

# The Impact of Tax Credits on Labour Supply

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October 2006

## Abstract

One of the principle aims of the Working Families' Tax Credit in the UK was to increase the participation of those with low labour market attachment. The literature to date concludes that for lone mothers there was approximately a 5% point increase in employment. The differences-in-differences methodology that is typically used compare lone mother with single women without children. However, the characteristics of these groups are both observably and unobservably different, such that the identifying assumption may not be satisfied. We find that when we control for differential trends between people with and without children, the employment effect of Working Families' Tax Credit falls significantly. Moreover, by looking at movements in the hour's distribution, it is clear that any Working Families' Tax Credit effect is solely borne on those working full-time (30 hours or more). Another concern is that we find that the policy did not induce people into the labour market from inactivity.

**JEL classification:** H24, I38, C14, J22

**Keywords:** Tax Credits, Differences-in-differences, Lone Mothers

## 1 Introduction

In October 1999, the Working Families' Tax Credit (WFTC) was introduced in the United Kingdom with the intension to "make work pay" for families with children and to encourage labour market participation amongst the low skilled. This minimum hours based income supplement was not an innovative policy but it was much more generous compared with it's predecessor (Family Credit) and it extended further up the wage distribution. Spending on WFTC corresponded to £6.3 billion in 2002/03 compared with only £2.3 billion under Family Credit in 1998/9. Eligibility for WFTC was contingent on working a minimum of 16 hours in the household, the presence of children, having a "low" household income<sup>1</sup> and having financial assets below

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<sup>1</sup>Given the October 1999 criteria, families with a net income below £92.90 would receive the maximum amount of WFTC and it would then be tapered at 55%.

£8,000. Although the amount of WFTC varied a great deal with the number and age of children, on average a lone parent household received £91.98 in 2002, compared with £59.48 in 1998 and coupled households received, on average £80.79 in 2002, compared with £59.15 in 1998.

The magnitude and the popularity of this tax credit policy induced a number of studies on the labour supply impact of WFTC (Blundell et al (2005), Brewer et al (2005), Leigh (2005), Francesconi et al (2004))<sup>2</sup>. Although the methodology and data used varied, they all concluded that WFTC had a positive impact on the labour market employment of lone parents. According to Brewer and Browne (2006), who composed an overview of the literature, the overall conclusion was that the generosity of the in-work credit system induced lone mothers to increase their participation in the labour market by 5 percentage points. When looking at couples with children (in a two-earner household) there was a negative effect of WFTC.

The literature focuses its attention on looking at the labour market impact of WFTC on lone parents as they were one of the biggest beneficiaries of the tax credit policy. The government targeted this group in particular as it became apparent that there was a shift in the composition of the lowest decile of the income distribution from pensioners to families of working age and lone parents in particular (Goodman (2001)). Figure 1 highlights the differences in income between different family types. Moreover, by looking at the cross country employment rates of lone mothers in Figure 2, it is clear that the UK has one of the lowest.

Besides Brewer et al (2005), all of the studies on WFTC have used the differences-in-differences (DID) methodology to evaluate WFTC using single women without children as the control group for the treatment group of lone mothers. This technique relies on the assumption that the comparison group is a sufficiently close match, such that after taking the DID the remaining effect can be considered as the impact of the policy alone on the treated group<sup>3</sup>. However, using single women without children as the comparison group is not entirely convincing, not only because they are obviously observably and unobservably different, but also when one looks closely at the pre-trend differences between the two groups. Figure 3 plots the employment rates of single women without children and lone mothers and we can see that there is an increasing trend in the employment rate of lone mothers since the mid-1990s, while the level for single childless women has been high and has remained fairly flat over the same period. In particular, over the period 1996 to 1999<sup>4</sup> employment rates increase by 6.5% for lone mothers and only 1.6% for single childless women. From this we may be concerned that the labour supply estimates are somewhat upward biased. Moreover, there is no noticeable spike with the introduction of WFTC and after 2000, increases in employment flatten even though there were increases in the basic tax credit each year from 2000 to 2003. The changes in the basic rate are shown in Figure 4. In particular, on introduction in 1999, the basic rate was £52.30 and this increased to

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<sup>2</sup>Another important contribution to the literature is Gregg et al (2003). However, the authors study the impact of a range of policies introduced after New Labour came into office in 1997 on labour supply.

<sup>3</sup>Even when using structural model (Brewer et al (2005)) the same assumptions innately apply, since the models are used to simulate the impact of WFTC using data from before the introduction of WFTC. The analysis is done on the assumption that levels of the utility cost of receiving in-work support are constant and, in particular, no attempt is made to estimate the impact of other changes (besides tax and benefits) affect parents.

<sup>4</sup>the period frequently used as the "pre-treatment period".

£62.50 by April 2002, however employment rates for lone mothers only increased by 0.8%.

Another question that one may ask is whether the policy induced people to work a certain number of hours or to alter the number of hours they worked. Since WFTC was contingent on working at least 16 hours, we may expect there to be a spike at the 16 hours point. In addition, since the policy offered a bonus if the claimant worked 30 hours or more, we may expect some change here. If we look at Figure 5a we notice that there is a small increase around this mark for lone mothers after the policy introduction, while the hours distribution for single women with no children in Figure 5b remains relatively unchanged. In addition there seems to be a small increase at the 30 hour point. However, the changes in the distribution are very small and continuous<sup>5</sup>. This continuous movement of working 16 or more hours can be seen more clearly in Figures 6b and 6c, which show the employment rate of those working 16-29 hours and 30 or more hours, respectively. This again highlights important differences in the treatment and control groups.

The aim of this paper is to address the concern of the suitability of the control group and to see how the results change when we control for group specific differential trends. Moreover, we look to see where (along the hours distribution) the change occurs and from which labour market states do lone mothers enter into employment. Overall, we find three key results: First, when we allow for differential trends, the effect of WFTC on employment falls to 1.7% points, considerably lower than the literature's estimate of 5% points. Second, we find that this effect is borne solely on those working full time (30 hours or more). Finally, the policy change had no effect on those who were inactive. We extend our analysis to look more closely at the movements in the relative rates of return of important covariates between 1993 and 2003. In particular we focus on the child (treatment) covariates, which confirms the fall in the relative difference between having children and not having children on the probability of entering into employment.

These results offer valuable insight into two key issues: Firstly, the effectiveness of policy and secondly, the design of the policy. In particular, they imply that the increase in participation was greatly exaggerated when the differential trends between treatment and control groups are not accounted for. Moreover, the policy was not as well targeted as initially considered, given that any increase to employment was solely borne on those who work 30 or more hours, while those who were inactive were unaffected by the policy.

The rest of the paper is structured as follows: Section 2 gives a brief description of the tax credit reform, Section 3 discusses the difference-in-difference methodology and describes initial concerns with regard to both the treatment and control groups. In Section 4 we discuss the data and main descriptive statistics of the treatment and control groups. Section 5 provides the empirical framework of the basic specification and trend specific specification for employment and hours. In Section 6 we continue our evaluation by looking at the movements in coefficients over time. Section 7 discusses the implications of these results and tries to understand why we observe the increases in lone parent employment rates before WFTC. Finally, Section 8

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<sup>5</sup>See Table A1, which shows more clearly the movements in the hours distribution over time.

concludes.

## **2 The Structure of the WFTC Reform**

Since the early 1970s systems of support for working families with dependent children have operated in the UK. Although there were some structural reforms over the years, the eligibility criteria was generally based on the family income being below a certain level, the presence of children and a low household savings rate. The introduction of the Working Families' Tax Credit (WFTC) in October 1999 was modelled on the US tax credit system, the Earned Income Tax Credit. There were two distinctive features between its predecessor, Family Credit (FC), and WFTC. Firstly, it was much more generous. The four ways in which the generosity of WFTC exceeded FC were that: there was an increase in the credit for children under 11 years old from £12.35 to £14.85 per child; there was an increase in the threshold from £79 to £92.90 per week; there was a reduction in the taper from 70% to 55% and a childcare credit of 70% of actual childcare costs up to £150 per week. Figure 7 shows these relative changes. It can be seen that those who would gain the most were those people who were just at the end of the taper under FC, as they were previously ineligible and now eligible. In addition, those with a net income between £79 and £92.90 move from being on the taper to receiving maximum support and those who remain on the taper following the introduction of WFTC see their withdrawal rate fall from 70% to 55%.

Secondly, while Family Credit was paid directly as a cash benefit, WFTC was paid through the wage packet by the employer (who were reimbursed by the Inland Revenue). This was an attractive move because it became more convenient to distribute and it reduced the stigma attached to the tax credit for being a welfare benefit. In April 2000, the eligible claimant would claim the approximate tax credit from the Inland Revenue, who would work out the amount of tax credit payable. The Inland Revenue would then notify the relevant employer of the amount of tax credit to be paid and the employer would pay the tax credit out of the tax and National Insurance contribution that they would otherwise have forwarded to the Inland Revenue.

## **3 Difference-in-difference Estimation**

### **3.1 The Treatment Group: Lone Mothers**

The number of lone parents increased from 0.5 million in the early 1970s to 1.5 million by 1997, representing 25% of all families with children (see McKnight (2005)). However, this rise in the number of lone parents was coupled by a fall in their employment rate from 50% to 40% over a similar period. Although some of these changes could be attributed to changes in composition and to demographic factors, there was a need

for active support for this group. The number of workless households rose to 3.2 million by 1997, accounting for 18% of the working age households and around a quarter were lone parent households (see Gregg & Harkness (2003)).

The introduction of WFTC was designed to tackle the lack of work incentive amongst this group. The tax credit policy offered a financial incentive for parents to find and remain in employment for over 16 hours a week. The structure of the tax credit was such that it incorporated a basic tax credit of £62.50 (in 2002/3) for those working more than 16 hours, plus an additional supplement per child (£26.45 for children aged under 16 and £27.20 for those aged 16-18). Overall WFTC increased the average benefit payable to lone parents from £58 a week in 1997 to £92 by 2002. By 2002, 737,000 lone parents received WFTC compared with only 341,400 receiving Family Credit in 1997.

Figure 8 shows how WFTC changed the budget constraint of a lone mother with one child. The reform clearly unambiguously enhances the probability of participation as the financial returns to working more than 16 hours are greater after the reform. However, the complexity of the budget constraint and the interaction with other taxes and benefits imply that the overall impact of WFTC on the labour participation of lone mothers is not entirely obvious. Blundell et al (2000) highlight there was a potential problem that the increase in net income was small below 25 hours of work due to the interaction of WFTC and Housing Benefit. For higher hour levels, the reduction in the WFTC taper starts to increase the returns to working. For those already working, the labour supply response to the introduction of WFTC was less clear because the marginal tax rate is unambiguously reduced at all hours under the reform, though even with WFTC it remains high (70%). This increased the price of non-market time, causing individuals to consume less non-market time and therefore increase their hours of work (standard substitution effect). The income effect would be negative, however (assuming that non-market time is a normal good).

The second cause for concern arises when we look at the evolution of the lone mother employment rates at more than zero hours in Figure 9. It can be seen that between 1992 and 2002 the employment rate has increased from 42% to 53% and there is no obvious spike after October 1999, which would allow us to attribute the increase in labour supply to be due to the change in tax credit policy. Moreover, the basic tax credit increased every year after its introduction and yet the increases in employment stop in 2000. In particular, the basic rate of WFTC at introduction was £52.30 and by 2003, when WFTC was replaced by the Working Tax Credit and Child Tax Credit, the rate stood at £62.50. Several authors have acknowledged this trend but while some have dismissed it as a temporary phenomena which would not have continued after 1998 (Leigh (2005), Blundell et al (2005)), others claim it was an "anticipation" effect (Francesconi et al (2004)). Neither claims are entirely convincing, in particular there is little evidence (or financial gain) to suggest that lone mothers would benefit from entering into employment almost 2 years prior to the introduction of WFTC. We discuss this in more detail in Section 7.

Finally, there were various tax and benefits reforms in the late 1990s that targeted lone mothers and it is, therefore, difficult to say if these policies had more or less impact on the employment rate of lone mothers compared with WFTC. As Gregg and Harkness (2003) point out, the introduction of other policies directed at the low skilled and/or families with children also impacted the employment rates of lone mothers. Moreover, given the timing of these policies it is not possible to disentangle the effects to see if the policies were jointly or separately significant. In particular the two policies most relevant policies, which targeted low skilled groups to enter the labour market, were the National Minimum Wage and the New Deal for Lone Parents. The National Minimum Wage was introduced in April 1999, six months prior to WFTC to reduce the growing dispersion in wages in the UK (Dickens and Manning (2002)). The New Deal for Lone Parents, introduced in 1998, offered job-search assistance<sup>6</sup> to lone parents in receipt of Income Support with children under 16<sup>7</sup>.

Overall, the concern is that it is not clear that WFTC had an unambiguous effect of increasing the employment of lone mothers. In particular, we need to be sure that the methodology used can control for sure complexities. In the analysis that follows we will concentrate on the first two concerns, since trying to disentangle WFTC from other policies in the same period is difficult, if not impossible.

### 3.2 The Control Group: Single Women without Children

The evaluation problem is to identify the effect of WFTC on the employment of lone mothers. Following Eissa and Leibman (1996), who evaluate the Earned Income Tax Credit (EITC) in the US, all of the literature (with the exception of Brewer et al (2005)), evaluates WFTC using the differences-in-differences methodology.

The simple idea of the differences-in-differences (DID) estimator is to measure the growth in the outcome variable of the treated compared with the non-treated. The estimator compares the pre-programme period,  $t_0$ , and post-programme period,  $t_1$  :

$$\hat{\alpha} = (\bar{Y}_{t_1}^T - \bar{Y}_{t_0}^T) - (\bar{Y}_{t_1}^C - \bar{Y}_{t_0}^C) \quad (1)$$

Where  $\bar{Y}^T$  and  $\bar{Y}^C$  are the mean outcome for the treatment and control groups, respectively. However an important assumption (relevant for our evaluation) that must hold is that the macro effect must have the same impact across the treatment and control groups. If there are differential impacts it must be that the two groups have some characteristics that distinguish them and make them react differently to common macro shocks.

It is therefore of key importance what control group is chosen. The control group must be as similar

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<sup>6</sup>Where the lone parent would meet a personal advisor every two weeks and receive advice on job vacancies, in-work benefit, childcare arrangement, training and job search techniques.

<sup>7</sup>The government also launched New Deal programs for young people (18-24), those aged over 25 who had been unemployed for more than six months, those in couples whose partner had been unemployed for more than six months, people aged over 50 and those who were disabled.

to the treatment group as possible in all dimensions other than that of eligibility. Most of the literature (Blundell et al (2005), Leigh (2005), Francesconi et al (2004), Gregg et al (2003)) use people without children as a comparison group when evaluating WFTC. In particular, the changing employment outcome of lone mothers is compared with single, childless women. The assumption made, as pointed out by Eissa et al (1996), is that DID controls for any contemporaneous shocks to labour force participation of single women with children through the changes in participation for the control group.

However by looking at Figure 3, we can see that this comparison group violates the DID condition of having the same underlying trend in the pre-treatment period. We can see that while the employment of single women without children is high and has remained steady, the employment rate of lone mothers has been steadily increasing. Table 1, which gives the descriptive statistics of these two groups in the period before the introduction, reinforces this concern. One important distinction is that 22% of single women are highly qualified compared with only 6% of lone mothers, where as only 5% of single women have no qualifications, compared with 13% of lone mothers<sup>8</sup>.

One possibility may be that low educated single childless women would be a better comparison group for lone mothers. However, by close inspection of the movements in the employment rates of low educated single childless women, we find that the trends are very similar to that of all single childless women. In Figures A1 and A2 we plot the employment rates for low educated single childless women against lone mothers and low educated lone mothers, respectively, and find little similarity in pre-WFTC trends.

There are two obvious concerns which must be addressed: (1) the differential trend, which is probably common to all people with children and (2) the big differentials in observable characteristics. In the analysis that follows we tackle these issues using the DID methodology and by close inspection of changes in covariates over time.

## 4 Data

The empirical investigation is done using the UK's Quarterly Labour Force Survey (LFS). The LFS is a representative survey of households in the UK, with sample sizes of around 60,000 per quarter and information on individuals, households and families. We use data from 1993 quarter 1 (March-May) to 2003 quarter 1 (March-May), inclusive. The dataset contains information on hours of work, labour market activity and a variety of control variables needed for the analysis. In particular, the region of residence, age, highest qualification, ethnicity, the presence of children, the number of children and the age of the youngest child in the household<sup>9</sup>. The sample is restricted to single women aged between 18 and 60 years old. Women in full-time education, sick/disabled or on government training programmed are removed from the sample.

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<sup>8</sup>More description of the descriptive statistics are given in Section 4.

<sup>9</sup>The variable used to work out the age of the youngest child in the family is only available from Spring 1995. However, it is possible to construct it from other variables, as we do here.

The resulting sample size, after pooling all 41 quarters, is approximately 366,500.

Table 1 presents the summary statistics for single women without children in the first column and for lone mothers in the second column. There are some clear differences between the two groups. Lone mothers tend to be on average younger than single women without children (24.2 years versus 27.7 years), they are more likely to be non-white (7% versus 4%). A particular cause for concern is that lone mothers are less educated, a higher proportion have no qualifications (13% versus 5%) and a smaller proportion are highly qualified (6% versus 22%). Another worrying distinction is the observable differences in the employment behaviour if the two groups. Lone mothers are likely to work on average 24.4 hours of week compared with single childless women who work on average 35.8 hours a week. Compared with single childless women, lone mothers have a higher probability of being unemployed and inactive (10% versus 7.9% and 34.1% versus 8.5%, respectively). Overall, lone mothers are less likely to be employed, 48.8% relative to 82.8% of single childless women. When looking at the hours distribution, lone mothers have a higher probability of working part-time: there are 15.7% of lone mothers working between 0-15 hours compared with only 9% of single childless women and 11.4% working 16-29 hours compared with only 7.2% of single childless women. Finally, only 22.3% of lone mothers work more than 30 hours compared with 66.7% of single childless women.

## 5 Evaluation I

### 5.1 Basic Analysis

The DID approach is commonly used in the literature to evaluate tax credit programmes (see Eissa and Leibman (1996), Blundell et al (2005), Francesconi et al (2004), Leigh (2004)). In addition, it is recognised that it is important to control for demographic characteristics, such that the simple DID analysis is extended to a regression based method. As highlighted by Eissa et al (1996), this method reduces the residual variance of the regression and leads to a more efficient estimate.

Following Eissa et al (1996), we estimate the a probit equation:

$$\Pr(emp_{it} = 1) = \Phi(\beta_0 + \mathbf{X}'_{it}\beta_1 + \beta_2 t + \beta_3 KID_i + \beta_4 Post1999_t + \gamma(KID * Post1999)_{it}) \quad (2)$$

Where  $emp$  is a dummy equal to one if a women reported working at least one hour. The vector of  $\mathbf{X}$  characteristics includes the region of residence, age (and higher order age squared and age cubed), highest qualification, ethnicity, the presence of children, the number of children and the age of the youngest child in the household. Following Blundell et al (2005) we use a real deseasonalised GDP series,  $t$ , to control for the general economic conditions and so it can be interpreted as acting as a general time trend; we also include seasonal controls. The time trend and the individual characteristics will control for the observable differences in the characteristics of the treatment and control group that affect the level of employment. The

*KID* variable simply denotes a dummy variable that is equal to one if the individual is a lone mother and zero otherwise. Unobservable differences are expected to be picked up here and we would expect that the coefficient,  $\beta_3$ , will be negative if lone mothers have a lower employment rate than single childless women, even after controlling for children<sup>10</sup>. The *Post1999* is a dummy equal to one for any quarter after Spring 2000. The coefficient,  $\beta_4$ , reflects the change in employment for both treatment and control groups post-WFTC introduction until Spring 2003<sup>11</sup>. Finally, we construct a variable that will capture the treatment effect by interacting the post-WFTC, *Post1999*, variable with an indicator for the presence of children, *KID*. We are therefore implicitly testing that  $\gamma$ , the coefficient on the interaction term between *Post1999* and *KID* is greater than zero. Our regression results in what follows are obtained from using data from the first quarter of 1993 to the first quarter of 2003. To allow for the individuals to adapt to the introduction of WFTC, we drop observations from Summer 1999 to Spring 2000, as done by Blundell et al (2005).

Table 2 presents the marginal effects of the above specifications. Column 1 shows the results for those aged 18 years and over and column 2 presents the results for those aged 21 or over. The estimate of the treatment effect in column 1 suggests that WFTC raised employment by 3.6% points. This result is identical to that of Blundell et al (2005) who run a similar specification using LFS data from 1996 to 2002, inclusive. When looking at those aged over 21, the result is stronger at 4.2% points. These results are significant at the 1% level and comply with the results in the literature, which average at 5% points<sup>12</sup>.

The other covariates in this regression strongly suggest that having children are an important factor in determining the probability of working. For example, having three or more children reduces the probability of working by 39% relative to those with no children. In addition, having children under the age of 5 years reduces the probability of working by 22%. Finally, the probability of working monotonically falls as the level of qualifications fall and non-whites are less likely to work.

However the specification used here makes two very big assumptions. Firstly, it assumes that the coefficient on the child dummy variable remains constant before the introduction of WFTC. Secondly, it assumes that the coefficients on other key covariates remain the same before *and* after the introduction of WFTC. In other words, we do not allow for any relative changes in the rates of return of covariates between lone mothers and single women without children. In effect, a violation of these two assumptions would lead to the interaction term (between the child dummy variable and the post WFTC period) picking up the effect of these changes in the coefficients and would bias our estimates of treatment effect.

In the analysis that follows we look carefully at both of these possibilities. In addition, we look closely to see *who* is affected by the policy change. More specifically, we look to see where along the hours distribution the strongest impact of WFTC lies. We also look at the impact of WFTC on different labour market states

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<sup>10</sup>In the analysis we break out this *KID* category even further by using the number of children. The omitted category is no children and we include the categories: 1 child, 2 children and 3 or more children.

<sup>11</sup>In April 2003, WFTC was replaced by The Working Tax Credit and Child Tax Credit.

<sup>12</sup>See Brewer et al (2006) for more details.

to see if lone mothers are being drawn from inactivity and/or if they are increasing overall participation (with increases in unemployment).

## 5.2 Controlling for Differential Trends

In Section 3.1, we looked at the time-series movements in the employment rates of lone mothers relative to single childless mothers and it was clear that there were differential trends in employment rates. The traditional DID analysis fails to allow for these differences. We therefore extend our DID analysis to allow for the possibility of differential trends between women with children and those without children:

$$\Pr(emp_{it} = 1) = \Phi(\beta_0 + \mathbf{X}'_{it}\boldsymbol{\beta}_1 + (\eta_1 + \eta_2 KID_i)t + \beta_3 KID_i + \beta_4 Post1999_t + \gamma(KID * Post1999)_{it}) \quad (3)$$

We allow for differential trends between our control and treatment groups by interacting the  $KID$  with the time trend,  $t$ . It can be seen that without controlling for this difference, the treatment effect would be biased upwards:

$$E[\gamma|X, .] = \gamma + \eta_2(k + k') > \gamma \quad (4)$$

Where  $(k + k')$  represents the average number of periods between the post-WFTC and pre-WFTC period observations<sup>13</sup>.

The results presented in Table 3 show that once we control for differential trends for women with children and women without children, the impact of WFTC on employment fall to 1.7-1.8% points. All other covariates give a quantitatively similar picture as Table 2, when we do not include the differential trend.

These results are of paramount importance as they imply that the effectiveness of WFTC have been exaggerated. The acclaimed increase of 5% points in employment induced by WFTC is very much reflective of the changes in the trend of lone mothers increased attachment to the labour market. In Section 6 we look closer at the effect of the presence of children on employment over the period 1993 to 2003.

## 5.3 Hours Distribution Effect

Another important concern relates to our understanding of which part of the hours distribution was affected by the introduction of WFTC. Given that there was a 16 hour minimum work requirement for WFTC, one would expect that the impact of WFTC falls on those working at least 16 hours. We look closer at this possibility by looking at the employment probability to work less than 16 hours (0-15 hours); to work part-time (16-29 hours) and to work full-time (30 hours or more).

<sup>13</sup>Francesconi et al (2004) also control for differential trends, however they use the British Household Panel Survey which is annual data and so quarterly changes cannot be incorporated.

We run the same specification as we did for employment in Section 5.2 and the results are reported in Table 4. The first column of each group of hours reports the results without controls for differential trends. As one might expect, there are no significant effects on those working less than 16 hours (the hours threshold), there is a 3.8% points increase in the probability of working between 16 and 29 hours and there is a 1.8% points increase in the probability of working more than 30 hours.

When we control for the differential trends, the only treatment effect that remains significant is on those working more than 30 hours. We find that there is a 1.3% points effect on working full-time, at the 10% significance level. This is a very interesting result as it is consistent with the predictions laid out in Section 3.1, which reported that the net income increase from WFTC was small below 25 hours of work due to interactions of WFTC with other taxes and benefits.

These results questions whether the policy was designed well. Given that the policy targeted those with no labour market attachment, one would expect that this group would be more attracted to working part-time. In addition one might expect that those who chose to work 30 hours were probably those in work before and may have simply increased their number of hours of work. In the next section we look to see whether WFTC induced an increase into employment by those previously inactive.

## 6 Evaluation II

### 6.1 Changes in Coefficients over time

The results in the previous section imply that once we control for the differential trends between single childless women and lone mothers, the effect of WFTC falls from 4.2% to 1.7% points, moreover by looking along the hours distribution we find that the impact is solely attributed to those working full-time.

These results raise questions relating to how the child (treatment) coefficient has changed over period 1993 to 2003. In conjunction with this, it is also important to look closer at the movements of the other (relative) covariates over the same time period. By doing so we can increase our insight into exactly how people have been affected by the introduction of WFTC.

#### 6.1.1 Child Coefficient

To observe how the relative employment probabilities for those with children versus no children changed between 1993 and 2003 we run the following equation for each year:

$$\Pr(emp_{it} = 1) = \Phi(\beta_{0t} + \mathbf{X}'_{it}\boldsymbol{\beta}_{1t} + \beta_{3t}KID_{it}) \quad (5)$$

The movements in the coefficient on the presence of children over the period 1993-2003 in Table 5, clearly implies a closing gap between women with children to those without children. This is shown very clearly in

Figure 10 which plots the coefficient. The initial gap in employment probability between lone mothers and single women without children is -0.36. The coefficient starts falling from 1994 and then after a small blip in 1998, it continues to fall to -0.27. One may argue that this reflects an anticipated WFTC effect. However, there is no reason to believe that almost 2 years before the introduction, people would react to the policy as it would mean giving up a number of entitled benefits. Another pressing concern is that there were increases to WFTC in 2001 and 2002, above the rate of inflation, and yet the child coefficient flattens in 2000. We discuss these issues in more detail in Section 7.

### 6.1.2 Other Covariates

To look at the changes in other covariates, we estimate the following:

$$\Pr(emp_{it} = 1) = \Phi(\beta_{0t} + \mathbf{X}'_{it}\boldsymbol{\beta}_{1t} + \beta_{3t}KID_{it} + \delta_t(KID * \mathbf{X})_{it}) \quad (6)$$

In Tables 6 to 8, we look at the effect of the age of children, the number of children and the relative returns to education between lone mothers and single women, respectively. Firstly, in Table 6 (and more clearly in Figure 11) when looking at the different age of children, we find that the biggest increases are for those with children aged 0 to 5 years old. Although, over the 10 years there is continuous growth, the biggest increase happens between 1998-2000 and then stagnates. Again, it is puzzling that the impact occurs before the introduction of WFTC.

Table 7 (and Figure 12) look at the effect of the number of children. There seems to be an increase over time for all number of children groups, however, the largest spike is for those with only one or two children. This may be due to the fact that both WFTC and its predecessor, Family Credit, only offer small supplements per extra child in the household, reducing the incentive to work. In particular if there are two or more children in the household who are aged less than 5.

Finally, in Table 8 (and Figure 13) we look at the changes in the relative returns to qualifications/education for the lone mother group. By holding highest education as the control group, there seems to have been little systematic (relative) change between the different education groups.

## 6.2 Hours of Work

Another question of interest is to ask what happened to the hours distribution before and after the introduction of WFTC? Figures 6a, 6b and 6c show the average fraction of people working 0-15 hours, 16-29 hours and 30 hours or more, respectively. It is clear that, while the distributions have remained constant from 1993 to 2003 for single childless women, fewer lone mothers are working less than 16 hours and there has been a significant increase in those working between 16 and 29 hours. This change does not show up in our analysis of WFTC, which from Figure 6b is obvious, because the increase has been continuous since 1993 and there

is no noticeable spike in October 1999. The average number of lone mothers working 30 hours or more has remained fairly constant since 1996, with only slight increases during the WFTC introduction period. This corresponds with the small increases we observe in the regression results.

**Changes in Coefficients** When we look at the change in the child coefficient for each group of hours (0-15 hours, 16-29 hours and 30 or more hours), the patterns correspond well to the patterns seen in Figures 6a-6c. In particular, looking at Figure 14a we can see that although the relative effect of working 0-15 hours has been higher for lone mothers than for single childless women, the coefficient falls after 1995 and then falls again after 2000. In Figure 14b we can see that effect of being a lone mother on working between 16 hours and 29 hours is always relatively higher than for single women, however this is a continuously growing pattern, with no acceleration in October 1999. Finally, Figure 14c looks at the change in the child dummy on working more than 30 hours. Here the pattern seems quite similar to the overall employment pattern in Figure 10. We can see that, although single childless women are always more likely to work full-time, the relative difference (after 1995) is falling and after 1998 the gap closes significantly. However, after 2001 the gap begins to widen again. If the increase in probability for lone mothers to work more than 30 hours was due to WFTC, one may question its long term effectiveness. See Appendix Tables A2a-A2d, Tables A3a-A3d and Tables A4a-A4d for the annual child coefficient and changes in other covariates for those working 0-15 hours, 16-29 hours and 30 or more hours, respectively.

### 6.3 Labour Market States

In Table 9 we look at the effect of WFTC on entering other labour market states. The results imply that when we control for trends, the probability of entering unemployment falls 1.7% points. One may interpret this result in many ways. On the one hand, we would expect that WFTC increases all labour market participation. Thus, it not only increase employment but, given labour market friction, it also increases job search. On the other hand, we may expect that the unemployment is falling because people are accepting job offers less reluctantly and/or searching with more intensity for a job.

When looking at the effect of WFTC on inactivity, there seems to be no significant effect. This is very interesting as it suggests that women who were entering work were not coming from inactivity but from unemployment or that they were already in employment and now simply increasing the number of hours worked.

**Changes in Coefficients** Further analysis in Figures 15a and 15b, which looks at the time series movement of the presence of children coefficient for those unemployed and inactive, respectively, suggests that unemployment for lone mothers, relative to single childless women has been increasing substantially since 1993, fall between 1998 to 2000 and then increases again after 2001. This is analogous to the employment

story and suggests that female participation increased throughout the 1990s. The dip in 1998 may be explained by other labour market policies introduced, such as the New Deal for Lone Mothers, which assisted lone mothers to search more effectively for jobs and required that their welfare receipt became contingent on the search.

Looking at Figure 15b, which plots the time series changes in the presence of children coefficient, implies that inactivity rates of lone mothers relative to single childless women was falling consistently during the 1990s but by 2000 the rate remained constant at 25%.

See Appendix Tables A5a-A5d and Tables A6a-A6d for the annual child coefficient and changes in other covariates for those unemployed and those inactive, respectively.

## 7 Why did the Child Coefficient Increase?

One of the key point made in this paper is that once we control for the group specific trend, the effectiveness of WFTC falls. We have shown that over the period 1993 to 1999, before the introduction of WFTC, the employment rate of lone mothers increased by 7.8% points and that the relative employment probability of lone mothers to single childless women (*Ceteris paribus*) have increased from -0.38 to -0.27 over the same period. It is important to understand why we observe this increasing trend and to ask if this trend would have continued in the absence of WFTC.

By 1992, the number of lone mothers increased fivefold since the 1970s to just under 500,000. However, some of this change was related to changes in attitude. For example, in 1971, a third of couples who conceived outside marriage then had a "shot-gun" wedding, whereas in 1991, less than 1 in 10 did so. Moreover, for teenagers who conceived outside marriage, almost a half married in 1971 compared with only 1 in 20 1991<sup>14</sup>. Other characteristic changes included that fewer single mothers were in their teens in the 1990s compared with the 1980s. Overall composition changes and changes in attitudes towards lone mothers explains some of the observed changes in employment.

One argument proposed to explain the increasing trend in employment rates for lone mothers was that WFTC was anticipated (See Francesconi et al (2004)). In the March 1998 Budget speech, the New Labour Government announced the introduction of WFTC and other reforms targeted to "make work pay" for low income families with children. However, there are three important reasons to question the plausibility that lone mothers would react to this announcement that was made almost two years prior to the actual policy change. Firstly, we observe increases in employment for lone mothers before 1998. Secondly, there were no financial incentives (and more likely income losses) to enter the labour market before the introduction of WFTC. Finally, there were other policy changes between 1998 and 1999 that affected lone mothers. We discuss each separately.

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<sup>14</sup>See "Single lone mothers: Problems, Prospects and policies" by Louie Burghes with Mark Brown (1995).

There have been a huge number of policies over the last two decades motivated towards helping lone mothers, and more generally women and/or the low skilled, into employment. From the introduction of the Equal Pay Legislation in 1970 to the increased flexibility in the labour market, which promoted part-time work. In addition, the improved nature and quality of non-parental care also promoted work amongst this group of women. Moreover, the 1994 change to Family Credit, which made it more generous and introduced a bonus amount for working 30 hour or more, also increased participation (See Duncan (1996)). All of these changes took place before 1998.

A report published by M. Nobles et al (1998) looks at the period 1993 to 1997 and shows that there was an increase in the number of lone parents moving from Income Support, in part due to changes in Family Credit. They observed that of the lone mothers observed on Income Support in July 1993, only 20% remained on Income Support for the whole period. In particular, young lone mothers (aged 25 or under) were most likely to come off Income Support and they tended to be better qualified. In their qualitative analysis they observed a positive orientation towards work amongst lone mothers and that most women had worked (at least for some time) since they first had children. The main reasons given for not working were related to childcare (because of the marginal nature of the work they undertake: short-term, low paid, with unsocial hours) and the loss of benefits. Neither of which were addressed until after WFTC was introduced.

Secondly, the interactions between Housing Benefit, Income Support and Child Support (as well as Income Tax and National Insurance Contribution) imply that lone mothers would have incurred a great deal of additional costs, if they were not previously in the labour market, to enter the labour market with the anticipation of future payment. In particular, Blundell and Walker (2001) show that although in-work benefits (before WFTC) provided some financial incentives to work, the combined effect of the 55% reduction rate together with the impact of Housing Benefit and the personal tax rates and National Insurance Contributions in the UK resulted in implicit tax rates close to 100%. The WFTC increased incentives by increasing the generosity and the reduction rate. It also incorporated a new childcare credit of 70% of eligible childcare costs up to a limit of £100 (and £150 for two children). None of these additional benefits were available until after October 1999.

It is important to point out that although WFTC was more active towards "making work pay", the interactions with other benefits, which strongly offset the effectiveness of the increased generosity of WFTC meant that most of the gainers were concentrated in the middle or top of the hours distribution for single parent households. For example, Housing Benefit was computed after WFTC and so WFTC was counted as income in determining Housing Benefit entitlement and hence overall income. The results in this paper highlight this effect.

Thirdly, the introduction of the New Deal for Lone Parents in 1998 and the National Minimum Wage in 1999, which targeted low income people and, in particular, families with children, imply that they played

an important role in increasing employment amongst this group in the pre-WFTC period. In which case, it was not an anticipation to WFTC that increased employment after 1998 but a reaction to the range of policies around at that time. It is of critical importance to encapsulate these policies into the analysis to avoid overestimating the true effect of WFTC. Besides Gregg and Harkness (2004), the literature discount the importance of these policies and any post-1998 increase in employment is attributed to WFTC.

Finally, it is important to question whether the increase in employment observed before October 1999 would have continued in the absence of WFTC. Given the interaction of different policy introductions, the effect of WFTC is not easy to disentangle, making this a tough question to answer. There were, however, increases in the generosity of WFTC between 2000 and 2002 and changes in income tax and National Insurance rules (such that a 10% income tax band was introduced and the 2% National Insurance entry fee was abolished), which meant that there should have been improved incentives for part-time workers and low earning workers. In projections done by Gregg and Harkness (2004), they found that the effects, although moderate on the lone mother working<sup>15</sup>, the increase in net income should have been very good. However, in actual fact we observe that over that period, employment flattens and the child coefficient is stable. Although this may shed some light on the lack of effectiveness of WFTC, the effects may have been dampened due to increase in Income Support over the same period and the Housing Benefit loss.

Overall, it seems that although WFTC and even perhaps its anticipation were not without an effect on the employment of lone mothers, the effects have been exaggerated because the lack of attention given to other policies and changes of the 1990s and perhaps differential contemporaneous shocks between people with and without children. In addition, we are not only interested in whether WFTC increased employment but also in whether the government succeeded in increasing the participation and hours of work of their target group. By looking at the changes in the hours distribution and the labour market states, it is not clear that those with the least labour market attached were encouraged into the labour market.

## 8 Conclusion

The increased use of tax credits as a method of "in work benefits" has raised a great deal of popular interest in the UK and in many other countries where they have been initiated. In particular, the success of the programme was acclaimed to lie mainly with the increase in the employment of lone parents. This paper looks closely at the effectiveness of WFTC on employment, hours of work and movements from different labour market states. The evidence suggests that once we control for the differential trends in employment between lone mothers and single childless women, who are used as the control group, the employment effect from WFTC falls considerably. This is confirmed when we look at the movements of the coefficients over time. Moreover, we find that the policy does not induce people from out of the labour market (i.e. from

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<sup>15</sup>Working at the National Minimum Wage of £4.20 for 35 hours with two children under 11.

inactivity) - the main target group. Instead, we find that any effect of WFTC is solely borne on those working 30 hours or more.

Overall, it is apparent that the complexity of WFTC and/or its interactions with other taxes and benefits are a good explanation for why the policy did not have a greater impact on its target groups.

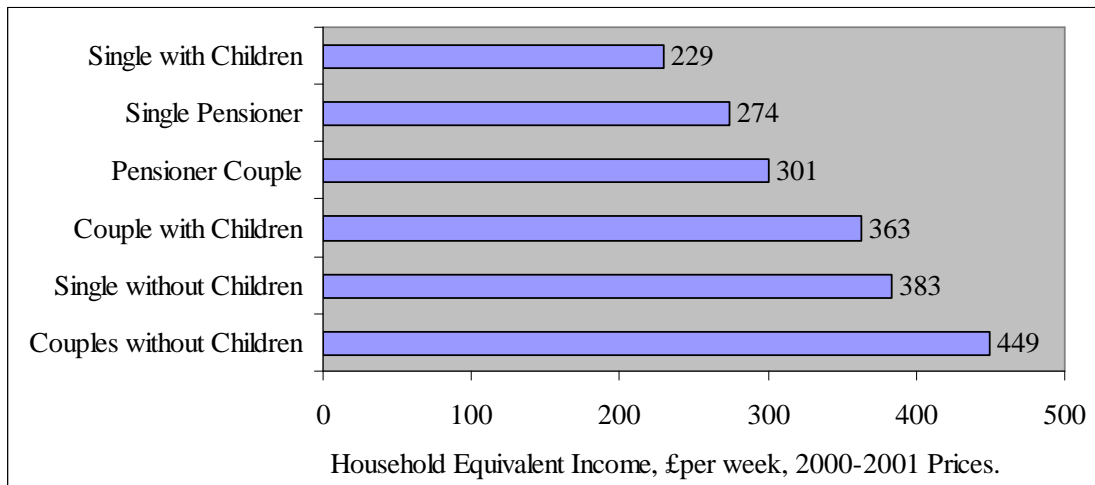
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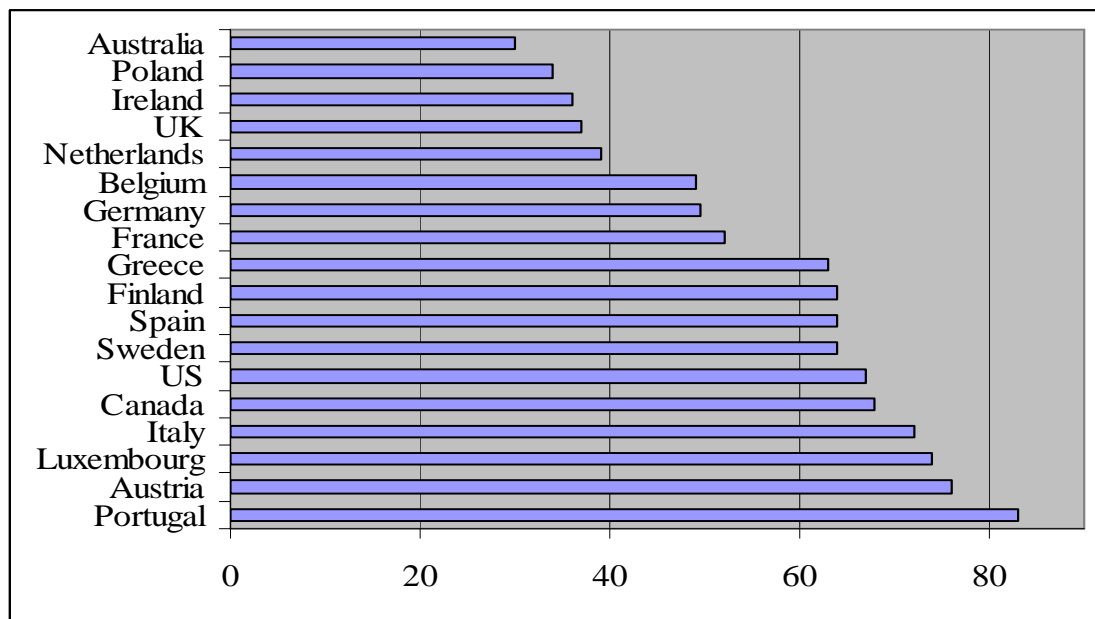
Figure 1: Average Income by Family Type



Notes.

1. Source- Goodman & Shephard (2002)

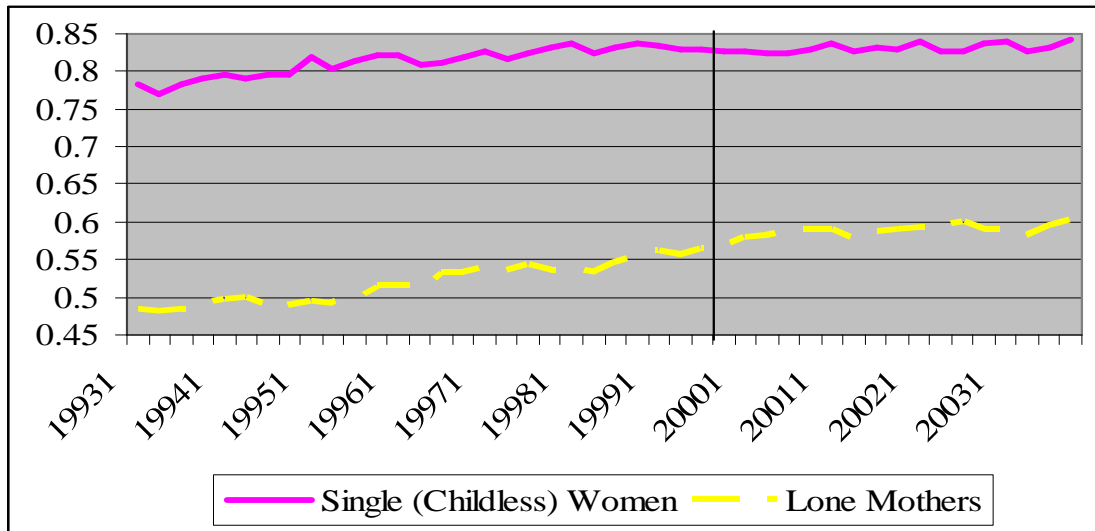
Figure 2: Cross-Country Lone Parent Employment Rates



Notes.

1. Source - Gregg & Harkness (2004), OECD Economic Outlook 2001.

Figure 3: Employment Rate of Single Childless Women and Lone Mothers



Notes.

1. Source - UK Labour Force

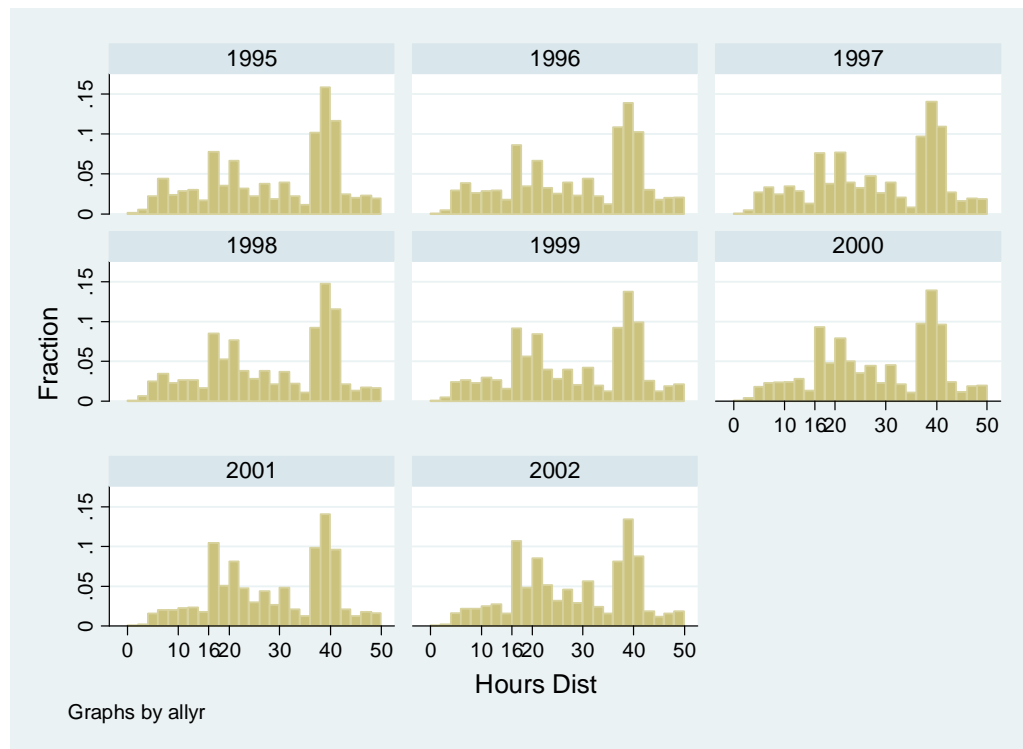
Figure 4: Basic Tax Credit Rates, 1999-2003



Notes.

1. Source - Working Families' Tax Credit Statistics, Inland Revenue Summary Statistics (Feb 2003)

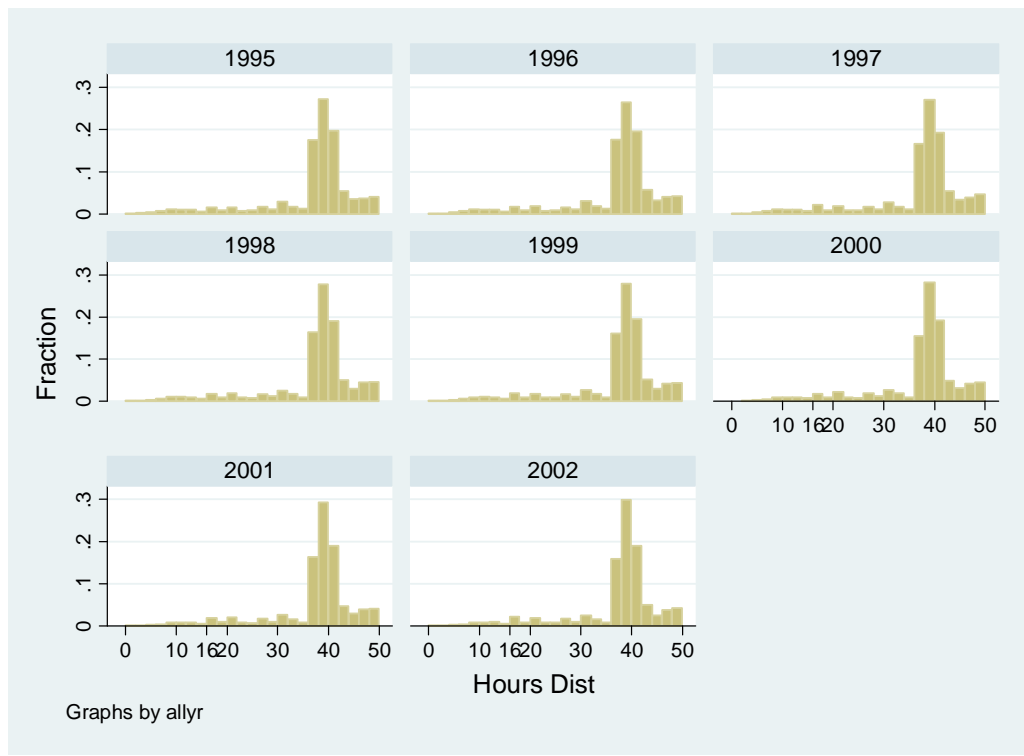
Figure 5a: Hours Distribution: Lone Mothers



Notes.

1. Source - UK Labour Force Survey

Figure 5b: Hours Distribution: Single (Childless) Women



Notes.

1. Source - UK Labour Force Survey

Figure 6a: Proportion Working 0-15 Hours

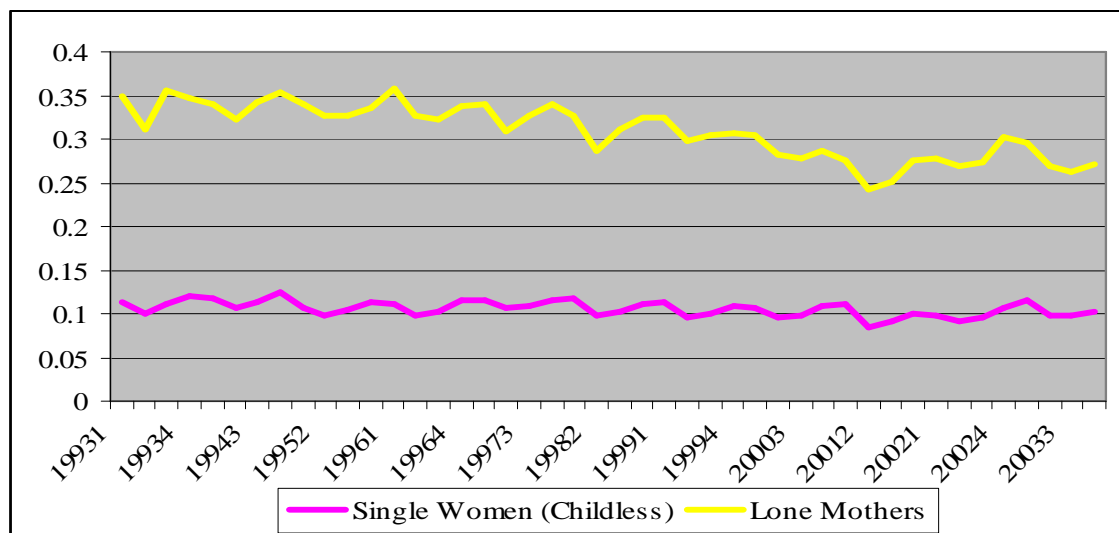


Figure 6b: Proportion Working 16-29 Hours

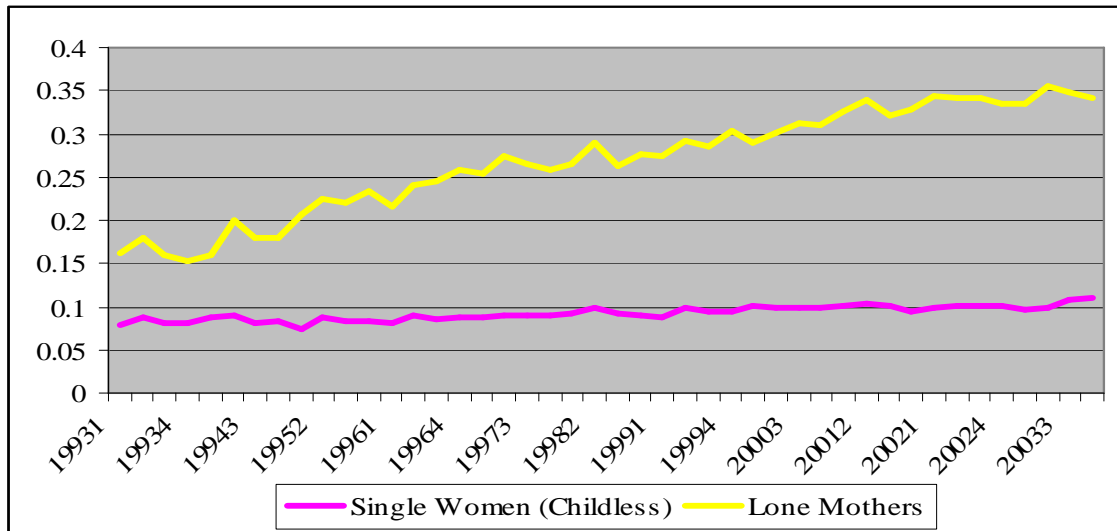


Figure 6c: Proportion Working 30+ Hours

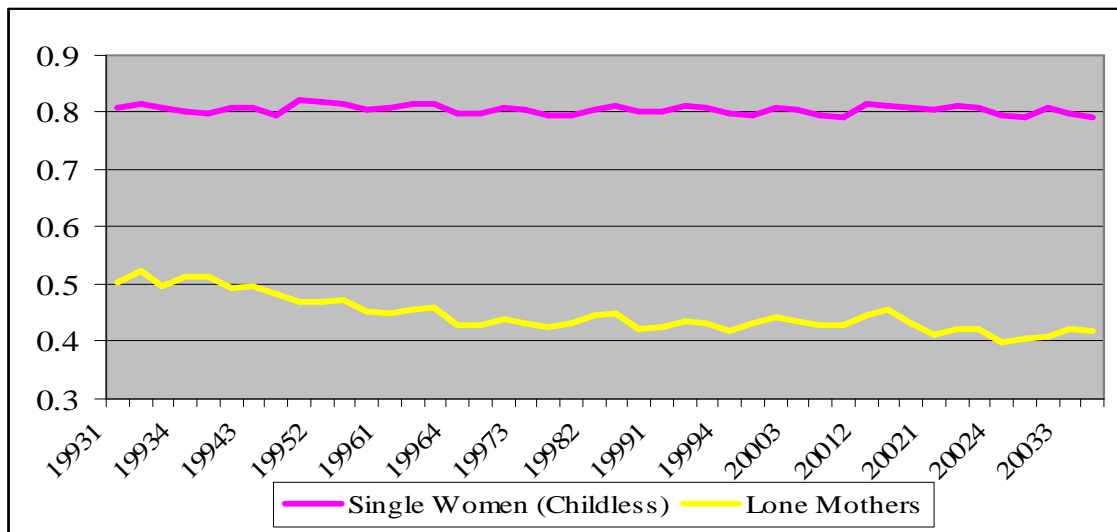
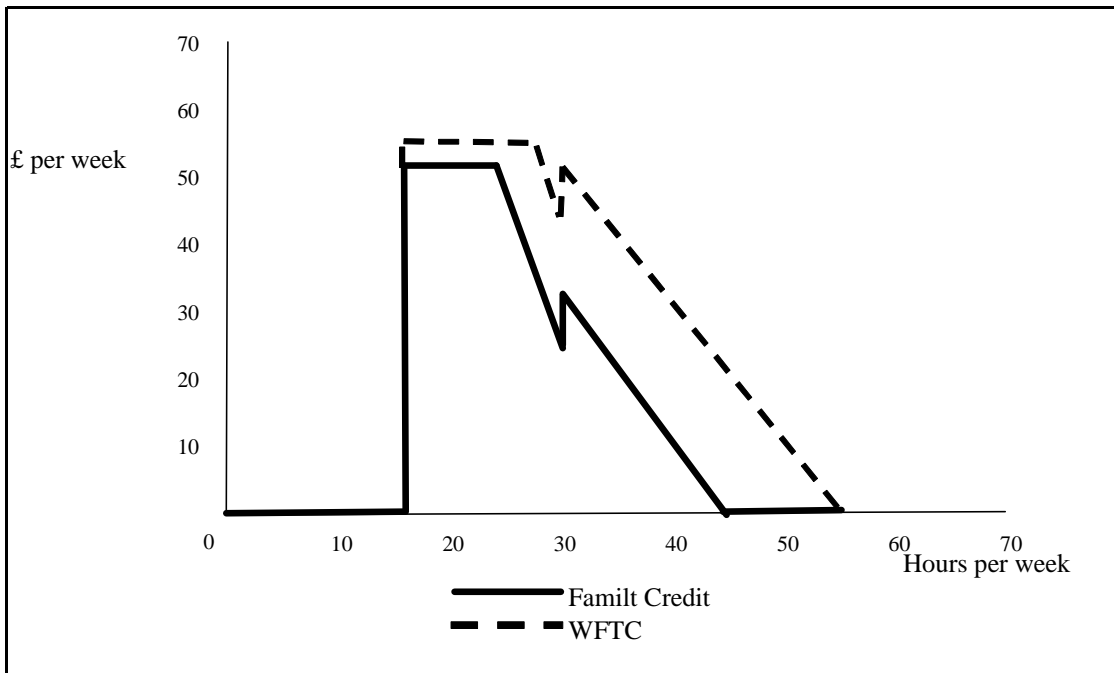


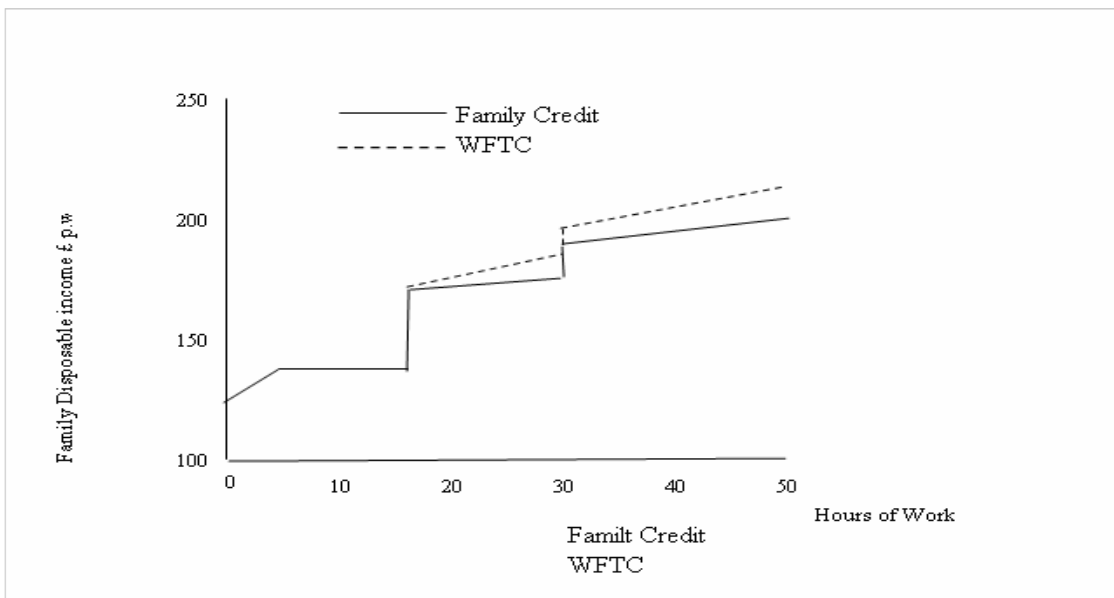
Figure 7: Generosity Change from Family Credit to WFTC



Notes.

1. Source - Blundell & Walker (2001)

Figure 8: Budget Constraint for Lone Parents



Notes.

1. Source - Blundell et al (2000) One child aged under 11. Hourly wage £4.39 (median for lone parent), rent £41.10p.w. (median for social renters with children). No childcare costs.

Figure 9: Employment Rates for Lone Mothers

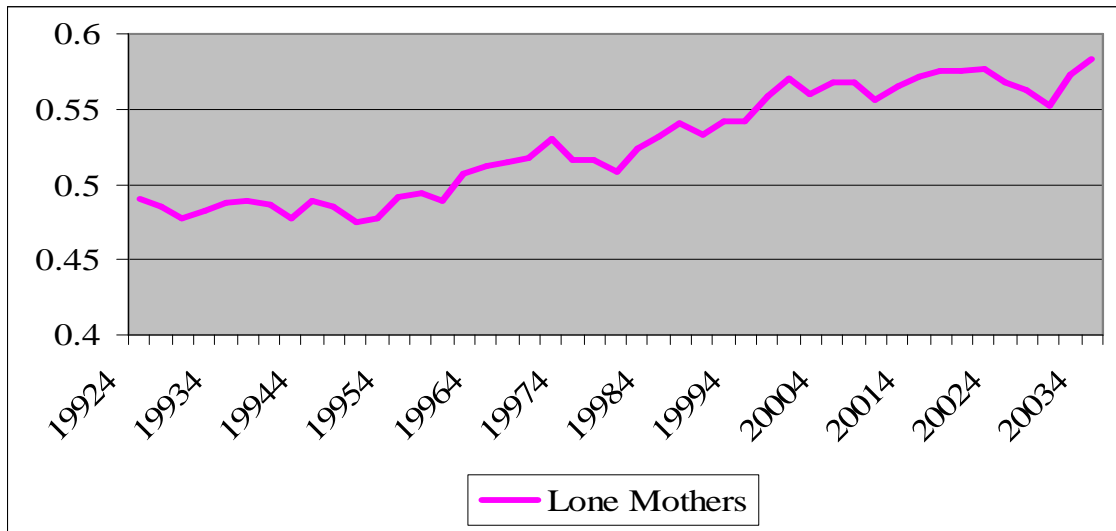


Figure 10: Employment - Child Marginal Effect

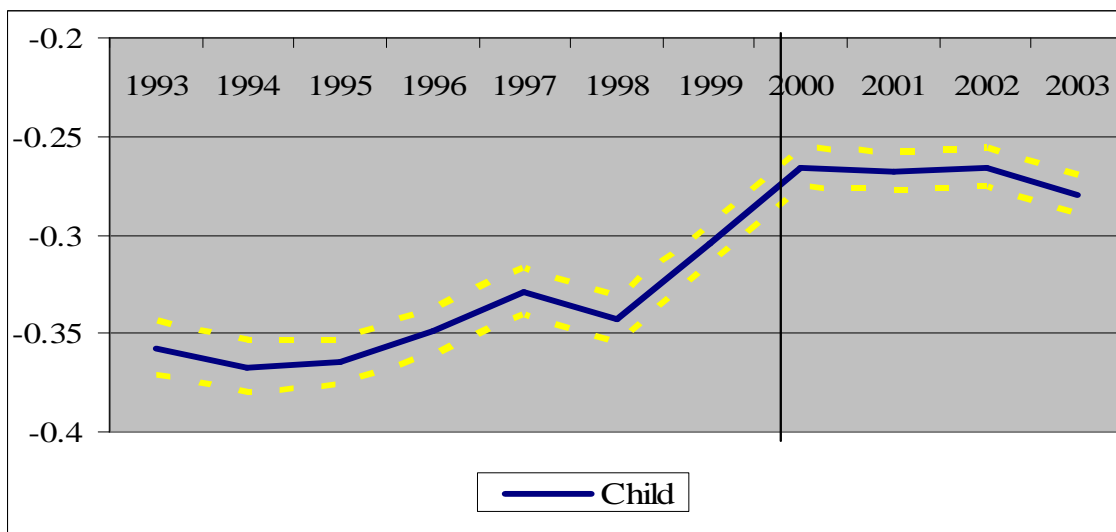


Figure 11: Employment - Age of Youngest Child Marginal Effect

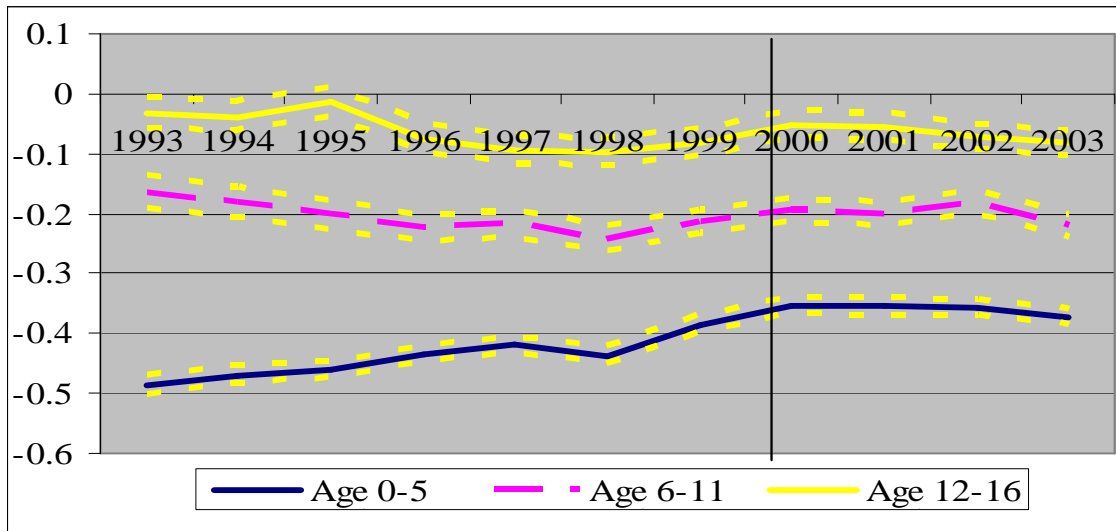


Figure 12: Employment - Number of Children Marginal Effect

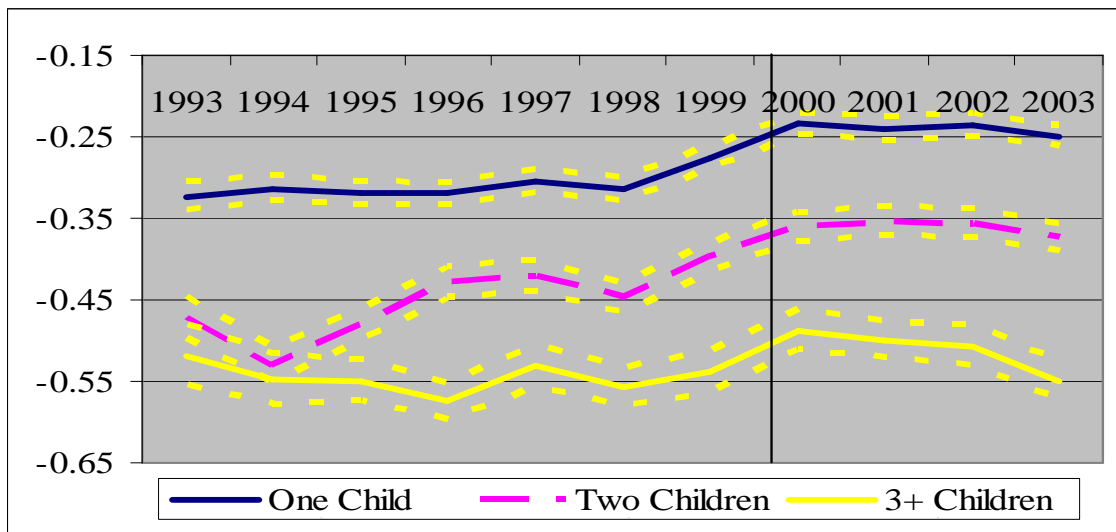


Figure 13: Employment - Highest Qual. (Interacted with Child) Marginal Effect

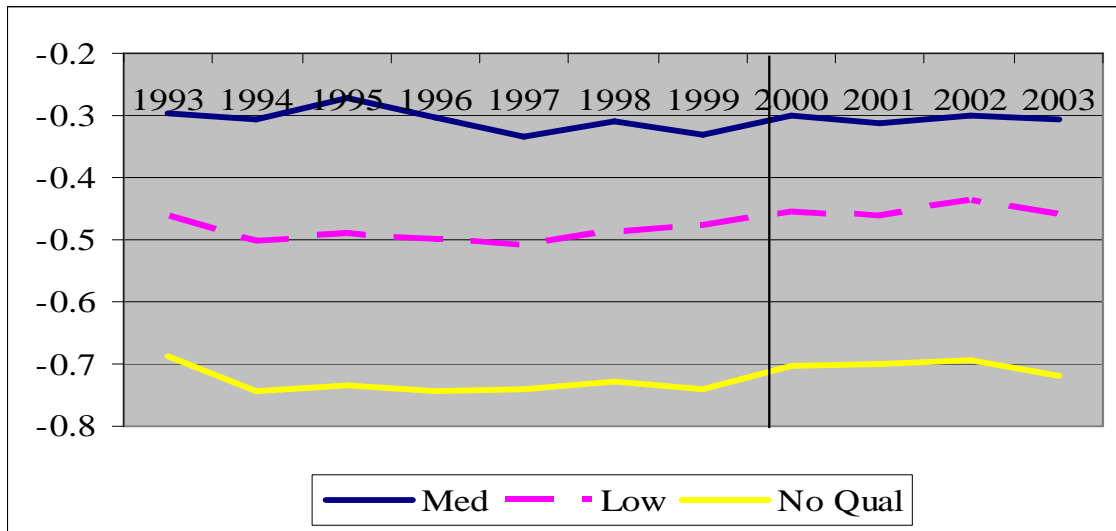


Figure 14a: Work 0-15 Hours – Child Marginal Effect

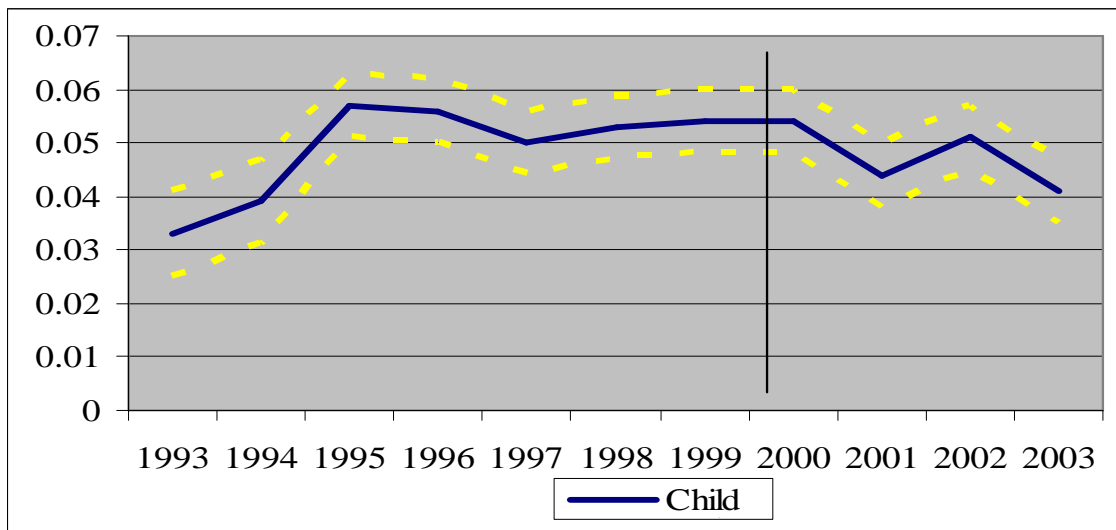


Figure 14b: Work 16-29 Hours – Child Marginal Effect

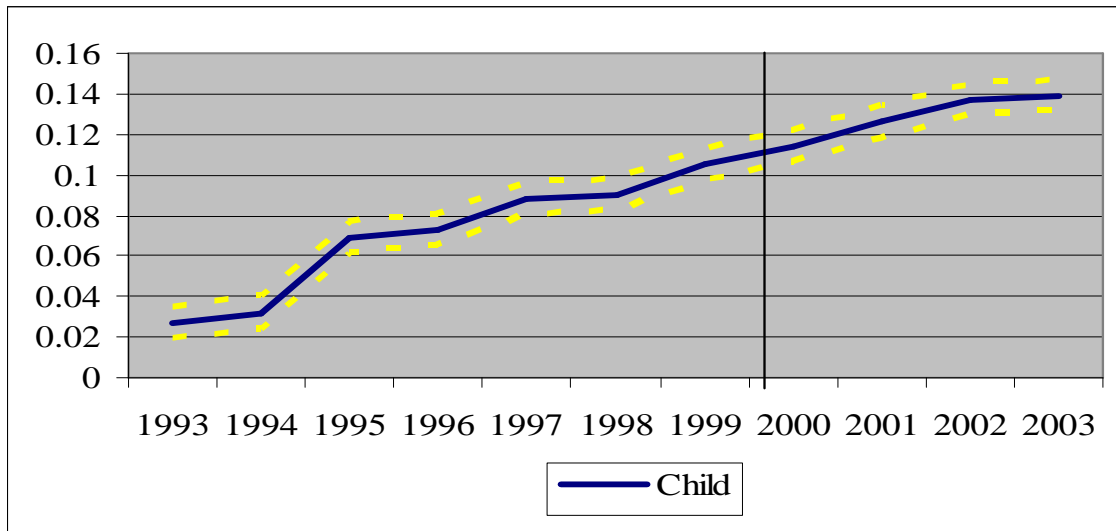


Figure 14c: Work 30+ Hours – Child Marginal Effect

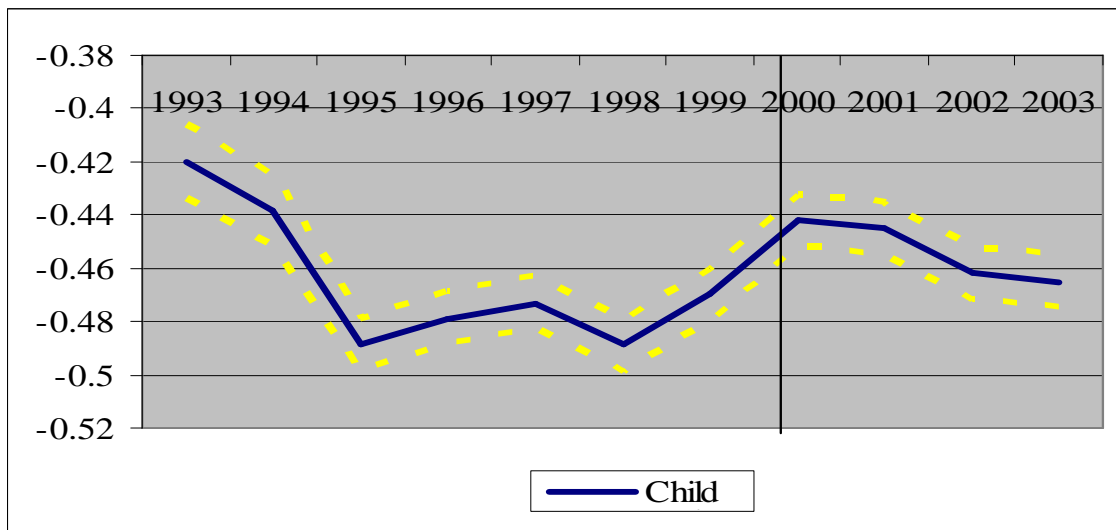


Figure 15a: Unemployment – Child Marginal Effect

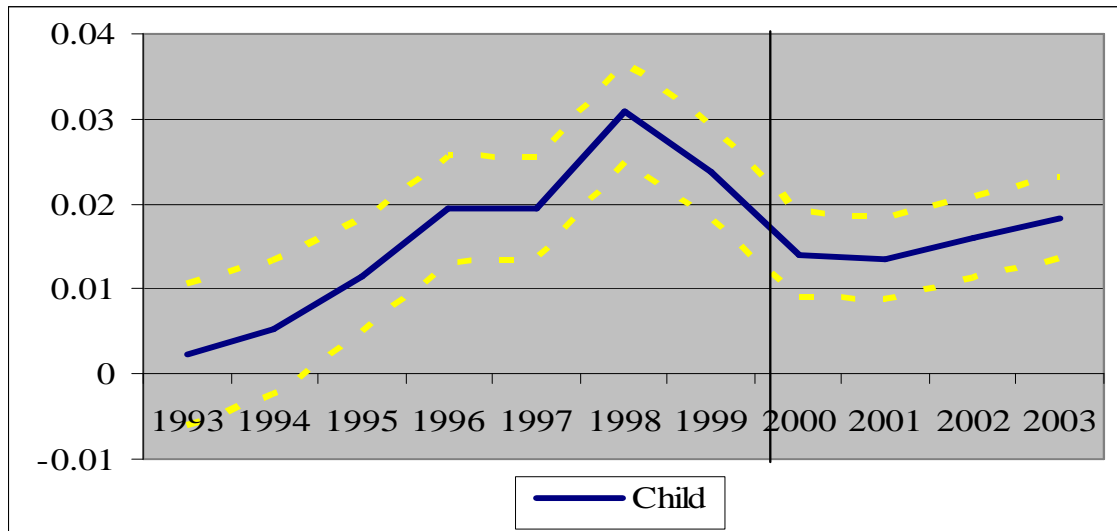


Figure 15b: Inactivity – Child Marginal Effect

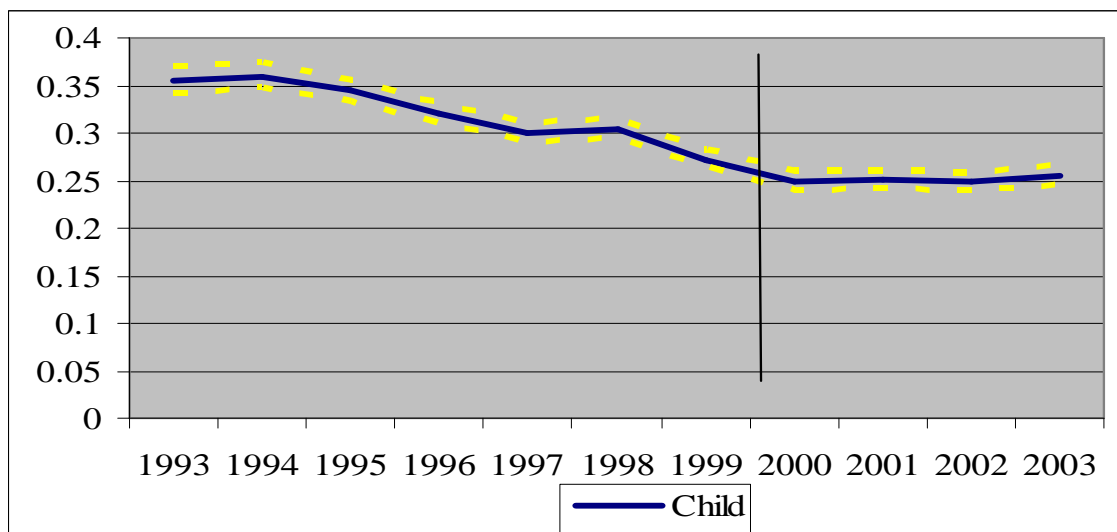


Table 1: Descriptive Statistics - Before WFTC

<b>Variable</b>	<b>Single Childless Women</b>	<b>Lone Mothers</b>
Age	27.065 [8.881]	23.928 [7.541]
White	0.956 [0.205]	0.922 [0.267]
Black	0.021 [0.142]	0.048 [0.214]
Asian	0.018 [0.135]	0.024 [0.153]
Other Ethnicity	0.005 [0.071]	0.005 [0.073]
High Qualifications	0.195 [0.396]	0.055 [0.227]
Medium Qualification	0.375 [0.484]	0.300 [0.458]
Low Qualifications	0.363 [0.481]	0.516 [0.500]
No Qualifications	0.067 [0.251]	0.130 [0.336]
Hours of Work	34.926 [12.600]	25.167 [14.475]
Work 0-15 Hours	0.090 [0.286]	0.157 [0.363]
Work 16-29 Hours	0.072 [0.258]	0.114 [0.317]
Work 30+ Hours	0.668 [0.471]	0.223 [0.416]
Employed	0.828 [0.378]	0.488 [0.500]
Unemployed	0.079 [0.269]	0.101 [0.301]
Inactive	0.085 [0.278]	0.341 [0.474]
One Child		0.712 [0.453]

Two Children		0.221 [0.415]
Three or More Children		0.068 [0.251]
Youngest Child (0 to 5 years)		0.377 [0.485]
Youngest Child (6 to 11 years)		0.301 [0.459]
Youngest Child (12 to 16 years)		0.314 [0.464]
<b>Observations*</b>	<b>163812</b>	<b>49907</b>

## Notes.

1. These are the observations when restricted to being work. When looking at Activity rates, there are 197,941 for single women with no children and 102,223 for lone mothers.

Table 2: Employment - Basic Regression Results (1993-2003)\*

	18 years +	21 years +
<b>Treatment Effect</b>	<b>0.036</b>	<b>0.046</b>
	<b>[0.003]**</b>	<b>[0.003]**</b>
Age	0.045	0.06
	[0.003]**	[0.004]**
One Child	-0.075	-0.145
	[0.004]**	[0.006]**
Two Children	-0.154	-0.252
	[0.006]**	[0.008]**
3 or more Children	-0.26	-0.389
	[0.008]**	[0.009]**
Medium Qual	-0.035	-0.043
	[0.003]**	[0.003]**
Low Qual	-0.131	-0.141
	[0.003]**	[0.003]**
No Qual	-0.432	-0.434
	[0.003]**	[0.004]**
Youngest Child 0-5	-0.319	-0.223
	[0.005]**	[0.006]**
Youngest Child 6-11	-0.103	-0.07
	[0.005]**	[0.006]**
Black	-0.078	-0.062
	[0.005]**	[0.005]**
Asian	-0.111	-0.121
	[0.006]**	[0.007]**
Other Ethnicity	-0.11	-0.106
	[0.009]**	[0.010]**
Trend	0.006	0.008
	[0.000]**	[0.000]**
Post 2000	-0.026	-0.036
	[0.003]**	[0.003]**
<b>Observations</b>	<b>367699</b>	<b>297908</b>

Notes.

1. For Tables 2.2 to 2.9, we also control for region of residence, age squared and age cubed and the comparison categories are: No Children, High Qualification, Youngest Child 12-16, White.

Table 3: Employment - Differential Trend Control Regression Results (1993-2003)

	18 years +		21 years +	
	No Trend	Trend	No Trend	Trend
<b>Treatment Effect</b>	<b>0.036</b>	<b>0.018</b>	<b>0.046</b>	<b>0.017</b>
	[0.003]**	[0.005]**	[0.003]**	[0.006]**
Age	0.045	0.045	0.06	0.06
	[0.003]**	[0.003]**	[0.004]**	[0.004]**
One Child	-0.075	-0.09	-0.145	-0.172
	[0.004]**	[0.006]**	[0.006]**	[0.007]**
Two Children	-0.154	-0.171	-0.252	-0.283
	[0.006]**	[0.007]**	[0.008]**	[0.009]**
3 or more Children	-0.26	-0.278	-0.389	-0.419
	[0.008]**	[0.008]**	[0.009]**	[0.009]**
Medium Qual	-0.035	-0.035	-0.043	-0.044
	[0.003]**	[0.003]**	[0.003]**	[0.003]**
Low Qual	-0.131	-0.131	-0.141	-0.141
	[0.003]**	[0.003]**	[0.003]**	[0.003]**
No Qual	-0.432	-0.432	-0.434	-0.434
	[0.003]**	[0.003]**	[0.004]**	[0.004]**
Youngest Child 0-5	-0.319	-0.32	-0.223	-0.223
	[0.005]**	[0.005]**	[0.006]**	[0.006]**
Youngest Child 6-11	-0.103	-0.104	-0.07	-0.07
	[0.005]**	[0.005]**	[0.006]**	[0.006]**
Black	-0.078	-0.078	-0.062	-0.061
	[0.005]**	[0.005]**	[0.005]**	[0.005]**
Asian	-0.111	-0.111	-0.121	-0.121
	[0.006]**	[0.006]**	[0.007]**	[0.007]**
Other Ethnicity	-0.11	-0.111	-0.106	-0.106
	[0.009]**	[0.009]**	[0.010]**	[0.010]**
Trend	0.006	0.005	0.008	0.005
	[0.000]**	[0.001]**	[0.000]**	[0.001]**
Post 2000	-0.026	-0.019	-0.036	-0.023
	[0.003]**	[0.004]**	[0.003]**	[0.004]**
Trend_Child		0.004		0.007
		[0.001]**		[0.001]**
<b>Observations</b>	<b>367699</b>	<b>367699</b>	<b>297908</b>	<b>297908</b>

Table 4: Hours Distribution – Regression Results (1993-2003)

	Work 0-15 Hours		Work 16-29 Hours		Work 30+ Hours	
	No Trend	Trend	No Trend	Trend	No Trend	Trend
<b>Treatment Effect</b>	<b>0.002</b>	<b>-0.002</b>	<b>0.038</b>	<b>-0.001</b>	<b>0.018</b>	<b>0.013</b>
	[0.002]	[0.002]	[0.003]**	[0.004]	[0.005]**	[0.008]+
Age	-0.014	-0.014	-0.007	-0.008	0.088	0.088
	[0.002]**	[0.002]**	[0.003]**	[0.003]**	[0.005]**	[0.005]**
One Child	0.044	0.041	0.078	0.043	-0.245	-0.249
	[0.003]**	[0.004]**	[0.004]**	[0.005]**	[0.006]**	[0.008]**
Two Children	0.064	0.059	0.066	0.03	-0.393	-0.396
	[0.005]**	[0.005]**	[0.005]**	[0.005]**	[0.006]**	[0.007]**
3 or more Children	0.04	0.036	0.01	-0.017	-0.462	-0.464
	[0.005]**	[0.005]**	[0.004]*	[0.004]**	[0.006]**	[0.007]**
Medium Qual	0.003	0.003	-0.006	-0.006	-0.025	-0.025
	[0.001]*	[0.001]*	[0.001]**	[0.001]**	[0.003]**	[0.003]**
Low Qual	0	0	-0.01	-0.01	-0.116	-0.116
	[0.001]	[0.001]	[0.001]**	[0.001]**	[0.003]**	[0.003]**
No Qual	-0.01	-0.01	-0.035	-0.035	-0.397	-0.397
	[0.001]**	[0.001]**	[0.001]**	[0.001]**	[0.003]**	[0.003]**
Youngest Child 0-5	0.013	0.013	0.032	0.032	-0.33	-0.33
	[0.003]**	[0.003]**	[0.004]**	[0.004]**	[0.006]**	[0.006]**
Youngest Child 6-11	0.024	0.024	0.048	0.048	-0.167	-0.167
	[0.003]**	[0.003]**	[0.004]**	[0.004]**	[0.007]**	[0.007]**
Black	-0.006	-0.006	0.006	0.007	-0.057	-0.057
	[0.002]**	[0.002]**	[0.003]*	[0.003]*	[0.005]**	[0.005]**
Asian	0.017	0.017	0.001	0.001	-0.129	-0.129
	[0.003]**	[0.003]**	[0.004]	[0.004]	[0.007]**	[0.007]**
Other Ethnicity	0	0	0.001	0.001	-0.106	-0.106
	[0.004]	[0.004]	[0.006]	[0.006]	[0.011]**	[0.011]**
Trend	0.001	0	0.005	0.002	0.002	0.002
	[0.000]**	[0.000]	[0.000]**	[0.000]**	[0.001]**	[0.001]**
Post 2000	-0.006	-0.004	-0.017	-0.003	-0.012	-0.011
	[0.001]**	[0.002]**	[0.002]**	[0.002]	[0.004]**	[0.004]*
Trend_Child		0.001		0.007		0.001
		[0.000]		[0.001]**		[0.001]
<b>Observations</b>	<b>293868</b>	<b>293868</b>	<b>292088</b>	<b>292088</b>	<b>297969</b>	<b>297969</b>

Notes.

1. Results for 21 years and over group.

Table 5: Employment - Child Dummy Marginal Effect (1993-2003)

	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
<b>Child</b>	<b>-0.358</b>	<b>-0.367</b>	<b>-0.365</b>	<b>-0.349</b>	<b>-0.329</b>	<b>-0.343</b>	<b>-0.304</b>	<b>-0.266</b>	<b>-0.268</b>	<b>-0.266</b>	<b>-0.28</b>
	<b>[0.007]**</b>	<b>[0.007]**</b>	<b>[0.006]**</b>	<b>[0.006]**</b>	<b>[0.006]**</b>	<b>[0.006]**</b>	<b>[0.005]**</b>	<b>[0.005]**</b>	<b>[0.005]**</b>	<b>[0.005]**</b>	<b>[0.005]**</b>
Age	-0.047	-0.026	-0.026	-0.004	0.01	0.031	0.007	0.008	0.001	-0.011	0.002
	[0.010]**	[0.010]**	[0.009]**	[0.009]	[0.008]	[0.008]**	[0.008]	[0.008]	[0.008]	[0.008]	[0.008]
Medium Qual	0.008	-0.01	-0.005	-0.033	-0.053	-0.01	-0.053	-0.055	-0.067	-0.05	-0.044
	[0.010]	[0.011]	[0.009]	[0.009]**	[0.009]**	[0.008]	[0.008]**	[0.008]**	[0.007]**	[0.007]**	[0.007]**
Low Qual	-0.081	-0.103	-0.098	-0.129	-0.164	-0.123	-0.166	-0.184	-0.187	-0.168	-0.171
	[0.011]**	[0.011]**	[0.009]**	[0.008]**	[0.008]**	[0.008]**	[0.008]**	[0.008]**	[0.008]**	[0.008]**	[0.008]**
No Qual	-0.362	-0.401	-0.4	-0.428	-0.474	-0.439	-0.48	-0.492	-0.483	-0.484	-0.505
	[0.013]**	[0.013]**	[0.011]**	[0.011]**	[0.011]**	[0.011]**	[0.010]**	[0.010]**	[0.010]**	[0.010]**	[0.010]**
Black	-0.118	-0.05	-0.087	-0.109	-0.068	-0.069	-0.076	-0.09	-0.047	-0.067	-0.044
	[0.016]**	[0.015]**	[0.014]**	[0.014]**	[0.014]**	[0.014]**	[0.014]**	[0.014]**	[0.014]**	[0.014]**	[0.014]**
Asian	-0.047	-0.051	-0.052	-0.098	-0.084	-0.087	-0.136	-0.086	-0.088	-0.094	-0.077
	[0.020]*	[0.020]*	[0.020]**	[0.021]**	[0.019]**	[0.019]**	[0.019]**	[0.018]**	[0.017]**	[0.016]**	[0.016]**
Other Ethn.	-0.245	-0.104	-0.076	-0.144	-0.044	-0.087	-0.108	-0.128	-0.032	-0.124	-0.087
	[0.043]**	[0.042]*	[0.035]*	[0.038]**	[0.034]	[0.031]**	[0.034]**	[0.033]**	[0.018]+	[0.020]**	[0.019]**
<b>Observations</b>	<b>27322</b>	<b>27534</b>	<b>36615</b>	<b>36975</b>	<b>37539</b>	<b>38224</b>	<b>38382</b>	<b>37654</b>	<b>40047</b>	<b>39137</b>	<b>38258</b>

Table 6: Employment – Age of Youngest Child Marginal Effect (1993-2003)

	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
<b>Youngest Child 0-5</b>	<b>-0.486</b>	<b>-0.469</b>	<b>-0.461</b>	<b>-0.434</b>	<b>-0.419</b>	<b>-0.437</b>	<b>-0.385</b>	<b>-0.353</b>	<b>-0.355</b>	<b>-0.357</b>	<b>-0.373</b>
	[0.008]**	[0.008]**	[0.007]**	[0.007]**	[0.007]**	[0.007]**	[0.007]**	[0.007]**	[0.007]**	[0.007]**	[0.007]**
<b>Youngest Child 6-11</b>	<b>-0.165</b>	<b>-0.183</b>	<b>-0.203</b>	<b>-0.225</b>	<b>-0.218</b>	<b>-0.243</b>	<b>-0.215</b>	<b>-0.194</b>	<b>-0.2</b>	<b>-0.181</b>	<b>-0.222</b>
	[0.014]**	[0.013]**	[0.012]**	[0.011]**	[0.011]**	[0.011]**	[0.010]**	[0.010]**	[0.010]**	[0.010]**	[0.010]**
<b>Youngest Child 12-16</b>	<b>-0.033</b>	<b>-0.038</b>	<b>-0.015</b>	<b>-0.074</b>	<b>-0.094</b>	<b>-0.098</b>	<b>-0.081</b>	<b>-0.052</b>	<b>-0.056</b>	<b>-0.073</b>	<b>-0.083</b>
	[0.013]*	[0.013]**	[0.012]	[0.012]**	[0.012]**	[0.012]**	[0.012]**	[0.011]**	[0.011]**	[0.011]**	[0.011]**
Age	-0.004	0.018	0.021	0.028	0.04	0.063	0.035	0.04	0.034	0.018	0.035
	[0.010]	[0.010]+	[0.009]*	[0.009]**	[0.009]**	[0.008]**	[0.008]**	[0.008]**	[0.008]**	[0.008]*	[0.008]**
Medium Qual	0.012	-0.011	-0.005	-0.032	-0.052	-0.006	-0.05	-0.054	-0.063	-0.049	-0.038
	[0.010]	[0.011]	[0.009]	[0.009]**	[0.009]**	[0.008]	[0.008]**	[0.008]**	[0.007]**	[0.007]**	[0.007]**
Low Qual	-0.064	-0.092	-0.085	-0.114	-0.15	-0.109	-0.154	-0.172	-0.172	-0.159	-0.16
	[0.011]**	[0.011]**	[0.009]**	[0.008]**	[0.009]**	[0.008]**	[0.008]**	[0.008]**	[0.008]**	[0.008]**	[0.008]**
No Qual	-0.349	-0.386	-0.391	-0.417	-0.467	-0.43	-0.47	-0.48	-0.474	-0.479	-0.498
	[0.013]**	[0.013]**	[0.011]**	[0.011]**	[0.011]**	[0.011]**	[0.011]**	[0.010]**	[0.010]**	[0.010]**	[0.010]**
Black	-0.118	-0.061	-0.097	-0.12	-0.073	-0.062	-0.074	-0.084	-0.037	-0.055	-0.037
	[0.017]**	[0.016]**	[0.014]**	[0.014]**	[0.014]**	[0.014]**	[0.014]**	[0.014]**	[0.013]**	[0.014]**	[0.014]**
Asian	-0.054	-0.041	-0.059	-0.13	-0.093	-0.1	-0.142	-0.099	-0.107	-0.104	-0.061
	[0.020]**	[0.020]*	[0.020]**	[0.022]**	[0.019]**	[0.020]**	[0.019]**	[0.018]**	[0.018]**	[0.017]**	[0.015]**
Other Ethn.	-0.251	-0.101	-0.104	-0.145	-0.038	-0.095	-0.115	-0.15	-0.035	-0.132	-0.089
	[0.043]**	[0.043]*	[0.037]**	[0.038]**	[0.034]	[0.032]**	[0.034]**	[0.033]**	[0.018]*	[0.020]**	[0.019]**
<b>Observations</b>	27322	27534	36615	36975	37539	38224	38382	37654	40047	39137	38258

Table 7: Employment - Number of Children Marginal Effect (1993-2003)

	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
<b>One Child</b>	<b>-0.323</b>	<b>-0.314</b>	<b>-0.319</b>	<b>-0.32</b>	<b>-0.305</b>	<b>-0.314</b>	<b>-0.276</b>	<b>-0.234</b>	<b>-0.241</b>	<b>-0.236</b>	<b>-0.249</b>
	[0.009]**	[0.008]**	[0.007]**	[0.007]**	[0.007]**	[0.007]**	[0.007]**	[0.007]**	[0.007]**	[0.007]**	[0.007]**
<b>Two Children</b>	<b>-0.471</b>	<b>-0.531</b>	<b>-0.481</b>	<b>-0.429</b>	<b>-0.421</b>	<b>-0.448</b>	<b>-0.398</b>	<b>-0.361</b>	<b>-0.354</b>	<b>-0.356</b>	<b>-0.374</b>
	[0.013]**	[0.011]**	[0.010]**	[0.010]**	[0.010]**	[0.009]**	[0.009]**	[0.009]**	[0.009]**	[0.009]**	[0.009]**
<b>3+ Children</b>	<b>-0.518</b>	<b>-0.547</b>	<b>-0.549</b>	<b>-0.575</b>	<b>-0.532</b>	<b>-0.558</b>	<b>-0.539</b>	<b>-0.487</b>	<b>-0.499</b>	<b>-0.506</b>	<b>-0.55</b>
	[0.019]**	[0.016]**	[0.013]**	[0.012]**	[0.013]**	[0.012]**	[0.013]**	[0.013]**	[0.012]**	[0.013]**	[0.012]**
Age	-0.04	-0.012	-0.014	0.008	0.021	0.047	0.021	0.021	0.013	0.005	0.021
	[0.010]**	[0.010]	[0.009]	[0.009]	[0.009]*	[0.008]**	[0.008]*	[0.008]**	[0.008]+	[0.008]	[0.008]**
Medium Qual	0.009	-0.006	-0.003	-0.031	-0.05	-0.005	-0.05	-0.052	-0.063	-0.046	-0.035
	[0.010]	[0.011]	[0.009]	[0.009]**	[0.009]**	[0.008]	[0.008]**	[0.008]**	[0.008]**	[0.007]**	[0.007]**
Low Qual	-0.079	-0.098	-0.094	-0.124	-0.159	-0.114	-0.158	-0.175	-0.178	-0.157	-0.154
	[0.011]**	[0.011]**	[0.009]**	[0.009]**	[0.009]**	[0.008]**	[0.008]**	[0.008]**	[0.008]**	[0.008]**	[0.008]**
No Qual	-0.353	-0.383	-0.385	-0.409	-0.456	-0.417	-0.461	-0.472	-0.464	-0.461	-0.481
	[0.013]**	[0.013]**	[0.011]**	[0.011]**	[0.011]**	[0.011]**	[0.011]**	[0.011]**	[0.010]**	[0.011]**	[0.011]**
Black	-0.106	-0.042	-0.09	-0.102	-0.064	-0.068	-0.074	-0.084	-0.046	-0.065	-0.041
	[0.017]**	[0.015]**	[0.014]**	[0.014]**	[0.014]**	[0.014]**	[0.014]**	[0.014]**	[0.014]**	[0.014]**	[0.014]**
Asian	-0.038	-0.041	-0.051	-0.086	-0.075	-0.078	-0.129	-0.085	-0.083	-0.091	-0.073
	[0.020]+	[0.020]*	[0.020]*	[0.021]**	[0.019]**	[0.019]**	[0.019]**	[0.018]**	[0.017]**	[0.016]**	[0.016]**
Other Ethn.	-0.251	-0.107	-0.085	-0.145	-0.035	-0.083	-0.101	-0.131	-0.023	-0.125	-0.09
	[0.043]**	[0.042]*	[0.036]*	[0.038]**	[0.033]	[0.031]**	[0.034]**	[0.033]**	[0.018]	[0.020]**	[0.019]**
<b>Observations</b>	<b>27322</b>	<b>27534</b>	<b>36615</b>	<b>36865</b>	<b>37391</b>	<b>38092</b>	<b>38245</b>	<b>37449</b>	<b>39791</b>	<b>38881</b>	<b>37996</b>

Table 8: Employment – Differential Qualifications Marginal Effect (1993-2003)

	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
Child	-0.14 [0.039]**	-0.153 [0.039]**	-0.167 [0.025]**	-0.178 [0.022]**	-0.172 [0.021]**	-0.236 [0.018]**	-0.238 [0.018]**	-0.167 [0.017]**	-0.185 [0.016]**	-0.168 [0.016]**	-0.18 [0.016]**
Medium Qual	0.011 [0.011]	-0.014 [0.011]	-0.008 [0.010]	-0.031 [0.009]**	-0.039 [0.009]**	-0.004 [0.009]	-0.046 [0.009]**	-0.037 [0.009]**	-0.052 [0.009]**	-0.029 [0.008]**	-0.023 [0.008]**
Low Qual	-0.048 [0.011]**	-0.065 [0.011]**	-0.044 [0.009]**	-0.073 [0.009]**	-0.105 [0.010]**	-0.067 [0.009]**	-0.126 [0.010]**	-0.135 [0.010]**	-0.137 [0.010]**	-0.12 [0.009]**	-0.118 [0.009]**
No Qual	-0.356 [0.014]**	-0.391 [0.014]**	-0.38 [0.013]**	-0.407 [0.013]**	-0.479 [0.013]**	-0.453 [0.013]**	-0.501 [0.013]**	-0.512 [0.013]**	-0.514 [0.012]**	-0.508 [0.013]**	-0.535 [0.013]**
<b>Med Qual*Child</b>	<b>-0.168</b> [0.045]**	<b>-0.138</b> [0.044]**	<b>-0.096</b> [0.028]**	<b>-0.093</b> [0.025]**	<b>-0.123</b> [0.025]**	<b>-0.068</b> [0.020]**	<b>-0.047</b> [0.019]*	<b>-0.095</b> [0.021]**	<b>-0.077</b> [0.019]**	<b>-0.102</b> [0.019]**	<b>-0.102</b> [0.019]**
<b>Low Qual*Child</b>	<b>-0.276</b> [0.044]**	<b>-0.284</b> [0.044]**	<b>-0.279</b> [0.029]**	<b>-0.248</b> [0.026]**	<b>-0.231</b> [0.025]**	<b>-0.183</b> [0.022]**	<b>-0.114</b> [0.021]**	<b>-0.153</b> [0.021]**	<b>-0.141</b> [0.020]**	<b>-0.149</b> [0.020]**	<b>-0.161</b> [0.020]**
<b>No Qual*Child</b>	<b>-0.191</b> [0.045]**	<b>-0.199</b> [0.045]**	<b>-0.186</b> [0.031]**	<b>-0.158</b> [0.028]**	<b>-0.089</b> [0.025]**	<b>-0.038</b> [0.021]+	<b>-0.002</b> [0.020]	<b>-0.025</b> [0.021]	<b>0</b> [0.019]	<b>-0.018</b> [0.019]	<b>-0.005</b> [0.019]
Age	-0.045 [0.010]**	-0.022 [0.010]*	-0.019 [0.009]*	0.003 [0.009]	0.016 [0.008]+	0.034 [0.008]**	0.01 [0.008]	0.012 [0.008]	0.004 [0.008]	-0.007 [0.008]	0.004 [0.008]
Black	-0.119 [0.017]**	-0.053 [0.015]**	-0.089 [0.014]**	-0.114 [0.014]**	-0.068 [0.014]**	-0.071 [0.014]**	-0.078 [0.014]**	-0.09 [0.014]**	-0.045 [0.014]**	-0.066 [0.014]**	-0.045 [0.014]**
Asian	-0.051 [0.020]*	-0.048 [0.020]*	-0.053 [0.020]**	-0.102 [0.021]**	-0.082 [0.019]**	-0.086 [0.019]**	-0.135 [0.019]**	-0.085 [0.018]**	-0.089 [0.017]**	-0.094 [0.016]**	-0.075 [0.016]**
Other Ethn.	-0.245 [0.043]**	-0.109 [0.042]**	-0.083 [0.036]*	-0.145 [0.038]**	-0.046 [0.034]	-0.088 [0.031]**	-0.106 [0.034]**	-0.131 [0.033]**	-0.033 [0.018]+	-0.125 [0.020]**	-0.088 [0.019]**
<b>Observations</b>	<b>27322</b>	<b>27534</b>	<b>36615</b>	<b>36975</b>	<b>37539</b>	<b>38224</b>	<b>38382</b>	<b>37654</b>	<b>40047</b>	<b>39137</b>	<b>38258</b>

Table 9: Other Labour Market Outcome – Regression Results (1993-2003)

	Unemployment		Inactivity	
	No trend	Trend	No Trend	Trend
<b>Treatment Effect</b>	<b>0.002</b>	<b>-0.017</b>	<b>-0.037</b>	<b>0.006</b>
	<b>[0.002]</b>	<b>[0.002]**</b>	<b>[0.002]**</b>	<b>[0.005]</b>
Age	-0.023	-0.023	-0.03	-0.029
	[0.002]**	[0.002]**	[0.003]**	[0.003]**
One Child	0.029	0.013	0.113	0.158
	[0.003]**	[0.003]**	[0.005]**	[0.007]**
Two Children	0.023	0.007	0.208	0.263
	[0.004]**	[0.004]+	[0.007]**	[0.009]**
3 or more Children	0.024	0.007	0.32	0.38
	[0.004]**	[0.004]+	[0.009]**	[0.010]**
Medium Qual	-0.002	-0.002	0.073	0.074
	[0.001]	[0.001]+	[0.003]**	[0.003]**
Low Qual	0.015	0.014	0.154	0.154
	[0.001]**	[0.001]**	[0.003]**	[0.003]**
No Qual	0.022	0.022	0.447	0.447
	[0.002]**	[0.002]**	[0.004]**	[0.004]**
Youngest Child 0-5	-0.009	-0.009	0.225	0.226
	[0.002]**	[0.002]**	[0.006]**	[0.006]**
Youngest Child 6-11	0.015	0.014	0.057	0.058
	[0.003]**	[0.003]**	[0.005]**	[0.005]**
Black	0.062	0.063	-0.013	-0.014
	[0.003]**	[0.003]**	[0.003]**	[0.003]**
Asian	0.054	0.054	0.046	0.046
	[0.004]**	[0.004]**	[0.006]**	[0.006]**
Other Ethnicity	0.053	0.052	0.046	0.046
	[0.006]**	[0.006]**	[0.009]**	[0.009]**
Trend	-0.004	-0.006	-0.001	0.003
	[0.000]**	[0.000]**	[0.000]**	[0.001]**
Post 2000	-0.001	0.007	0.027	0.005
	[0.002]	[0.002]**	[0.003]**	[0.003]
Trend_Child		0.004		-0.01
		[0.000]**		[0.001]**
<b>Observations</b>	<b>297969</b>	<b>297969</b>	<b>297969</b>	<b>297969</b>

Notes.

1. We restrict the sample to people aged 21 years or more.

## Appendix A

Table A1: Average Hours Worked (% in each group) (1995-2003)

	Lone Mothers											Single (Childless) Women									
Hours	1995	1996	1997	1998	1999	2000	2001	2002	2003		Hours	1995	1996	1997	1998	1999	2000	2001	2002	2003	
0-1	0.13	0.04	0.06	0.09	0.06	0.03	0.07	0.03	0.01		0-1	0.03	0.03	0.06	0.01	0.03	0	0.02	0.01	0.01	
2-3	0.49	0.47	0.46	0.65	0.5	0.45	0.29	0.26	0.17		2-3	0.17	0.11	0.14	0.13	0.14	0.11	0.08	0.06	0.05	
4-5	2.21	2.95	2.73	2.53	2.45	1.84	1.59	1.67	1.61		4-5	0.44	0.4	0.39	0.32	0.39	0.33	0.28	0.35	0.41	
6-7	4.43	3.86	3.33	3.51	2.72	2.33	2.09	2.18	2.17		6-7	0.72	0.68	0.63	0.6	0.6	0.46	0.56	0.54	0.65	
8-9	2.36	2.6	2.43	2.34	2.29	2.36	2.06	2.25	2.08		8-9	1.16	1.08	1.13	1.04	0.89	0.98	0.98	0.9	0.98	
10-11	2.85	2.85	3.49	2.7	3	2.44	2.29	2.54	2.54		10-11	0.96	0.99	1	1.04	1.07	0.94	0.91	0.96	0.85	
12-13	2.97	2.91	2.83	2.69	2.68	2.87	2.33	2.75	2.3		12-13	1.02	0.98	1.03	0.98	0.98	0.99	0.97	1.08	1.23	
14-15	1.65	1.76	1.32	1.65	1.63	1.35	1.8	1.6	1.71		14-15	0.55	0.58	0.65	0.61	0.71	0.75	0.65	0.61	0.77	
<b>16-17</b>	<b>7.8</b>	<b>8.66</b>	<b>7.64</b>	<b>8.52</b>	<b>9.15</b>	<b>9.35</b>	<b>10.47</b>	<b>10.69</b>	<b>10.16</b>		<b>16-17</b>	<b>1.59</b>	<b>1.69</b>	<b>2.07</b>	<b>1.77</b>	<b>1.97</b>	<b>1.89</b>	<b>1.93</b>	<b>2.19</b>	<b>2.39</b>	
18-19	3.54	3.45	3.81	5.27	5.66	4.83	5.13	4.89	5.02		18-19	0.79	0.87	0.89	0.95	0.91	0.98	1.02	0.91	0.94	
20-21	6.67	6.65	7.73	7.71	8.47	7.92	8.18	8.51	8.51		20-21	1.52	1.79	1.88	1.93	1.8	2.22	2.04	1.91	2.15	
22-23	3.14	3.24	3.94	3.86	4.02	5.01	4.76	5.15	5.18		22-23	0.67	0.74	0.79	1.01	0.89	1.02	0.92	0.98	0.94	
24-25	2.26	2.56	3.23	2.88	2.85	3.55	3.02	3.23	4.05		24-25	0.75	0.78	0.86	0.77	0.89	0.76	0.85	0.88	0.89	
26-27	3.8	3.96	4.72	3.83	3.99	4.52	4.4	4.64	4.91		26-27	1.74	1.61	1.66	1.75	1.73	1.97	1.75	1.79	1.8	
28-29	1.86	2.28	2.58	2.16	2.07	2.32	2.69	2.96	2.63		28-29	1.15	1.17	1.12	1.26	1.17	1.2	1.14	1.03	1.02	
<b>30-31</b>	<b>3.94</b>	<b>4.39</b>	<b>3.96</b>	<b>3.72</b>	<b>4.29</b>	<b>4.55</b>	<b>4.9</b>	<b>5.65</b>	<b>6</b>		<b>30-31</b>	<b>2.88</b>	<b>2.99</b>	<b>2.77</b>	<b>2.64</b>	<b>2.68</b>	<b>2.78</b>	<b>2.67</b>	<b>2.57</b>	<b>3.07</b>	
32-33	2.26	2.26	2.04	2.23	2	2.17	2.17	2.46	2.28		32-33	1.76	1.79	1.63	1.82	1.87	2.01	1.69	1.66	1.54	
34-35	1.14	1.19	0.82	1.12	1.25	1.16	1.32	1.55	1.36		34-35	1.26	1.24	1.12	0.93	0.95	1.01	0.91	0.88	1.01	
36-37	10.19	10.91	9.74	9.24	9.26	9.76	9.85	8.16	9.4		36-37	17.38	17.53	16.51	16.47	16.07	15.57	16.34	16	16.5	
38-39	15.92	13.91	14.09	14.77	13.76	13.95	14.07	13.48	13.18		38-39	27.21	26.46	26.99	27.71	27.88	28.16	29.32	29.87	28.82	
40-41	11.66	10.24	10.95	11.59	9.95	9.61	9.6	8.77	8.66		40-41	19.68	19.51	19.22	19.11	19.55	19.15	18.96	19.04	19.14	
42-43	2.47	2.99	2.7	2.11	2.58	2.48	2.17	1.89	1.79		42-43	5.39	5.63	5.43	5.09	5.22	4.9	4.81	5.06	4.37	
44-45	2.02	1.8	1.64	1.39	1.28	1.25	1.28	1.21	1.02		44-45	3.47	3.16	3.38	3.05	3.08	3.17	2.96	2.57	2.47	
46-47	2.32	1.99	1.95	1.76	1.92	1.89	1.82	1.57	1.66		46-47	3.65	4.03	3.93	4.43	4.24	4.2	4.07	3.88	3.55	
48-49	0.97	1.19	0.99	0.76	1.07	1	0.77	0.93	0.78		48-49	1.92	1.79	1.99	2.11	1.95	1.99	2.04	1.89	2.02	
50+	0.95	0.9	0.82	0.95	1.09	1.03	0.91	1	0.82		50+	2.16	2.38	2.72	2.47	2.36	2.5	2.12	2.38	2.42	

Table A2a: Work 0-15 Hours- Child Dummy Marginal Effect (1993-2003)

	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
<b>Child</b>	0.033	0.039	0.057	0.056	0.05	0.053	0.054	0.054	0.044	0.051	0.041
	[0.004]**	[0.004]**	[0.003]**	[0.003]**	[0.003]**	[0.003]**	[0.003]**	[0.003]**	[0.003]**	[0.003]**	[0.003]**
<b>Observations</b>	<i>27130</i>	<i>27309</i>	<i>36244</i>	<i>36522</i>	<i>37069</i>	<i>37712</i>	<i>37796</i>	<i>37054</i>	<i>39240</i>	<i>38276</i>	<i>37496</i>

Table A2b: Work 0-15 Hours – Age of Youngest Child Marginal Effect (1993-2003)

	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
<b>Age 0-5</b>	0.026	0.036	0.049	0.056	0.052	0.046	0.053	0.063	0.049	0.048	0.039
	[0.004]**	[0.005]**	[0.004]**	[0.004]**	[0.004]**	[0.004]**	[0.004]**	[0.004]**	[0.004]**	[0.004]**	[0.004]**
<b>Age 6-11</b>	0.037	0.071	0.123	0.093	0.083	0.095	0.083	0.081	0.053	0.088	0.074
	[0.007]**	[0.009]**	[0.010]**	[0.008]**	[0.008]**	[0.008]**	[0.007]**	[0.007]**	[0.006]**	[0.007]**	[0.007]**
<b>Age 12-16</b>	0.028	0.029	0.058	0.034	0.05	0.04	0.04	0.055	0.05	0.053	0.037
	[0.006]**	[0.006]**	[0.008]**	[0.007]**	[0.007]**	[0.007]**	[0.007]**	[0.007]**	[0.007]**	[0.007]**	[0.006]**
<b>Observations</b>	<i>27130</i>	<i>27309</i>	<i>36244</i>	<i>36522</i>	<i>37069</i>	<i>37712</i>	<i>37796</i>	<i>37054</i>	<i>39240</i>	<i>38276</i>	<i>37496</i>

Table A2c: Work 0-15 Hours - Number of Children Marginal Effect (1993-2003)

	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
<b>One Child</b>	0.033	0.039	0.053	0.052	0.047	0.049	0.05	0.048	0.038	0.049	0.033
	[0.004]**	[0.005]**	[0.004]**	[0.004]**	[0.004]**	[0.004]**	[0.004]**	[0.004]**	[0.004]**	[0.004]**	[0.004]**
<b>Two Children</b>	0.046	0.047	0.091	0.094	0.081	0.085	0.083	0.102	0.083	0.084	0.076
	[0.008]**	[0.008]**	[0.008]**	[0.008]**	[0.007]**	[0.007]**	[0.007]**	[0.007]**	[0.006]**	[0.007]**	[0.006]**
<b>3+ Children</b>	0.012	0.048	0.072	0.067	0.054	0.067	0.081	0.073	0.044	0.067	0.056
	[0.011]	[0.013]**	[0.012]**	[0.011]**	[0.011]**	[0.011]**	[0.011]**	[0.011]**	[0.009]**	[0.010]**	[0.010]**
<b>Observations</b>	<i>27130</i>	<i>27309</i>	<i>36244</i>	<i>36412</i>	<i>36921</i>	<i>37581</i>	<i>37661</i>	<i>36849</i>	<i>38986</i>	<i>38021</i>	<i>37235</i>

Table A2d: Work 0-15 Hours – Differential Qualification Marginal Effect (1993-2003)

	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
<b>Child</b>	0.017 [0.018]	0.028 [0.018]	0.054 [0.014]**	0.031 [0.012]**	0.061 [0.012]**	0.054 [0.011]**	0.062 [0.010]**	0.07 [0.010]**	0.059 [0.009]**	0.057 [0.009]**	0.063 [0.009]**
<b>Med Qual</b>	0.017 [0.005]**	0.016 [0.005]**	0.032 [0.005]**	0.029 [0.005]**	0.038 [0.005]**	0.037 [0.005]**	0.029 [0.005]**	0.034 [0.005]**	0.041 [0.005]**	0.03 [0.004]**	0.04 [0.005]**
<b>Low Qual</b>	-0.015 [0.005]**	-0.019 [0.005]**	-0.02 [0.004]**	-0.019 [0.004]**	-0.009 [0.004]*	-0.006 [0.005]	-0.009 [0.005]+	-0.009 [0.005]*	0.01 [0.005]*	-0.006 [0.004]	0.004 [0.005]
<b>No Qual</b>	-0.014 [0.005]**	-0.027 [0.005]**	-0.018 [0.005]**	-0.01 [0.006]+	-0.006 [0.006]	-0.001 [0.007]	-0.003 [0.007]	-0.005 [0.007]	0.004 [0.007]	-0.016 [0.006]**	0.006 [0.007]
<b>Med Qual*Child</b>	0.007 [0.018]	-0.013 [0.013]	-0.017 [0.008]*	0.001 [0.011]	-0.023 [0.007]**	-0.014 [0.007]+	-0.017 [0.007]*	-0.025 [0.005]**	-0.023 [0.005]**	-0.021 [0.006]**	-0.025 [0.006]**
<b>Low Qual*Child</b>	0.021 [0.021]	0.025 [0.020]	0.019 [0.013]	0.053 [0.016]**	0.012 [0.011]	0.02 [0.011]+	0.015 [0.010]	0.01 [0.009]	0.001 [0.008]	0.02 [0.010]*	-0.002 [0.008]
<b>No Qual*Child</b>	0.012 [0.020]	0.025 [0.022]	0.006 [0.013]	0.011 [0.013]	-0.011 [0.010]	-0.005 [0.010]	-0.02 [0.008]**	-0.007 [0.009]	-0.003 [0.009]	0.004 [0.011]	-0.026 [0.007]**
<b>Observations</b>	<b>27130</b>	<b>27309</b>	<b>36244</b>	<b>36522</b>	<b>37069</b>	<b>37712</b>	<b>37796</b>	<b>37054</b>	<b>39240</b>	<b>38276</b>	<b>37496</b>

Table A3a: Work 16-29 Hours- Child Dummy Marginal Effect (1993-2003)

	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
<b>Child</b>	0.027 [0.004]**	0.032 [0.004]**	0.069 [0.004]**	0.073 [0.004]**	0.088 [0.004]**	0.09 [0.004]**	0.105 [0.004]**	0.114 [0.004]**	0.126 [0.004]**	0.137 [0.004]**	0.139 [0.004]**
<b>Observations</b>	<b>26828</b>	<b>27034</b>	<b>35941</b>	<b>36222</b>	<b>36814</b>	<b>37519</b>	<b>37624</b>	<b>36862</b>	<b>39189</b>	<b>38254</b>	<b>37272</b>

Table A3b: Work 16-29 Hours – Age of Youngest Child Marginal Effect (1993-2003)

	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
<b>Age 0-5</b>	0.015 [0.005]**	0.03 [0.005]**	0.07 [0.005]**	0.075 [0.005]**	0.088 [0.005]**	0.097 [0.005]**	0.111 [0.005]**	0.121 [0.005]**	0.144 [0.005]**	0.148 [0.006]**	0.152 [0.006]**
<b>Age 6-11</b>	0.075 [0.009]**	0.067 [0.009]**	0.108 [0.009]**	0.104 [0.009]**	0.153 [0.009]**	0.141 [0.009]**	0.161 [0.009]**	0.183 [0.009]**	0.174 [0.009]**	0.179 [0.009]**	0.208 [0.009]**
<b>Age 12-16</b>	0.012 [0.007]+	0.03 [0.008]**	0.061 [0.009]**	0.071 [0.009]**	0.08 [0.009]**	0.047 [0.009]**	0.088 [0.010]**	0.088 [0.010]**	0.097 [0.009]**	0.096 [0.010]**	0.093 [0.010]**
<b>Observations</b>	<b>26828</b>	<b>27034</b>	<b>35941</b>	<b>36222</b>	<b>36814</b>	<b>37519</b>	<b>37624</b>	<b>36862</b>	<b>39189</b>	<b>38254</b>	<b>37272</b>

Table A3c: Work 16-29 Hours - Number of Children Marginal Effect (1993-2003)

	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
<b>One Child</b>	0.036 [0.005]**	0.045 [0.005]**	0.081 [0.005]**	0.081 [0.005]**	0.098 [0.005]**	0.103 [0.005]**	0.122 [0.005]**	0.132 [0.006]**	0.144 [0.006]**	0.157 [0.006]**	0.165 [0.006]**
<b>Two Children</b>	0.014 [0.008]+	-0.001 [0.007]	0.066 [0.008]**	0.098 [0.008]**	0.108 [0.008]**	0.107 [0.008]**	0.135 [0.008]**	0.144 [0.008]**	0.158 [0.008]**	0.177 [0.008]**	0.17 [0.008]**
<b>3+ Children</b>	-0.014 [0.010]	0.013 [0.011]	0.051 [0.011]**	0.032 [0.011]**	0.048 [0.011]**	0.058 [0.011]**	0.041 [0.011]**	0.084 [0.012]**	0.102 [0.012]**	0.094 [0.012]**	0.086 [0.012]**
<b>Observations</b>	<b>26828</b>	<b>27034</b>	<b>35941</b>	<b>36114</b>	<b>36668</b>	<b>37392</b>	<b>37490</b>	<b>36663</b>	<b>38942</b>	<b>38006</b>	<b>37023</b>

Table A3d: Work 16-29 Hours – Differential Qualification Marginal Effect (1993-2003)

	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
Child	0.032 [0.020]	-0.018 [0.019]	0.103 [0.015]**	0.11 [0.014]**	0.126 [0.014]**	0.104 [0.013]**	0.099 [0.012]**	0.116 [0.012]**	0.136 [0.012]**	0.187 [0.013]**	0.14 [0.012]**
Med Qual	-0.018 [0.005]**	-0.014 [0.005]**	-0.021 [0.004]**	-0.003 [0.005]	0.003 [0.005]	0.006 [0.005]	0.008 [0.006]	0.02 [0.006]**	0.036 [0.006]**	0.04 [0.006]**	0.034 [0.006]**
Low Qual	-0.028 [0.005]**	-0.028 [0.005]**	-0.027 [0.005]**	-0.018 [0.005]**	-0.006 [0.005]	-0.005 [0.005]	0.003 [0.006]	0.007 [0.006]	0.002 [0.006]	0.027 [0.007]**	0.022 [0.007]**
No Qual	-0.03 [0.005]**	-0.022 [0.006]**	-0.033 [0.005]**	-0.032 [0.006]**	-0.019 [0.007]**	-0.014 [0.008]+	-0.018 [0.008]*	-0.019 [0.008]*	-0.001 [0.009]	0.033 [0.011]**	-0.01 [0.010]
Med Qual*Child	-0.003 [0.017]	0.071 [0.035]*	-0.014 [0.010]	-0.03 [0.008]**	-0.028 [0.009]**	-0.007 [0.011]	0.01 [0.012]	-0.001 [0.011]	-0.016 [0.010]+	-0.033 [0.009]**	0.016 [0.012]
Low Qual*Child	0 [0.017]	0.071 [0.032]*	-0.023 [0.009]*	-0.02 [0.010]*	-0.023 [0.009]*	-0.007 [0.011]	0.011 [0.012]	0.004 [0.012]	0.012 [0.012]	-0.035 [0.009]**	-0.011 [0.011]
No Qual*Child	-0.012 [0.016]	0.027 [0.027]	-0.048 [0.007]**	-0.042 [0.008]**	-0.046 [0.008]**	-0.043 [0.009]**	-0.026 [0.011]*	-0.023 [0.012]+	-0.038 [0.011]**	-0.071 [0.008]**	-0.033 [0.012]**
<b>Observations</b>	<b>26828</b>	<b>27034</b>	<b>35941</b>	<b>36222</b>	<b>36814</b>	<b>37519</b>	<b>37624</b>	<b>36862</b>	<b>39189</b>	<b>38254</b>	<b>37272</b>

Table A4a: Work 30+ Hours- Child Dummy Marginal Effect (1993-2003)

	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
<b>Child</b>	-0.42 [0.007]**	-0.438 [0.007]**	-0.489 [0.005]**	-0.479 [0.005]**	-0.473 [0.005]**	-0.489 [0.005]**	-0.47 [0.005]**	-0.442 [0.005]**	-0.445 [0.005]**	-0.462 [0.005]**	-0.465 [0.005]**
<b>Observations</b>	<b>27328</b>	<b>27542</b>	<b>36627</b>	<b>36984</b>	<b>37555</b>	<b>38233</b>	<b>38392</b>	<b>37656</b>	<b>40057</b>	<b>39141</b>	<b>38263</b>

Table A4b: Work 30+ Hours – Age of Youngest Child Marginal Effect (1993-2003)

	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
<b>Age 0-5</b>	-0.515	-0.518	-0.554	-0.538	-0.532	-0.549	-0.521	-0.507	-0.518	-0.519	-0.522
	[0.007]**	[0.007]**	[0.005]**	[0.005]**	[0.005]**	[0.005]**	[0.005]**	[0.005]**	[0.005]**	[0.005]**	[0.005]**
<b>Age 6-11</b>	-0.258	-0.289	-0.362	-0.357	-0.382	-0.398	-0.386	-0.386	-0.361	-0.376	-0.414
	[0.013]**	[0.012]**	[0.010]**	[0.009]**	[0.009]**	[0.008]**	[0.008]**	[0.008]**	[0.008]**	[0.008]**	[0.007]**
<b>Age 12-16</b>	-0.076	-0.093	-0.138	-0.165	-0.209	-0.165	-0.184	-0.175	-0.178	-0.198	-0.186
	[0.013]**	[0.013]**	[0.013]**	[0.012]**	[0.012]**	[0.012]**	[0.012]**	[0.012]**	[0.011]**	[0.011]**	[0.011]**
<b>Observations</b>	<b>27328</b>	<b>27542</b>	<b>36627</b>	<b>36984</b>	<b>37555</b>	<b>38233</b>	<b>38392</b>	<b>37656</b>	<b>40057</b>	<b>39141</b>	<b>38263</b>

Table A4c: Work 30+ Hours - Number of Children Marginal Effect (1993-2003)

	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
<b>One Child</b>	-0.378	-0.375	-0.418	-0.417	-0.421	-0.425	-0.413	-0.382	-0.391	-0.404	-0.405
	[0.008]**	[0.007]**	[0.006]**	[0.006]**	[0.006]**	[0.006]**	[0.006]**	[0.006]**	[0.006]**	[0.006]**	[0.006]**
<b>Two Children</b>	-0.496	-0.527	-0.546	-0.528	-0.522	-0.542	-0.522	-0.515	-0.504	-0.522	-0.516
	[0.009]**	[0.008]**	[0.006]**	[0.006]**	[0.006]**	[0.006]**	[0.006]**	[0.006]**	[0.006]**	[0.006]**	[0.006]**
<b>3+ Children</b>	-0.487	-0.543	-0.556	-0.564	-0.537	-0.56	-0.549	-0.528	-0.541	-0.547	-0.556
	[0.014]**	[0.009]**	[0.006]**	[0.006]**	[0.007]**	[0.006]**	[0.006]**	[0.007]**	[0.006]**	[0.006]**	[0.005]**
<b>Observations</b>	<b>27328</b>	<b>27542</b>	<b>36627</b>	<b>36874</b>	<b>37407</b>	<b>38101</b>	<b>38255</b>	<b>37451</b>	<b>39801</b>	<b>38885</b>	<b>38001</b>

Table A4d: Work 30+ Hours – Differential Qualification Marginal Effect (1993-2003)

	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
<b>Child</b>	-0.176	-0.133	-0.322	-0.303	-0.332	-0.357	-0.353	-0.321	-0.337	-0.372	-0.339
	[0.040]**	[0.040]**	[0.023]**	[0.021]**	[0.019]**	[0.018]**	[0.017]**	[0.017]**	[0.016]**	[0.015]**	[0.015]**
<b>Med Qual</b>	0.004	-0.021	-0.023	-0.055	-0.076	-0.046	-0.072	-0.085	-0.118	-0.092	-0.09
	[0.011]	[0.011]+	[0.010]*	[0.010]**	[0.010]**	[0.009]**	[0.009]**	[0.009]**	[0.009]**	[0.009]**	[0.009]**
<b>Low Qual</b>	0.006	-0.001	0.017	-0.021	-0.071	-0.041	-0.095	-0.11	-0.124	-0.119	-0.118
	[0.011]	[0.011]	[0.010]+	[0.010]*	[0.010]**	[0.010]**	[0.010]**	[0.010]**	[0.010]**	[0.010]**	[0.010]**
<b>No Qual</b>	-0.287	-0.311	-0.291	-0.323	-0.399	-0.39	-0.414	-0.427	-0.446	-0.45	-0.457
	[0.013]**	[0.013]**	[0.012]**	[0.012]**	[0.011]**	[0.011]**	[0.011]**	[0.010]**	[0.010]**	[0.010]**	[0.010]**
<b>Med Qual*Child</b>	-0.17	-0.188	-0.037	-0.054	-0.062	-0.062	-0.075	-0.077	-0.058	-0.055	-0.13
	[0.042]**	[0.041]**	[0.028]	[0.025]*	[0.024]**	[0.022]**	[0.021]**	[0.021]**	[0.020]**	[0.019]**	[0.019]**
<b>Low Qual*Child</b>	-0.314	-0.397	-0.283	-0.31	-0.271	-0.27	-0.238	-0.235	-0.24	-0.202	-0.228
	[0.038]**	[0.033]**	[0.025]**	[0.022]**	[0.022]**	[0.021]**	[0.020]**	[0.020]**	[0.019]**	[0.019]**	[0.019]**
<b>No Qual*Child</b>	-0.298	-0.373	-0.254	-0.257	-0.162	-0.166	-0.107	-0.145	-0.102	-0.089	-0.087
	[0.040]**	[0.035]**	[0.029]**	[0.026]**	[0.027]**	[0.026]**	[0.026]**	[0.025]**	[0.025]**	[0.026]**	[0.026]**
<b>Observations</b>	<b>26828</b>	<b>27034</b>	<b>35941</b>	<b>36222</b>	<b>36814</b>	<b>37519</b>	<b>37624</b>	<b>36862</b>	<b>39189</b>	<b>38254</b>	<b>37272</b>

Table A5a: Unemployment - Child Dummy Marginal Effect (1993-2003)

	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
<b>Child</b>	0.002	0.005	0.012	0.019	0.019	0.031	0.024	0.014	0.014	0.016	0.018
	[0.004]	[0.004]	[0.003]**	[0.003]**	[0.003]**	[0.003]**	[0.003]**	[0.003]**	[0.002]**	[0.002]**	[0.002]**
<b>Observations</b>	<b>27328</b>	<b>27542</b>	<b>36627</b>	<b>36984</b>	<b>37555</b>	<b>38233</b>	<b>38392</b>	<b>37656</b>	<b>40057</b>	<b>39141</b>	<b>38263</b>

Table A5b: Unemployment – Age of Youngest Child Marginal Effect (1993-2003)

	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
<b>Age 0-5</b>	-0.001	-0.003	0.006	0.009	0.014	0.022	0.019	0.01	0.006	0.011	0.011
	[0.005]	[0.005]	[0.004]+	[0.004]**	[0.004]**	[0.003]**	[0.003]**	[0.003]**	[0.003]*	[0.003]**	[0.003]**
<b>Age 6-11</b>	0.011	0.029	0.03	0.035	0.042	0.061	0.05	0.036	0.033	0.029	0.04
	[0.008]	[0.008]**	[0.007]**	[0.007]**	[0.006]**	[0.007]**	[0.006]**	[0.005]**	[0.005]**	[0.005]**	[0.005]**
<b>Age 12-16</b>	0.008	-0.004	-0.006	0.023	0.016	0.018	0.026	0.006	0.017	0.023	0.027
	[0.007]	[0.007]	[0.006]	[0.007]**	[0.006]**	[0.006]**	[0.006]**	[0.005]	[0.005]**	[0.005]**	[0.006]**
<b>Observations</b>	<b>27328</b>	<b>27542</b>	<b>36627</b>	<b>36984</b>	<b>37555</b>	<b>38233</b>	<b>38392</b>	<b>37656</b>	<b>40057</b>	<b>39141</b>	<b>38263</b>

Table A5c: Unemployment - Number of Children Marginal Effect (1993-2003)

	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
<b>One Child</b>	0.005	0.007	0.015	0.024	0.018	0.036	0.027	0.013	0.015	0.021	0.024
	[0.005]	[0.005]	[0.004]**	[0.004]**	[0.004]**	[0.004]**	[0.004]**	[0.003]**	[0.003]**	[0.003]**	[0.003]**
<b>Two Children</b>	-0.007	0.002	0.003	0.015	0.027	0.026	0.021	0.019	0.018	0.011	0.012
	[0.007]	[0.007]	[0.005]	[0.005]**	[0.006]**	[0.005]**	[0.005]**	[0.005]**	[0.004]**	[0.004]**	[0.004]**
<b>3+ Children</b>	0.002	0.005	0.014	0.005	0.02	0.039	0.036	0.02	0.008	0.015	0.015
	[0.012]	[0.011]	[0.008]+	[0.008]	[0.008]*	[0.008]**	[0.008]**	[0.007]**	[0.006]	[0.006]*	[0.006]*
<b>Observations</b>	<b>27328</b>	<b>27542</b>	<b>36627</b>	<b>36874</b>	<b>37407</b>	<b>38101</b>	<b>38255</b>	<b>37451</b>	<b>39801</b>	<b>38885</b>	<b>38001</b>

Table A5d: Unemployment – Differential Qualification Marginal Effect (1993-2003)

	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
<b>Child</b>	0.034	0.054	0.017	0.035	0.037	0.04	0.035	0.029	0.023	0.014	0.025
	[0.024]	[0.024]*	[0.014]	[0.012]**	[0.011]**	[0.010]**	[0.010]**	[0.008]**	[0.008]**	[0.008]+	[0.008]**
<b>Med Qual</b>	-0.024	-0.017	-0.022	-0.004	0.003	-0.012	0.008	0	0.004	-0.002	0
	[0.006]**	[0.006]**	[0.005]**	[0.005]	[0.005]	[0.004]**	[0.004]+	[0.004]	[0.004]	[0.004]	[0.004]
<b>Low Qual</b>	0.006	0.007	-0.008	0.009	0.016	-0.001	0.018	0.022	0.019	0.023	0.018
	[0.006]	[0.006]	[0.005]+	[0.005]+	[0.005]**	[0.004]	[0.005]**	[0.005]**	[0.004]**	[0.004]**	[0.004]**
<b>No Qual</b>	0.046	0.066	0.035	0.034	0.062	0.055	0.069	0.058	0.047	0.03	0.034
	[0.009]**	[0.010]**	[0.008]**	[0.008]**	[0.009]**	[0.008]**	[0.009]**	[0.009]**	[0.008]**	[0.008]**	[0.008]**
<b>Med Qual*Child</b>	0.007	-0.023	-0.006	-0.009	-0.01	-0.006	-0.006	0.001	-0.003	0.012	0
	[0.024]	[0.017]	[0.014]	[0.011]	[0.010]	[0.009]	[0.009]	[0.008]	[0.007]	[0.009]	[0.008]
<b>Low Qual*Child</b>	-0.024	-0.027	0.011	-0.011	-0.008	0.006	-0.001	-0.015	-0.008	-0.001	-0.008
	[0.018]	[0.016]	[0.014]	[0.010]	[0.010]	[0.010]	[0.009]	[0.007]*	[0.007]	[0.008]	[0.007]
<b>No Qual*Child</b>	-0.059	-0.069	-0.038	-0.029	-0.039	-0.035	-0.035	-0.034	-0.022	-0.012	-0.019
	[0.012]**	[0.009]**	[0.009]**	[0.009]**	[0.007]**	[0.005]**	[0.005]**	[0.004]**	[0.006]**	[0.007]+	[0.006]**
<b>Observations</b>	<b>27328</b>	<b>27542</b>	<b>36627</b>	<b>36984</b>	<b>37555</b>	<b>38233</b>	<b>38392</b>	<b>37656</b>	<b>40057</b>	<b>39141</b>	<b>38263</b>

Table A6a: Inactivity - Child Dummy Marginal Effect (1993-2003)

	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
<b>Child</b>	0.355	0.360	0.344	0.320	0.300	0.304	0.272	0.249	0.250	0.248	0.255
	[0.007]**	[0.007]**	[0.006]**	[0.005]**	[0.005]**	[0.005]**	[0.005]**	[0.005]**	[0.005]**	[0.005]**	[0.005]**
<b>Observations</b>	<b>27328</b>	<b>27542</b>	<b>36627</b>	<b>36984</b>	<b>37555</b>	<b>38233</b>	<b>38392</b>	<b>37656</b>	<b>40057</b>	<b>39141</b>	<b>38263</b>

Table A6b: Inactivity – Age of Youngest Child Marginal Effect (1993-2003)

	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
<b>Age 0-5</b>	0.496	0.479	0.453	0.425	0.407	0.415	0.366	0.349	0.353	0.353	0.365
	[0.009]**	[0.008]**	[0.007]**	[0.007]**	[0.007]**	[0.007]**	[0.006]**	[0.007]**	[0.006]**	[0.006]**	[0.007]**
<b>Age 6-11</b>	0.167	0.163	0.188	0.207	0.183	0.191	0.17	0.167	0.175	0.157	0.183
	[0.013]**	[0.013]**	[0.011]**	[0.011]**	[0.010]**	[0.010]**	[0.010]**	[0.009]**	[0.009]**	[0.009]**	[0.009]**
<b>Age 12-16</b>	0.033	0.051	0.03	0.047	0.073	0.083	0.044	0.046	0.03	0.047	0.054
	[0.011]**	[0.012]**	[0.011]**	[0.011]**	[0.011]**	[0.012]**	[0.010]**	[0.010]**	[0.009]**	[0.010]**	[0.010]**
<b>Observations</b>	<b>27328</b>	<b>27542</b>	<b>36627</b>	<b>36984</b>	<b>37555</b>	<b>38233</b>	<b>38392</b>	<b>37656</b>	<b>40057</b>	<b>39141</b>	<b>38263</b>

Table 6c: Inactivity - Number of Children Marginal Effect (1993-2003)

	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
<b>One Child</b>	0.343	0.332	0.323	0.31	0.298	0.291	0.258	0.236	0.237	0.228	0.233
	[0.009]**	[0.008]**	[0.007]**	[0.007]**	[0.007]**	[0.007]**	[0.007]**	[0.007]**	[0.006]**	[0.007]**	[0.007]**
<b>Two Children</b>	0.501	0.557	0.502	0.433	0.409	0.439	0.392	0.357	0.348	0.36	0.372
	[0.014]**	[0.013]**	[0.010]**	[0.010]**	[0.010]**	[0.010]**	[0.010]**	[0.010]**	[0.009]**	[0.009]**	[0.009]**
<b>3+ Children</b>	0.542	0.569	0.555	0.593	0.526	0.536	0.506	0.483	0.502	0.506	0.546
	[0.021]**	[0.018]**	[0.014]**	[0.014]**	[0.015]**	[0.014]**	[0.014]**	[0.014]**	[0.013]**	[0.014]**	[0.013]**
<b>Observations</b>	<b>27328</b>	<b>27542</b>	<b>36627</b>	<b>36874</b>	<b>37407</b>	<b>38101</b>	<b>38255</b>	<b>37451</b>	<b>39801</b>	<b>38885</b>	<b>38001</b>

Table A6d: Inactivity – Differential Qualification Marginal Effect (1993-2003)

	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
Child	0.14 [0.037]**	0.111 [0.037]**	0.207 [0.024]**	0.184 [0.021]**	0.167 [0.020]**	0.219 [0.018]**	0.223 [0.017]**	0.16 [0.016]**	0.184 [0.016]**	0.191 [0.015]**	0.171 [0.015]**
Med Qual	0.022 [0.010]*	0.048 [0.011]**	0.061 [0.010]**	0.054 [0.010]**	0.047 [0.009]**	0.034 [0.009]**	0.04 [0.009]**	0.039 [0.009]**	0.052 [0.009]**	0.052 [0.008]**	0.03 [0.008]**
Low Qual	0.048 [0.010]**	0.074 [0.011]**	0.085 [0.010]**	0.09 [0.009]**	0.11 [0.010]**	0.093 [0.009]**	0.123 [0.010]**	0.13 [0.010]**	0.141 [0.010]**	0.119 [0.010]**	0.119 [0.009]**
No Qual	0.353 [0.016]**	0.392 [0.017]**	0.429 [0.016]**	0.441 [0.016]**	0.487 [0.015]**	0.459 [0.015]**	0.492 [0.015]**	0.515 [0.015]**	0.533 [0.014]**	0.548 [0.014]**	0.56 [0.014]**
<b>Med Qual*Child</b>	0.151 [0.046]**	0.186 [0.051]**	0.058 [0.024]*	0.073 [0.023]**	0.115 [0.024]**	0.061 [0.019]**	0.046 [0.017]**	0.089 [0.020]**	0.073 [0.018]**	0.057 [0.017]**	0.094 [0.018]**
<b>Low Qual*Child</b>	0.274 [0.050]**	0.314 [0.053]**	0.18 [0.029]**	0.191 [0.027]**	0.178 [0.025]**	0.124 [0.021]**	0.07 [0.018]**	0.128 [0.021]**	0.101 [0.019]**	0.097 [0.018]**	0.127 [0.019]**
<b>No Qual*Child</b>	0.126 [0.042]**	0.198 [0.051]**	0.073 [0.025]**	0.066 [0.023]**	0.045 [0.021]*	0.01 [0.016]	-0.016 [0.014]	0.012 [0.017]	-0.023 [0.014]+	-0.03 [0.013]*	-0.019 [0.014]
<b>Observations</b>	<b>27328</b>	<b>27542</b>	<b>36627</b>	<b>36984</b>	<b>37555</b>	<b>38233</b>	<b>38392</b>	<b>37656</b>	<b>40057</b>	<b>39141</b>	<b>38263</b>

Figure A1: Employment Rate of Lone Mothers and Single (Childless Low Edu) Women

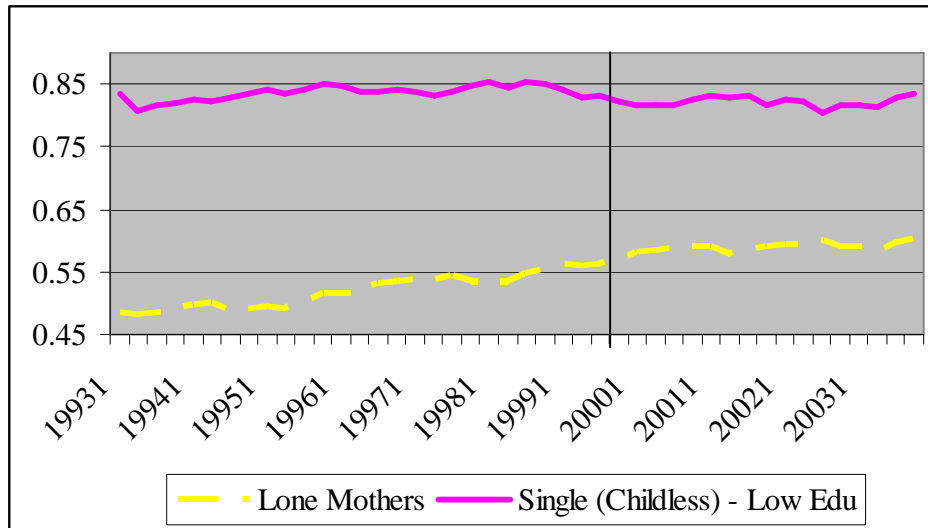


Figure A2: Employment Rate of Lone Mothers (Low Edu) and Single (Childless Low Edu) Women

