

LIFE AFTER WELFARE: DISCONNECTED LEAVERS

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Temporary Cash Assistance (TCA), Maryland's Temporary Assistance for Needy Families (TANF) program, serves some of Maryland's neediest families. Most families receive TCA benefits only a short period of time, and then exit (Hall, Nicoli, & Passarella, 2014). Some of these exiting families are still eligible for TCA but do not receive benefits. What happens to these families? While many former recipients successfully transition into paid employment, a small, but potentially meaningful, minority neither works nor receives any sort of cash assistance after leaving TCA. This group of leavers is commonly described as *disconnected*.

In Maryland, the percentage of leavers who are disconnected from both work and welfare in the first year after TCA exit has been increasing. The latest *Life after Welfare* update shows that TCA clients who left between 2007 and 2014 are more likely to be disconnected than clients who left between 2004 and 2007 (Hall et al., 2014). Further, the percentage of TCA leavers who neither worked nor received welfare increased each year after exit, from 24% of leavers in the first year after exit to 36% in the fifth (Hall et al., 2014).

These findings are concerning. Social science research has shown that disconnection carries with it a number of disadvantages. Disconnected leavers are more likely than other leavers to

have health problems, suffer from food insecurity, and are more likely to live below the poverty line (Loprest, 2003; Loprest & Zedlewski, 2006; Blank & Kovak, 2009). Research has also shown that leavers who are chronically disconnected over long periods of time are found to be the most economically underprivileged of all welfare leavers (Turner, Danziger, & Seefeldt, 2006). Increases in the population of disconnected leavers in Maryland are thus an important topic for investigation, as disconnected leavers may be more vulnerable than other leavers.

This brief is a detailed examination of disconnection from work and welfare among Maryland TCA leavers. Drawing a sample of recipients who exited TCA between January 2007 and December 2012, we construct a more stringent definition of disconnection by including one of the most common forms of non-TCA cash assistance: Supplemental Security Income (SSI). We examine the nature of disconnection among former recipients by measuring the incidence of disconnection and how often disconnection reoccurs for these leavers. Finally, we look at selected demographic characteristics that may shed some light on the differences between leavers who become disconnected and those who do not.

Methods

The research reported in this brief was conducted using a subset of the *Life after Welfare* longitudinal dataset. This dataset contains a 5% random sample of cases closed in each month from October 1996 through March 2013. We excluded sampled cases that closed and subsequently reopened in one month or less, a subset of leavers known as churners. For this research project, we selected a cohort of welfare leavers who exited between January 2007 and December 2012, excluding child-only cases, for a final sample size of 4,642 cases. Follow-up data extends through June 2013.

Data Sources

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). Employment data are obtained from the Maryland Automated Benefits System (MABS) as well as from Unemployment Insurance (UI)-covered employment records in some neighboring states.

Data Analysis

This report uses univariate statistics based on a random sample of case closures to describe disconnection among welfare leavers over time. When appropriate, we use chi-square and analysis of variance (ANOVA) to test for differences between the disconnected and connected samples.

Measuring Disconnection

In the *Life after Welfare* series, we have generally defined a disconnected leaver as one who is neither working nor receiving cash

assistance. In-kind assistance sources, including Supplemental Nutritional Assistance Program (SNAP) benefits and Medical Assistance, are not included in this definition. Conversely, Supplemental Security Income (SSI) benefits, a form of direct cash assistance, are typically included as an indicator of connection in the literature (Loprest, 2003; Blank & Kovak, 2009; Loprest & Nichols, 2011). Many Maryland TCA recipients apply for SSI benefits (Williamson, Nicoli, & Born, 2013). As with the entire population of SSI recipients, SSI benefits are typically the primary source of income for the TCA leavers who receive them, as qualifying for SSI benefits involves demonstrating an inability to sustain “substantial gainful activity” (Social Security Administration, 2014). Thus, including SSI in the analysis of disconnection is crucial to providing a clear and accurate picture of who is truly disconnected in the universe of former TCA recipients.

Data on employment, TCA, and SSI are measured on a quarterly basis. Thus, leavers who are employed or receiving either TCA or SSI at any point in a quarter are classified as connected for the whole of the quarter. Connected leavers may have earnings and/or assistance from multiple sources during the course of a quarter. For a leaver to be classified as disconnected in a given quarter, they must meet all of the following criteria:

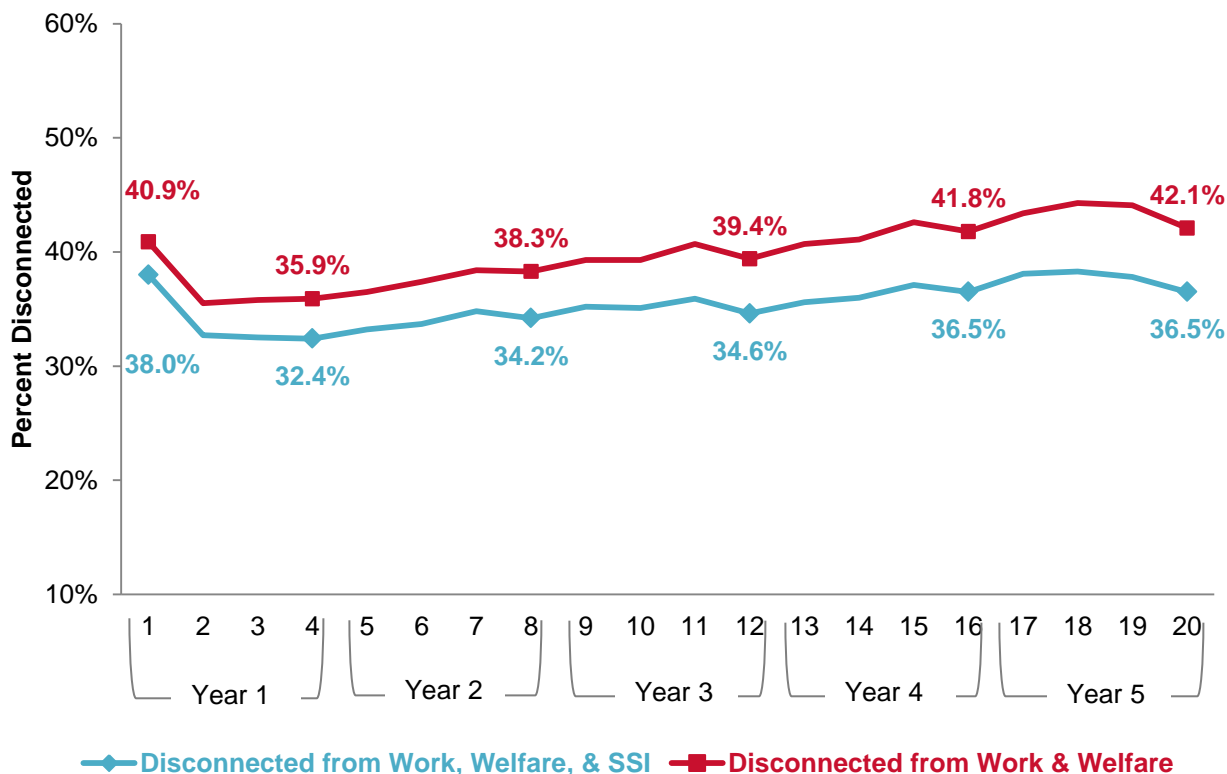
- 1) No employment in a UI-covered job in Maryland or a neighboring state,
- 2) No receipt of Temporary Cash Assistance (TCA) benefits, and
- 3) No receipt of Supplemental Security Income (SSI) benefits.

Exploring Disconnection

Previous analyses of disconnection in the *Life after Welfare* series have focused solely on TCA receipt and employment. The definition of disconnection used in this brief also considers leavers who receive SSI. Figure 1 compares disconnection rates among leavers using both definitions. SSI receipt accounts for 2% to 8% of the difference between the two definitions. In the first quarter after exit, the rate of disconnection using the *Life after Welfare* definition is 40.9% and declines to 35.9% at the end of the first year after exit. In the first quarter after exit, the rate of disconnection among leavers when considering SSI recipients is 38.0%, declining to 32.4% at the end of the first year after exit.

The percentage of disconnected leavers using the new definition increases modestly over time, reaching 36.5% at the end of the fifth year after exit. This is consistent with the trajectory that appears when using the old definition. The percentage of disconnected leavers is also similar to that found in other states, such as Colorado, which found that 37% of its former TANF caseload were disconnected (Farrell, 2009). As in Colorado, about one-third of the sampled TCA leavers in Maryland are disconnected in any given quarter in the five years after they exit assistance, according to the definition we will continue to explore throughout this brief.

Figure 1: Comparing Rates of Disconnection



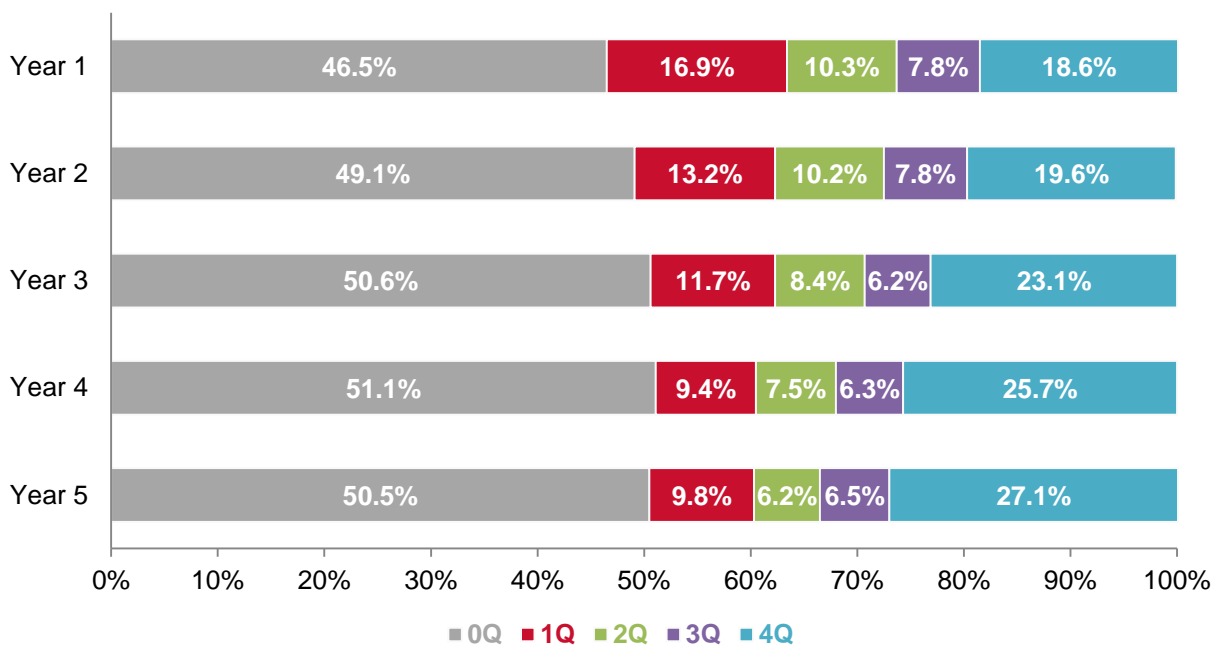
Further analysis of leavers' disconnection status shows that the number of quarters per year in which a leaver is disconnected can vary from year to year. Figure 2 presents the percentage of leavers who are disconnected for zero to four quarters in each of the five years after their TCA exit. Generally, the percentage of leavers who are disconnected for all four quarters of a year increases over time. In the first post-exit year, 18.6% of leavers are disconnected for all four quarters, compared to 27.1% in the fifth post-exit year.

Interestingly, the percentage of leavers not experiencing any disconnection in a given year also increases slightly over time. About half of the leavers in the sample are connected to a source of income in each year. In the first post-exit year, 46.5% of leavers are connected for the entire year. In the fifth post-exit year, 50.5% of leavers are continuously connected to work, SSI, or TCA.

These results suggest that leavers tend to gravitate towards either never being disconnected or always being disconnected for a one-year period. The latter situation is troubling, as chronically disconnected leavers have been shown to be especially prone to economic instability and poverty (Turner et al., 2006).

Over the course of a year, about half of the leavers in the sample experience some disconnection, but many experience only one or two quarters of disconnection in a year. Short periods of disconnection may represent major disruption for a family that is likely just temporary. Still, as Figure 2 shows, by the fifth year after exit, nearly thirty percent of the sample is consistently disconnected for the entire length of the year. As time passes, it seems that leavers become more stable in either their connected or disconnected statuses.

Figure 2: Quarters Disconnected by Year after Exit

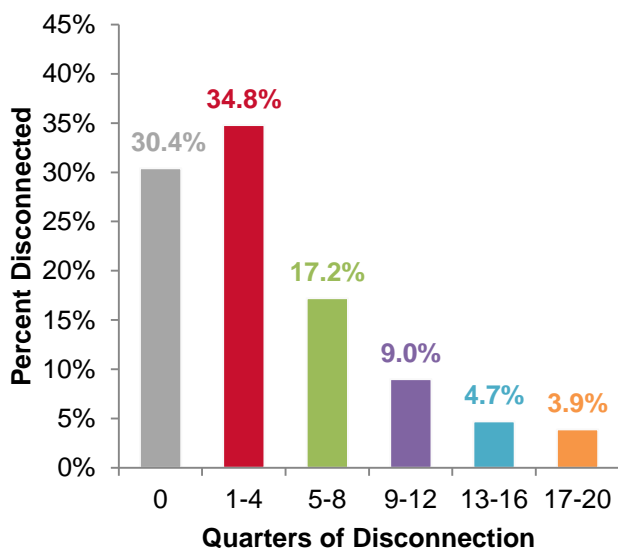


Note: Some cases are excluded due to missing data or limited follow-up periods.

Figure 2 shows that a substantial group of leavers in the sample are disconnected for an entire year. However, this does not clarify whether these leavers are disconnected for multiple years. Figure 3 presents the cumulative number of quarters that leavers were disconnected over the five years after exit. According to Figure 3, just under one-third (30.4%) of the sample are never disconnected, meaning they are continuously connected to work, TCA, or SSI for the entire five-year study period. Only a very small percentage (3.9%) of leavers are disconnected for 17 to 20 quarters of the five years after exit.

Leavers in the sample are most commonly disconnected for a total of one to four quarters. The percentage of disconnected leavers drops by about half from those disconnected for 1 to 4 quarters (34.8%) to those disconnected for 5 to 8 quarters (17.2%) and drops similarly to 9.0% for those disconnected for 9 to 12 quarters. For the leavers in the sample, disconnection for the majority of the 20 quarters in the study period is rare. Nonetheless, about one-third (34.8%) of leavers are disconnected for more than a single year.

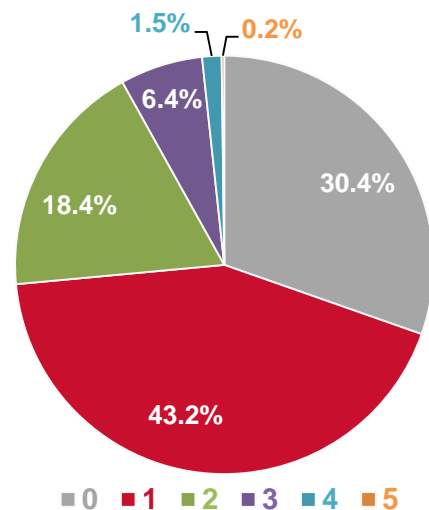
Figure 3: Quarters Disconnected over Five Years



Leavers and their families may experience multiple “spells” of disconnection, where disconnection is followed by a period of connection to work, TCA, or SSI. For example, a leaver who exits TCA, is disconnected for one quarter, and subsequently reconnects to work experiences one spell of disconnection. If the same leaver later becomes disconnected again, they experience two spells.

Consistent with the finding that a majority of all leavers experience at least one quarter of disconnection, Figure 4 shows that a majority of former recipients experience at least one spell of disconnection within five years of exit. More than two in five (43.2%) leavers in the sample have one spell of disconnection, and a significant minority (18.4%) has two spells. A small percentage of leavers have three (6.4%), four (1.5%), or five (0.2%) spells of disconnection. This means that nearly 7 in 10 leavers have at least one spell of disconnection, while cumulatively, about one in four (26.5%) experience multiple spells. The incidence of multiple spells of disconnection for a substantial minority of the sample suggests that economic instability is common for these leavers and their families in the years after leaving TCA.

Figure 4: Spells of Disconnection



A majority of leavers in the sample have at least one spell of disconnection. An important consideration, however, is the length that these spells last. Table 1 shows the average and median lengths of each spell of disconnection, and the range of possible spell lengths for each spell. The average length of the first spell of disconnection is slightly more than one year, or 12.78 months. The average duration declines as the number of spells increases, to 8.16 months for the fourth spell and 7.29 months for the fifth.¹

Interestingly, the median² length of a spell of disconnection is the same no matter the number of spells that occur. The median length of a spell of disconnection is six months, or two quarters. This is a fairly long period of time for a leaver to be disconnected from work, TCA, and SSI, and it is worthy of note that half of leavers in the sample experience spells that are longer than the median.

Table 1: Average Spell Length by Number of Spells of Disconnection

	1st Spell (n=3,234)		2nd Spell (n=1,213)		3rd Spell (n=357)		4th Spell (n=69)		5th Spell (n=7)	
Average [Median] Number of Months	12.78	[6]	10.62	[6]	9.12	[6]	8.16	[6]	7.29	[6]
Range	1 to 60		1 to 54		1 to 33		1 to 24		1 to 15	

Note: The range represents the number of months between the beginning of the spell period through the end of the study period (June 2013).

¹ 356 of the 4,642 leavers who are disconnected at some point have spells of disconnection which are coded as ending because the period of disconnection is cut off by the end of the study period (June 2013). This may account for some of the decline in average spell duration.

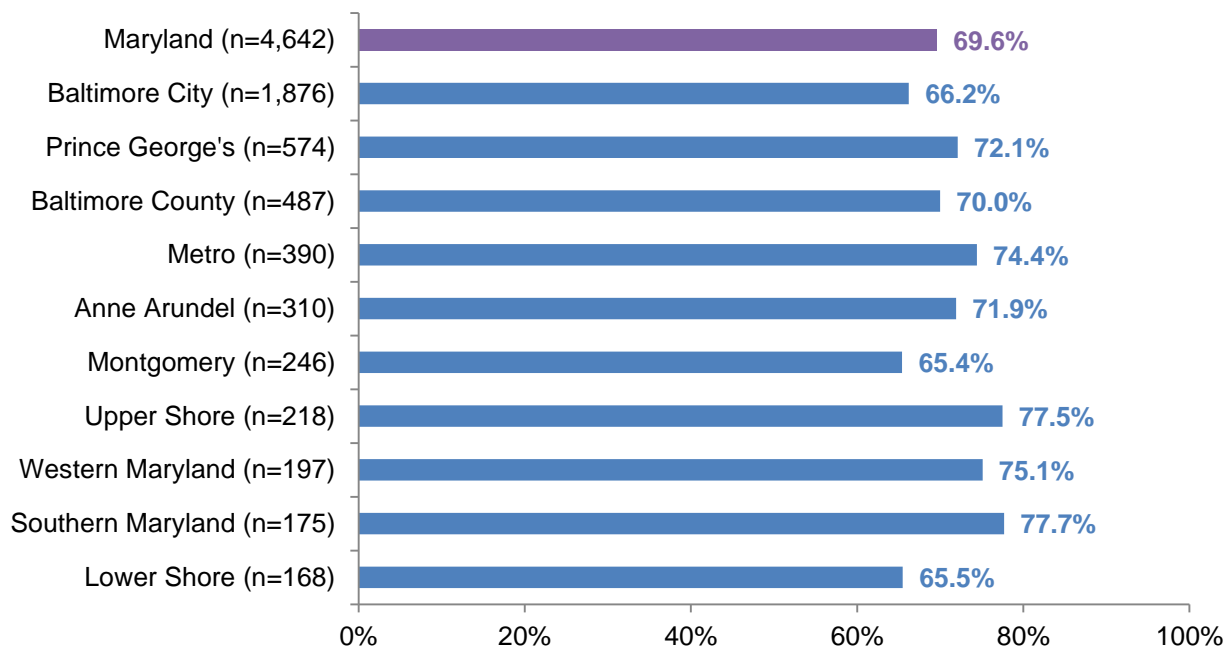
² The median of a set of numbers can be found by arranging all the values from lowest to highest; the midpoint value among these numbers is the median and represents an equal likelihood of a number falling above or below it. The median value is not skewed by extreme values.

Exploring Demographics

There are clearly a substantial number of TCA leavers who experience disconnection from work, welfare, and SSI after they exit. These leavers can be disconnected for a single quarter or for extended periods of time. However, there are also many leavers who stay connected throughout the five years after they exit. What demographic differences distinguish leavers who become disconnected from those who do not? We find some differences between connected and disconnected leavers by region and larger differences in prior employment and education.

Although some regions of the state have higher percentages of disconnected leavers than others, findings do not suggest that disconnected leavers are concentrated in certain regions of the state. Figure 5 shows that disconnected leavers in the sample live in every region of Maryland. Fairly consistently, leavers who are disconnected for at least one quarter make up about 70% of the caseload in every region. Leavers from Baltimore City, Montgomery County, and the Lower Shore region have the lowest percentages of disconnected leavers, while leavers from Southern Maryland, Western Maryland, and the Upper Shore have the highest. Roughly speaking, it appears that leavers from more rural or less central areas of Maryland are more likely to be disconnected. This may be because it is more difficult to access employment and services in rural areas.

Figure 5: Leavers with Any Disconnection over Five Years by Region***

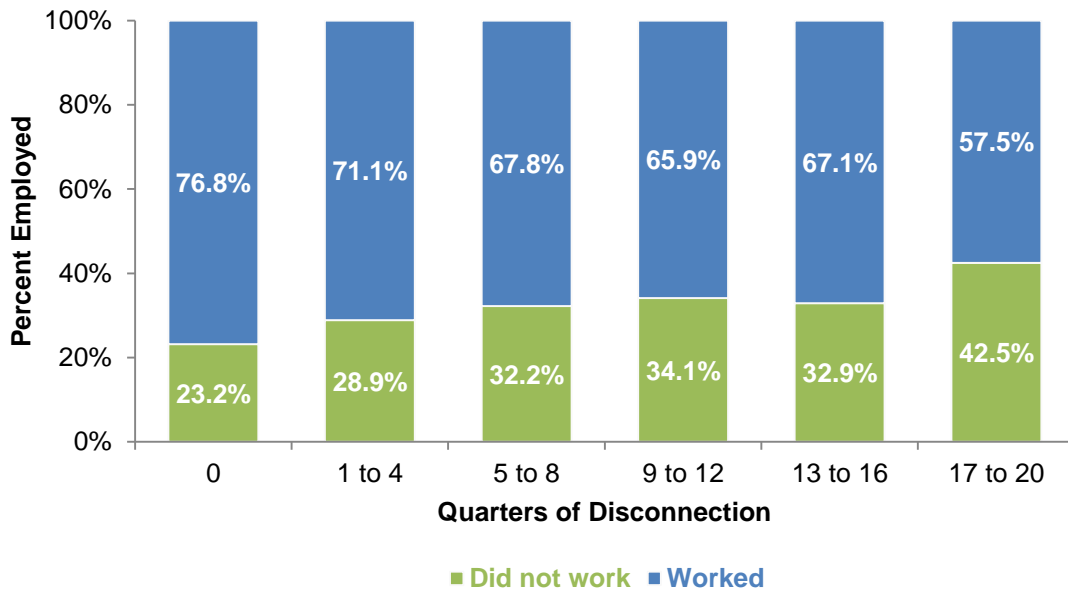


Notes: Lower Shore counties: Somerset, Wicomico, and Worcester; Southern Maryland: Calvert, Charles, and St. Mary's; Western Maryland: Allegany, Garrett, and Washington; Upper Shore: Caroline, Cecil, Dorchester, Kent, Queen Anne's, and Talbot; Metro: Carroll, Frederick, Harford, and Howard. *p<.05 **p<.01 ***p<.001

Figure 6 shows the employment participation of clients in the two years before they began receiving TCA by the amount of disconnection they experienced after exit. (It should be noted that clients may have other spells of TCA receipt prior to this TCA entry.) Overall, clients that have fewer quarters of disconnection have higher rates of employment. More than three-quarters (76.8%) of leavers who are never disconnected in the study period worked at some point in the two years before they entered TCA.

The percentage of leavers who worked prior to entry decreases to 71.1% for leavers disconnected for 1 to 4 quarters and drops further to only 57.5% of leavers who are disconnected for 17 to 20 quarters. Thus, we can see that as the length of disconnection increases, it is more likely that leavers were unemployed before TCA entry. In particular, two in every five (42.5%) of the most disconnected leavers (17-20 quarters) were unemployed for the entirety of the two years before their entry.

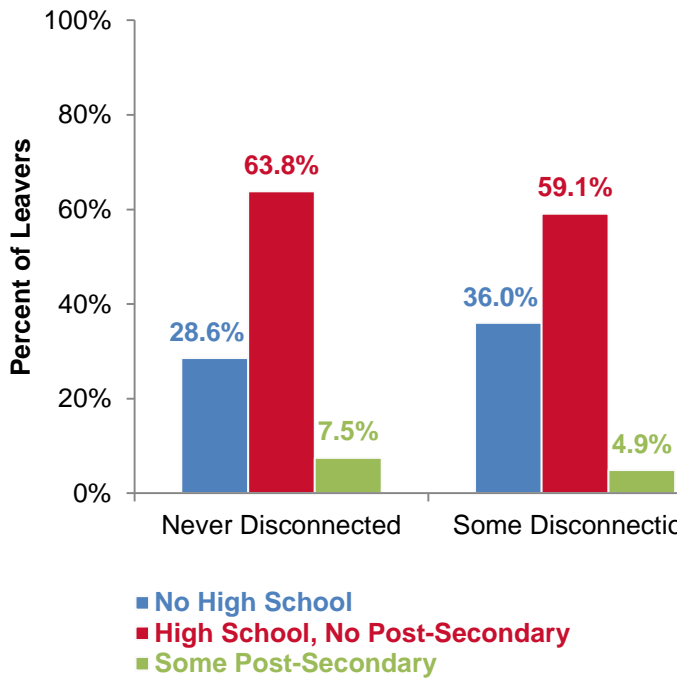
Figure 6: Percent Employed in Two Years before TCA Entry by Quarters Disconnected***



Notes: “Worked” category includes clients who worked for at least one quarter in the previous two years. *p<.05 **p<.01 ***p<.001

There are also differences in the educational attainment of leavers who experience any disconnection and those who remain connected. Of those leavers who are never disconnected, 63.8% completed a high school education, and 7.5% have further post-secondary education. Only 59.1% of leavers who are disconnected at some point after exit completed a high school education, and another 4.9% have additional post-secondary education. It appears, then, that disconnected leavers tend to enter TCA with less advantageous educational and employment backgrounds. This does not explain, however, why disconnected leavers fail to access both work *and* cash assistance.

Figure 7: Educational Attainment by Disconnection Status***



Note: Valid percentages are reported. * $p < .05$ ** $p < .01$ *** $p < .001$

Conclusions

Disconnected leavers make up a substantial portion of TCA leavers in Maryland. Over five years, the percentage of leavers in each quarter who are disconnected from employment, TCA, and SSI hovers between thirty and forty percent. While the percentage of leavers connected for an entire year increases over time, so too does the percentage of leavers who are disconnected for all four quarters. A majority of leavers experience at least one spell of disconnection from work, welfare, and SSI, and the median spell is six months in duration. We also find significant differences in the education and employment backgrounds of disconnected versus connected leavers.

Disconnected leavers are more likely to face economic challenges and less likely to have the educational and employment backgrounds that could help them find stable employment after welfare exit. However, disconnected families are often connected to other government services and programs, such as SNAP and Medical Assistance (Hall et al., 2014). These programs, while not direct cash assistance, can be vital in supporting the basic needs of families especially those with children. The experiences of disconnected leavers vary, both by which non-cash assistance programs they are connected to and by the length of their spells of disconnection. This spectrum of disconnection is important to keep in mind when thinking about Maryland's disconnected families. More research is necessary to better understand how disconnected families support themselves without access to work or direct cash assistance, especially over long periods of time.

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