.187)***	1.461 (0.192)***
Observations	292903	292903	292903	172052	172052	172052

Standard errors in parentheses
* significant at 10%; ** significant at 5%; *** significant at 1%

Table B3. Logit: Probability of Receiving Child care Subsidies
(Odds ratios reported)

	Any child care assistance		Government child care subsidy	
	Late 1990s	Early 2000s	Late 1990s	Early 2000s
Welfare status				
Not on welfare during panel	0.302 (0.081)***	0.524 (0.199)*	0.129 (0.043)***	0.450 (0.195)*
Welfare receipt	0.689 (0.195)	2.039 (0.949)	0.613 (0.190)	1.748 (0.917)
Months since welfare exit				
7 to 12 months (1 - 6 months omitted)	0.881 (0.262)	0.609 (0.308)	0.900 (0.291)	0.449 (0.292)
13 to 18 months	1.179 (0.487)		0.880 (0.413)	
19 to 24 months	0.324 (0.164)**		0.264 (0.140)**	
25 months or more	0.307 (0.148)**		0.176 (0.100)***	
Continuous months of employment				
7 to 12 months (1 to 6 months omitted)	1.055 (0.188)	1.240 (0.234)	1.011 (0.249)	1.400 (0.338)
13 to 18 months	1.197 (0.210)	1.124 (0.217)	1.209 (0.282)	1.221 (0.300)
19 to 24 months	1.144 (0.364)		2.116 (0.798)**	
25 months or more	1.363 (0.258)		1.726 (0.459)**	
Log of real wages				
	0.941 (0.095)	0.828 (0.095)*	0.738 (0.092)**	0.590 (0.077)***
Age				
	0.844 (0.072)**	0.946 (0.102)	0.971 (0.110)	0.778 (0.115)*
Age squared				
	1.002 (0.001)**	1.001 (0.001)	1.001 (0.002)	1.003 (0.002)
African American (white omitted)				
	0.679 (0.117)**	1.160 (0.242)	0.850 (0.193)	1.506 (0.382)
Hispanic				
	0.606 (0.134)**	0.804 (0.197)	0.813 (0.260)	0.695 (0.240)
Other race				
	0.570 (0.193)*	1.341 (0.443)	0.267 (0.169)**	1.623 (0.678)
Naturalized citizen (Native omitted)				
	1.309 (0.459)	0.756 (0.309)	1.709 (0.918)	0.665 (0.420)
Non-citizen				
	0.906 (0.227)	1.240 (0.342)	0.876 (0.316)	1.467 (0.539)
High-school (less than high-school omitted)				
	1.096 (0.252)	1.716 (0.553)*	1.204 (0.336)	1.932 (0.806)
Some college				
	1.302 (0.297)	1.546 (0.502)	1.547 (0.448)	1.409 (0.605)

Table B3. Logit: Probability of Receiving Child care Subsidies, cont.
(Odds ratios reported)

	Any child care assistance		Government child care subsidy	
	Late 1990s	Early 2000s	Late 1990s	Early 2000s
College degree or more	1.095 (0.273)	1.476 (0.542)	0.719 (0.267)	1.522 (0.758)
Never married (Married/cohabitating omitted)	2.600 (0.489)***	2.654 (0.591)***	3.032 (0.789)***	3.462 (0.944)***
Widowed	2.314 (0.982)**	2.031 (1.268)	3.633 (1.880)**	0.792 (0.796)
Divorced/separated	2.709 (0.393)***	2.053 (0.369)***	2.600 (0.554)***	3.059 (0.706)***
Children 0 to 5	2.529 (0.354)***	4.146 (0.790)***	3.292 (0.664)***	3.122 (0.785)***
Children 6 to 17	1.040 (0.147)	1.342 (0.238)*	1.050 (0.221)	1.845 (0.476)**
Middle Atlantic (Northeast omitted)	0.531 (0.145)**	0.653 (0.247)	0.535 (0.218)	1.920 (1.201)
E. North Central	0.680 (0.172)	0.676 (0.252)	0.577 (0.220)	2.010 (1.239)
W. North Central	0.498 (0.145)**	0.779 (0.322)	0.852 (0.344)	1.704 (1.181)
South Atlantic	0.721 (0.185)	0.870 (0.317)	0.675 (0.257)	1.047 (0.656)
E. South Central	0.275 (0.105)***	0.643 (0.279)	0.174 (0.111)***	1.163 (0.806)
W. South Central	0.474 (0.139)**	0.729 (0.288)	0.374 (0.166)**	1.905 (1.225)
Mountain	0.677 (0.215)	0.497 (0.230)	0.421 (0.209)*	1.167 (0.843)
Pacific	0.846 (0.220)	1.265 (0.459)	0.839 (0.327)	3.324 (2.022)**
Observations	41416	16952	41416	16952

Standard errors in parentheses
* significant at 10%; ** significant at 5%; *** significant at 1%

Probability of Staying Employed

The marginal effects reported in Figures 2, 3 and 6 and Table 10 are calculated from logit estimates of employment duration. The probability of staying employed is a function of whether the mother received Medicaid either currently or previously, welfare history, log wages, and personal and job characteristics.

Individuals are allowed to have multiple spells of employment.¹⁰ Individuals may have multiple spells because they either moved in and out of employment more than once or because they moved in and out of the survey during the panel. For example, a respondent may be interviewed in waves one through six, out of the survey for wave seven, and then interviewed in waves eight through 12. In this case, the individual has two person-in-sample spells, each with a separate id, and each of which are treated as a different unit and each of which has its own censoring point. For the purposes of clustering, however, we use the individual's unique id, not person-in-sample id.

Duration data requires that we control for time dependence—the fact that exiting employment may be more (or less) likely depending on how long the person has been employed.¹¹ The model must estimate the conditional probability—the probability that someone is employed in month t given that she was employed in month $t-1$; that is, $Pr(emp_t=1 | emp_{t-1}=1)$.¹² We can account for time dependence either by using an explicit duration model (e.g. Cox or Weibull) or with time dummies in a logit or probit model. From an analytic perspective, the method we choose is irrelevant as estimating a conditional probability using logit or probit, while controlling for duration dependence using time dummies or the equivalent, is equivalent to using standard parametric (or semi-parametric) duration models such as the Weibull model or the Cox proportional hazards model (Beck and Katz 1995; Beck, Katz, and Tucker 1998; Hosmer and Lemeshow 1999).^{13, 14}

¹⁰ We tested various models on three binary dependent variables and found that how we measured employment did not change our results significantly. We tested two measures of employment duration and one of measure job duration: employed all month, employed part of the month, and job.

¹¹ There is some controversy about whether or not to make substantive interpretations of statistically significant time dependence in the data. I am of the opinion that time dependence is simply a proxy for some unmeasured variable (or variables) that are roughly collinear with time. Being unmeasured (and perhaps unknown), we can only speculate on interpretation of time dependence. All of the models that we test display significant time dependence.

¹² In the logit models, we control for time dependence using temporal dummies. It is necessary to omit any number of dummies that perfectly predict an outcome (e.g. all observations with the time dummy for time=43 fail). Because we are not interested in the substantive interpretation of time dependence, omitting dummies to obtain tractable models is not a problem.

¹³ Using a logit or probit model while controlling for the effects of time dependence is the functional equivalent of using a standard (semi-) parametric duration model such as a Cox model or a Weibull model. In fact, the binary dependent variable models (logit and probit) make the same time dependence assumptions as the Cox model when we use time dummies to control for time dependence. That is, the effects of time (how long the subject has lasted up to time t) on failure are treated the same way: we estimate the effect of each time period (t_1 to t_n) separately by giving each time period a dummy in the binary models. In an exponential model we assume the effect of time on the probability of failure is constant across time periods. In a Weibull model we assume the effect of time on the

The logit model, with time dummies, is the easiest model to estimate because it takes the least computational time. In this model, the data is structured such that we drop all observations where the person does not have a job in the previous month i.e. the value for the dependent variable is zero the previous month ($Y_{t-1}=0$).

For the estimation of the effects of child care subsidies on employment, we only have data for one wave in the 2001 panel, and two waves in the 1996 panel.¹⁵ However, even if we only have information about a covariate for particular months, say even numbered months (Figure B1, shaded), we can still conduct duration analysis because we still have the necessary information: whether or not the person was employed and the employment duration. Here, individual 01 had two employment spells, one for 3 months (months 1-3, failed in month 4) and one for 2 months (months 16-17, failed in month 18). Individual 07 had one employment spell for 4 months (6-9, failed in month 10); and individual 18 had one employment spell for 3 months (months 46-48, no failure, censored by leaving the sample). X_1 is a covariate that varies by individual, such as gender, and X_2 is a covariate that varies over time and individual, such as household income.

Figure B1. Sample Data

Id	Employed	Employment duration	Month-Wave	X_1	X_2
01	1	1	1	1	6
01	1	2	2	1	9
01	1	3	3	1	12
01	0	4	4	1	2
01	1	1	16	1	10
01	1	2	17	1	12
01	0	3	18	1	1
07	1	1	6	0	8
07	1	2	7	0	9
07	1	3	8	0	8
07	1	4	9	0	10
07	0	5	10	0	3
18	1	1	46	1	21
18	1	2	47	1	20
18	1	3	48	1	19

probability of failure is not constant, but rather either increasing or decreasing monotonically. In a Cox model, again the effect of time is modeled separately for each time period (t_1 to t_n).

¹⁴ We also estimated employment using Cox models, controlling for state (with dummies for each of the 47 state groupings), and they do not change the size of the coefficients, much less their signs or significance (results not shown). These models did not display non-proportional hazards, and none of the covariates suffer from non-proportionality. However, we were unable to test for unit-level heterogeneity in the data, due to size restrictions in the statistical software we use. All of this indicates that the logit specification is the appropriate method to use.

¹⁵ We also have information from the core files on a third variable (*epatyp5*), but there is information on this variable only for waves 9-12. It is unclear what the error with this variable is.

A possible issue in our model is sample selection. We are interested in the effect of having employer-provided health insurance, Medicaid, or subsidized child care on employment and job tenure. For much of the data in the 1996 panel, we have information on these variables only for a subset of the individuals (and employment/job spells) in the panel. If the sub-sample that we use for estimation is systematically different (in some covariates) than the population of the panel as a whole, then our coefficient estimates may be biased. To account for this potential problem, we should estimate Heckman probit models, using demographic data, income, poverty, and welfare history in the selection equations. However, due to computation time, these models are not possible to run.

Table B4. Logit: Probability of Remaining Employed

(Odds ratios reported)

	Late 1990s	Early 2000s
Medicaid status		
Post-Medicaid (never on Medicaid omitted)	0.620 (0.036)***	0.689 (0.051)***
On Medicaid	0.370 (0.019)***	0.405 (0.025)***
Medicaid and EPHI status		
Post-Medicaid, has EPHI (Never Medicaid, has EPHI omitted)	0.661 (0.092)***	0.770 (0.149)
Post-Medicaid, no EPHI	0.146 (0.011)***	0.173 (0.016)***
Never Medicaid, no EPHI	0.201 (0.011)***	0.211 (0.013)***
On Medicaid, has EPHI	0.334 (0.060)***	0.453 (0.123)***
On Medicaid, no EPHI	0.113 (0.008)***	0.131 (0.010)***
Medicaid and EPHI status, by state generosity		
Most generous: Post-Medicaid, has EPHI (Most generous: Never Medicaid, has EPHI omitted)	0.723 (0.230)	0.831 (0.345)
Moderately generous: Post-Medicaid, has EPHI	0.959 (0.253)	0.915 (0.284)
Least generous: Post-Medicaid, has EPHI	0.599 (0.123)**	1.006 (0.318)
Most generous: Post-Medicaid, no EPHI	0.156 (0.024)***	0.234 (0.045)***
Moderately generous: Post-Medicaid, no EPHI	0.160 (0.023)***	0.221 (0.036)***
Least generous: Post-Medicaid, no EPHI	0.162 (0.021)***	0.190 (0.030)***
Moderately generous: Never Medicaid, has EPHI	1.104 (0.140)	1.210 (0.166)

Table B4. Logit: Probability of Remaining Employed, cont.
(Odds ratios reported)

	Late 1990s			Early 2000s		
Least generous: Never Medicaid, has EHPI	1.145 (0.144)			1.338 (0.182)**		
Most generous: Never Medicaid, no EHPI	0.209 (0.023)***			0.251 (0.031)***		
Moderately generous: Never Medicaid, no EHPI	0.222 (0.024)***			0.252 (0.030)***		
Least generous: Never Medicaid, no EHPI	0.225 (0.024)***			0.262 (0.030)***		
Most generous: On Medicaid, has EHPI	0.371 (0.150)**			0.690 (0.443)		
Moderately generous: On Medicaid, has EHPI	0.341 (0.097)***			0.724 (0.365)		
Least generous: On Medicaid, has EHPI	0.392 (0.116)***			0.432 (0.166)**		
Most generous: On Medicaid, no EHPI	0.132 (0.017)***			0.196 (0.030)***		
Moderately generous: On Medicaid, no EHPI	0.120 (0.015)***			0.141 (0.019)***		
Least generous: On Medicaid, no EHPI	0.123 (0.016)***			0.150 (0.022)***		
Log of real wages	1.243 (0.037)***	1.240 (0.037)***	1.471 (0.034)***	1.062 (0.045)	1.062 (0.044)	1.312 (0.044)***
Age	1.107 (0.028)***	1.108 (0.028)***	1.100 (0.028)***	1.075 (0.032)**	1.076 (0.032)**	1.070 (0.032)**
Age squared	0.999 (0.000)***	0.999 (0.000)***	0.999 (0.000)***	0.999 (0.000)*	0.999 (0.000)*	0.999 (0.000)*
African American (white omitted)	0.873 (0.047)**	0.874 (0.046)**	0.957 (0.050)	0.900 (0.054)*	0.899 (0.054)*	1.032 (0.060)
Hispanic	0.963 (0.058)	0.958 (0.057)	1.025 (0.060)	0.978 (0.067)	0.980 (0.068)	1.036 (0.070)
Other race	0.948 (0.085)	0.943 (0.085)	1.056 (0.096)	1.101 (0.104)	1.083 (0.103)	1.139 (0.108)

Table B4. Logit: Probability of Remaining Employed, cont.
(Odds ratios reported)

	Late 1990s			Early 2000s		
Naturalized citizen (Native omitted)	1.139 (0.108)	1.132 (0.108)	1.133 (0.109)	0.929 (0.091)	0.928 (0.091)	0.940 (0.092)
Non-citizen	1.008 (0.073)	1.004 (0.071)	0.916 (0.064)	0.865 (0.066)*	0.881 (0.066)*	0.813 (0.061)***
High-school (less than high-school omitted)	1.389 (0.073)***	1.386 (0.073)***	1.466 (0.078)***	1.269 (0.087)***	1.267 (0.087)***	1.368 (0.093)***
Some college	1.351 (0.073)***	1.348 (0.073)***	1.460 (0.079)***	1.345 (0.096)***	1.343 (0.095)***	1.483 (0.104)***
College degree or more	1.424 (0.094)***	1.423 (0.094)***	1.596 (0.104)***	1.295 (0.105)***	1.292 (0.105)***	1.460 (0.115)***
Never married (Married/cohabitating omitted)	1.109 (0.075)	1.106 (0.074)	1.358 (0.088)***	0.884 (0.064)*	0.883 (0.064)*	1.059 (0.073)
Widowed	0.952 (0.165)	0.952 (0.164)	1.162 (0.201)	0.837 (0.173)	0.844 (0.177)	1.016 (0.217)
Divorced/separated	0.953 (0.048)	0.954 (0.048)	1.270 (0.061)***	0.791 (0.047)***	0.788 (0.046)***	1.038 (0.058)
Children 6 to 17 only (children 0 to 5 only omitted)	1.250 (0.065)***	1.253 (0.066)***	1.239 (0.064)***	1.082 (0.070)	1.085 (0.070)	1.085 (0.067)
Children 0 to 5 and 6 to 17	1.108 (0.057)**	1.108 (0.057)**	1.067 (0.054)	1.018 (0.064)	1.020 (0.064)	0.993 (0.061)
Time	1.022 (0.002)***	1.022 (0.002)***	1.028 (0.002)***	1.028 (0.002)***	1.028 (0.002)***	1.034 (0.002)***
Observations	300790	300790	300790	177085	177085	177085

Controlling for two-digit occupation and industries in the regression
Robust standard errors in parentheses
* significant at 10%; ** significant at 5%; *** significant at 1%

Estimating Wages

The marginal effects reported in Figures 4 and 5 and Table 11 are calculated from Heckman two-step wage regressions, with the probability of being employed as step one (Heckman 1979). Given that we cannot observe the wages of women who are not employed, and that women who are not employed are likely to have lower wages than those who are employed, the estimation of wages must account for this bias. The solution to this model is to find variables that strongly affect the chances for observation—which here is the reservation wage—but not the observed outcome—which here is the actual wage. Given that this analysis is modeling women’s wages, the specification follows directly from Heckman’s analysis and uses characteristics of the woman’s family—the number and age of her children and marital status—to identify the probability that a woman is employed and thus has an observed wage.

The Heckman selection model also addresses the problem of attrition. Through incorporating selection into employment into the analysis of wages, the model also accounts for selection into the panel as well. The full regression results are reported in Tables B6 and B7.

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Table B5. Logit: Probability of Remaining Employed
(Odds ratios reported)

	Wave 4	Waves 4 & 10	Wave 10	Wave 10	Wave 4	Waves 4 & 10	Wave 10	Wave 10	Wave 4	Wave 4
Any child care assistance										
Either wave		1.383 (0.350)								
Wave 4	1.557 (0.475)								2.092 (0.661)**	
Wave 10			1.240 (0.496)							
Child care subsidy in wave 4, not in wave 10 (no child care subsidy in either wave omitted)				1.894 (0.864)						
Child care subsidy in wave 4 & wave 10				0.467 (0.291)						
Child care subsidy in wave 10, not in wave 4				2.158 (0.981)*						
Government child care assistance										
Receives government help paying for child care						0.959 (0.281)				
Had any government cc subsidy in wave 4					1.449 (0.583)					2.417 (1.023)**
Had any government cc subsidy in wave 10							0.763 (0.303)			
Government child care subsidy in wave 4, not in wave 10 (no child care subsidy in either wave omitted)								0.981 (0.507)		
Government child care subsidy in wave 4 & wave 10								0.303 (0.217)*		
Government child care subsidy in wave 10, not in wave 4								1.093 (0.463)		
Log of real wages	1.806 (0.136)***	1.816 (0.118)***	1.727 (0.230)***	1.726 (0.230)***	1.006 (0.001)***	1.006 (0.001)***	1.005 (0.001)***	1.006 (0.001)***	1.400 (0.187)**	1.404 (0.188)**
Age	1.240 (0.100)***	1.187 (0.077)***	1.094 (0.118)	1.093 (0.117)	1.238 (0.100)***	1.186 (0.076)***	1.094 (0.118)	1.100 (0.117)	0.986 (0.096)	0.991 (0.097)
Age squared	0.997 (0.001)**	0.998 (0.001)**	0.999 (0.001)	0.999 (0.001)	0.997 (0.001)**	0.998 (0.001)**	0.999 (0.001)	0.999 (0.001)	1.001 (0.001)	1.000 (0.001)

Table B5. Logit: Probability of Remaining Employed
(Odds ratios reported)

	Wave 4	Waves 4 & 10	Wave 10	Wave 10	Wave 4	Waves 4 & 10	Wave 10	Wave 10	Wave 4	Wave 4
African American (white omitted)	0.785 (0.120)	0.855 (0.103)	0.998 (0.195)	1.025 (0.200)	0.782 (0.119)	0.852 (0.103)	0.996 (0.195)	1.009 (0.197)	0.613 (0.105)***	0.612 (0.104)***
Hispanic	0.894 (0.169)	0.837 (0.122)	0.796 (0.181)	0.800 (0.181)	0.891 (0.168)	0.831 (0.122)	0.789 (0.179)	0.789 (0.179)	0.933 (0.218)	0.935 (0.219)
Other race	1.336 (0.408)	1.123 (0.271)	0.945 (0.357)	0.938 (0.357)	1.342 (0.407)	1.118 (0.269)	0.930 (0.351)	0.932 (0.353)	0.533 (0.140)**	0.534 (0.141)**
Naturalized citizen (Native omitted)	0.668 (0.181)	0.940 (0.223)	1.438 (0.642)	1.425 (0.638)	0.666 (0.180)	0.942 (0.223)	1.462 (0.651)	1.443 (0.644)	0.689 (0.199)	0.690 (0.200)
Non-citizen	0.966 (0.221)	1.174 (0.207)	1.599 (0.456)	1.585 (0.451)	0.967 (0.222)	1.174 (0.208)	1.602 (0.459)*	1.593 (0.456)	0.739 (0.178)	0.738 (0.179)
High-school (less than high-school omitted)	1.384 (0.228)**	1.368 (0.178)**	1.232 (0.262)	1.230 (0.262)	1.387 (0.228)**	1.369 (0.178)**	1.230 (0.262)	1.246 (0.267)	1.108 (0.226)	1.111 (0.227)
Some college	1.349 (0.228)*	1.386 (0.186)**	1.277 (0.279)	1.285 (0.276)	1.356 (0.229)*	1.391 (0.186)**	1.281 (0.279)	1.303 (0.281)	1.401 (0.305)	1.409 (0.308)
College degree or more	1.764 (0.380)***	1.609 (0.271)***	1.315 (0.353)	1.294 (0.348)	1.775 (0.382)***	1.607 (0.270)***	1.301 (0.350)	1.313 (0.353)	1.378 (0.343)	1.381 (0.345)
Never married (Married/cohabitating omitted)	0.866 (0.155)	0.821 (0.115)	0.820 (0.188)	0.803 (0.185)	0.873 (0.156)	0.838 (0.117)	0.851 (0.194)	0.865 (0.200)	0.609 (0.120)**	0.607 (0.120)**
Widowed	1.418 (0.823)	1.454 (0.723)	1.996 (2.011)	1.978 (1.994)	1.421 (0.826)	1.475 (0.736)	2.011 (2.025)	1.996 (2.009)	0.450 (0.214)*	0.461 (0.220)
Divorced/separated	1.195 (0.188)	1.082 (0.134)	0.997 (0.182)	1.002 (0.185)	1.203 (0.188)	1.099 (0.137)	1.020 (0.187)	1.038 (0.193)	0.802 (0.141)	0.800 (0.140)
Children 6 to 17 only (children 0 to 5 only omitted)	1.350 (0.210)*	1.416 (0.175)***	1.530 (0.296)**	1.518 (0.296)**	1.341 (0.209)*	1.398 (0.172)***	1.503 (0.291)**	1.488 (0.289)**	1.275 (0.244)	1.246 (0.237)
Children 0 to 5 and 6 to 17	1.023 (0.156)	1.049 (0.126)	1.163 (0.221)	1.162 (0.221)	1.020 (0.156)	1.049 (0.126)	1.166 (0.222)	1.175 (0.224)	0.995 (0.182)	0.987 (0.182)
Time	1.111 (0.011)***	1.048 (0.005)***	1.045 (0.005)***	1.045 (0.005)***	1.111 (0.011)***	1.048 (0.005)***	1.045 (0.005)***	1.045 (0.005)***	1.075 (0.013)***	1.075 (0.013)***
Observations	22883	42588	19705	19705	22883	42588	19705	19705	17441	17441

Controlling for two-digit occupation and industries in the regression

Robust standard errors in parentheses

* significant at 10%; ** significant at 5%; *** significant at 1%

Table B6--A. Wage Regressions, with Medicaid and EPHI

Dependent variable is log of wages, in December 1999 constant dollars

	Late 1990s			
	Wage Equation	Selection: employment	Wage Equation	Selection: employment
Medicaid status				
Post-Medicaid (never on Medicaid omitted)			-0.115	(0.011)***
On Medicaid			-0.179	(0.014)***
Medicaid and EPHI status				
Post-Medicaid, has EHPI (Never Medicaid, has EPHI omitted)			-0.129	(0.016)***
Post-Medicaid, no EHPI			-0.257	(0.013)***
Never Medicaid, no EHPI			-0.162	(0.008)***
On Medicaid, has EHPI			-0.089	(0.031)***
On Medicaid, no EHPI			-0.312	(0.016)***
Medicaid and EPHI status, by state generosity				
Most generous: Post-Medicaid, has EHPI	-0.163			
(Most generous: Never Medicaid, has EPHI omitted)	(0.031)***			
Moderately generous: Post-Medicaid, has EHPI	-0.162			
	(0.031)***			
Least generous: Post-Medicaid, has EHPI	-0.199			
	(0.029)***			
Most generous: Post-Medicaid, no EHPI	-0.295			
	(0.029)***			
Moderately generous: Post-Medicaid, no EHPI	-0.298			
	(0.024)***			
Least generous: Post-Medicaid, no EHPI	-0.319			
	(0.024)***			
Moderately generous: Never Medicaid, has EHPI	-0.048			
	(0.017)***			
Least generous: Never Medicaid, has EHPI	-0.074			
	(0.018)***			
Most generous: Never Medicaid, no EHPI	-0.187			
	(0.018)***			
Moderately generous: Never Medicaid, no EHPI	-0.209			
	(0.019)***			
Least generous: Never Medicaid, no EHPI	-0.225			
	(0.019)***			
Most generous: On Medicaid, has EHPI	-0.180			
	(0.050)***			
Moderately generous: On Medicaid, has EHPI	-0.010			
	(0.054)			
Least generous: On Medicaid, has EHPI	-0.234			
	(0.051)***			

Table B6--A. Wage Regressions, with Medicaid and EPHI, cont.

Dependent variable is log of wages, in December 1999 constant dollars

	Late 1990s					
	Wage Equation	Selection: employment	Wage Equation	Selection: employment	Wage Equation	Selection: employment
Most generous: On Medicaid, no EHPI	-0.370 (0.026)***					
Moderately generous: On Medicaid, no EHPI	-0.299 (0.023)***					
Least generous: On Medicaid, no EHPI	-0.405 (0.032)***					
Age	0.038 (0.005)***	0.030 (0.010)***	0.038 (0.005)***	0.030 (0.010)***	0.036 (0.006)***	0.029 (0.010)***
Age squared	-0.000 (0.000)***	-0.000 (0.000)***	-0.000 (0.000)***	-0.000 (0.000)***	-0.000 (0.000)***	-0.000 (0.000)***
African American (white omitted)	-0.011 (0.010)	0.171 (0.023)***	-0.011 (0.010)	0.171 (0.023)***	-0.001 (0.011)	0.174 (0.022)***
Hispanic	-0.032 (0.015)**	0.108 (0.027)***	-0.029 (0.015)**	0.108 (0.027)***	-0.026 (0.015)*	0.109 (0.027)***
Other race	-0.014 (0.021)	0.109 (0.038)***	-0.010 (0.021)	0.109 (0.038)***	-0.006 (0.022)	0.109 (0.038)***
Naturalized citizen (Native omitted)	0.023 (0.022)	-0.067 (0.040)*	0.024 (0.022)	-0.067 (0.040)*	0.024 (0.022)	-0.068 (0.040)*
Non-citizen	-0.116 (0.018)***	-0.261 (0.031)***	-0.116 (0.018)***	-0.261 (0.031)***	-0.125 (0.018)***	-0.262 (0.031)***
High-school (less than high-school omitted)	0.094 (0.013)***	0.487 (0.026)***	0.094 (0.013)***	0.487 (0.026)***	0.100 (0.014)***	0.487 (0.026)***
Some college	0.172 (0.015)***	0.646 (0.026)***	0.172 (0.015)***	0.646 (0.026)***	0.180 (0.015)***	0.645 (0.026)***
College degree or more	0.423 (0.018)***	0.800 (0.028)***	0.423 (0.018)***	0.800 (0.028)***	0.433 (0.019)***	0.798 (0.028)***
Never married (Married/cohabitating omitted)		0.080 (0.028)***		0.081 (0.028)***		0.074 (0.028)***
Widowed		-0.078 (0.060)		-0.078 (0.060)		-0.086 (0.060)
Divorced/separated		0.327 (0.018)***		0.327 (0.018)***		0.321 (0.018)***
Children 6 to 17 only (children 0 to 5 only omitted)		0.310 (0.019)***		0.310 (0.019)***		0.310 (0.019)***
Children 0 to 5 and 6 to 17		-0.117 (0.020)***		-0.117 (0.020)***		-0.117 (0.020)***
Middle Atlantic (Northeast omitted)	-0.036 (0.022)	-0.145 (0.038)***	-0.052 (0.022)**	-0.145 (0.038)***	-0.050 (0.022)**	-0.146 (0.038)***
E. North Central	-0.103 (0.021)***	-0.063 (0.037)*	-0.121 (0.021)***	-0.063 (0.037)*	-0.121 (0.021)***	-0.063 (0.037)*
W. North Central	-0.133 (0.024)***	0.096 (0.040)**	-0.159 (0.023)***	0.096 (0.040)**	-0.156 (0.023)***	0.096 (0.040)**
South Atlantic	-0.120 (0.021)***	-0.099 (0.037)***	-0.144 (0.020)***	-0.099 (0.037)***	-0.138 (0.021)***	-0.099 (0.037)***

Table B6--A. Wage Regressions, with Medicaid and EPHI, cont.

Dependent variable is log of wages, in December 1999 constant dollars

	Late 1990s					
	Wage Equation	Selection: employment	Wage Equation	Selection: employment	Wage Equation	Selection: employment
E. South Central	-0.227 (0.024)***	-0.098 (0.043)**	-0.249 (0.023)***	-0.098 (0.043)**	-0.253 (0.024)***	-0.098 (0.043)**
W. South Central	-0.150 (0.025)***	-0.149 (0.039)***	-0.190 (0.022)***	-0.149 (0.039)***	-0.190 (0.023)***	-0.149 (0.039)***
Mountain	-0.093 (0.026)***	-0.099 (0.043)**	-0.123 (0.024)***	-0.099 (0.043)**	-0.119 (0.025)***	-0.098 (0.043)**
Pacific	-0.013 (0.022)	-0.213 (0.038)***	-0.007 (0.022)	-0.213 (0.038)***	-0.001 (0.022)	-0.213 (0.038)***
Union member	0.146 (0.011)***		0.149 (0.011)***		0.183 (0.012)***	
Part-time	-0.029 (0.009)***		-0.029 (0.009)***		-0.084 (0.009)***	

23 dummies for two-digit industries and 14 dummies for two-digit occupations excluded from output, but included in regressions

Constant	1.629 (0.113)***	-0.667 (0.182)***	1.598 (0.113)***	-0.667 (0.182)***	1.541 (0.114)***	-0.659 (0.182)***
Observations	450318	450318	450318	450318	450318	450318

Robust standard errors in parentheses

* significant at 10%; ** significant at 5%; *** significant at 1%

Table B6--B. Wage Regressions, with Medicaid and EPHI

Dependent variable is log of wages, in December 1999 constant dollars

	Early 2000s					
	Wage Equation	Selection: employment	Wage Equation	Selection: employment	Wage Equation	Selection: employment
Medicaid status						
Post-Medicaid (never on Medicaid omitted)					-0.152 (0.015)***	
On Medicaid					-0.215 (0.017)***	
Medicaid and EPHI status						
Post-Medicaid, has EHPI (Never Medicaid, has EPHI omitted)			-0.163 (0.019)***			
Post-Medicaid, no EHPI			-0.292 (0.020)***			
Never Medicaid, no EHPI			-0.168 (0.010)***			
On Medicaid, has EHPI			-0.146 (0.032)***			
On Medicaid, no EHPI			-0.340 (0.018)***			

Medicaid and EPHI status, by state generosity	
Most generous: Post-Medicaid, has EHPI	-0.180
(Most generous: Never Medicaid, has EPHI omitted)	(0.050)***
Moderately generous: Post-Medicaid, has EHPI	-0.220
	(0.031)***
Least generous: Post-Medicaid, has EHPI	-0.213
	(0.032)***
Most generous: Post-Medicaid, no EHPI	-0.317
	(0.039)***
Moderately generous: Post-Medicaid, no EHPI	-0.321
	(0.036)***
Least generous: Post-Medicaid, no EHPI	-0.368
	(0.034)***
Moderately generous: Never Medicaid, has EHPI	-0.066
	(0.020)***
Least generous: Never Medicaid, has EHPI	-0.053
	(0.021)**
Most generous: Never Medicaid, no EHPI	-0.186
	(0.021)***
Moderately generous: Never Medicaid, no EHPI	-0.230
	(0.022)***
Least generous: Never Medicaid, no EHPI	-0.217
	(0.022)***
Most generous: On Medicaid, has EHPI	-0.216
	(0.067)***

Table B6--B. Wage Regressions, with Medicaid and EPHI, cont.

Dependent variable is log of wages, in December 1999 constant dollars

	Early 2000s					
	Wage Equation	Selection: employment	Wage Equation	Selection: employment	Wage Equation	Selection: employment
Moderately generous: On Medicaid, has EHPI	-0.206 (0.071)***					
Least generous: On Medicaid, has EHPI	-0.171 (0.038)***					
Most generous: On Medicaid, no EHPI	-0.379 (0.031)***					
Moderately generous: On Medicaid, no EHPI	-0.392 (0.034)***					
Least generous: On Medicaid, no EHPI	-0.379 (0.031)***					
Age	0.025 (0.006)***	0.008 (0.011)	0.025 (0.006)***	0.008 (0.011)	0.024 (0.006)***	0.008 (0.011)
Age squared	-0.000 (0.000)***	-0.000 (0.000)	-0.000 (0.000)***	-0.000 (0.000)	-0.000 (0.000)***	-0.000 (0.000)
African American (white omitted)	-0.030 (0.013)**	0.241 (0.025)***	-0.029 (0.013)**	0.241 (0.025)***	-0.018 (0.013)	0.243 (0.025)***
Hispanic	-0.009 (0.017)	0.159 (0.029)***	-0.008 (0.017)	0.159 (0.029)***	-0.006 (0.017)	0.159 (0.029)***
Other race	-0.012 (0.026)	0.095 (0.041)**	-0.010 (0.027)	0.095 (0.041)**	-0.010 (0.027)	0.095 (0.041)**
Naturalized citizen (Native omitted)	0.000 (0.023)	-0.142 (0.039)***	0.003 (0.023)	-0.142 (0.039)***	0.003 (0.023)	-0.143 (0.039)***
Non-citizen	-0.071 (0.023)***	-0.342 (0.034)***	-0.070 (0.023)***	-0.342 (0.034)***	-0.080 (0.023)***	-0.343 (0.034)***
High-school (less than high-school omitted)	0.088 (0.017)***	0.402 (0.031)***	0.089 (0.017)***	0.402 (0.031)***	0.096 (0.017)***	0.402 (0.031)***
Some college	0.185 (0.018)***	0.578 (0.031)***	0.185 (0.018)***	0.578 (0.031)***	0.197 (0.019)***	0.577 (0.031)***
College degree or more	0.446 (0.022)***	0.587 (0.033)***	0.447 (0.022)***	0.587 (0.033)***	0.461 (0.022)***	0.586 (0.033)***
Never married (Married/cohabitating omitted)		0.097 (0.032)***		0.097 (0.032)***		0.091 (0.032)***
Widowed		0.003 (0.071)		0.003 (0.071)		-0.003 (0.071)
Divorced/separated		0.340 (0.021)***		0.340 (0.021)***		0.334 (0.021)***
Children 6 to 17 only (children 0 to 5 only omitted)		0.334 (0.024)***		0.334 (0.024)***		0.335 (0.024)***
Children 0 to 5 and 6 to 17		-0.112 (0.024)***		-0.111 (0.024)***		-0.112 (0.024)***
Middle Atlantic (Northeast omitted)	-0.133 (0.027)***	-0.133 (0.045)***	-0.143 (0.026)***	-0.133 (0.045)***	-0.138 (0.027)***	-0.133 (0.045)***
E. North Central	-0.158 (0.027)***	-0.018 (0.044)	-0.166 (0.026)***	-0.018 (0.044)	-0.165 (0.026)***	-0.019 (0.044)

Table B6--B. Wage Regressions, with Medicaid and EPHI, cont.

Dependent variable is log of wages, in December 1999 constant dollars

	Early 2000s					
	Wage Equation	Selection: employment	Wage Equation	Selection: employment	Wage Equation	Selection: employment
W. North Central	-0.213 (0.029)***	0.137 (0.047)***	-0.232 (0.028)***	0.137 (0.047)***	-0.225 (0.028)***	0.137 (0.047)***
South Atlantic	-0.209 (0.027)***	-0.053 (0.043)	-0.230 (0.026)***	-0.053 (0.043)	-0.221 (0.026)***	-0.053 (0.043)
E. South Central	-0.299 (0.031)***	-0.118 (0.051)**	-0.320 (0.030)***	-0.118 (0.051)**	-0.309 (0.031)***	-0.119 (0.051)**
W. South Central	-0.258 (0.030)***	-0.194 (0.047)***	-0.274 (0.028)***	-0.194 (0.047)***	-0.267 (0.028)***	-0.195 (0.047)***
Mountain	-0.186 (0.031)***	-0.118 (0.051)**	-0.204 (0.029)***	-0.118 (0.051)**	-0.195 (0.030)***	-0.118 (0.051)**
Pacific	-0.090 (0.027)***	-0.169 (0.045)***	-0.077 (0.026)***	-0.169 (0.045)***	-0.067 (0.027)**	-0.169 (0.045)***
Union member	0.094 (0.013)***		0.092 (0.013)***		0.123 (0.014)***	
Part-time	-0.015 (0.011)		-0.016 (0.011)		-0.076 (0.011)***	
23 dummies for two-digit industries and 14 dummies for two-digit occupations excluded from output, but included in regressions						
Constant	1.999 (0.135)***	-0.279 (0.213)	1.960 (0.135)***	-0.279 (0.213)	1.879 (0.137)***	-0.273 (0.213)
Observations	271935	271935	271935	271935	271935	271935

Robust standard errors in parentheses

* significant at 10%; ** significant at 5%; *** significant at 1%

Table B7-A. Wage Regressions, with Child Care Subsidies

Dependent variable is log of wages, in December 1999 constant dollars

	Spring 1997			
	Wage Equation	Selection: employment	Wage Equation	Selection: employment
Any child care assistance	-0.043 (0.033)			
Child care subsidy in Spring 1997, not Spring 1999 (no child care subsidy in either wave omitted)				
Child care subsidy in both Spring 1997 & 1999				
Child care subsidy in Spring 1999, not 1997				
Receives government help paying for child care			-0.133 (0.040)***	
Gov't child care subsidy in Spring 1997, not Spring 1999 (no Gov't subsidy in either wave omitted)				
Gov't child care subsidy in both Spring 1997 & 1999				
Gov't child care subsidy in Spring 1999, not 1997				
Age	0.034 (0.010)***	0.023 (0.014)	0.034 (0.010)***	0.023 (0.014)
Age squared	-0.000 (0.000)***	-0.000 (0.000)**	-0.000 (0.000)***	-0.000 (0.000)**
African American (white omitted)	-0.017 (0.017)	0.182 (0.029)***	-0.016 (0.017)	0.182 (0.029)***
Hispanic	-0.031 (0.021)	0.146 (0.033)***	-0.031 (0.021)	0.146 (0.033)***
Other race	-0.010 (0.030)	0.182 (0.047)***	-0.011 (0.030)	0.182 (0.047)***
Naturalized citizen (Native omitted)	0.076 (0.029)***	-0.104 (0.049)**	0.075 (0.029)***	-0.104 (0.049)**
Non-citizen	-0.128 (0.027)***	-0.373 (0.039)***	-0.129 (0.027)***	-0.373 (0.039)***
High-school (less than high-school omitted)	0.131 (0.023)***	0.503 (0.034)***	0.131 (0.023)***	0.503 (0.034)***
Some college	0.205 (0.025)***	0.666 (0.034)***	0.205 (0.025)***	0.666 (0.034)***
College degree or more	0.481 (0.030)***	0.837 (0.037)***	0.481 (0.030)***	0.837 (0.037)***
Never married (Married/cohabitating omitted)		-0.034 (0.038)		-0.035 (0.038)
Widowed		-0.026 (0.089)		-0.026 (0.088)
Divorced/separated		0.345 (0.025)***		0.345 (0.025)***
Children 6 to 17 only (children 0 to 5 only omitted)		0.315 (0.026)***		0.315 (0.026)***
Children 0 to 5 and 6 to 17		-0.139 (0.027)***		-0.139 (0.027)***

Table B7-A. Wage Regressions, with Child Care Subsidies, cont.

Dependent variable is log of wages, in December 1999 constant dollars

	Spring 1997			
	Wage Equation	Selection: employment	Wage Equation	Selection: employment
Middle Atlantic (Northeast omitted)	-0.031 (0.033)	-0.146 (0.046)***	-0.030 (0.033)	-0.146 (0.046)***
E. North Central	-0.102 (0.031)***	-0.096 (0.045)**	-0.101 (0.031)***	-0.096 (0.045)**
W. North Central	-0.119 (0.035)***	0.071 (0.049)	-0.117 (0.035)***	0.071 (0.049)
South Atlantic	-0.117 (0.031)***	-0.108 (0.045)**	-0.117 (0.031)***	-0.108 (0.045)**
E. South Central	-0.236 (0.036)***	-0.090 (0.053)*	-0.237 (0.036)***	-0.090 (0.053)*
W. South Central	-0.149 (0.034)***	-0.158 (0.047)***	-0.149 (0.034)***	-0.158 (0.047)***
Mountain	-0.080 (0.037)**	-0.063 (0.053)	-0.080 (0.037)**	-0.063 (0.053)
Pacific	0.030 (0.033)	-0.244 (0.046)***	0.031 (0.033)	-0.244 (0.046)***
Union member	0.220 (0.020)***		0.220 (0.020)***	
Part-time	-0.103 (0.016)***		-0.103 (0.015)***	

23 dummies for two-digit industries and 14 dummies for two-digit occupations excluded from output, but included in regressions

Constant	1.504 (0.192)***	-0.488 (0.259)*	1.510 (0.191)***	-0.487 (0.259)*
Observations	35101	35101	35101	35101

Robust standard errors in parentheses

*significant at 10% **significant at 5%; *** significant at 1%

Table B7-B. Wage Regressions, with Child Care Subsidies

Dependent variable is log of wages, in December 1999 constant dollars

	Spring 1999							
	Wage Equation	Selection: employment	Wage Equation	Selection: employment	Wage Equation	Selection: employment	Wage Equation	Selection: employment
Any child care assistance	-0.034 (0.029)							
Child care subsidy in Spring 1997, not Spring 1999 (no child care subsidy in either wave omitted)					0.018 (0.039)			
Child care subsidy in both Spring 1997 & 1999					0.093 (0.071)			
Child care subsidy in Spring 1999, not 1997					-0.061 (0.030)**			
Receives government help paying for child care			-0.051 (0.038)					
Gov't child care subsidy in Spring 1997, not Spring 1999 (no Gov't child Gov't care subsidy in either wave omitted)							-0.071 (0.066)	
Gov't child care subsidy in both Spring 1997 & 1999							-0.005 (0.098)	
Gov't child care subsidy in Spring 1999, not 1997							-0.062 (0.041)	
Age	0.031 (0.010)***	0.038 (0.015)**	0.032 (0.010)***	0.038 (0.015)**	0.032 (0.010)***	0.038 (0.015)**	0.031 (0.010)***	0.038 (0.015)**
Age squared	-0.000 (0.000)**	-0.001 (0.000)***	-0.000 (0.000)**	-0.001 (0.000)***	-0.000 (0.000)**	-0.001 (0.000)***	-0.000 (0.000)**	-0.001 (0.000)***
African American (white omitted)	-0.012 (0.019)	0.178 (0.033)***	-0.012 (0.019)	0.178 (0.033)***	-0.013 (0.018)	0.177 (0.033)***	-0.011 (0.019)	0.178 (0.033)***

Table B7-B. Wage Regressions, with Child Care Subsidies, cont.

Dependent variable is log of wages, in December 1999 constant dollars

Spring 1999

	Wage Equation	Selection: employment	Wage Equation	Selection: employment	Wage Equation	Selection: employment	Wage Equation	Selection: employment
Hispanic	-0.015 (0.025)	0.105 (0.037)***	-0.015 (0.025)	0.105 (0.037)***	-0.015 (0.025)	0.105 (0.037)***	-0.015 (0.025)	0.105 (0.037)***
Other race	-0.023 (0.038)	0.105 (0.052)**	-0.023 (0.038)	0.105 (0.052)**	-0.024 (0.038)	0.105 (0.052)**	-0.023 (0.038)	0.105 (0.052)**
Naturalized citizen (Native omitted)	0.065 (0.038)*	-0.051 (0.055)	0.065 (0.038)*	-0.051 (0.055)	0.067 (0.038)*	-0.051 (0.055)	0.065 (0.038)*	-0.051 (0.055)
Non-citizen	-0.146 (0.031)***	-0.205 (0.042)***	-0.146 (0.031)***	-0.205 (0.042)***	-0.146 (0.031)***	-0.205 (0.042)***	-0.147 (0.031)***	-0.205 (0.042)***
High-school (less than high-school omitted)	0.145 (0.030)***	0.495 (0.037)***	0.145 (0.030)***	0.495 (0.037)***	0.145 (0.030)***	0.495 (0.037)***	0.145 (0.031)***	0.495 (0.037)***
Some college	0.247 (0.035)***	0.622 (0.037)***	0.247 (0.035)***	0.622 (0.037)***	0.247 (0.035)***	0.622 (0.037)***	0.247 (0.035)***	0.622 (0.037)***
College degree or more	0.514 (0.043)***	0.785 (0.040)***	0.514 (0.043)***	0.785 (0.040)***	0.514 (0.043)***	0.785 (0.040)***	0.514 (0.043)***	0.784 (0.040)***
Never married (Married/cohabitating omitted)		0.161 (0.041)***		0.161 (0.041)***		0.162 (0.041)***		0.160 (0.041)***
Widowed		-0.147 (0.104)		-0.147 (0.104)		-0.148 (0.104)		-0.147 (0.104)
Divorced/separated		0.359 (0.029)***		0.359 (0.029)***		0.360 (0.028)***		0.359 (0.028)***
Children 6 to 17 only (children 0 to 5 only omitted)		0.294 (0.030)***		0.294 (0.030)***		0.294 (0.030)***		0.294 (0.030)***
Children 0 to 5 and 6 to 17		-0.061 (0.031)*		-0.061 (0.031)*		-0.060 (0.031)*		-0.061 (0.031)**
Middle Atlantic (Northeast omitted)	-0.103 (0.036)***	-0.219 (0.051)***	-0.104 (0.036)***	-0.219 (0.051)***	-0.102 (0.036)***	-0.219 (0.051)***	-0.105 (0.035)***	-0.219 (0.051)***
E. North Central	-0.180 (0.033)***	-0.151 (0.049)***	-0.181 (0.033)***	-0.151 (0.049)***	-0.180 (0.033)***	-0.151 (0.049)***	-0.183 (0.033)***	-0.151 (0.049)***

Table B7-B. Wage Regressions, with Child Care Subsidies, cont.
 Dependent variable is log of wages, in December 1999 constant dollars

	Spring 1999							
	Wage Equation	Selection: employment	Wage Equation	Selection: employment	Wage Equation	Selection: employment	Wage Equation	Selection: employment
W. North Central	-0.219 (0.037)***	0.022 (0.054)	-0.219 (0.037)***	0.022 (0.054)	-0.218 (0.037)***	0.022 (0.054)	-0.221 (0.037)***	0.022 (0.054)
South Atlantic	-0.189 (0.033)***	-0.097 (0.049)**	-0.189 (0.033)***	-0.097 (0.049)**	-0.188 (0.033)***	-0.097 (0.049)**	-0.191 (0.033)***	-0.097 (0.049)**
E. South Central	-0.286 (0.036)***	-0.181 (0.058)***	-0.287 (0.036)***	-0.181 (0.058)***	-0.285 (0.036)***	-0.181 (0.058)***	-0.289 (0.036)***	-0.181 (0.058)***
W. South Central	-0.219 (0.035)***	-0.223 (0.053)***	-0.220 (0.035)***	-0.223 (0.053)***	-0.219 (0.035)***	-0.223 (0.053)***	-0.222 (0.035)***	-0.223 (0.053)***
Mountain	-0.181 (0.038)***	-0.146 (0.058)**	-0.182 (0.038)***	-0.146 (0.058)**	-0.181 (0.038)***	-0.146 (0.058)**	-0.182 (0.038)***	-0.146 (0.058)**
Pacific	-0.065 (0.035)*	-0.253 (0.051)***	-0.065 (0.035)*	-0.252 (0.051)***	-0.065 (0.035)*	-0.253 (0.051)***	-0.066 (0.035)*	-0.253 (0.051)***
Union member	0.182 (0.022)***		0.181 (0.022)***		0.182 (0.022)***		0.181 (0.022)***	
Part-time	-0.086 (0.016)***		-0.085 (0.016)***		-0.085 (0.016)***		-0.086 (0.016)***	

23 dummies for two-digit industries and 14 dummies for two-digit occupations excluded from output, but included in regressions

Constant	1.514 (0.236)***	-0.789 (0.285)***	1.510 (0.236)***	-0.789 (0.285)***	1.500 (0.236)***	-0.792 (0.285)***	1.514 (0.236)***	-0.787 (0.285)***
Observations	29072	29072	29072	29072	29072	29072	29072	29072

Robust standard errors in parentheses

*significant at 10% **significant at 5%; *** significant at 1%

Table B7-C. Wage Regressions, with Child Care Subsidies
 Dependent variable is log of wages, in December 1999 constant dollars

	Springs 1997 & 1999				Spring 2002			
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	Wage Equation	Selection: employment	Wage Equation	Selection: employment	Wage Equation	Selection: employment	Wage Equation	Selection: employment
Any child care assistance	-0.036 (0.022)				-0.090 (0.028)***			
Child care subsidy in Spring 1997, not Spring 1999 (no child care subsidy in either wave omitted)								
Child care subsidy in both Spring 1997 & 1999								
Child care subsidy in Spring 1999, not 1997								
Receives government help paying for child care			-0.078 (0.030)***				-0.172 (0.036)***	
Gov't child care subsidy in Spring 1997, not Spring 1999 (no Gov't child care subsidy in either wave omitted)								
Gov't child care subsidy in both Spring 1997 & 1999								
Gov't child care subsidy in Spring 1999, not 1997								
Age	0.032 (0.008)***	0.030 (0.012)**	0.032 (0.008)***	0.030 (0.012)**	0.030 (0.011)***	-0.015 (0.016)	0.028 (0.011)**	-0.014 (0.016)
Age squared	-0.000 (0.000)***	-0.001 (0.000)***	-0.000 (0.000)***	-0.001 (0.000)***	-0.000 (0.000)*	0.000 (0.000)	-0.000 (0.000)*	0.000 (0.000)

Table B7-C. Wage Regressions, with Child Care Subsidies, cont.

Dependent variable is log of wages, in December 1999 constant dollars

	Springs 1997 & 1999				Spring 2002			
	Wage Equation	Selection: employment	Wage Equation	Selection: employment	Wage Equation	Selection: employment	Wage Equation	Selection: employment
African American (white omitted)	-0.016 (0.014)	0.179 (0.027)***	-0.015 (0.014)	0.179 (0.027)***	-0.046 (0.020)**	0.234 (0.034)***	-0.043 (0.020)**	0.235 (0.034)***
Hispanic	-0.021 (0.020)	0.129 (0.031)***	-0.021 (0.020)	0.129 (0.031)***	-0.037 (0.025)	0.143 (0.037)***	-0.038 (0.025)	0.143 (0.037)***
Other race	-0.017 (0.027)	0.144 (0.044)***	-0.017 (0.027)	0.144 (0.044)***	-0.054 (0.039)	0.125 (0.050)**	-0.053 (0.039)	0.125 (0.050)**
Naturalized citizen (Native omitted)	0.070 (0.028)**	-0.081 (0.046)*	0.070 (0.028)**	-0.081 (0.046)*	0.059 (0.036)	-0.169 (0.050)***	0.058 (0.036)	-0.169 (0.050)***
Non-citizen	-0.131 (0.024)***	-0.285 (0.036)***	-0.131 (0.024)***	-0.285 (0.036)***	-0.067 (0.032)**	-0.392 (0.042)***	-0.065 (0.032)**	-0.392 (0.042)***
High-school (less than high-school omitted)	0.134 (0.020)***	0.499 (0.031)***	0.134 (0.020)***	0.499 (0.031)***	0.150 (0.029)***	0.415 (0.040)***	0.149 (0.029)***	0.414 (0.040)***
Some college	0.223 (0.022)***	0.644 (0.031)***	0.223 (0.022)***	0.644 (0.031)***	0.249 (0.032)***	0.601 (0.040)***	0.246 (0.032)***	0.601 (0.040)***
College degree or more	0.494 (0.026)***	0.809 (0.034)***	0.494 (0.026)***	0.809 (0.034)***	0.538 (0.037)***	0.591 (0.043)***	0.536 (0.037)***	0.591 (0.043)***
Never married (Married/cohabitating omitted)		0.064 (0.034)*		0.064 (0.034)*		0.125 (0.043)***		0.124 (0.043)***
Widowed		-0.092 (0.077)		-0.093 (0.077)		-0.038 (0.108)		-0.038 (0.108)
Divorced/separated		0.353 (0.022)***		0.353 (0.022)***		0.361 (0.031)***		0.360 (0.031)***
Children 6 to 17 only (children 0 to 5 only omitted)		0.304 (0.023)***		0.304 (0.023)***		0.381 (0.030)***		0.380 (0.030)***
Children 0 to 5 and 6 to 17		-0.102 (0.023)***		-0.102 (0.023)***		-0.069 (0.032)**		-0.070 (0.032)**
Middle Atlantic (Northeast omitted)	-0.066 (0.028)**	-0.186 (0.044)***	-0.066 (0.028)**	-0.186 (0.044)***	-0.144 (0.043)***	-0.058 (0.057)	-0.140 (0.043)***	-0.058 (0.057)

Table B7-C. Wage Regressions, with Child Care Subsidies, cont.
 Dependent variable is log of wages, in December 1999 constant dollars

	Springs 1997 & 1999				Spring 2002			
	Wage Equation	Selection: employment	Wage Equation	Selection: employment	Wage Equation	Selection: employment	Wage Equation	Selection: employment
E. North Central	-0.141 (0.027)***	-0.124 (0.042)***	-0.141 (0.027)***	-0.124 (0.042)***	-0.183 (0.043)***	0.043 (0.056)	-0.179 (0.043)***	0.043 (0.056)
W. North Central	-0.170 (0.030)***	0.044 (0.047)	-0.169 (0.030)***	0.044 (0.047)	-0.265 (0.044)***	0.174 (0.060)***	-0.262 (0.044)***	0.174 (0.060)***
South Atlantic	-0.153 (0.027)***	-0.103 (0.042)**	-0.153 (0.027)***	-0.103 (0.042)**	-0.228 (0.042)***	0.028 (0.055)	-0.228 (0.042)***	0.028 (0.055)
E. South Central	-0.258 (0.030)***	-0.136 (0.050)***	-0.259 (0.030)***	-0.136 (0.050)***	-0.334 (0.049)***	0.008 (0.065)	-0.332 (0.049)***	0.008 (0.065)
W. South Central	-0.183 (0.029)***	-0.192 (0.045)***	-0.183 (0.029)***	-0.192 (0.045)***	-0.275 (0.045)***	-0.045 (0.059)	-0.272 (0.045)***	-0.045 (0.059)
Mountain	-0.130 (0.031)***	-0.105 (0.050)**	-0.131 (0.031)***	-0.105 (0.050)**	-0.239 (0.047)***	-0.004 (0.064)	-0.236 (0.047)***	-0.004 (0.064)
Pacific	-0.015 (0.028)	-0.250 (0.044)***	-0.015 (0.028)	-0.250 (0.044)***	-0.072 (0.043)*	-0.079 (0.057)	-0.068 (0.043)	-0.079 (0.057)
Union member	0.201 (0.017)***		0.200 (0.017)***		0.116 (0.025)***		0.114 (0.025)***	
Part-time	-0.094 (0.013)***		-0.094 (0.012)***		-0.070 (0.018)***		-0.070 (0.018)***	

23 dummies for two-digit industries and 14 dummies for two-digit occupations excluded from output, but included in regressions

Constant	1.530 (0.160)***	-0.634 (0.228)***	1.529 (0.160)***	-0.633 (0.228)***	1.832 (0.251)***	-0.007 (0.296)	1.854 (0.251)***	-0.008 (0.296)
Observations	64173	64173	64173	64173	27186	27186	27186	27186

Robust standard errors in parentheses

*significant at 10% **significant at 5%; *** significant at 1%