

LIFE AFTER WELFARE: THE EFFECTS OF RECESSION

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The Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA) made substantial changes to cash assistance. PRWORA ended the Aid to Families with Dependent Children (AFDC) program and replaced it with Temporary Assistance for Needy Families (TANF). Created during a period of economic prosperity, TANF's goal of moving recipients off welfare and into employment was well-suited to the times. Much of the research studying the national impact of TANF comes from the first years of its implementation, when the American economy was strong.

However, these economic conditions did not last. The American economy entered a short recession in 2001, recovered mildly in the mid-2000s, and then entered what came to be known as the Great Recession. The Great Recession, extending from 2007 into 2009, was the worst economic downturn since the 1920s and profoundly impacted the economy and the TANF population. Across the country, employment rates fell and poverty increased. Maryland, which fared well compared with other states, still saw unemployment rates increase 106% from 2007 to 2011 (Zedlewski & Loprest, 2011). Though the state's job base returned to pre-Great Recession levels by September 2013 (Hopkins, 2013), Maryland is still facing a stagnant economy and state revenues that are not keeping up with inflation (Comptroller of Maryland, 2014).

Recent leavers from Maryland's TANF program, Temporary Cash Assistance (TCA), have thus faced particularly harsh post-exit economic conditions. To understand what has happened to Great Recession leavers, it is important to place their economic outcomes in context. Have Great Recession leavers fared worse than leavers who experienced more positive economic circumstances? Are their outcomes similar to leavers from an earlier recessionary period? To explore these questions, this study compares the employment and earnings outcomes of TCA leavers affected by the Great Recession with leavers from the 2001 recession, as well as leavers from the weak economic recovery period of the mid-2000s.

This study groups TCA leavers according to the following time periods:

- 1) 2001 Recession – Exited TCA between July 2001 and June 2003
- 2) Recovery – Exited TCA between July 2005 and June 2007
- 3) Great Recession – Exited TCA between July 2009 and June 2011.

Exploring outcomes for these three sets of TCA leavers can help Maryland's policy-makers and program managers anticipate the impact of future recessions on the TCA caseload. If outcomes for recession leavers are markedly worse than those for leavers in better economic times, policymakers may need to develop additional strategies to support welfare leavers during recessionary periods.

Background

What is a recession, and whom does it affect? The National Bureau of Economic Research (NBER) defines a recession as “a significant decline in economic activity spread across the economy...normally visible in real GDP, real income, employment, industrial production, and wholesale-retail sales” (NBER, 2014, “US Business Cycle Expansions and Contractions”, endnote). Recessions cause higher rates of unemployment, often for periods lasting much longer than the official end of a recessionary period. Even after some sectors of the economy begin to recover, families continue to experience high unemployment and falling income levels (Schmitt & Dean, 2008). Research suggests that high unemployment increases recidivism among former TANF recipients (Cheng, 2010) and causes increases in TANF caseload sizes (Blank, 2002).

The effects of a recession on employment for low-income individuals can be particularly severe and long-lasting. Changes in both macro-level and local economic conditions deeply affect lower-skilled and less educated workers, including TANF clients (Hoynes, 1999). Research finds that the recession in 2001 had a large impact on TANF leavers; one such study found that employment among leavers fell from 50% in 1999 to 42% in 2002 (Loprest, 2003). Kwon and Meyer (2011) found that welfare leavers who exited after the 2001 recession were less likely to be employed than a similar group that exited in 1998.

The Great Recession also had a profound effect on low-income individuals, especially women and families. In California, for example, the employment rate of unmarried mothers dropped by 10.4 percentage points from 2007 to 2010 (California Budget

Project, 2012). A national study by Eamon and Wu (2013) found that the percentage of adequately employed low-income single mothers fell from 15.2% in 2004 to just 9.2% in 2008. Even with employment, many families fell into poverty during the Great Recession. From 2007 to 2009, the percentage of working families earning less than 200% of the official poverty threshold increased from 28% to 30% (Roberts, 2010).

Despite strong evidence of the negative repercussions of recession on low-income families, there has been little research into the effect of the two most recent recessions on TANF leavers specifically. Much of the research on TANF leavers uses data from the late 1990s, which was a period of strong economic growth and low unemployment (Holzer, Stoll, & Wissoker, 2004; Turner, Danziger, & Seefeldt, 2006). Fewer studies examine leavers during the 2001 and Great Recessions (see Kwon & Meyer, 2011 and Loprest, 2003), and no study compares either group with those who left during the intervening economic recovery of the mid-2000s.

Our own research on the effects of recessions on Maryland welfare leavers has found that leavers from 2001 and 2008 were less likely to be employed than leavers from the more positive economic climate of 1998 (Passarella, Williamson, & Born, 2013). Based on this and other existing research, we expect to find that employment and earnings outcomes for recession-era TCA leavers are worse than those of leavers during the more economically favorable mid-2000s. Because the Great Recession was substantially more severe and longer-lasting than the recession of 2001, we further expect that Great Recession-era leavers are also less likely to be employed and likely to earn less than 2001 recession leavers.

Methods

Sample

Most research bases official recession dates on measures of gross domestic product (GDP). While this measure is a good representation of the overall health of the economy, it may not capture the effects of recessionary periods on workers' experiences. Thus, economists often discuss labor-market recessions as distinguished from official recessionary periods (Schmitt & Baker, 2008). Labor-market recessions, which economists define as periods of rising unemployment, can be much longer than official recessions. The official recession in 2001 lasted less than a year, but the associated labor-market recession lasted until 2003 (Schmitt & Baker, 2008).

For this reason, the selected cohorts of leavers for this study reflect labor-market recessions, not the official recession dates. The official dates of the two recessions discussed in this study are March 2001 to November 2001, referred to as the 2001 recession, and December 2007 to June 2009, referred to as the Great Recession. The leavers studied were TCA participants during and after these periods, allowing us to capture leavers during both official and labor-market recession periods. For comparison purposes, we also examine leavers from a period between the two recessions.

The data used for the analyses in this study come from the *Life after Welfare* longitudinal dataset. This dataset contains a 5% random

sample of cases that closed each month from October 1996 through March 2013. We exclude sampled cases that closed and subsequently reopened in one month or less, known as churners. From this dataset we draw three cohorts of welfare leavers, for a total sample size of 5,614. The 2001 recession cohort left TCA between July 2001 and June 2003 (n=1,969), and the recovery cohort left TCA between July 2005 and June 2007 (n=1,740). The Great Recession cohort left TCA between July 2009 and June 2011 (n=1,905). Follow-up data extends through June 2013.

Data Sources

Our findings are based on analyses of administrative data retrieved from computerized information management systems maintained by the State of Maryland. Individual- and case-level demographic characteristics and program participation data come from the Client Automated Resources and Eligibility System (CARES), and employment and earnings data are obtained from the Maryland Automated Benefits System (MABS).¹

Data Analysis

This report uses univariate statistics based on a random sample of case closures to describe welfare leavers and their cases. When appropriate, we also use chi-square and analysis of variance (ANOVA) tests to compare the three cohorts to each other.

¹ Out-of-state employment is not included in this data source and is therefore not included in this study. Out-of-state employment by Maryland residents (17.4%) is over four times greater than the national average (3.8%) according to the U.S. Census Bureau (2010-2012 American Community Survey 3-Year Estimates for Sex of Workers by Place of Work—State and County Level).

Findings

Research suggests that the 2001 recession had a negative impact on welfare leavers. However, little research explores whether welfare leavers from the 2005 to 2007 period had better outcomes, or if Great Recession leavers had an even more difficult time than 2001 recession leavers. How are Great Recession leavers faring in comparison with earlier leavers from both positive and negative economic climates? Are their short-term outcomes similar to those of leavers from the 2001 recession era, or are they more similar to those of leavers from the 2005-2007 period of recovery? Our findings examine the employment and earnings outcomes for leavers in each of the three groups. Additionally, we look at selected demographic characteristics of TCA leavers as well as data on their TCA receipt.

Employment

Echoing our earlier research, we find that the majority of TCA clients in our sample work before entering the program (Nicoli, Passarella, & Born, 2013). However, over successive cohorts, fewer and fewer clients work before they begin receiving TCA. Figure 1 shows that nearly three-quarters (74.1%) of 2001 recession leavers worked at some point in the two years before TCA entry. This group, which left TCA between July 2001 and June 2003, had pre-entry employment two and six percentage points higher than the recovery (72.5%) and Great Recession (68.6%) groups, respectively. The larger percentage of the 2001 recession group working before entry may be a consequence of the strong economic conditions this group experienced in the late 1990s and early 2000s. Low-wage jobs, which are typically what leavers obtain after exit, were also plentiful during the near-full employment economy of this time (Lower-

Basch & Greenberg, 2009). Alternatively, their greater likelihood of pre-entry employment could be a reflection of differences between this group of leavers and the later groups in demographic characteristics like education.

Measuring employment after TCA exit paints a somewhat different picture. Recovery leavers had better employment outcomes after exit than either group of recession leavers. Almost three-fourths (72.4%) of recovery leavers worked at some point in the two years after they left TCA. Over three-fifths (63.4%) of Great Recession leavers worked at some point in the two years after exit, while about two in three (68.6%) of the 2001 recession group worked at some point within the same time frame. This may indicate that recovery leavers benefited by exiting during an improving economy, compared with leavers who exited TCA during less positive economic times. When examining the two groups of recession leavers, we see that the Great Recession group was less likely to work than their 2001 recession group counterparts both before spell entry and after exit. Great Recession leavers' poorer employment prospects correlate with the graver economic conditions they faced.

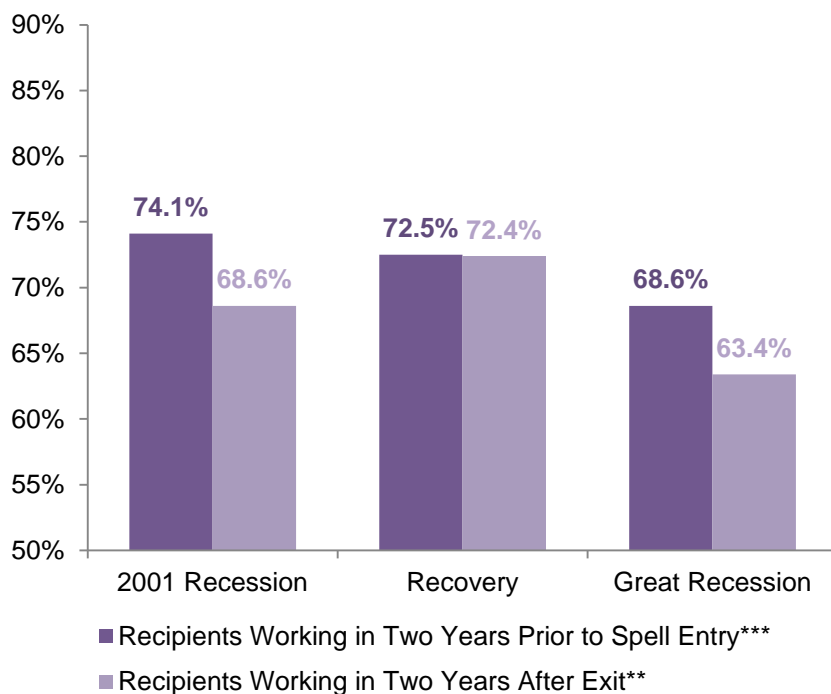
Another interesting difference between recession and recovery leavers is that recession leavers in both groups are more likely to work before they enter TCA than after they exit, while recovery leavers exhibit nearly identical rates of employment before and after exit. In Figure 1, about three-quarters (74.1%) of the 2001 recession group worked at some point in the two years before they entered TCA, while only about two in three (68.6%) worked at some point in the two years after they left assistance. Similarly, while about two in three leavers (68.6%) in the Great Recession cohort

worked at some point in the two years before entry, 63% of the group worked at some point in the two years after exit.

This data suggests that economic conditions for these groups may have had some effect on their ability to find employment after exit, as the 2001 recession and Great Recession groups showed declines in their post-exit employment of about five percentage points

from their pre-entry employment. In contrast, recovery leavers' employment remained relatively stable. Slightly less than three-quarters of the recovery group worked at some point in the two years before and after TCA participation. Great Recession leavers, who suffered the worst economic conditions of the three groups, were the least likely to work both before and after exit.

Figure 1. Recipients Working Before TCA Entry and After Exit



Note: *p<.05 **p<.01 ***p<.001. Recipients' TCA entry refers to entry into one spell observed within the timeframe of this study. Recipients may have had previous spells of receipt.

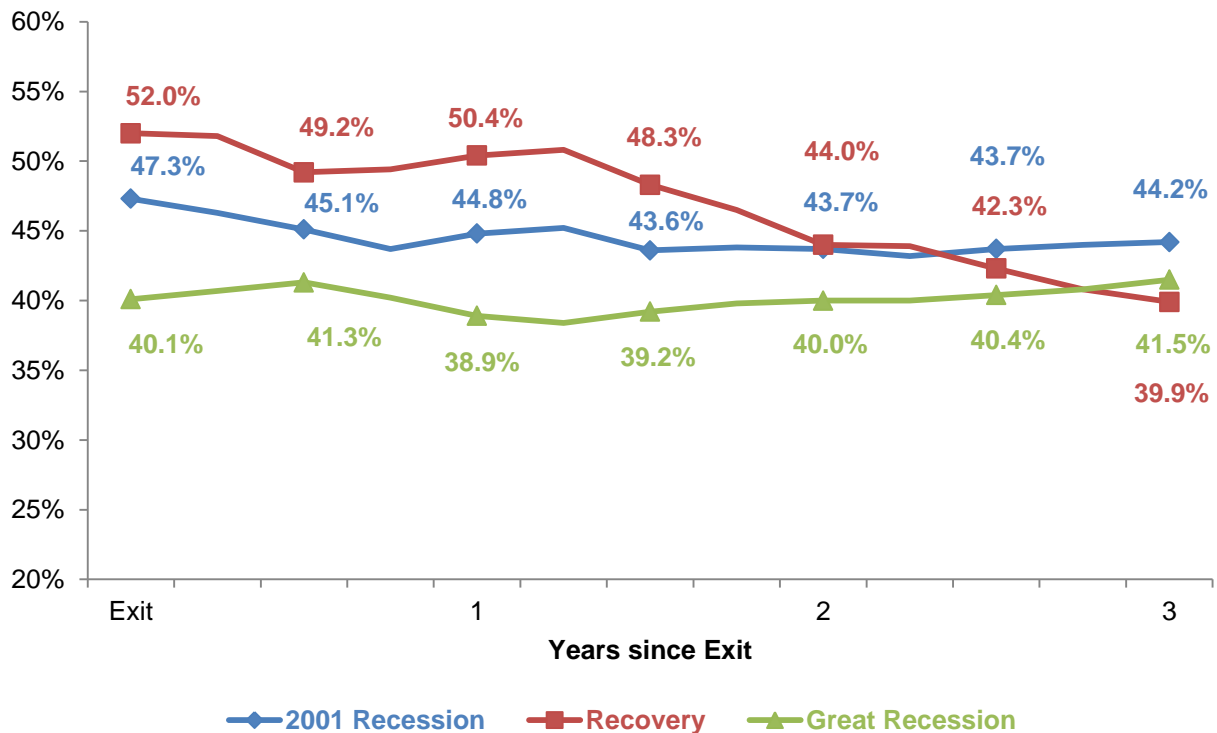
Figure 2 extends the analysis of post-exit employment through the third year after exit. In the first year and a half after leaving cash assistance, recovery leavers exhibit the most positive employment outcomes of the three groups. While 40% of Great Recession leavers and 47% of 2001 recession leavers were employed when they exited TCA, 52% of recovery leavers were employed at exit, and they maintained employment rates around 50% for a year and a half after exit.

However, over time, recovery leavers' employment participation declines, converging with those of recession leavers in the second year after exit. By three years, or twelve quarters, after TCA exit, only 40% of recovery leavers were employed. This is a twelve percentage point decline from TCA exit, resulting in the recovery group having the lowest percentage of working leavers among all three groups at that point.

In the three years after TCA exit, 2001 recession leavers' employment participation declined from about 47% to about 44%, while Great Recession leavers' employment participation actually increased slightly, from 40% to about 42%. The majority of the 2001 recession group's employment decline occurs in the first year after exit, after which their employment participation remains fairly stable. This stability occurs at the same time as the recovery group's employment

participation declines substantially. Great Recession leavers experience mostly stable levels of employment in the three years after exit, with a slight decline in the first year followed by a slight improvement in the second. Until the third year post-exit, Great Recession leavers consistently have the lowest employment participation of the three groups. Their improvement in employment participation only comes at the very end of the time period examined here.

Figure 2. Leavers' Employment after Exit



Why do recovery leavers' employment outcomes decline so much after the first post-exit year? One would expect, given their exit during a recovering economy, their employment outcomes to keep improving. This is not what happens. Instead, the recovery group's employment participation declined, while the 2001 recession group's employment participation was stable and, for the Great Recession group, was actually

improving. Comparing post-exit outcomes by quarter relative to exit date does not provide much context that could help explain the disparity in outcomes between the recovery and recession groups. However, by displaying the same data on a figure that shows employment outcomes for each group of leavers in calendar time, we may be able to better explain why the trend for recovery leavers' employment outcomes differs.

Figure 3 displays the percentage of leavers in each cohort who were employed in a particular quarter and year. Unlike the aggregated group data in Figure 2, the groups in this figure are disaggregated so that only leavers who have exited by a particular quarter are included in that quarter's measurements. Employment outcomes for the 2001 recession cohort are displayed from 2001 to 2013. Employment participation for the recovery cohort is displayed from 2005 to 2013, and the rates of employment for the Great Recession cohort are displayed from 2009 to 2013. The shaded areas on Figure 3 indicate the official dates of the recessionary periods of interest in this study.

From 2005 to 2009, the recovery group had better employment outcomes than the 2001 recession group. About half of the 2001 recession group was employed after the official end of the 2001 recession. Their employment rates remained relatively stable—about 44%—through the period of economic stability from 2003 to 2007. However, the recovery group, which began exiting TCA in 2005, had much higher rates of employment during the same time period. In 2005, 58% of the recovery group was employed, compared to 44% of the 2001 recession group, a substantial difference. Even with an initial decline in employment participation—from 58% to 52%—recovery leavers' employment rates remained consistently higher than 2001 leavers' employment rates.

Despite these higher rates of employment through 2007, the recovery group experienced a much steeper decline in employment than the 2001 recession group at the onset of the Great Recession. The

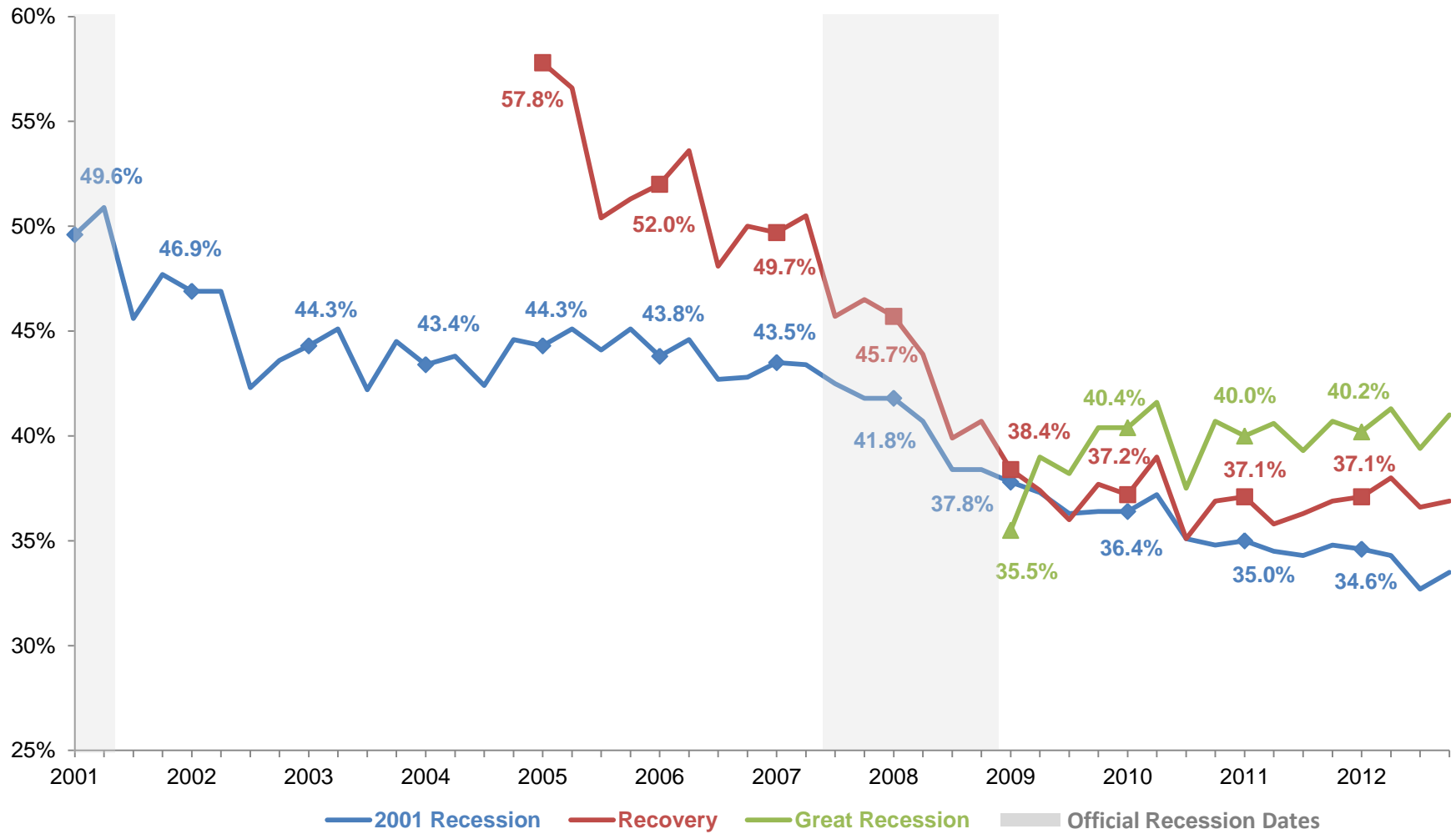
decline in employment among these groups began in 2007, approximately two years after the recovery leavers exited cash assistance and six years after the 2001 leavers exited.

From 2007 to 2009, employment rates for the recovery group declined from 50% to 38%, a drop of over ten percentage points. In the same time period, the 2001 recession group experienced a milder decline in employment, from 44% to about 38%. Despite starting out with strong employment participation due to exiting during a period of economic stability, outcomes for the recovery group eventually resemble those of the 2001 recession leavers. As Figure 3 displays, leavers in the recovery and 2001 recession groups ended up with similar employment levels in 2009 and 2010.

Despite starting out with strong employment participation due to exiting during economic stability, outcomes for the recovery group eventually resemble those of the 2001 recession leavers.

Great Recession leavers, most of whom exited after the official end of the recession, have a very different employment trajectory than the other two groups. Recovery and 2001 recession leavers each experience declines in employment participation after exit. This pattern is typical for welfare leavers, as described in other reports in the *Life after Welfare* series (Nicoli et al., 2013). In the years after the Great Recession, the group with the highest rate of employment,

Figure 3. Percentage of Leavers Employed, 2001-2013



Note: Axis labels refer to the third quarter of each year. Over-time data represents only those leavers who exited by the indicated quarter, which is why percentages differ from Figure 2.

interestingly, is leavers who exited during and after the Great Recession. Their starting employment rate is by far the lowest of the three groups, at about 36%. For comparison, nearly half (49.6%) of 2001 recession group and over half (57.8%) of recovery leavers were employed at their respective starting points. Great Recession leavers thus begin their post-exit lives much less likely to be employed than either other group. However, instead of further declining like the other two cohorts, the Great Recession group's employment rates actually increase modestly in the post-Great Recession period, from 35.5% in 2009 to 40.4% in 2010. In fact, their employment rates remain above those of the other two groups through 2012.

Great Recession leavers began their post-exit lives much less likely to be employed than the other cohorts.

What does this figure tell us about employment outcomes for these leavers? Though the recovery group started out with better employment outcomes, their outcomes converged with those of the 2001 recession group during the Great Recession. This explains why Figure 2 shows the recovery group experiencing a decline in employment beginning two years after they exit, during the Great Recession, negating their previous gains. The 2001 recession

group also experienced declines in employment during the Great Recession, though not as dramatic. This group experienced over five years of relative stable employment rates until the Great Recession period. Additionally, the Great Recession group of leavers begins with very low employment rates, showing that all three groups of leavers were affected by the Great Recession.

The Great Recession may explain the observed convergence in employment outcomes, but several other factors can also explain the patterns in Figure 3. The greatest discrepancy in trends between the Great Recession group and the other two groups, the increase in employment rates just after exit, may be explained by higher rates of education among this group. Education levels for all TCA leavers have increased over time, so Great Recession leavers are likely to be more educated than the other groups (Nicoli et al., 2013). The increase in Great Recession leavers' employment participation may also be explained by their relatively low starting point compared with the other groups. For this group of leavers, there simply may have been no place to go but up. Finally, the Great Recession cohort, being the most recent, has the fewest number of follow-up months of employment data available for analysis. Further research into whether the Great Recession group manages to keep these employment gains over a longer span of time may be useful.

Earnings

Earnings data also provides insight into outcomes for TCA leavers in the three groups. Examining earnings data is important because even TCA leavers who find employment may struggle financially if their earnings are sporadic or low. As shown in Figure 4, earnings before TCA entry tend to increase across cohorts. Average earnings in the two years before entry increased from \$17,043 for the 2001 recession group to \$20,464 for the Great Recession group.

Earnings in the two years after TCA exit were more similar across groups than earnings prior to entry. For employed leavers, all groups report higher earnings after exiting TCA, by a range of \$2,000 to \$5,000 over a two-year period. Leavers in the 2001 recession group earned an

average of \$22,207, while Great Recession leavers earned slightly more (\$22,579). The recovery group had the greatest increase in earnings from pre-entry to post-exit, approximately \$5,700, and its post-exit average earnings were highest (\$23,875). The Great Recession group had broadly similar earnings outcomes to the 2001 recession group, but it experienced the least growth in average earnings from pre-entry to post-exit of all three groups, about \$2,000, which is \$3,000 less than the growth in earnings experienced by the 2001 recession group. These findings provide additional evidence to suggest that leaving TCA during a strong economy correlates with stronger outcomes for leavers, and that the deeper Great Recession is associated with weaker outcomes than the milder 2001 recession.

Figure 4. Average Earnings in Two Years before and after TCA Participation



Note: Earnings data is standardized to 2013 dollars. Earnings results include only those leavers with employment.

Figure 5 displays quarterly earnings data for the three cohorts in calendar time, from 2001 to 2012. Successive groups of leavers have higher initial average earnings. The 2001 recession group starts with average quarterly earnings of about \$2,500, while the recovery group begins with average earnings of about \$3,000. The Great Recession group has the higher initial average earnings, at about \$3,700.

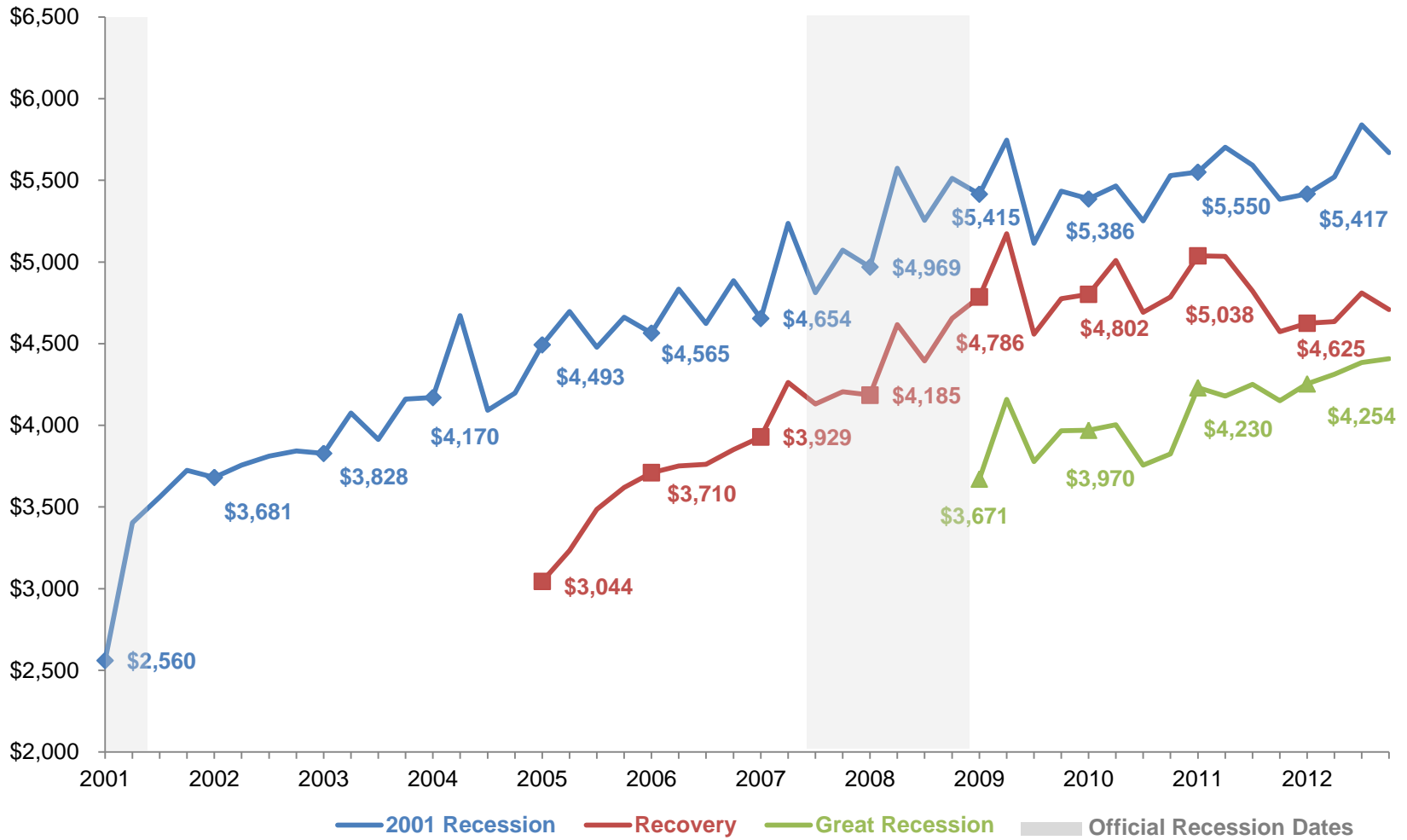
In addition to increasing across cohorts, Figure 5 shows that earnings also generally rise over time within each cohort of leavers. All three groups of leavers experience an increase in average earnings at the beginning of their respective post-exit trajectories. From the third quarter of 2001 to the third quarter of 2002, average earnings for working leavers in the 2001 recession group increased by about \$1,100. However, from the third quarter of 2005 to the third quarter of 2006, average earnings for working leavers in the recovery group increased by much less, about \$700. From the third quarter of 2009 to the third quarter of 2010, average earnings for the Great Recession group increased by only about \$300. While the trajectory of earnings in the first year of available data is positive for all three groups, successive groups see much less of an increase in average earnings in that first year.

The first year of outcome data for the Great Recession group corresponds with the year after the Great Recession officially ended. Interestingly, all three groups exhibit the same earnings pattern within that year. Figure 5 shows that all three groups of leavers experience the same sharp decline in average earnings just after the official end of the Great Recession, starting in approximately the fourth quarter of 2009.

This suggests that leavers, no matter when they exited TCA, felt the effects of the Great Recession in 2009 and 2010, after the recession officially ended. This finding dovetails with analysis indicating that women on the whole were affected at a later date than men during the Great Recession (Bureau of Labor Statistics, 2010). After this sharp decline, the three groups follow very different earnings trajectories. The 2001 recession group had about the same average earnings in the third quarter of 2012 as they did in the third quarter of 2009. The recovery group did not make up the earnings it had lost; in the third quarter of 2012 their average earnings were still about \$100 less than in the third quarter of 2009. Great Recession leavers, meanwhile, actually increased their average quarterly earnings from 2009 to 2012 by about \$500.

The earnings data presented in Figure 5 suggest that all of the groups of leavers we examine were affected by the Great Recession. Furthermore, the recovery group, despite exiting during a period of economic stability, was unable to make up the loss in earnings it suffered, in contrast with both groups of recession leavers. Leavers in the 2001 recession group fared somewhat better, possibly because of the difference in time since exit between the two groups. The longer a former recipient spends off of TCA, the more time they have to gain work experience. This, however, does not explain why the Great Recession cohort had improving earnings outcomes in the post-Great Recession period. As with employment outcomes, there may have been no other way to go but up. Alternatively, demographic differences between the groups may play a role.

Figure 5. Average Quarterly Earnings over Time



Note: Earnings are only for leavers with employment in the quarter. Axis labels refer to the third quarter of each year.

Demographics

Certain demographic characteristics, including age, level of education, and number of children, may affect the earnings and employment outcomes of TCA leavers. Most of these characteristics have not changed significantly for the leavers in the cohorts we examine. However, one characteristic that has changed over time is educational attainment through grade 12. As Figure 6 shows, the percentage of leavers who finished grade 12 increased from 58.6% of the 2001 recession group to 63.3% of the recovery group and then to 66.1% of the Great Recession group. The positive trend in educational attainment for the leavers in this study is consistent with findings from our other studies: over time, it is more likely that TCA leavers have received at least a high school education (Nicoli et al., 2013).

Generally speaking, higher levels of education are associated with better earnings and employment outcomes for welfare leavers (Wood, Moore, & Rangarajan, 2008). In keeping with this, Figure 6 would suggest that the Great Recession group of leavers, as the most educated group, might be expected to have the best employment and earnings outcomes of the three. Great Recession leavers did not consistently have the best earnings and employment outcomes of the three groups, though they were the only group to have recovered earnings and increased employment participation after the Great Recession. Their higher levels of education attainment may help explain how the Great Recession group was able to recover to a greater degree than the other two groups of leavers.

Figure 6. Percent Who Finished Grade 12***



Note: * $p < .05$ ** $p < .01$ *** $p < .001$.

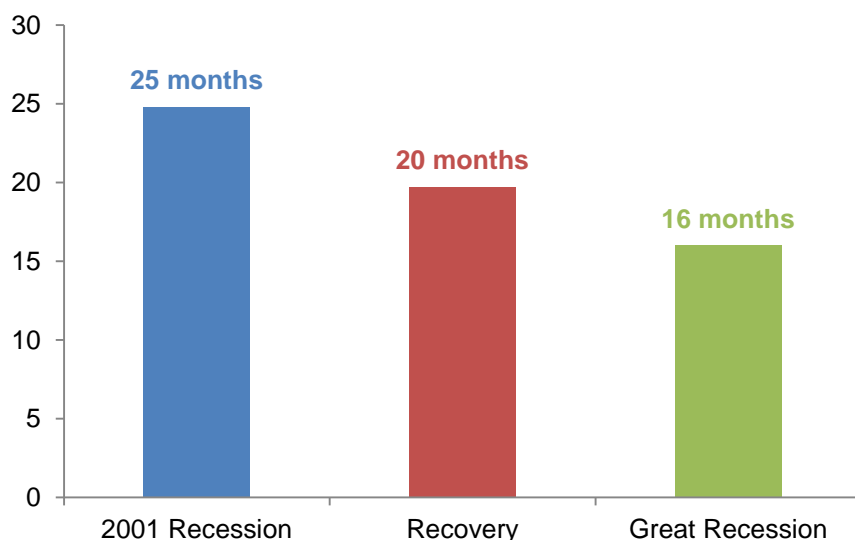
TCA Receipt and Likelihood of Return

TCA leavers who have spent longer periods of time receiving assistance may experience some of the burdens shared by the long-term unemployed. Gaps in work experience, demoralization, and skill deterioration may make it harder for those who spend longer outside of the workforce to successfully reenter. The average time a client spends receiving TCA has steadily decreased over the last several years (Nicoli et al., 2013). An overall rise in work sanctions also contributes to the increasingly temporary nature of TCA receipt (O'Donnell, Passarella, & Born, 2013). The three groups of leavers studied here spent significantly different amounts of time receiving TCA, consistent with trends in the overall TCA caseload. Figure 7 shows the average number of months of assistance received in the five years before exit. The 2001 recession group had an average of 25 months of TCA receipt in the five years before exit, while the recovery group had an average of 20, and the Great Recession

group had an average of 16. The average time spent on TCA thus declines across groups.

Although the Great Recession group had the lowest average number of months of TCA receipt, this did not lead to better outcomes across the board than the other two groups of leavers. Receiving TCA for a shorter period of time did not lead to higher average earnings, though Great Recession leavers did have an increase in employment participation that the other groups did not. Shorter spells of TCA receipt do not always result from clients moving directly to employment; they may also indicate more exits due to work sanctions. Clients with work sanctions tend to have lower average earnings and lower rates of employment after exiting TCA, which may help explain the Great Recession group's weaker earnings outcomes (Williamson, 2011). However, this does little to provide an explanation for their unusual rise in employment.

Figure 7. Average Months of TCA Receipt in the Last Five Years***

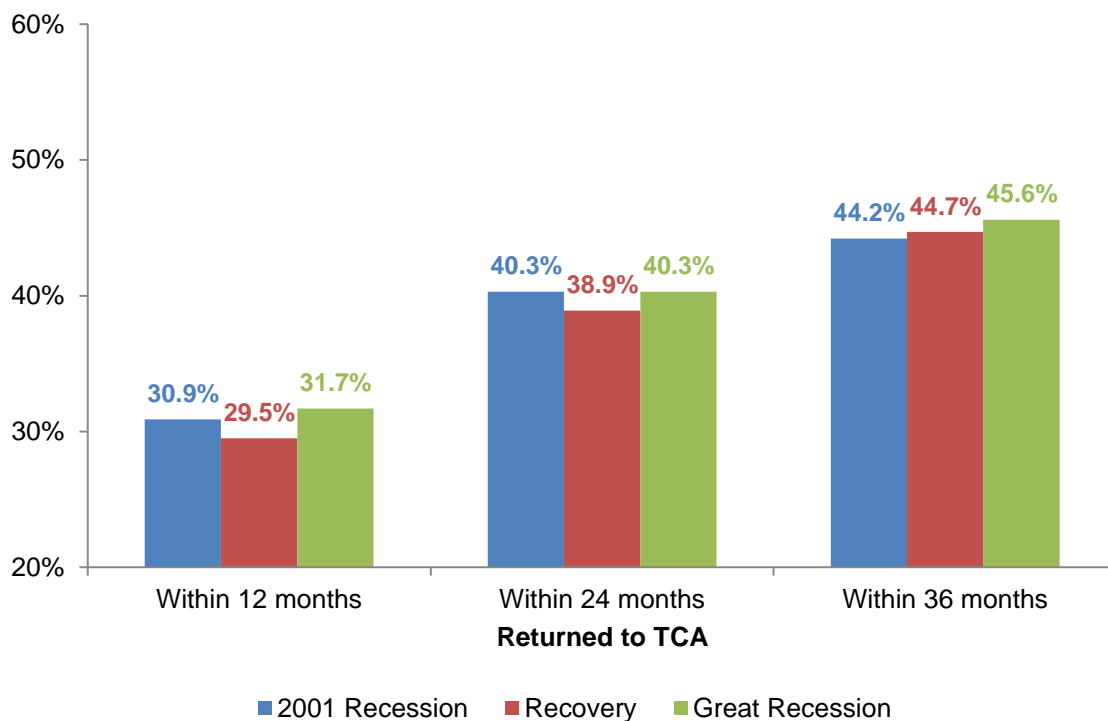


Note: *p<.05 **p<.01 ***p<.001.

Because leavers during recession periods have weaker employment and earnings outcomes, one might expect them to have increased rates of recidivism. Studies of welfare recidivism have found that job termination and instability, which increase during recession periods, are often cited as reasons for a client's return to welfare (Anderson, Halter, & Gryzlak, 2004; Kwon & Meyer, 2011). However, this seems not to be the case for our sample. Recidivism rates for TCA leavers are similar for each

group of leavers examined. Figure 8 shows that cumulative recidivism rates for each group are approximately 30% in the first year, 40% in the second, and 45% in the third. The recovery group has slightly lower rates of recidivism in the first two years after exit, but this difference is not statistically significant. While recession leavers struggle in difficult economic periods, this does not seem to prompt more of them to return to TCA.

Figure 8. Percent of Leavers Returned to TCA



Conclusions

Little research exists examining the impact of recessions on welfare leavers, despite the economic instability of the past decade. To address this gap, this report examines outcomes for three groups of Maryland TCA leavers, two that exited during the most recent recessions, and one that left TCA in the period between them. We find evidence suggesting that economic conditions have some effect on outcomes for leavers, both for leavers who exit during recessionary periods and for leavers who left during more positive conditions.

Did recovery leavers have more positive outcomes than recession-era leavers? For the first two years after exit, recovery leavers have the best employment and earnings outcomes, as we hypothesized. Recovery leavers earn the most in the two years after they leave TCA and experience the highest increase in earnings from the two years before they enter to the two years after they leave. They consistently have the highest employment rates in the first two years after exit as well.

However, we find that the Great Recession influenced the recovery group's earnings, which, unlike those of the recession leavers' groups, did not return to their pre-Great Recession level. Even though the recovery group benefited from exiting during the most positive economic climate of the three groups we examine here, they still felt the effects of the Great Recession. We thus find that recessions not only affect current and recent TCA leavers, but also those who may have exited years before a downturn.

We find that outcomes for the Great Recession group were mixed. When examined as a group, they have the worst pre-entry and post-exit employment rates of the three until the third year after exit. However, when we examine TCA leavers in calendar time, they display an atypically positive trend in employment participation after exit and improve their earnings after the Great Recession ends. The 2001 recession group, on the other hand, has better pre-entry and post-exit employment rates than the Great Recession group, but it displays a downward trend in employment after exit and has little improvement in earnings after the Great Recession. We theorize that the Great Recession group's higher levels of educational attainment may be somewhat responsible for the more positive post-exit trends they display, but it is important to note that their employment is still the lowest of the three groups when they are compared in terms of time since exit.

Recessions, which are reoccurring and inherent parts of the economic cycle, can cause job loss, wage stagnation, and economic insecurity. This brief provides evidence showing that TANF recipients are vulnerable to changes in the economic cycle. Maryland is fortunate to have several measures in place to improve TCA's responsiveness to recession. In Maryland, unlike the majority of the country, TCA enrollment actually increased during the Great Recession, meaning that more families had access to basic support (Center on Budget and Policy Priorities, 2013).

Maryland is limited, however, in what it can do to affect TANF regulations, which are controlled by the federal government. Federal policymakers may consider making program changes to make TANF more responsive in times of economic crises. Experts have suggested such measures as expanding the range of work activities to include more educational and training

activities and creating new performance measures that track earnings outcomes and family well-being (Pavetti, Trisi, & Schott, 2011). Making TANF more responsive to the needs of low-income families during economic downturns will give these families the support they need to weather future recessions.

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