# DISCONNECTED LEAVERS:

# THE CIRCUMSTANCES OF THOSE WITHOUT WELFARE AND WITHOUT WORK

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# EXECUTIVE SUMMARY

Historically, welfare caseloads have been a leading indicator of recession and a lagging indicator of recovery, both at the national level and in Maryland. In the current difficult economic climate, with record post-war unemployment and a long, slow recovery predicted, cash assistance caseloads, in fact, have been steadily ticking upward. However, observers have been generally puzzled as to why caseload increases have not been more dramatic in size.

This study attempts to shed light on this puzzling question for the State of Maryland by empirically examining the issue of "disconnection." This relatively new term in public welfare refers to the phenomenon where, having exited welfare, former cash assistance recipients have neither income from their own employment nor welfare income from having returned to the rolls. In other words, they have neither work nor welfare. Even before the economic downturn, a few state and national studies indicated that the proportion of disconnected families who appeared to live without earnings or cash welfare was on the rise (Acs & Loprest, 2004; Blank, 2007; Brock et al.,2002; Fletcher, Winter & Shih, 2008; Loprest, 2003; Turner, Danziger & Seefeldt, 2006; Wood & Rangarajan, 2003). Many of these studies also indicated that disconnected families faced more barriers to employment than recipient and working families.

On the other hand, qualitative and ethnographic studies find that families often combine various income sources including off the books/under the table jobs, self-employment, food stamps, housing assistance, formal and informal child support, medical assistance, help from family and friends and charitable organizations. As Cleaveland (2007) points out, the data from these studies reminds us that women who receive welfare are not simply passive or "dependent;" they are actors, making decisions and taking actions on behalf of themselves and their families.

From a policy, program, and even child welfare perspective, the phenomenon of disconnection, particularly among families who formerly received Temporary Cash Assistance (TCA, Maryland's Temporary Assistance to Needy Families or TANF program) is of great interest and potential concern. From our longitudinal study, *Life After Welfare*, we know that adult TCA caseheads who, after exiting welfare, are without work and without cash assistance benefits, have not experienced the most common post-welfare outcome (i.e., employment). Likewise, disconnected families have not returned to TCA. If aspects of the program, such as perceived eligibility paperwork "hassles" are deterring disconnected families from aid, then certain program refinements might be in order. If, on the other hand, the program is sufficiently accessible, but some families choose not to take part and are managing to support their families in other ways, then disconnected families, by and large, might be beyond the purview and responsibility of the TCA program.

This study uses a unique dataset from the nation's largest and longest running TANF leavers study, *Life After Welfare*, to ask and answer several important questions about disconnection from work and welfare among families whose welfare cases closed. We begin by examining how prevalent the phenomenon of disconnection is and how long it typically lasts. We then combine multiple administrative data sources to focus

specifically on a potentially high risk group: families who remain disconnected from welfare and work for an extended period of time (at least five years). Key findings are:

❖ **Welfare leavers can be categorized into three groups: those who experience no disconnection from both welfare and work (the Consistently Connected); those who experience at least one spell of disconnection from both welfare and work (the Sometimes Disconnected); and those who have no connection to formal employment or TCA in the first five years after their welfare exit (the Chronically Disconnected).**

❖ **During the first five years after TCA case closure, the majority (53.8%) of clients remain consistently connected (to either welfare or work or both). About one-third of clients (35.8%) are disconnected at least once from both sources of income and one in 10 (10.0%) are chronically disconnected. This latter group appears to have no income from work or welfare (i.e., TCA) for at least the first five post-exit years.**

❖ **There are statistically significant differences among the three groups in demographic and case characteristics.  The most notable among these is a significantly higher proportion of child-only cases among the chronically disconnected.**

Most other studies of disconnection focus exclusively on single mother households. With our broader leavers' sample, however, we find that more than two-fifths (43.0%) of the chronically disconnected are child-only cases (compared to 11% and 16% for the other two groups).  This difference in case composition largely explains the other observed differences between the three groups, such as chronically disconnected caseheads being older and having less recent work experience.

❖ **Quantitative and qualitative administrative data show that, although they appear to have no TCA or earnings income in the first five years after leaving welfare, most chronically disconnected families have at least one other income source and are connected to at least one other public benefit program.**

❖ **For more than eight of 10 chronically disconnected families, we are able to piece together at least some explanation of why their disconnection has occurred.  Having income above scale, changes to the family's state of residence, or household composition changes (usually a child leaving the household) are the most common explanations. Perhaps contrary to myth, few chronically disconnected families left welfare because of a full family sanction; their rates, in fact, were lower than for the other two groups.**

Among chronically disconnected families, we find that almost three-fifths (57.0%) have income from another adult's earnings, child support and/or Supplemental Security Income (SSI). SSI is the most common income source, followed by child support and employment income received by another adult member of the household. Social Security benefits and self-employment income were also noted in at least 10% of these cases. The data also show that half of chronically disconnected families participate in

Food Stamps, almost all have at least one family member receiving Medical Assistance/MCHP, and about one in five receive housing assistance.

> ❖ **The technique of cluster analysis revealed six distinct subgroups within the chronically disconnected population. The data suggest that, relatively speaking, families in some of these subgroups may be faring okay on their own; for other subgroups the data are more sobering.**

The six distinct subgroups of chronically disconnected welfare leavers we found are quite similar to the five groups identified by Wood & Rangarajan (2003). Certain of the groups have sources of income support such as SSI or the earnings of other adults. Because SSI monthly benefit payments are considerably higher than TANF/TCA benefits, it seems highly probable that these families are better off financially, but certainly no worse off, than they were on TCA.

For other groups, however, the picture appears to be less rosy. Most notably, one cluster of chronically disconnected families (Cluster 5, 15% of the total) have low historical earnings, low earnings of other adult household members, little if any SSI receipt, and high rates of Food Stamp use. A significant minority of these families does have some type of other income noted in their case narratives, but the source, amount and reliability of that income is unclear. Moreover, this cluster of families has long histories of welfare dependence, the highest rates of full family sanctioning, and all reside in Baltimore City. The "good" news here is that many of these families are still in some contact with the local Department. Thus, as we move forward with the Maryland RISE initiative and institute more sophisticated and person-focused assessment protocols, it should be possible to identify high-risk families like these and, if they wish to do so, work with them to stabilize and improve their economic situations.

In sum, the findings presented in today's report on the topic of disconnection from welfare and work among former TCA recipients are both reassuring and challenging. Study results show that, for the majority of welfare leavers, there is no disconnection and that, for others, disconnection from welfare and work may occur, but does not last. Even among those who are disconnected from welfare and work for an extended period of time (at least five years), there is evidence to suggest that most do have at least one other source of income support and most are participating in at least one other public benefit programs. Some have moved out of state and, in at least one case in three, the eligible child has moved out of the household. However, we also find that there is a small subset of chronically disconnected leavers - all former Baltimore City cases - who may not be faring as well. It is these latter families, in particular, who may be most likely to eventually return to cash assistance. To the extent that they do, study findings suggest that their stays could be lengthy and their welfare-to-work path neither clear-cut nor certain.

# INTRODUCTION

A recent *New York Times* article raised questions about the adequacy of the Temporary Assistance to Needy Families (TANF) program as a safety net in difficult economic times, such as the current U.S. recession. DeParle (2009) notes:

> *"Despite soaring unemployment and the worst economic crisis in decades, 18 states cut their welfare rolls last year, and nationally the number of people receiving cash assistance remained at or near the lowest in more than 40 years."*

Although the current economic conditions are prompting renewed concern about the adequacy of TANF, others have raised similar issues in the past few years. Specifically, several state and national studies indicate that, even before the economic downturn, there was a growing proportion of "disconnected" families who live without earnings from formal employment and without cash welfare (Acs & Loprest, 2004; Blank, 2007; Brock, et al., 2002; Fletcher, Winter, & Shih, 2008; Loprest, 2003; Turner, Danziger, & Seefeldt, 2006; Wood & Rangarajan, 2003). Many of these studies also indicate that most disconnected families formerly received cash assistance and face more barriers to employment than recipient and working families. Thus, they suggest that the current TANF program is "not intensive or flexible enough to meet the needs of women with multiple disadvantages who find it difficult to get and keep full-time employment" (Blank, 2007, p. 183).

Qualitative and ethnographic studies that examine how families without welfare and without work survive shed a slightly different light on this population. They illustrate that families often combine a variety of income sources including off the books/under the table employment, self-employment, food stamps, housing assistance, child support (both formal and informal), medical assistance, help from family and friends, and help from charitable organizations. As Cleaveland (2007) points out, the data from these studies remind us that women who receive welfare are not simply passive or "dependent". They are actors, making decisions and taking actions on behalf of themselves and their families.

From a policy and program perspective, the phenomenon of disconnection, particularly among former recipient families, is of enormous interest. Families who are without work and without cash assistance after exiting the TANF rolls have not experienced the most common post-exit outcome (i.e. employment) and yet have not returned to the rolls for additional assistance. If aspects of the program, such as the "hassles" involved with establishing and maintaining eligibility, are essentially forcing some families, particularly those where the adult caregiver may have little education or limited literacy, to go without aid they truly need, then policy makers and program managers have a duty to consider adapting the program to respond to these unmet needs. On the other hand, if the program is accessible, but some are simply choosing not to participate and are managing to support their families in other ways, then these disconnected families may be beyond the purview and responsibility of the TANF program.

Because TANF policies vary widely across states and even within states, policy makers and program managers need solid empirical data from their locality on the size of the

disconnected population and their sources of support. Moreover, an analysis of the subgroups within the disconnected population would reveal who could benefit from additional cash assistance, but may be precluded from TANF participation because of certain barriers or obstacles. In this report, we present findings from an exploratory study designed specifically to provide such empirical data for Maryland.

This study utilizes a unique dataset from one of the nation's largest and longest running TANF leavers studies to address important questions concerning families who, as or after they leave welfare, experience one or more years without work or welfare. We begin by examining how prevalent the phenomenon of disconnection is and how long it typically lasts. We then combine multiple administrative data sources to provide a picture of the post-welfare lives of families who remain without employment and without a return to cash assistance for at least five years. Our analyses focus on four main research questions:

- ❖ How many welfare leavers experience spells of being disconnected from cash assistance and formal employment?
- ❖ What are the demographic characteristics of disconnected leavers and how do they compare to other leavers?
- ❖ How do leavers who spend long periods of time without formal employment and without cash assistance support their families?
- ❖ Are there identifiable subpopulations within the long-term disconnected leavers population?

The present study is the most thorough attempt thus far to cross-examine so many administrative data sources in order to provide a full picture of non-working leavers' income sources and service utilization. It is a truly unique effort to weave a picture of this under-studied population and provide policy makers and program managers with solid data on their circumstances and possible needs. This information is particularly valuable in the midst of the current recession and upcoming discussions about TANF reauthorization in the coming year, as many are asking whether the existing safety net is sufficient. Indeed, besides providing feedback on the outcomes of former TANF customers, today's report provides insight into how new or existing services might be targeted to provide extra support for families most in need.

# BACKGROUND

One of the most notable trends following creation of the TANF program was the proliferation of state studies focused on the circumstances of families leaving the welfare rolls. According to the National Conference of State Legislatures, 34 states have conducted at least one "TANF leaver" study. In addition, several national analyses have been published based on the National Survey of American Families data. Despite great variability in sampling and data sources, this body of literature yielded remarkably consistent findings: a little more than half of all TANF exiters leave welfare for work (Acs & Loprest, 2004). For policy makers, advocates, and researchers alike of course, these data beg the question: "And what about the other half?"

The initial leavers studies at least partly answer that question: a significant minority of families returned to the TANF rolls for additional assistance. Across several state studies, about one in five leavers returned to cash assistance in the first year (Acs & Loprest, 2004). For yet another group, their welfare exit is marked by a disconnection from the two most common sources of support: formal employment and cash assistance.

Maryland was one of the first states in the nation to release data from its study of welfare exiters and has continued the study to the present day. To date, thirteen reports from Maryland's *Life After Welfare* study have been released. The most recent report describes the characteristics and outcomes of 13,076 families who exited Temporary Cash Assistance (TCA; Maryland's TANF program) between October 1996 (the first month of welfare reform) and March 2008 (Ovwigho, Born, Patterson, & Kolupanowich, 2008). Consistent with other studies, we find that about one out of two leavers works in a Maryland job covered by the Unemployment Insurance (UI) program in a given quarter. Recidivism is the most common outcome for a minority of families, with a little more than one quarter (28.1%) returning by the end of the first year.

Examining these outcomes separately obviously masks a great deal of variability among the entire population of former recipient families. Considering concurrent employment and TCA receipt, Maryland's leaver study reveals that employment without TANF is the most common outcome in the first post-exit year, with one-half of leavers working in a UI-covered job in that year and not returning to cash assistance (Ovwigho, et al., 2008). Slightly less than one-fifth combines UI-covered employment and TCA, while for one in ten, their welfare exit is short-lived and they receive only TCA.

For the final one-fifth of Maryland leavers, the first year after exit includes neither UI-covered employment in Maryland or a border state nor a return to the TCA rolls. This group is often referred to as "disconnected" leavers and has recently received considerable research and policy attention. We are currently in the midst of recession with record high unemployment rates and rising poverty rates. For the first time since welfare reform in the mid-1990's, we are expecting TANF caseloads to rise. Thus, the phenomenon of disconnected leavers is especially concerning, since it is likely that some portion of them are still eligible for benefits. As we approach another round of discussion surrounding TANF reauthorization, it will be vital to understand who the program is serving and who might need additions or different services, including those

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who received TANF in the past but are currently disconnected from cash assistance and employment.

### *How Many Families Are Disconnected from Work & Welfare?*

In the past few years, a number of studies have provided estimates of the "disconnected" population. These studies vary widely in their base population, whether single mothers or former welfare recipients, in the length of time they consider, and in their definition of disconnection. Despite these differences the estimates are remarkably consistent and indicate that one-tenth to one-fourth of former welfare recipients were without work and without cash assistance at a particular point (Acs & Loprest, 2004; Brock et al., 2002; Loprest, 2003; Wood, Moore, & Rangarajan, 2008). Blank (2007) used a broader definition, focusing on low-income single mothers, and found that one-fifth reported no earnings from work and no cash assistance in the previous year.

There is also evidence that the proportion of disconnected families is growing. For example, data from the National Survey of American Families (NSAF) shows that 9.8% of former TANF recipients had not worked recently, were not living with a spouse or partner with earnings, and were without cash assistance or disability income in 1999. By 2001, the percentage had increased to 13.8% (Loprest, 2003). Findings from Cuyahoga County in Ohio are similar with 11% of former recipients without work and without cash assistance in 1998 and 20% in 2001 (Brock, et al., 2002).

Just as welfare receipt and employment tend to be dynamic among low-income populations, being disconnected from both sources of support also tends to vary over time. For example, data from five waves of the Women's Employment Survey indicate that at any given point 18.1% of women are without work and TANF. However, only about half of those (9.1%) are chronically disconnected, defined as being without work and welfare for at least 20 of the 79 study months (Turner, Danziger, & Seefeldt, 2006). Similarly, Wood & Rangarajan (2003) report that only 5% of former New Jersey welfare recipients who experienced a spell of disconnection, remained so for a year or more. Qualitative studies also reveal a great deal of variability in families' economic circumstances over time (Fletcher, et al., 2008).

Additional data from Maryland's welfare leavers study illustrates the dynamic nature of welfare outcomes. For example, the percentage of former recipients with UI-covered employment alone increased from 49.5% in the first year to 55.9% in the eleventh follow up year. Those with any TCA receipt become fewer over time. About one-tenth (9.5%) belonged to the "TCA only" group in year 1, but this decreased to 2.3% by the eleventh year. Similarly, the "Employed and TCA" group reduced from almost one out of every five (18.5%) in the first year, to about the same level as the "TCA" group by the eleventh year (2.8%).

Most relevant to the current study, the percentage of disconnected leavers, those without UI-covered employment and without TCA, increased most dramatically over time. In fact, the size of this group almost doubled from a little more than one-fifth (22.5%) in year 1 to two-fifths (39.1%) in year 11 (Ovwigho, et al., 2008).

### Why Are Families Disconnected?

Two main explanations have been offered for the growing numbers of primarily single-mothers who are without employment and without cash welfare. The first is that the structure of the current TANF program is not adequate to meet the needs of some types of families or in some situations. The second is that, through a variety of means, families have found other ways of supporting themselves.

Most authors contend that welfare reform and the TANF program's time limit and work participation requirements are forcing some families to leave the rolls without work or with a job that they will not be able to maintain. Moreover, they say that the revamped program fails to provide an adequate safety net for those who lose their jobs. Supporters of this theory cite evidence that women who are disconnected from formal employment and cash welfare have more barriers to employment, such as low education and poorer health (Acs & Loprest, 2004; Blank, 2007; Loprest, 2003; Miller, 2002; Turner, et al., 2006; Wood & Rangarajan, 2003).

Evidence that fewer families who are eligible for cash assistance are actually participating also supports the theory that the current TANF program is not able to keep families from becoming disconnected. A Children's Defense Fund (2003) analysis of the first post-PRWORA recession revealed that the percentage of female-headed families who were without work and without cash welfare increased 17% from 2000 to 2001. In previous recessions, most of these families without employment moved onto the welfare rolls, but this did not happen in 2001. DeParle's (2009) analysis of current welfare caseload trends reaches a similar conclusion. That is, despite the fact that the country is going through one of the worst economic downturns since the Great Depression and Food Stamp (now the Supplemental Nutrition Assistance Program) caseloads are at historically high levels, welfare caseloads have generally not grown.

Other data confirm that the take-up rate for cash assistance has declined over time (Zedlewski, 2002). Prior to the passage of PRWORA in 1996, approximately 85% of families eligible for cash assistance participated in the program. Today only about half of those eligible for TANF participate.

The second explanation for why some families are without formal employment and without cash welfare takes a less dismal view, pointing out that women have historically combined income from a variety of sources to support their families (Brown & Lichter, 2004; Miranne, 1998). In particular, authors such as Besharov (2002) contend that an increase in the extent to which single mothers cohabit with male partners and other adults explains much of the increase in the number of "disconnected" families. If these living arrangements improve families' financial circumstances, then their being "disconnected" is not necessarily a bad thing. However, as Blank (2007) points out, the other adults in these households may not always be able to contribute to the household. In fact, many women live with others who need care and assistance because of a health problem or disability.

### Are the Disconnected More Disadvantaged?

Several studies have focused on the characteristics of disconnected families and why they are not connected to the formal labor market or cash assistance. These families are more likely to have health and mental health problems, limited work experience, and to lack a high school diploma and marketable skills (Acs & Loprest, 2004; Loprest, 2003; Wood & Rangarajan, 2003). Similarly, the one study of chronically disconnected welfare leavers without other income finds that they have more barriers, lower education levels, fewer work skills, and are more likely to have a physical limitation, alcohol dependence or illicit drug use (Turner, et al., 2006).

When asked why they are not working, disconnected mothers give a variety of reasons. One-third indicate that they are needed to take care of their home and family and an additional one-quarter state that they are in poor health themselves (Acs & Loprest, 2004). In the same study, attending school or training is cited as a reason for not working by one in ten disconnected former welfare recipients.

### How Do Disconnected Families Support Themselves?

The fact that some former recipient families are without income from employment and have not returned to the rolls raises questions of how they are supporting themselves and how they are faring. Empirical data addressing these questions provide an unclear picture. A significant minority appears to have gone on to the Supplemental Security Income (SSI) rolls or have children who are receiving SSI benefits (Acs & Loprest, 2004; Wood & Rangarajan, 2003). Income from other household members is another source of support. Blank (2007) estimates that about half of disconnected, low-income single mothers live with another adult, either a parent or an unrelated male. A majority continue to receive food stamp benefits (Turner, et al., 2006) and some also likely have housing assistance. However, only a small minority, less than one-fourth, receive child support (Wood & Rangarajan, 2003).

Ethnographic studies reveal that many low-income mothers are involved in the secondary economy and find creative ways to make money to support their families. In Cleaveland's (2007) study of 29 women living in Philadelphia, "under the table" employment such as delivering pizzas or cleaning a country club, styling hair, and making and selling homemade pillows were just some of the ways women found to generate additional income. Even with these other income sources, however, the women in the study typically remained at the low end of the income scale.

The data on how much income disconnected families actually have, relative to their "connected" peers is quite mixed. In a national sample, Blank (2007) found that the income of low-income single mothers averaged $4,500 a year. As mentioned earlier, about half of these women resided with other adults and for them, their total household income was about three times greater. Miller (2002) found that the income of those not working at the time of their welfare exit was about the same as the income of those who left for work. Surprisingly, the disconnected leavers reported fewer material hardships, except for food insecurity (see also Loprest, 2003). In contrast, data from the National Survey of American Families indicate that former welfare recipients without work have

much lower incomes than other leavers, even when the value of food stamp benefits is included (Acs & Loprest, 2004).

A likely explanation for these seemingly conflicting data is that there are really several subgroups within the disconnected population. In their sample of former welfare recipients who were now without work and without welfare, Wood & Rangarajan (2003) identified five distinct subgroups. One group consists of those who are disabled and have gone onto SSI. Another group, which fares the best financially, is living with an employed spouse or partner. Two groups, those receiving Unemployment Insurance benefits, and those who worked recently but have since lost a job are the most likely to return to TANF within a few months. The fifth group is the least stable and the one about which most researchers and advocates have concerns. This group, which is estimated to include two-fifths of non-working leavers, lacks alternative sources of financial support, is the most disadvantaged in terms of education and work experience, and relies heavily on financial assistance from friends and relatives.

### *Summary and the Present Study*

In sum, the empirical evidence clearly indicates that there is a subgroup of families, many of whom have received welfare in the past, who are now living without formal employment and without cash welfare. Data from several studies indicate that the size of this group has grown over time, although the reasons for this growth are unclear. At least some disconnected families appear to be struggling and experiencing hardships such as food insecurity. Often this is because the head of household has health problems that are not severe enough to qualify them for SSI, but present a barrier to steady formal employment. However, this is not true of all disconnected families as some have entered the SSI rolls, with its more generous benefits than TANF, and others live in expanded households with total incomes greater than many of their peers. Still an unknown number of others are supporting themselves with various types of self-employment or by combining income from a variety of sources.

For policy makers and program managers, the current literature raises some concerns that the reformed TANF program has weakened the safety net for low-income families. However, it also leaves open many questions about the ultimate size of the various subgroups within the disconnected population and their possible needs. The present study attempts to fill in some of the gaps in this literature. We take a comprehensive look at a group of Maryland families who experienced an extended period of disconnection, having no income from UI-covered employment and no income from cash assistance through TANF.

In addition to filling these gaps, today's study provides important empirical data on a population that has recently drawn a lot of policy attention. On a national level, disconnected leavers are of interest as we enter into a new round of TANF reauthorization discussions and examine how well the current TANF program is suited to serving needy families in the midst of difficult economic times. On a state level, an analysis of disconnected leavers provides important insight for the development of initiatives like Maryland RISE, which is intended to engage people in meaningful work with opportunities for advancement. We expect that the empirical data in today's report

will provide a strong basis for developing services and programs that are best suited to meet the needs of families in our community.

# METHODS

In this chapter, we describe our study methods. We begin with a description of the study sample and data sources. The chapter concludes with a discussion of our analytical approach.

## *Sample*

For this study, we use a subsample from Maryland's longitudinal *Life After Welfare* study. The larger study is based on a random 5% sample of all Temporary Cash Assistance (TCA, Maryland's TANF program) cases which close each month. For purposes of this analysis, we focus on the 3,555 cases which exited between October 1998 and September 2001 and did not return to assistance in the first month. Follow up data for the first five years after the initial welfare exit, extending through September 2006, serve as the basis for classifying cases into one of three groups:

1. **Consistently Connected Leavers** (n = 1,912) – Cases where the casehead was employed and/or the family received TCA in all five follow up years.
2. **Sometimes Disconnected Leavers** (n = 1,273) – Cases that were without casehead employment and without TCA during at least one of the follow up years.
3. **Chronically Disconnected Leavers** (n = 370) – Cases that were without casehead employment and without TCA in all five follow up years.

## *Data Sources*

Study findings are based on analyses of administrative data retrieved from computerized management information systems maintained by the State of Maryland. Demographic and program participation data were extracted from the Client Automated Resources and Eligibility System (CARES) and its predecessor, the Automated Information Management System/Automated Master File (AIMS/AMF). Employment and earnings data were obtained from the Maryland Automated Benefits System (MABS) and are supplemented with limited UI-covered employment data from the states that border Maryland.

### *CARES*

CARES became the statewide automated data system for certain DHR programs in March 1998. Similar to its predecessor AIMS/AMF, CARES provides individual and case level program participation data for cash assistance, Food Stamps, Medical Assistance and Social Services. Demographic data are provided, as well as information about the type of program, application and disposition (denial or closure), date for each service episode, and codes indicating the relationship of each individual to the head of the assistance unit.

### Case Narratives

In CARES, caseworkers can access a free-form space in which they can narrate their interactions with case members. While some case aspects must be documented in the case narrative (e.g., verifications requested), caseworkers are free to enter any information they feel relevant. In fact, CARES case narratives have been shown to be a rich source of information about family circumstances and challenges (Ovwigho, 2001; Ovwigho, Saunders, & Born, 2008).

For this study, the narratives were examined to try to determine how disconnected families were supporting themselves during the follow up period or if there was note of some life event, such as moving out of state, that would explain why there was no record of them in the employment or TCA data. Two coders were given a standard set of instructions, and a pre-test was conducted in which they coded the same set of five narratives and came to consensus on their ratings.

For coding, the 370 narratives were separated into smaller sets with 10 cases in each set overlapping cases in another set. This produced a total quality control set of 109 cases. Each set was coded by one of two coders. The like cases in the quality control sets were compared and if a discrepancy was found by the quality control checker, the narrative was re-read to find a justification for a "yes" answer. The first author then made the decision as to how to code the case. A coder agreement rate was calculated as (# of comparisons – # of discrepancies) / (# of comparisons). The overall agreement rate between the two coders was 97.0%.

### CSES

The Child Support Enforcement System (CSES) contains child support data for the state. Maryland counties converted to this system beginning in August 1993 with Baltimore City completing the statewide conversion in March 1998. The system includes identifying information and demographic data on children, noncustodial parents and custodial parents receiving services from the IV-D agency. Data on the child support cases and court orders including paternity status and payment receipt are also available. CSES supports the intake, establishment, location, and enforcement functions of the Child Support Enforcement Administration.

### MABS

Our data on quarterly employment and earnings come from the Maryland Automated Benefits System (MABS). MABS includes data from all employers covered by the state's Unemployment Insurance (UI) law (approximately 93% of Maryland jobs). Independent contractors, sales people on commission only, some farm workers, federal government employees (civilian and military), some student interns, most religious organization employees, and self-employed persons who do not employ any paid individuals are not covered. "Off the books" or "under the table" employment is not included, nor are jobs located in other states.

In Maryland, which shares borders with Delaware, Pennsylvania, Virginia, West Virginia and the District of Columbia, out-of-state employment is quite common. Most Maryland counties border at least one other state. Moreover, according to the 2000 census, in some Maryland counties, more than one of every three employed residents worked outside the state. Overall, the rate of out-of-state employment by Maryland residents (17.4%) is roughly five times greater than the national average (3.6%)[1]. Out-of-state employment is particularly common among residents of two very populous jurisdictions (Montgomery, 31.3% and Prince George's Counties, 43.8%), which have the 5th and 2nd largest welfare caseloads in the state, respectively. Also notable is the fact that there are more than 150,000 federal jobs located within Maryland (Maryland State Data Center, 2007) and the majority of state residents live within commuting distance of Washington, D.C., where federal jobs are even more numerous.

To supplement the MABS data, we incorporate data on UI-covered employment in the states that border Maryland. These data, obtained through a data sharing agreement among the participating states, did not become available until 2003 and thus, are not available for our exiting cohorts for all time periods. While the inclusion of these data provides a more comprehensive picture of leavers' post-exit employment, readers are reminded that our lack of data on federal civilian and military employment continues to depress our employment findings to an unknown extent.

Finally, because UI earnings data are reported on an aggregated, quarterly basis, we do not know, for any given quarter, how much of that time period the individual was employed (i.e., how many months, weeks or hours). Thus, it is not possible to compute or infer hourly wages or weekly or monthly salary from these data. It is also important to remember that the earnings figures reported do not necessarily equal total household income; we have no information on earnings of other household members, if any, or data about any other income (e.g. child support, Supplemental Security Income) available to the family members other than those in the TANF assistance unit at the time of the welfare exit.

### *Analyses*

Descriptive statistics were used to compare different groups of leavers in terms of their demographic characteristics, welfare and employment histories, and sources of post-exit support. ANOVA and Chi-Square tests were used when appropriate to test for statistically significant differences.

Consistent with the exploratory nature of this study, we also utilized cluster analysis to distinguish subgroups of chronically disconnected leavers. Also referred to as segmentation analysis or taxonomy analysis, cluster analysis identifies homogeneous subgroups within a population based on the natural patterns occurring in a set of data. The last chapter presents the descriptions of the six subgroups or clusters identified, including illustrative case vignettes extracted from case narratives.

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[1] Data obtained from U.S. Census Bureau website http://www.factfinder.census.gov using the Census 2000 Summary File 3 Sample Data Table QT-P25: Class of Worker by Sex, Place of Work and Veteran Status, 2000.

# FINDINGS: PATTERNS OF DISCONNECTION

We begin our exploration of the phenomenon of disconnection with a broad picture of former TANF recipients' welfare and employment outcomes in the first five years after the welfare exit that brought them into our sample. In Figure 1, we present the percent of leavers in each year falling into one of four groups: "No employment or Temporary Cash Assistance" (TCA, Maryland's TANF program); "TCA only"; "Employment and TCA"; and "Employment only". This figure is designed to give readers an idea of how these groups change over the first five years.

As mentioned previously, the most common post-exit outcome, experienced by about one-half (50.3%) of our sample in the first year, is "Employment only". That is, the casehead has earnings from a job covered by the Unemployment Insurance (UI) program and did not return to the TCA rolls. An additional one-fifth (19.1%) combined employment and welfare receipt ("Employment and TCA") and one-tenth (9.5%) return to the welfare rolls without, as far as we can tell, having been employed ("TCA only"). Consistent with other studies, we find that slightly more than one-fifth (21.1%) of Maryland welfare leavers have no UI-covered employment and no additional months of cash assistance receipt in the first year after exit. This is the group considered to be "disconnected".

Comparing the bars in Figure 1, it is easy to see that two outcome groups in particular experience more movement than the others over time. The percentage of leavers combining work and welfare ("Employment and TCA") declined by half, reaching 10.9% by the fifth follow-up year.

Over that same period, the size of the "disconnected" population grew. The proportion of leavers without UI-covered earnings and without TCA increased every single year, reaching just under one-third (32.3%) in the fifth year. Overall, it increased by just a little over ten percentage points.

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**Figure 1. Welfare and Work Status Over Time**
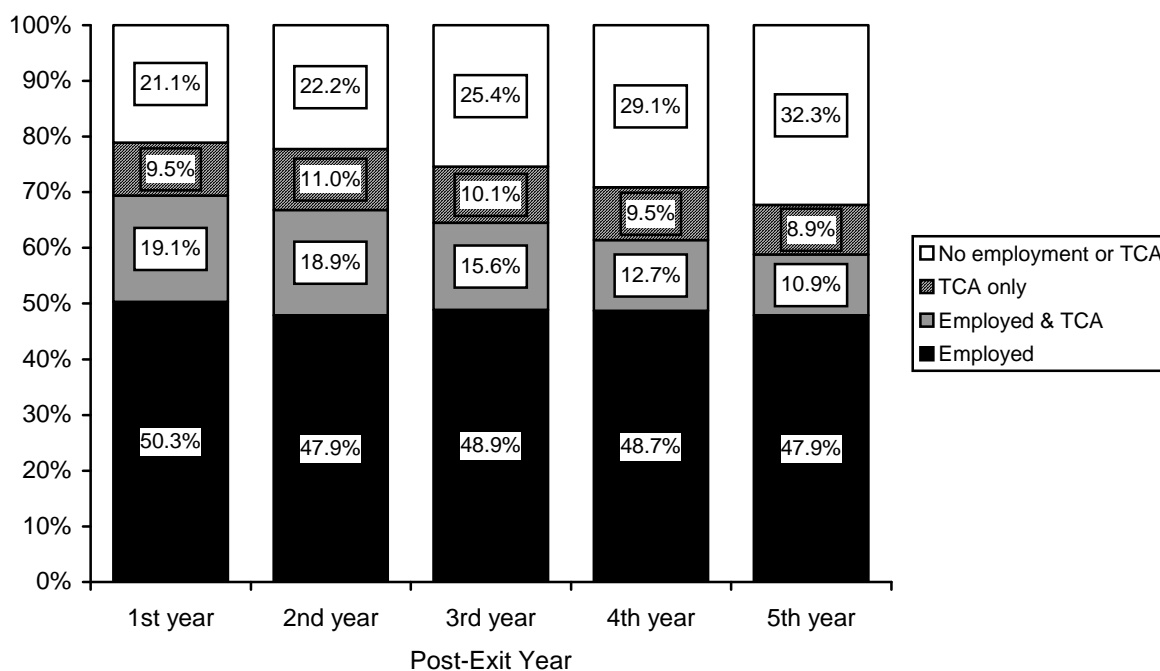


The data presented in Figure 1 indicate that being disconnected from work and the welfare rolls becomes more common over time. However, this does not necessarily mean that the same individuals remain disconnected during the entire follow up period. Figure 2, following, displays data on the consistency, or lack thereof, in work and welfare status over time.

We find that the majority of Maryland leavers, just under two-thirds (63.1%), experienced at least two different welfare and work status outcomes in the first five years after leaving TANF. These findings are consistent with those of other studies showing that families cycle in and out of periods when they are disconnected from formal employment and cash assistance. This finding also lends empirical support for one of the key tenets of the RISE initiative: to increase stability and decrease the type of status-shifting or cycling observed in this study.

The next largest proportion of leavers, about one quarter (23.8%), were employed in a UI-covered job in each of the five years and did not return to cash assistance. The third largest group represents the "chronically disconnected", the main focus of this study. Out of all leavers, one in ten (10.4%) have no UI-covered employment and no additional cash assistance receipt in Maryland during the entire five year follow-up period. There are many possible explanations for why these families left welfare without UI-covered employment and without returning to the rolls. They could have begun receiving SSI or child support. They could have moved out of state or the children who were eligible for TANF could have reached age 18 or moved out of the home. In the next chapter, we explore these possibilities.

**Figure 2. Consistency in Welfare & Work Status over Time**



Pie chart segments:
- All work, 23.80%
- All work and TCA, 1.50%
- All TCA, 1.20%
- All no work and no TCA, 10.40%
- In two or more groups, 63.10%
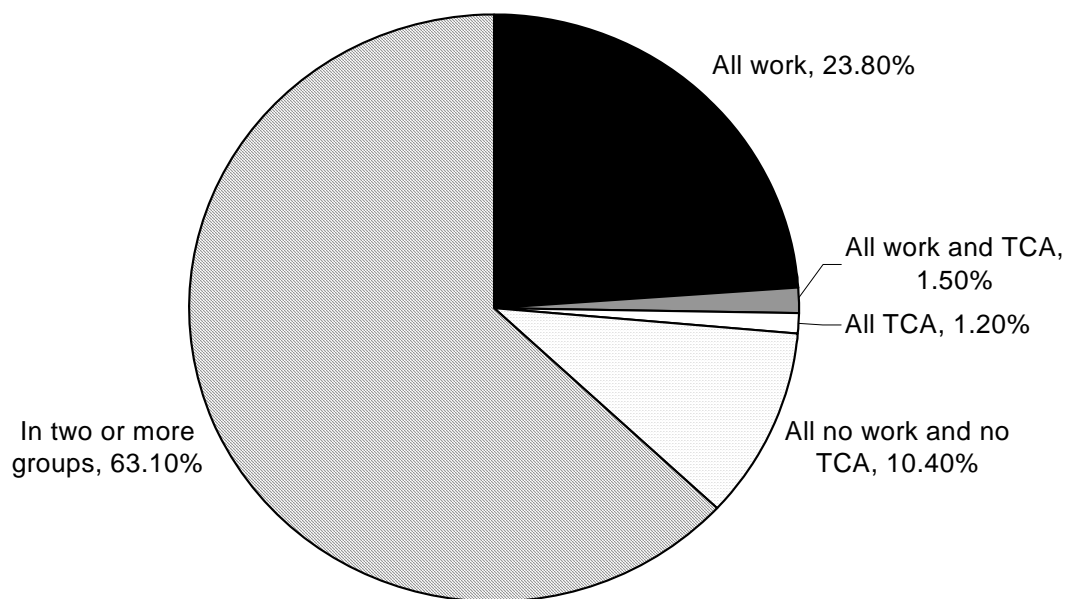
Our data indicate that the majority of Maryland's welfare leavers experience a variety of welfare and employment statuses in the years following their exit. How many of them spend at least some time without work and without welfare and how long do these spells last?  As shown in Figure 3, over half (53.8%) of the leavers in our sample were never a part of the "No Employment or TCA" group at all. Of those that spent at least one post-exit year in the group, most people were only disconnected from employment and TCA for one post-exit year. Among our entire leavers sample, 13.60% experienced a spell of disconnection that lasted only one post-exit year. Even fewer were disconnected for two (8.60%), three (7.40%) and four (6.30%) post-exit years. However, one in ten (10.40%) were without employment or TCA at all in the first five years after the welfare exit that brought them into our sample.

**Figure 3. Number of Years without Employment or TCA in First Five Years After Exit**
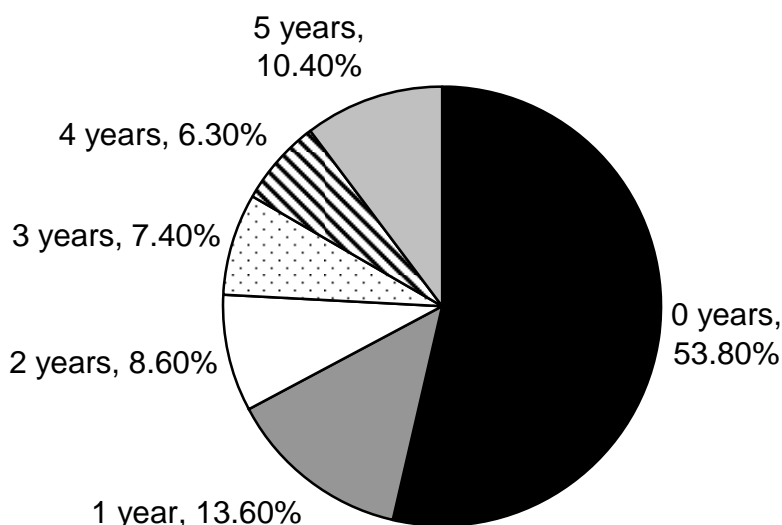


The data presented in the previous figures indicates that welfare leavers can be divided into three categories: those who do not experience a period of disconnection; those who experience a time of disconnection, but also spells of connection to employment and/or cash assistance; and those who have no connection to formal employment or cash assistance in the first five years after their welfare exit. In order to understand more about the families that make up these groups, we divide our leavers sample into three groups: Consistently Connected; Sometimes Disconnected; and Chronically Disconnected. The first group consists of families whose first five post-exit years were marked by either UI-covered employment, a return to TCA, or both. The second, Sometimes Disconnected leavers, are those that experienced at least one but less than five post-exit years without employment or TCA. The final group was completely disconnected from UI employment and TCA in the entire five year follow up period. Our interest is to see if there are any significant differences among these three groups in terms of demographic characteristics and welfare and employment histories.

The demographic characteristics of these three groups, as well as the total sample, can be found in Table 1. We find that there are statistically significant differences among the three groups on all variables examined, although most are small and may not have practical significance. Because the main focus of this report is on those who are chronically disconnected, most of the following discussion centers on how they differ from the other two groups.

A typical exiting payee is a 33-year-old African American (75.8%) woman (95.3%). There are statistically significant differences among the three groups in terms of gender and race, although the real, practical differences are fairly small. For example, among Consistently Connected leavers, a little over four-fifths (82.1%) are African American. However, only about three-fifths (62.5%) of Chronically Disconnected leavers are African-American.

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Compared to their counterparts, Chronically Disconnected former payees are significantly older. On average, those who have neither employment nor a return to welfare are 43 years old (mean = 42.9), about 13 years older than Consistently Connected leavers (mean = 30.4). Sometimes Disconnected former payees fall in the middle of this range with an average age of 34.1 years.

In terms of marital status, one-half of Chronically Disconnected leavers have never been married. In contrast, three-fourths (77.2%) of Consistently Connected and two-thirds (65.6%) of Sometimes Disconnected exiters have never been married.

Table 1 shows that some of the biggest differences between Chronically Disconnected leavers and the other two groups are related to family and case composition. Most notably, child only cases are much more common among the Chronically Disconnected. More than two-fifths (43.0%) of those whose post-exit life does not include either UI employment or TCA receipt were child only cases, in which the adult caregiver was not included in the welfare grant. In contrast, only 16.0% of Sometimes Disconnected and 10.9% of Consistently Connected leavers do not have an adult included in the TANF assistance unit.

These differences are not entirely surprising when we consider how different child only cases are from other more traditional cases. In Maryland, as in many other states, the vast majority of such cases are headed by an adult caregiver, typically a grandparent, caring for one or more related children. Most of the remaining cases are headed by a parent who is disabled and receives Supplemental Security Income (SSI). Previous research documents that child only cases tend to have fewer children, older children, and longer welfare histories than their more traditional counterparts (Hetling, Saunders, & Born, 2005). In addition, and most relevant to their apparent increased risk for disconnection, adults heading child only cases are more likely to receive SSI (Saunders, Ovwigho, & Born, forthcoming).

These facts hint at possible reasons why such cases are unlikely to be connected to UI employment or the welfare rolls. They may have additional other income, such as SSI or Social Security with which to support their families. It is also likely that for an unknown proportion, a change in family composition, such as grandchildren returning to the care of their parents, may explain why the family exited TANF and did not return for additional assistance.

Given the differences in percent of child only cases, it is not surprising to find that Chronically Disconnected leavers had significantly smaller TANF assistance units, with an average of 2.2 people, compared to 2.7 for Consistently Connected and 2.6 for Sometimes Disconnected cases. Chronically Disconnected cases also have fewer children on average, although the absolute differences are quite small.

Table 1 also indicates large and important differences among the three outcome groups in the age of their youngest children. On average, the youngest child in an assistance unit that becomes chronically disconnected is 7.7 years old, almost three years older than the youngest child in a family who does not experience disconnection at all

(mean=5.0). Sometimes Disconnected cases fall between these two extremes with their youngest children being, on average, 6.2 years.

It is also interesting to consider the percentage of households with a youngest child who is either very young or nearing the age of emancipation. Almost half (46.3%) of all Consistently Connected cases have a child who is less than three years old, suggesting that these families will likely need child care assistance to maintain employment. In contrast, only one-fourth (24.2%) of Chronically Disconnected cases have a child that young.

The opposite pattern is observed when we consider if the youngest child is 17 years old or older. For families to be eligible for TANF, they must include a child under the age of 18 or a child who is 18 and still in high school, but expected to graduate by his/her 19th birthday. Although only a small minority of cases fall into this category, Chronically Disconnected cases are significantly more likely to be ones where the youngest child was about to emancipate (4.3% vs. 2.1% of Sometimes Disconnected and 0.9% of Consistently Connected).

The final section of Table 1 considers the geographical region in which the family resided at the time of their welfare exit. Consistent with Maryland's TANF caseload composition, our leaver sample is heavily concentrated in Baltimore City. In our three outcome groups, Baltimore City cases are most common, although there are significant differences. More than half (54.7%) of Consistently Connected cases hail from the City, compared to only 46.8% of Sometimes Disconnected and Chronically Disconnected cases.

## Table 1. Demographic Characteristics of Exiting Payees and Cases

| | Consistently Connected (n = 1,912) | Sometimes Disconnected (n = 1,273) | Chronically Disconnected (n = 370) | Total (N = 3,555) |
|---|---|---|---|---|
| **Payee's Gender (% female)*** | 96.5% (1,827) | 94.8% (1,190) | 91.0% (335) | 95.3% (3,352) |
| **Payee's Racial/Ethnic Background*** | | | | |
| African American | 82.1% (1,500) | 70.2% (861) | 62.5% (222) | 75.8% (2,583) |
| Caucasian | 16.8% (308) | 27.2% (333) | 33.2% (118) | 22.3% (759) |
| Other | 1.1% (20) | 2.6% (32) | 4.2% (15) | 2.0% (67) |
| **Payee's Age*** | | | | |
| Mean (Standard deviation) | 30.43 (8.98) | 34.12 (10.58) | 42.90 (13.53) | 33.05 (10.80) |
| **Marital Status*** | | | | |
| Married | 4.9% (94) | 9.0% (115) | 13.8% (51) | 7.3% (260) |
| Never Married | 77.2% (1,477) | 65.6% (835) | 50.0% (185) | 70.2% (2,497) |
| Divorced/Separated/Widowed | 14.0% (268) | 19.6% (250) | 31.6% (117) | 17.9% (635) |
| **Assistance Unit Size** | | | | |
| Mean (Standard deviation)*** | 2.68 (1.17) | 2.60 (1.22) | 2.15 (1.19) | 2.60 (1.20) |
| % child only cases*** | 10.9% (209) | 16.0% (203) | 43.0% (159) | 16.1% (571) |
| **Number of Children** | | | | |
| Mean (Standard deviation)** | 1.77 (1.07) | 1.73 (1.08) | 1.54 (0.96) | 1.73 (1.06) |
| **Age of Youngest Child** | | | | |
| Mean (Standard deviation)*** | 4.97 (4.40) | 6.19 (4.99) | 7.71 (5.23) | 5.68 (4.78) |
| % households with a child under 3*** | 46.3% (856) | 36.5% (443) | 24.2% (80) | 40.6% (1,379) |
| % households with youngest child 17+*** | 0.9% (18) | 2.1% (27) | 4.3% (16) | 1.7% (61) |
| **Region[2]**** | | | | |
| Baltimore City | 54.7% (1,046) | 46.8% (596) | 46.8% (173) | 51.1% (1,815) |
| Prince George's County | 11.1% (213) | 12.5% (159) | 12.7% (47) | 11.8% (419) |
| Baltimore County | 12.5% (239) | 12.9% (164) | 11.4% (42) | 12.5% (445) |
| Metro Region | 4.6% (88) | 6.1% (78) | 5.9% (22) | 5.3% (188) |
| Anne Arundel County | 3.5% (66) | 5.0% (64) | 2.7% (10) | 3.9% (140) |
| Montgomery County | 3.3% (63) | 4.0% (51) | 5.9% (22) | 3.8% (136) |
| Upper Eastern Shore Region | 3.0% (58) | 3.8% (49) | 3.0% (11) | 3.3% (118) |
| Western Maryland Region | 2.6% (49) | 3.1% (40) | 4.9% (18) | 3.0% (107) |
| Lower Eastern Shore Region | 2.5% (48) | 3.0% (38) | 3.5% (13) | 2.8% (99) |
| Southern Maryland Region | 2.2% (42) | 2.7% (34) | 3.2% (12) | 2.5% (88) |

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

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[2] The regions are as follows: Metro (Carroll, Harford, Howard, and Frederick); Western (Allegany, Garrett, and Washington); Southern (Calvert, Charles, and St. Mary's); Upper Shore (Cecil, Kent, Queen Anne's, Caroline, Talbot, and Dorchester); and Lower Shore (Worcester, Wicomico, and Somerset).

We continue our comparisons between Chronically Disconnected and other leavers with an examination of welfare receipt history. Table 2, following this discussion, displays two measures of welfare history: 1) the number of continuous months families had received TANF before the exit that brought them into our sample and 2) the total number of months families had received TANF in the five years before exit.

The first half of the table deals with the length of their exiting spell and shows that the majority of cases closed after receiving TANF for 12 months or less. Overall, about seven out of ten cases (70.1%) fell into this category. There are significant differences between the three outcome groups, however. Three-fifths (58.1%) of Chronically Disconnected leavers were exiting from a spell of a year or less, compared to seven out of ten Consistently Connected (70.7%) and Sometimes Disconnected (72.6%) leavers. Overall, Chronically Disconnected cases had been on welfare continuously for an average of 27.37 months. This is almost double the average spell for the other two groups (mean = 14.0 Consistently Connected and 14.3 Sometimes Disconnected).

The findings in the top half of Table 2 consider just one welfare spell, while the bottom half presents a more comprehensive measure of historical receipt that takes into account multiple spells. Not surprisingly, we find that leavers have more extensive welfare histories than is indicated by just their most recent welfare spell. On average, Maryland welfare leavers received TANF for about half of the previous five years (mean = 31 out of 60 months), although they are exiting from a spell that has only lasted about 15.5 consecutive months. Surprisingly, all three outcomes groups had averages of just under thirty-one months and were not significantly different from each other.

There were, however, differences in the proportions of each group with short- or long-term welfare histories. Three out of ten (29.7%) Chronically Disconnected leavers had received welfare for 12 months or less in the previous five years, a rate slightly higher than among the Consistently Connected (23.8%) and Sometimes Disconnected (26.9%) groups. Interestingly, those with long welfare histories were also more common among the Chronically Disconnected, with 30.3% having received TCA for at least four of the past five years. In contrast, only one-fourth of the other leavers had welfare histories that long (25.4% Consistently Connected and 26.2% Sometimes Disconnected).

## Table 2. Welfare Receipt History

| | Consistently Connected (n = 1,912) | Sometimes Disconnected (n = 1,273) | Chronically Disconnected (n = 370) | Total (N = 3,555) |
|---|---|---|---|---|
| **Length of Exiting Spell***** | | | | |
| 12 months or less | 70.7% (1,352) | 72.6% (924) | 58.1% (215) | 70.1% (2,491) |
| 13 - 24 months | 17.5% (335) | 13.7% (175) | 17.3% (64) | 16.1% (574) |
| 25 - 36 months | 4.4% (85) | 4.6% (59) | 5.7% (21) | 4.6% (165) |
| 37 - 48 months | 2.2% (43) | 3.0% (38) | 3.8% (14) | 2.7% (95) |
| 49 - 60 months | 1.3% (24) | 1.8% (23) | 2.7% (10) | 1.6% (57) |
| More than 60 months | 3.8% (73) | 4.2% (54) | 12.4% (46) | 4.9% (173) |
| Mean*** | 14.03 | 14.28 | 27.37 | 15.51 |
| Median | 7.76 | 7.36 | 10.65 | 7.92 |
| Standard Deviation | 22.60 | 22.24 | 43.81 | 25.83 |
| **TCA Receipt in 5 Yrs Prior to Exit*** | | | | |
| 12 months or less | 23.8% (456) | 26.9% (342) | 29.7% (110) | 25.5% (908) |
| 13 - 24 months | 18.7% (357) | 16.7% (212) | 15.1% (56) | 17.6% (625) |
| 25 - 36 months | 16.3% (312) | 15.5% (197) | 13.5% (50) | 15.7% (559) |
| 37 - 48 months | 15.7% (301) | 14.8% (189) | 11.4% (42) | 15.0% (532) |
| 49 - 60 months | 25.4% (486) | 26.2% (333) | 30.3% (112) | 26.2% (931) |
| Mean | 30.92 | 30.62 | 30.98 | 30.82 |
| Median | 30.00 | 29.00 | 30.00 | 30.00 |
| Standard Deviation | 18.92 | 19.55 | 20.38 | 19.30 |

**Note**: Due to missing data for some variables, counts may not sum up to the total number of cases. Valid percentages are reported. *p<.05, **p<.01, ***p<.001

One of the best predictors of a welfare recipient's ability to obtain and maintain work is his/her employment history. By definition, there are vast differences among our three study groups in employment outcomes after exit. In this section, we examine if there were also differences in their pre-exit employment histories.

Figure 4 contains two employment history measures – the percentage working at some point in the eight quarters preceding spell entry and spell exit. We find that leavers whose welfare exit is followed by a disconnection from UI employment and the welfare rolls have less historical attachment to formal employment. About a third (36.3%) of Chronically Disconnected leavers worked at any point in the eight quarters preceding spell entry (36.3%) and a little more than one-fourth (28.1%) did so in the two years preceding their welfare exit. In contrast, about two-thirds of Sometimes Disconnected payees worked in the 8 quarters before their spell entry (62.3%) and spell exit (62.7%). As might be expected, Consistently Connected had the highest historical employment rates, with over four out of five working in the 8 quarters before entry (81.3%) and exit (86.2%). These differences were found to be statistically significant.

These numbers make a great deal of sense intuitively. Consistently Connected leavers had more work experience by the time they left cash assistance. It is likely that this previous work history and experience helped secure them employment opportunities in

the five years after leaving cash assistance. Meanwhile, for the Chronically Disconnected leavers, a lack of work experience is a probable barrier, perhaps one of many, towards gaining employment.

**Figure 4. Employment History**
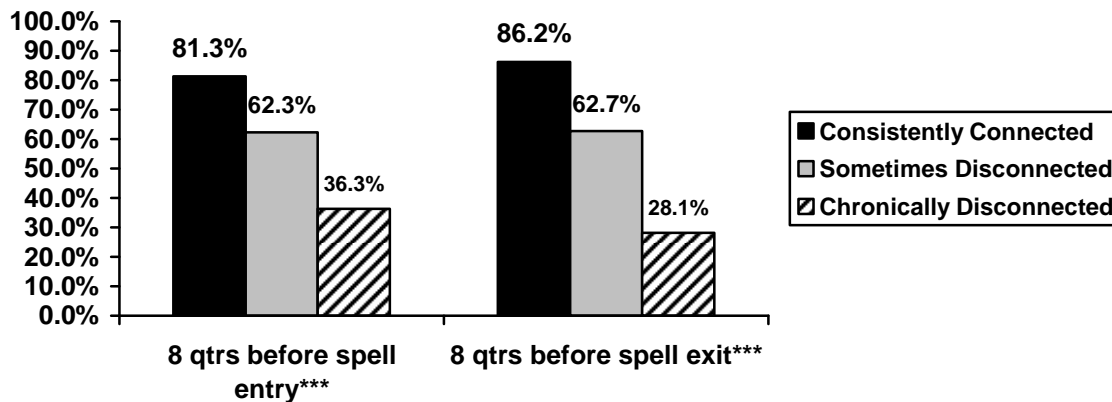


*p<.05, **p<.01, ***p<.001

Our last analysis comparing the characteristics of welfare leavers who experience different outcomes concerns administratively-recorded case closure codes. These are a set of pre-determined system codes from which caseworkers must select when closing a TCA case. Our findings come with the important caveat that although there are many codes from which caseworkers may choose, the data may not fully capture the complexity surrounding a family's welfare exit. In particular, previous analyses indicate that administratively-recorded closing codes significantly understate the true rate of work-related welfare exits, because exiters might not notify the agency when they obtain employment. Even with these limitations, case closure codes can provide important programmatic information. In fact, prior research demonstrates that administrative case closure codes are correlated with important post-exit outcomes such as employment and recidivism, and are our best measure of full family sanctioning rates (Ovwigho, Tracy, & Born, 2004).

Figure 5 presents information on the administratively-recorded case closing reasons for our three groups of interest: those who were employed or received TCA throughout the follow up period (Consistently Connected); those who were disconnected from employment and TCA at some point in the follow up period (Sometimes Disconnected); and those who were without employment and without TCA during the entire follow up period (Chronically Disconnected). Consistent with previous findings indicating that closing codes are correlated with post-exit outcomes, we find significant differences among the three groups.

For Consistently Connected leavers the most common case closing reason was "income above limit." One-third (34.9%) of these leavers had their cases closed due to this reason. At a rate of about one in five (19.2%), "did not reapply" was the second most frequent case closing reason, followed closely (17.9%) by "eligibility information not provided." Overall, nearly three-quarters (72.0%) of Consistently Connected leavers

had one of these three closing codes, and this group was the only one in which "income above limit" was the most likely reason for a case to have closed.

The top three closing codes among Sometimes Disconnected leavers are also "income above limit", "did not reapply", and "eligibility information not provided", but these codes account for a smaller portion of closings overall. For instance, approximately one of five (22.2%) cases closed with the reason code for "did not reapply" and one of six cases (16.7%) closed with a "eligibility information not provided" code. Compared with the Consistently Connected group, Sometimes Disconnected leavers were substantially less likely to experience case closure due to "income above limit" (20.9% vs. 34.9%). It is worth noting, that although not one of the top three case closing reasons, "work sanction" was not uncommon as a reason for case closure among the Sometimes Disconnected group, accounting for approximately one in six closures overall (15.7%).

Finally, among the Chronically Disconnected leavers, the top two case closing reasons were the same as those of the other two groups, including one out of five leavers with case closing reasons of "income above limit" (17.6%) or "did not reapply" (18.6%). However, the third most commonly used closing code was "not eligible", as opposed to "eligibility information not provided". Intuitively, this makes sense since we would not expect leavers who are no longer eligible for benefits due to a change in family composition to come back to welfare, nor would we expect to see families return to welfare in Maryland who had moved to another state or began receiving other types of cash assistance, such as SSI benefits. In the next section, we delve deeper to investigate just how these Chronically Disconnected leavers are getting by.

**Figure 5. Case Closing Reasons**
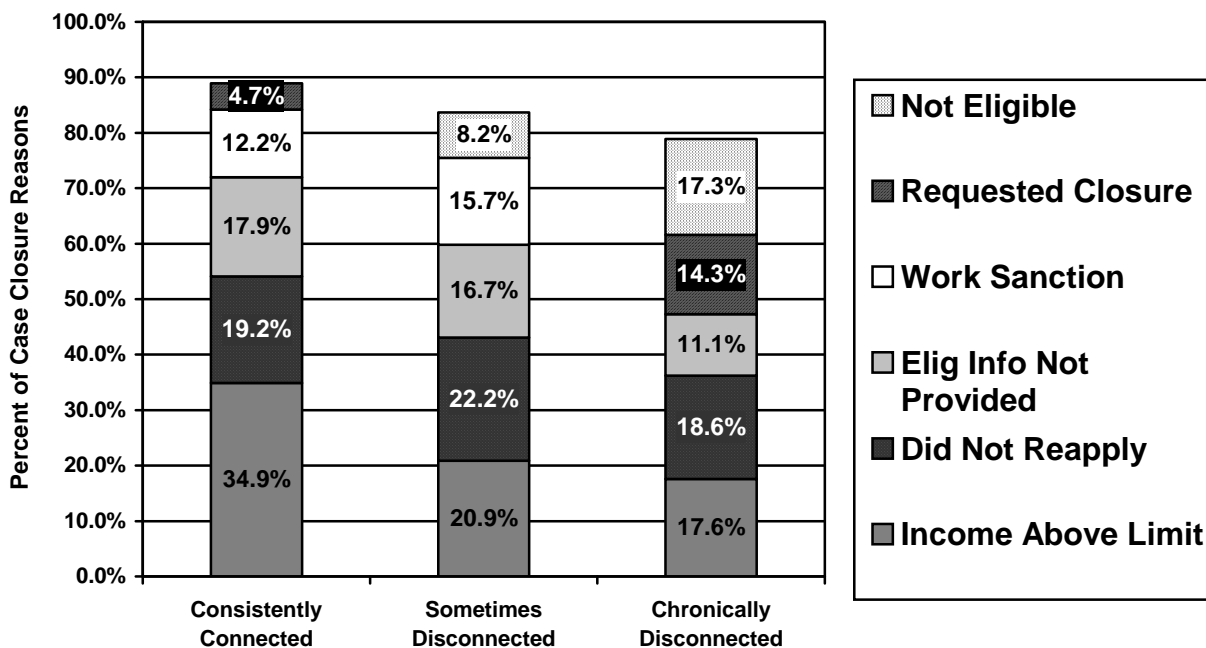
The previous chapter showed that a significant minority of welfare leavers spend at least some amount of time without TCA and without UI-covered earnings in the first five years after exit. For most, these periods of being "disconnected" are fairly short and then the heads of household either return to the welfare rolls for assistance or re-enter the formal labor market.

However, there is a small group of leavers who seem to "disappear" from the welfare rolls and UI-covered employment for a long period of time. Analyses presented in the previous chapter indicate that this group of "Chronically Disconnected" leavers differs from other leavers in several ways. They are disproportionately child only cases, in which the adult caregiver was not included in the TCA grant, and they are headed by an adult who is significantly older and more likely to have been married. Families whose welfare exits are not followed by UI employment or a return to cash assistance exited from a welfare spell that had lasted about twice as long as other leavers', although their lifetime welfare histories are similar. Chronically Disconnected former payees have historically worked less in Maryland UI-covered jobs. Finally, leavers who experience a chronic disconnection from employment and TCA are less likely to have their TCA cases closed because of a full family sanction and more likely to have exited because they are no longer eligible for TCA or they requested closure.

In this chapter we use the novel approach of combining data from a large number of administrative data systems to try to piece together more of the puzzle of what happened to Chronically Disconnected families after their welfare exit. We first explore other sources of income available to the family, including employment among other adults' in the household, receipt of Supplemental Security Income, and receipt of child support. We next consider families' receipt of benefits from other means-tested programs such as housing assistance, Food Stamps, Medical Assistance, and Emergency Assistance.[3]

In the last sections of this chapter, we shift our focus from the "quantitative" administrative data, to an analysis of caseworker narratives. Through these narratives, we explore other types of support families may have and try to answer the ultimate question of what happened to them after their welfare exit.

As mentioned previously, more than two-fifths (43.0%) of those who ultimately became Chronically Disconnected had been child only welfare cases. TANF policies and program regulations treat child only cases differently from traditional welfare cases in a number of ways. For example, work requirements and TANF time limits do not apply to cases in which there is no adult included in the grant. In addition, a growing body of literature reveals that child only cases differ from traditional welfare cases in terms of demographic characteristics, family/case composition and welfare utilization. For these reasons, we present findings separately in this chapter for child only and traditional cases.

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[3] Because our focus in this chapter is on examining the income sources and non-cash supports available to families during the follow up period, we exclude 24 cases where the former casehead died during the follow up period.

*Income Sources*

By definition, our Chronically Disconnected leavers had no UI-covered earnings for the former casehead or additional TCA income in the five years after the welfare exit that brought them into our sample. Although this means that they were without the two most common sources of income for welfare leavers, it does not mean that they were completely without support. Previous studies have demonstrated that families often package income and benefits from a variety of sources to meet their needs. Table 3, following this discussion, presents data on three potential income sources during the five years after exit: UI-earnings of another adult in the household; child support; and SSI.

### Other Adults' Employment

The top part of the first section of Table 3 shows the extent to which Chronically Disconnected families included another adult in the household, other than the TANF casehead. A little more than one-tenth (12.9%) included an adult child. Among child only cases, 6.9% had an adult grandchild. Very few traditional cases included an adult grandchild, but one out of ten (9.5%) included a spouse. In total, slightly less than one-quarter (22.5%) of Chronically Disconnected families had another adult in the household.

The bottom part of the first section of Table 3 displays the percent of cases with another adult who had Maryland UI-covered earnings in that period and the average amount of those earnings. The findings are fairly consistent over time and across case types. In any given year, 11.5% to 14.8% of Chronically Disconnected leavers had another adult in their household with UI-covered earnings. Among those with any such earnings, the mean annual earnings were fairly low, ranging from $10,044 in the first post-exit year to $16,860 in the fifth year.

While slightly more households had other adults working in the early years than the later years, they were also making less. By year five, other adults were making an average of almost $7,000 more than they were in year one ($10,044.30 vs. $16,859.80). This perhaps could be explained as a combination of adults not being able to keep lower paying jobs and/or some of the adults being able to hold on to their jobs for five years at an increasing salary or working additional hours at the same salary. No significant differences were found between the traditional cases and child only cases here, and they each showed signs of following along the same overall trend.

It is important to note that we only have data for other adults who were included in the TCA case (although they may or may not have been included in the welfare grant) at the time of the families' welfare exit. The findings presented in Table 3 provide an estimate of the extent to which earnings from other adults were available to the family. However, the accuracy of these estimates are dependent on the extent to which such adults moved in and out of the original TCA household over the follow up period. Comparison with findings from survey-based studies suggests that our estimates undercount other adults' earnings among Chronically Disconnected families. For example, Blank (2007) indicates that about half of disconnected single mothers live with another adult who has at least some earnings.

### *Child Support*

Turning to the next income source, child support, we first consider whether families were owed child support during the follow-up period. Surprisingly, most Chronically Disconnected leavers were not owed child support, meaning they were not the custodian on an active Maryland child support case where either current and/or past due support was owed. Almost three-fifths (57.8%) of our sample were not owed any child support in the entire follow up period. Child support was a source of income for one out of three (34.4%) Chronically Disconnected leavers at some point in the five year follow-up period. The remaining minority, 7.8% overall, were due support, but did not receive any.

Similar to the pattern of employment among other adults, more leavers received income from a child support source in year one (27.0%) than in the other years, and the percentage getting this support slowly decreased reaching 17.3% by year five. The average amount received through child support payments ranged from $2,109.90 in year one to $2,726.09 in year five.

Traditional and child only cases differed only in terms of the percent receiving support in the fourth and fifth follow up years. However, inconsistencies in the patterns across years and the fact that samples are fairly small in the latest time periods suggest caution is warranted in interpreting these differences. Slightly more child only cases received a child support payment in year four (21.1% vs. 18.9%), and then in year five fewer child only cases than traditional cases received a payment (15.7% vs. 18.4%).

### *SSI*

SSI benefits are the final source of income considered in Table 3. Previous studies have found that many welfare recipients have disabilities that prevent or limit their ability to work. In recognition of this fact, Maryland has utilized various mechanisms over the years such as the Disability Entitlement Assistance Program (DEAP) to assist disabled TANF recipients with applying for SSI benefits. Among Chronically Disconnected leavers, we find that one-fifth (20.5%) of former TANF payees were receiving SSI benefits in November 2007. Almost one-tenth (8.4%) had a child who received SSI and 2.3% had another SSI recipient adult in the household. In total, a little more than one-fourth (27.7%) of families who did not have UI-covered employment or a return to TCA had at least one household member who received SSI benefits.

Child only cases differ significantly from traditional cases in that they have a significantly higher percentage with any household member receiving SSI benefits (35.9% vs. 21.9%). Considering who, specifically, is the SSI recipient, we find that former child only payees are almost three times as likely to receive SSI as their counterparts in traditional cases (31.7% vs. 12.4%). This difference, too, is statistically significant. Neither finding is entirely surprising. First, we know that cases headed by an SSI-recipient parent are the second most common child only case type; second, we also know that non-parental child-only cases are disproportionately headed by grandparents, many of whom, by November 2007, likely did meet the income and age or disability criteria for SSI.

### *Any Income*

The final row of Table 3 displays the percentage of Chronically Disconnected families who have at least one of the income sources examined. A majority do. The fact that almost three out of five (57.0%) families have income from another adult's earnings, child support, and/or SSI is encouraging. It indicates that the majority have at least some income. In the case of other adults' earnings and SSI, the chances are also very good that the income is greater than the families' TANF benefits would have been. However, there remains roughly two out of five families who do not have one of these income sources, did not return to TCA in Maryland, nor does the former payee have UI-covered earnings. In the next section, we continue our focus on Chronically Disconnected leavers' resources by examining their receipt of various types of non-cash government assistance.

## Table 3. Income Sources for Chronically Disconnected Leavers

| | Traditional N = 201 | Child Only N = 145 | Total N = 346 |
|---|---|---|---|
| **Presence of Other Household Members** | | | |
| % with an adult child | 12.9% (26) | 11.7% (17) | 12.4% (43) |
| % with an adult grandchild** | 1.5% (3) | 6.9% (10) | 3.8% (13) |
| % with a spouse | 9.5% (19) | 4.1% (6) | 7.2% (25) |
| % with any other adult | 21.9% (44) | 23.4% (34) | 22.5% (78) |
| **UI Employment of Other Household Members** | | | |
| Year 1 (%) | 15.2% | 14.5% | 14.8% |
| Mean [Median] | $10,727.87 [$8,142.32] | $9,018.95 [$6,062.80] | $10,044.30 [$7,463.01] |
| Year 2 (%) | 13.6% | 13.9% | 13.8% |
| Mean [Median] | $12,531.18 [$8,546.34] | $10,235.79 [$5,549.14] | $11,562.01 [$6,370.89] |
| Year 3 (%) | 13.5% | 14.6% | 13.8% |
| Mean [Median] | $16,032.67 [$11,976.09] | $10,280.17 [$3,883.09] | $13,548.64 [$8,720.96] |
| Year 4 (%) | 12.4% | 14.0% | 13.1% |
| Mean [Median] | $16,915.23 [$16,976.31] | $10,280.29 [$5,414.29] | $14,002.33 [$10,445.42] |
| Year 5 (%) | 11.3% | 11.8% | 11.5% |
| Mean [Median] | $18,677.86 [$20,305.14] | $14,314.51 [$14,350.60] | $16,859.80 [$15,694.77] |
| **Child Support** | | | |
| **Entire Follow Up Period** | | | |
| Owed support, but did not receive any | 8.0% (16) | 7.6% (11) | 7.8% (27) |
| Received child support | 34.8% (70) | 33.8% (49) | 34.4% (119) |
| Was not owed support | 57.8% (115) | 58.6% (85) | 57.8% (200) |
| **Receipt Per Year** | | | |
| Year 1 (%) | 26.8% | 27.3% | 27.0% |
| Mean [Median] | $2,074.21 [$1,598.00] | $2,159.67 [$1,708.50] | $2,109.90 [$1,598.00] |
| Year 2 (%) | 23.8% | 21.3% | 22.8% |
| Mean [Median] | $2,412.86 [$1,488.57] | $2,618.95 [$2,495.00] | $2,493.62 [$2,080.00] |
| Year 3 (%) | 21.9% | 19.1% | 20.8% |
| Mean [Median] | $2,144.62 [$1,277.88] | $2,565.05 [$2,340.00] | $2,303.87 [$1,770.37] |
| Year 4 (%)** | 18.9% | 21.1% | 19.8% |
| Mean [Median] | $2,774.89 [$2,442.75] | $1,940.07 [$1,807.90] | $2,411.34 [$2,257.28] |
| Year 5 (%)* | 18.4% | 15.7% | 17.3% |
| Mean [Median] | $2,818.16 [$2,406.32] | $2,569.57 [$1,885.07] | $2,726.09 [$2,225.568] |
| **SSI Status (as of 11/07)** | | | |
| Casehead receiving benefits*** | 12.4% (25) | 31.7% (46) | 20.5% (71) |
| Child receiving benefits | 9.5% (19) | 6.9% (10) | 8.4% (29) |
| Other household member receiving benefits | 3.0% (6) | 1.4% (2) | 2.3% (8) |
| Anyone receiving benefits** | 21.9% (44) | 35.9% (52) | 27.7% (96) |
| Anyone ever received SSI*** | 31.8% (64) | 55.9% (81) | 41.9% (145) |
| **Any income from any of these sources** | 56.4% (119) | 57.9% (92) | 57.0% (211) |

**Note:** The total N presented at the top of the columns indicates the total sample sizes. Depending on when the case exited TANF and entered our sample, the amount of follow up data will vary. Valid percents are presented. *p<.05, **p<.01, ***p<.001

### Non-Cash Supports

As families leave the welfare rolls, they often rely on a variety of other governmental supports, including food stamps, medical assistance, and housing assistance. Depending on their situations, such supports may be especially important for those who leave the welfare rolls without formal employment. Table 4, following this discussion, displays data on non-cash support utilization among our Chronically Disconnected sample in the years following their welfare exits. Although we present findings separately for traditional and child only cases, we generally find few differences between the two groups.

#### Housing

The first section of Table 4 concerns the receipt of housing assistance. Just under one-fifth (19.4%) of all Chronically Disconnected leavers received some type of housing assistance in the five year period after exit. Rent subsidy assistance was most common, received by 15.0% of the sample. A small minority (6.6%) resided in public housing. Those who received housing assistance generally did so for four years (mean = 48.93 months), on average.

#### Food Stamps

Food Stamp (FS, now the Food Supplement program) participation is much higher, with 53.8% of Chronically Disconnected leavers receiving benefits at some point in the five year follow up period. FS receipt is highest in the first post exit year with one out of two (50.4%) families receiving benefits. Participation declines in subsequent years, with one third (32.0%) receiving food stamps in year two and 31.4% in year three. By the fourth follow up year, only about one-quarter (24.9%) of families utilize FS. In total, those receiving any FS benefits did so for, on average, 23 months or a little under two years. However, when we consider any given year, we find that the average number of months of receipt for those receiving FS at that time ranges from 8 months in the first year to 9½ months in year five.

Traditional and child only cases differ markedly in their utilization of FS benefits. In every year, those in traditional cases are significantly more likely to receive food stamps than their child only counterparts. In no year was this more pronounced than in year one, when three out of five (60.1%) traditional leavers participated in the FS program, compared to only 36.7% of child only leavers. Again the unique nature of child only cases may at least partly explain this finding. In these cases, at least one child was eligible for TANF, but the adult casehead was not included in the grant. Typically this was because either the casehead was a relative caregiver with sufficient income of his or her own, or a parent receiving SSI benefits. For FS, these income sources would have been counted and would likely make at least some families ineligible.

#### Medical Assistance

The next to last and largest section of Table 4 focuses on families' participation in medical assistance (MA), including the Maryland Children's Health Program (MCHP). Of all potential sources of support, MA/MCHP is by far the most commonly utilized. Nine

out of ten (91.6%) Chronically Disconnected families had at least one member who received medical assistance at some point during the five years after exit. Four-fifths (80.1%) had at least one child participating and 85.0% of caseheads received at least some post-TANF MA themselves.

Similar to the trends observed with food stamps, when each year is viewed separately, the medical assistance enrollment trend is a downward one over time. Overall, the proportion of cases receiving medical assistance fell from about nine out of ten (88.7%) in year one to three out of five (60.9%) in year five. This pattern was similar when we looked separately at child and adult rates. As was also the case with regard to FS, there are some significant differences in MA participation by case type. In all five follow up years, child only families had significantly higher rates of MA participation than traditional cases. Consistent with this is the finding that, considering the entire follow up period as a whole, child only cases were also significantly more likely than traditional cases to have at least one household member enrolled in MA.

### *Emergency Assistance*

The least utilized non-cash support among Chronically Disconnected leavers is emergency assistance. Less than ten percent (7.5%) of all cases received emergency assistance at any time over the five years after TCA exit. Again, the rate was highest in the first year after exit (2.7%), and by the fifth year, reliance on emergency assistance was almost nonexistent (0.6%). Traditional cases did have slightly higher rates of emergency assistance receipt in most years, but the difference was not statistically significant.

## Table 4. Non-Cash Supports for Chronically Disconnected Leavers

| Support Type | Traditional N = 201 | Child Only N = 145 | Total N = 346 |
|---|---|---|---|
| **Housing Assistance** | | | |
| % any public housing | 6.0% (12) | 7.6% (11) | 6.6% (23) |
| % any rent subsidy | 16.4% (33) | 13.1% (19) | 15.0% (52) |
| % any housing assistance | 20.4% (41) | 17.9% (26) | 19.4% (67) |
| | | | |
| **Number of Months of Assistance** | | | |
| Mean | 46.12 | 53.35 | 48.93 |
| Median | 58.00 | 60.00 | 60.00 |
| **Food Stamps** | | | |
| % Receiving [Mean # of Months Received] | | | |
| Entire Follow Up Period | 64.9% [22.17] | 39.0% [24.68] | 53.8% [22.95] |
| Year 1*** | 60.1% [7.67] | 36.7% [8.96] | 50.4% [8.06] |
| Year 2 | 34.4% [8.82] | 28.7% [8.62] | 32.0% [8.74] |
| Year 3* | 36.4% [8.19] | 24.4% [8.03] | 31.4% [8.14] |
| Year 4* | 29.2% [8.72] | 18.8% [10.17] | 24.9% [9.17] |
| Year 5* | 27.0% [9.58] | 15.7% [9.15] | 22.4% [9.46] |
| **Medical Assistance/MCHP** | | | |
| | | | |
| **Entire Follow Up Period** | | | |
| Casehead receiving | 84.1% (169) | 86.2% (125) | 85.0% (294) |
| Any child receiving | 78.1% (157) | 82.8% (120) | 80.1% (277) |
| Any household member receiving** | 88.1% (177) | 96.6% (140) | 91.6% (317) |
| | | | |
| **Casehead receiving** | | | |
| Year 1 | 77.8% (154) | 82.7% (115) | 79.8% (269) |
| Year 2 | 50.8% (96) | 58.8% (80) | 54.1% (176) |
| Year 3 | 49.2% (92) | 55.7% (73) | 51.9% (165) |
| Year 4 | 44.9% (83) | 53.1% (68) | 48.2% (151) |
| Year 5 | 44.3% (82) | 53.5% (68) | 48.1% (150) |
| | | | |
| **Any child receiving** | | | |
| Year 1 | 75.3% (149) | 79.9% (111) | 77.2% (260) |
| Year 2 | 56.1% (106) | 64.7% (88) | 59.7% (194) |
| Year 3 | 55.1% (103) | 59.5% (78) | 56.9% (181) |
| Year 4 | 51.9% (96) | 56.3% (72) | 53.7% (168) |
| Year 5 | 47.0% (87) | 50.4% (64) | 48.4% (151) |
| | | | |
| **Any household member receiving** | | | |
| Year 1** | 84.3% (167) | 95.0% (132) | 88.7% (299) |
| Year 2*** | 62.4% (118) | 80.9% (110) | 70.2% (228) |
| Year 3** | 61.5% (115) | 77.9% (102) | 68.2% (217) |
| Year 4** | 58.9% (109) | 73.4% (94) | 64.9% (203) |
| Year 5* | 55.1% (102) | 69.3% (88) | 60.9% (190) |
| **Emergency Assistance** | | | |
| Received any in the follow up period | 9.0% (18) | 5.5% (8) | 7.5% (26) |
| Year 1 | 2.5% (5) | 2.9% (4) | 2.7% (9) |
| Year 2 | 2.6% (5) | 1.5% (2) | 2.2% (7) |
| Year 3 | 3.7% (7) | 0.8% (1) | 2.5% (8) |
| Year 4 | 2.2% (4) | 0.8% (1) | 1.6% (5) |
| Year 5 | 1.1% (2) | 0.0% (0) | 0.6% (2) |

**Note:** The total N presented at the top of the columns indicates the total sample sizes. Depending on when the case exited TANF and entered out sample, the amount of follow up data will vary. Valid percents are presented. *p<.05, **p<.01, ***p<.001

*Case Narratives*

The analyses presented in the previous sections provide some empirical information about how families who are disconnected from formal employment and TCA are supporting themselves. The majority of families receive cash income from one of the three sources we examined: earnings of another adult in the household; child support; and/or SSI. Most also participate in the FS and MA/MCHP programs and a minority have housing assistance. While these findings are somewhat reassuring, they certainly do not tell the full story. For example, more than two-fifths of Chronically Disconnected leavers do <u>not</u> have any of the cash income sources examined. Because our information is limited to Maryland administrative data sources, it does not capture all of the possible family scenarios. For example, families could have moved out of state, former caseheads could have become self-employed, the children living with grandparents could have returned to their parents, or the adults and/or children could be receiving Social Security, direct child support from an absent parent or have some other unknown source of financial support.

In order to further understand how and why families become disconnected from formal employment and welfare, we analyzed their case narratives from CARES. As mentioned previously, caseworkers can access a free-form space in CARES in which they narrate their interactions with case members. While some case aspects must be documented in the case narrative (e.g., verifications requested), caseworkers are free to enter any information they feel relevant. In previous studies, we have found CARES case narratives to be a rich source of information about family circumstances and challenges (Ovwigho, 2001; Ovwigho, Saunders, & Born, 2008).

Our narratives analysis focused specifically on identifying any sources of income that the family had, family composition changes, and movements. Table 5 presents the results. The narratives did indeed fill in the gaps in many families' stories, with 87.3% having documentation related to a source of support, family composition change, or move that at least partly explains their disconnection from formal employment and welfare.

### *Other Income*

The source of income mentioned most often in the narratives was SSI. More than two out of five (44.1%) narratives mentioned SSI as a source of income. SSI receipt was more common among child only cases (56.6%) than traditional cases (35.0%) and this difference is statistically significant. It is worth noting that the narratives indicated higher rates of SSI receipt than the other administrative data did. There are several possible explanations for this difference. First, the administrative data only indicate if a person was receiving SSI in the most recent month, and for some who stopped receiving benefits recently, that they had received benefits in the past. The narratives, however, cover the entire study period and thus are more inclusive.

In two out of five (39.7%) cases, the narratives included mention of some type of "additional" source of income, other than the ones specifically examined in this study (i.e., other adults' employment, child support, SSI). Most often this additional income came from friends and family members who helped with specific family expenses such

as rent, mortgage payments, or car payments. Such additional help was almost twice as common among traditional cases (49.0%) as among child only cases (26.9%).

In a significant minority of cases, about one-fifth (21.4%), child support income was noted. Administrative data from the Child Support Enforcement System (CSES) indicated higher prevalence rates, with one-third of Chronically Disconnected families receiving some child support during the five year follow up period. Again, differences in timing between the two data sources likely explain this difference. In this case, the CSES data cover every month in the study period. While the narratives do as well, the narrative entries are typically only updated when the caseworker has contact with the family. Income information in particular would be addressed when the family is applying for or being recertified for benefits and may only refer to that particular month or certification period. For many low-income families, child support is an unreliable and infrequent resource. Thus, while they may have received some support at some point in the follow up period via a one-shot enforcement mechanism such as a tax-intercept, it may not have been a regular source of income recorded by the caseworker during an eligibility interview.

The implication of these two measures of child support is that this important income source appears to only be a real resource for a minority of Chronically Disconnected families. The larger CSES rate indicates that one out of three such families get at least some money via child support during the five year period. However, the lower rate from the narratives suggests that child support is likely not a steady source of income for even the lucky third who receive some.

Two other income sources, Social Security benefits and self-employment income, were noted in at least one out of ten cases. Someone in the family receiving Social Security benefits was documented in 16.5% of narratives. Self-employment income from activities such as babysitting or cleaning houses was recorded for 9.3% of Chronically Disconnected leavers.

Remarkably, the CARES narratives reference at least one source of "other" income during the follow up period for four out of five (79.4%) sample cases. Thus, even though the former TCA caseheads in these cases did not experience the two most common post-exit outcomes (i.e. UI-covered employment and/or a return to cash assistance), the administrative data indicate that they had some other income source at least some of the time.

Not surprisingly, there were a few differences in income sources between traditional and child only cases. Income from Social Security (24.1% vs. 11.0%), SSI (56.6% vs. 35.0%), and retirement (6.2% vs. 0.5%) are much more common among child only cases than among their traditional counterparts. These differences most likely stem from the fact that child only cases are typically headed by grandparents. One other difference, noted earlier, is that traditional cases were more likely to have an additional source of income (49.0% vs. 26.9%) other than the specific ones listed.

### *Family Composition*

Changes related to the family's residence or composition may also explain why they are disconnected from UI-covered employment and Maryland's TCA rolls. We explored these possibilities by examining the case narratives for documentation that the family had moved out of state or that the eligible child(ren) have moved out of the household. As Table 5 shows, a little more than ten percent of cases (11.6%) moved out of Maryland, oftentimes to return to a state in which they had previously lived. Families with traditional welfare cases (15.0%) were more than twice as likely as those with child only cases (6.9%) to move out of state.

We also find that about one-third (32.2%) of Chronically Disconnected leavers had a child move out of the household. This could have happened for a variety of reasons, including the child turning 18 and moving out on their own, the child going to live with another relative, or, in the case of child only cases, the child returning to his/her parent(s). A child moving out of the household occurred in more than two-fifths (42.1%) of Chronically Disconnected child only cases, compared to only one-fourth (25.0%) of traditional cases.

### *Summary*

Remarkably, taking both income sources and household movements into account, we find that the administrative data contain at least some explanation of why the family is disconnected from Maryland UI-covered employment and the Maryland welfare rolls for almost nine out of ten (87.3%) families. Also notable is the amount of time, in months, from exit date to the last narrative entry. The vast majority (84.1%) of Chronically Disconnected leavers had at least one narrative entry after their welfare exit. On average, the last narrative entry was made about four years (mean=48.10 months) after exit, indicating that most families had remained in contact with the welfare agency and had done so for a significant among of the time they were "disconnected." Most case narratives were entered either more than five years after the exit date (44.9%) or in the 12 month period after (16.8%) or before the exit date (15.9%).

**Table 5. Support Sources, Family Composition, and Movements Noted in Caseworker Narratives**

| Support Type | Traditional N = 201 | Child Only N = 145 | Total N = 346 |
|---|---|---|---|
| **Income** | | | |
| Social Security** | 11.0% (22) | 24.1% (35) | 16.5% (57) |
| Social Security Death Benefits | 6.0% (12) | 6.9% (10) | 6.4% (22) |
| SSI*** | 35.0% (70) | 56.6% (82) | 44.1% (152) |
| Retirement** | 0.5% (1) | 6.2% (9) | 2.9% (10) |
| Unemployment | 4.0% (8) | 2.8% (4) | 3.5% (12) |
| Child Support | 25.0% (50) | 16.6% (24) | 21.4% (74) |
| Self-employment income | 11.5% (23) | 6.2% (9) | 9.3% (32) |
| Additional income*** | 49.0% (98) | 26.9% (39) | 39.7% (137) |
| Any of these sources | 78.5% (157) | 80.7% (117) | 79.4% (274) |
| **Family Composition & Movements** | | | |
| Family moved out of state* | 15.0% (30) | 6.9% (10) | 11.6% (40) |
| Children moved out of the household** | 25.0% (50) | 42.1% (61) | 32.2% (111) |
| **At least one income source or movement** | 86.6% (174) | 88.3% (128) | 87.3% (302) |
| **Number of months from exit date to last narrative entry** | | | |
| On or before exit date | 13.5% (27) | 19.3% (28) | 15.9% (55) |
| 1 to 12 months after | 19.5% (39) | 13.1% (19) | 16.8% (58) |
| 13 to 24 months after | 6.0% (12) | 8.3% (12) | 7.0% (24) |
| 25 to 36 months after | 4.0% (8) | 6.9% (10) | 5.2% (18) |
| 37 to 48 months after | 5.0% (10) | 4.8% (7) | 4.9% (17) |
| 49 to 60 months after | 3.5% (7) | 7.6% (11) | 5.2% (18) |
| More than 5 years after | 48.5% (97) | 40.0% (58) | 44.9% (155) |
| **Mean** | 50.83 | 44.34 | 48.10 |
| **Median** | 60.00 | 45.00 | 49.00 |
| **Standard deviation** | 40.89 | 38.46 | 39.96 |

*p<.05, **p<.01, ***p<.001

In the previous chapters, we have explored available administrative data regarding the different income and non-cash supports that families disconnected from UI employment and TCA received during the five year follow up period. These analyses show that most Chronically Disconnected leavers remained in contact with the welfare office, typically receiving Food Stamp and medical assistance benefits. In addition, the CARES narratives documented other sources of income such as SSI benefits, self-employment income, and Social Security benefits for most families.

In this final chapter, we go beyond the variable-by-variable approach used in the previous chapters. Using the statistical technique of cluster analysis, we identify subgroups within our sample of Chronically Disconnected leavers. The cluster analysis detects patterns within our data set consisting of five categorical variables and five continuous variables. Categorical variables used are jurisdiction (Baltimore City vs. Other), case type (child only vs. non-child only), and whether or not they received SSI, housing, or food stamps assistance. The continuous variables are number of children, age of youngest child, UI earnings in two years before exit, total earnings of other adults and total child support received. The latter two variables include the total earned or received across the entire five-year follow up period, and include those earning or receiving nothing in the calculation of the mean value.

Our analysis revealed six clusters of cases, each with unique characteristics. The clusters are displayed in Table 6, following. In order to assess the validity of the subgroupings, we also include descriptive data for several additional variables that were not used in defining the clusters. In the paragraphs following Table 6, we describe each of the clusters and include case vignettes, extrapolated from the CARES narratives, to illustrate each cluster.[4]

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[4] Some of the details of the narrative text have been changed to protect the confidentiality of the customers.

## Table 6. Cluster Analysis

| | Cluster 1 74 20.1% | Cluster 2 48 13.0% | Cluster 3 90 24.4% | Cluster 4 35 9.5% | Cluster 5 54 14.6% | Cluster 6 68 18.4% |
|---|---|---|---|---|---|---|
| **N** | | | | | | |
| **% of Chronically Disconnected** | | | | | | |
| **Baltimore City** | 67.6% | 12.5% | 45.6% | 62.9% | 100.0% | 0.0% |
| **Child Only Case Type** | 68.9% | 10.4% | 100.0% | 34.3% | 0.0% | 1.5% |
| **Months of TCA receipt in 5 years before exit (mean)** | 18.21 | 13.25 | 11.47 | 26.69 | 25.87 | 20.31 |
| **Number of children (mean)** | 1.36 | 1.69 | 1.32 | 1.74 | 1.48 | 1.90 |
| **Age of youngest child (mean)** | 10.91 | 8.02 | 10.39 | 8.82 | 6.07 | 6.17 |
| **Mean UI-earnings two years before exit** | $322.16 | $12,217.88 | $844.76 | $724.82 | $1,530.11 | $1,113.68 |
| **Mean total earnings of other adult** | $14,357.20 | $20,841.66 | $2,573.79 | $15,461.96 | $3,426.70 | $2,148.67 |
| **Mean total child support received** | $2,723.07 | $1,976.61 | $684.86 | $1,887.25 | $1,217.91 | $5,350.35 |
| **SSI Income** | 100.0% | 0.0% | 0.0% | 0.0% | 0.0% | 33.8% |
| **Housing Assistance** | 27.0% | 0.0% | 0.0% | 100.0% | 0.0% | 26.5% |
| **Food Stamps** | 62.2% | 20.8% | 24.4% | 60.0% | 59.3% | 100.0% |
| **Top Closing Codes** | | | | | | |
| Not Eligible | 27.0% | 8.30% | 20.0% | 22.9% | 14.8% | 8.8% |
| No Recertification/No Redetermination | 20.3% | 14.6% | 25.6% | 22.9% | 20.4% | 7.4% |
| Income Above Limit | 13.5% | 16.7% | 10.0% | 11.4% | 16.7% | 36.8% |
| Eligibility/Verification Info Not Provided | 9.5% | 18.8% | 8.9% | 8.6% | 11.1% | 10.3% |
| Requested Closure | 6.8% | 16.7% | 30.0% | 8.6% | 3.7% | 11.8% |
| Work Sanction | 5.4% | 8.3% | 0.0% | 14.3% | 20.4% | 14.7% |
| Residency | 4.1% | 8.3% | 1.1% | 5.7% | 3.7% | 0.0% |
| **Marital status** | | | | | | |
| Married | 12.2% | 16.7% | 21.1% | 5.7% | 3.7% | 14.7% |
| Never Married | 48.6% | 43.8% | 25.6% | 74.3% | 77.8% | 54.4% |
| Divorced/Separated/Widowed | 36.5% | 37.5% | 44.4% | 17.1% | 14.8% | 26.5% |
| **Narrative variables** | | | | | | |
| Social Security | 16.4% | 4.3% | 28.2% | 23.3% | 6.0% | 16.4% |
| Social Security Death Benefits | 1.4% | 0.0% | 10.3% | 16.7% | 2.0% | 10.4% |
| SSI | 87.7% | 13.0% | 34.6% | 46.7% | 18.0% | 47.8% |
| Retirement income | 0.0% | 0.0% | 9.0% | 6.7% | 0.0% | 1.5% |
| Unemployment Benefits | 4.1% | 4.3% | 1.3% | 0.0% | 4.0% | 6.0% |
| Child Support | 23.3% | 19.6% | 7.7% | 16.7% | 14.0% | 44.8% |
| Self-Employment Income | 6.8% | 13.0% | 3.8% | 16.7% | 4.0% | 16.4% |
| Additional Income | 26.0% | 56.5% | 21.8% | 40.0% | 44.0% | 61.2% |
| Moved out of state | 12.3% | 21.7% | 2.6% | 10.0% | 8.0% | 16.4% |
| Child left the household | 39.7% | 19.6% | 39.7% | 46.7% | 20.0% | 26.9% |
| Lives with another household | 8.2% | 23.9% | 5.1% | 3.3% | 24.0% | 19.4% |

**Note:** Column totals do not sum to 370 because one individual was missing a data element that excluded them being assigned to a particular cluster.

*Cluster 1: Child Only/SSI*

The first cluster is comprised of 74 cases and accounts for one in five (20.1%) of all of Chronically Disconnected leavers. The defining characteristic of this cluster is that all cases received SSI benefits. Most cases in this cluster are child only (68.9%) cases from Baltimore City (67.6%). During the follow up period, more than three out of five (62.6%) families in this cluster received Food Stamp benefits. And, in two-fifths of these cases (39.7%), the narratives indicated that a child left the household at or after the TCA case closure. The following are case vignettes describing three typical cases in Cluster 1:

> Ms. A originally applied for TCA for herself and one child. She claims that she is disabled, but is still trying to work. She receives assistance off and on for about four years. Her pending SSI is eventually approved.

> Ms. B applies for TCA for her grandson. She does not apply for herself because she receives SSI. When the grandson's mother moves into the household with her other child, the grandson is removed from Ms. B's TCA case. He is added to his mother's case. Customer's TCA case then closes, but she continues to receive Food Stamps and Medical Assistance.

> Ms. C receives SSI for herself and TCA and Food Stamps for her two children. She received benefits for about a year before her TCA case was closed for failure to reapply. A few years later the narrative notes that she has moved to another state.

*Cluster 2: County Resident/High Earner*

Our second cluster consists of 48 cases (13.0% of Chronically Disconnected leavers) that are mostly from the counties (87.5%) and mostly traditional (89.6%) welfare cases. This cluster was primarily defined by their pre-exit earnings. These cases had by far the highest earnings, receiving more than $10,000 more from UI-covered employment in the two years before exit than cases in the other clusters (mean=$12,217.88). The amount of earnings for other adults was also high (mean=$20,841.66), over $5,000 more than the next highest cluster. Other notable characteristics of Cluster 2 cases are that they have a fairly high rate of having additional income sources (56.5%) noted in the narrative and of moving out of state (21.7%).

> Mrs. D applies for TCA for her infant niece, whose parents are incarcerated. She receives benefits for approximately four years. The TCA case closes when Mrs. D requests closure because she and her husband have adopted their niece. The family has income from Mr. D's job and from Mrs. D's child care business.

> Ms. E moves from North Carolina to Maryland with her three children and applies for TCA for the family of four. She initially lives with her aunt. Later she is residing at a hotel and working with a Services worker to deal with family crises. She receives benefits for several months before her case is

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closed because she did not return information needed to maintain her eligibility. Agency mail sent to her address is returned.

Ms. F, a pregnant refugee moving to Maryland from Maine, applies for FS and TCA for herself. She receives assistance for approximately ten months before her case is closed because of a work sanction. After a year, the customer reapplies for TCA, but is denied when she doesn't come in her for her face-to-face interview.

Ms. Z receives TCA for herself and two minor children, supplemented only by small child support payments. She initially lives with her boyfriend who is parent of one of the children. After receiving benefits for 2 years, she is again pregnant and moves to Washington DC, which closes the case in Maryland.

Ms. Y, who has a variety of health issues, receives TCA for herself and one child and food stamps for the two of them plus an additional child. She lives with the mother of her children's father, but both claim that the father does not live at that address. At risk of receiving a sanction for non-cooperation with child support, Ms. does not show up for a reconciliation appointment, which closes the case. Mail to the customer is returned to the agency as undeliverable.

### Cluster 3: Child Only/Non-SSI

Table 6 also shows that the third and largest cluster consists of 90 cases (24.4% of Chronically Disconnected leavers), all of which are child only cases that do not receive SSI. "Requested closure" was the top closing code for this cluster, accounting for 30.0% of Chronically Disconnected leavers in this category. Also the narratives revealed that in at least two-fifths (39.7%) of Cluster 3 cases, a child left the household right before or after the TCA case closed.

Ms. G. receives TCA for her teenage grandchild for approximately four years. She has income of her own of approximately $800 per month. She requests that her TCA case be closed. She continues to receive medical assistance for her grandchild.

Ms. H. receives TCA for one grandchild. The child's mother is in drug rehab and the father is living elsewhere. After about two years of assistance, she requests that her case be closed because her grandchild is no longer living with her.

Ms. I is a caretaker relative who applies for TCA for her nephew who has come from Texas to live with her. The child's mother is unable to care for him because of her drug abuse and criminal involvement. Ms. I received benefits for her nephew for approximately 18 months before the case was closed because she failed to cooperate with child support enforcement.

### Cluster 4: Housing Assistance

Cluster 4 turned out to be the smallest cluster with 35 cases (9.5% of Chronically Disconnected leavers). Families in this cluster reside primarily in Baltimore City (62.9%), and most were traditional (65.7%) cases. These cases were characterized by low historical UI earnings ($724.82 average in the two years before exit) and fairly high earnings from other adults (mean=$15,461.96). According to the quantitative data, none of these Chronically Disconnected leavers received SSI, but all of them received housing assistance. Three out of every five (60.0%) participated in the food stamps program during the follow up period. Notably, the case narratives indicate that within this cluster having received SSI in the past (46.7%), having a child move out of the home (46.7%), and having a source of additional income (40.0%) were fairly common. The top two closing codes were "Not Eligible" and "No Recertification/No Redetermination", together accounting for almost half of Cluster 4 cases.

> Mrs. J initially applies for food stamps for herself, her spouse, and two children. She initially has a monthly income from an insurance claim. When her spouse moves back to New Jersey to look for work, Mrs. J and her children begin receiving TCA. After about 18 months on the welfare rolls, she gives birth to her third child and returns to New Jersey with her family.

> Ms. K has one minor child and had recently moved from Arkansas to Maryland. She claims disability but never turns in a medical form for herself. The agency suspects that the customer is involved in fraud. Her TCA case closes after about six years of on-and-off assistance with a work sanction. Her food stamps case is closed shortly after that as well for failure to cooperate with a fraud examination.

> Ms. L is a caretaker relative who receives benefits herself and for a revolving group of one to three grandchildren. According to the narrative, she is in receipt of SSI benefits, as is one of the grandchildren. Her case closes after about six months of receipt, because there are no longer any dependent children on the case.

### Cluster 5: Baltimore City Traditional

Cases in the fifth cluster (n=54, 14.6% of Chronically Disconnected leavers) were all traditional cases from Baltimore City. Although they had the second highest average historical UI earnings, that average was fairly low at $1,530.11 for the two years before exit. Income from another working adult was fairly uncommon in this group as was child support. Like some of the other clusters, none of the Cluster 5 cases received SSI or housing assistance, and about three out of five (59.3%) participated in the Food Stamps program. Case narratives noted the presence of a source of additional income for a little more than two-fifths (44.0%) of Chronically Disconnected leavers in this group.

> Ms. M. receives TCA for herself and her one child. After about seven months on the rolls, she takes a job as a home health care worker for her housemate and becomes overscale for cash assistance.

Ms. N applies for TCA for herself. She is pregnant as a result of a rape and has recently relocated from Pennsylvania to Maryland. She stays with her grandmother in a senior home while her social worker tries to help her find another place to live. She receives TCA and food stamps for herself and her baby for about a year before her cases are closed because she does not reapply. A narrative notation approximately a year later suggests that an agency in another state has requested verification that Ms. N's cases are closed, perhaps because she has applied for benefits in their state.

Mrs. O. initially applies for TCA for herself and one child. She has moved from Georgia to live with her sister in Maryland because of domestic problems. She receives benefits for almost two years before her case is closed because she does not reapply. Approximately one year after that she applies again for TCA and FS, this time with her husband and a second child. The case narrative indicates that during the intervening year Mrs. O was living in Georgia and receiving welfare there. Before her new TCA case is certified, her husband finds employment which puts the family overscale for cash assistance, but the family does receive FS.

Ms. X, suffering from drug addiction, receives TCA for herself and one son. She also receives financial help from her father. After several years of receipt, her son turns 18 and graduates from high school, so the TCA case closes.

Ms. W and her two children receive TCA. Over the years she comes on and off the welfare rolls, as she fails to keep appointments and does not comply with child support requirements. Case closures for failure to comply cause her to move in with her grandmother who helps until benefits are reinstated. Once they are, however, she receives her first work sanction which closes the case.

## Cluster 6: County Traditional

Our last cluster consists of cases (n=68, 18.4% of Chronically Disconnected leavers) which are all from Maryland's 23 counties and which are mostly traditional cases (98.5%). They did not make much in historical UI-earnings on average, and had the lowest average amount of earnings from other adults in the household ($2,148.67). What sets this cluster apart is that these cases received, on average, almost $3,000 more than other clusters in child support ($5,350.35). Also of note is that all of the leavers in this cluster were recipients of food stamps. The top closing code for this cluster was "Income Above Limit", accounting for more than one-third (36.8%) of cases.

Ms. P. initially receives TCA for her child and SSI for herself. She eventually marries and her husband is added to the TCA case. Her husband has health problems as well, although he works part-time as an artist. After about four years of TCA receipt, Ms. P's case closes because of a work sanction. Shortly after that the agency receives notice that her

SSI has ended as well. Two years later Ms. P. applies for medical assistance for her child, but is not eligible because she now resides in West Virginia.

Ms. Q initially applies for TCA for herself and her newborn right before her 18th birthday. She dropped out of high school in ninth grade and was living with her mother. She receives TCA for about two years. During that time she is sanctioned six times for non-compliance with work requirements. At the time of the last closing because of a work sanction, Ms. Q. is receiving sporadic child support from the father of her first child. She is living with the father of her second child and depending on his salary; they are on and off the FS and MA rolls.

Ms. R. receives TCA for her two children. Her parents sometimes help with her expenses. After about two and one-half years on the rolls, her income from SSI and child support put her family overscale and her TCA case closes.

The cluster analysis and related narratives, we hope, make a few rather clear points about chronically disconnected families specifically and former cash assistance recipient families more generally. The first and most important point is that, misconceptions to the contrary, these are not monolithic populations. As even the brief vignettes here indicate, the characteristics of families in the six clusters are quite different, including household composition, place of residence, and sources and amount of income. Clearly, these findings reveal that, rather than talk of the population of "disconnected" former recipients, it would be of inestimably greater programmatic and casework value to focus on the very distinct and separate clusters of such families that appear to make up this larger and, until now, poorly understood population. Some families, although "disconnected," appear to be doing at least as well - if not better - than other former clients, often because of the receipt of Supplemental Security Income (SSI) or earnings of other adults in the household. However, it also seems clear from the vignettes that some chronically disconnected families are struggling, not only financially, but also in terms of various difficult familial and inter-generational issues (e.g., incarceration, addiction, disability, domestic violence) for which there are no easy fixes.

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# CONCLUSIONS

In this report, we have attempted to provide Maryland policy makers and program managers with state-specific, empirical data about the phenomenon of disconnection among former TANF recipients. The wealth of data available from Maryland's large-scale, longitudinal *Life After Welfare* study indicate that two out of five welfare leavers experience spend at least some time without UI employment and without returning to TCA. For a small minority, this disconnection lasts for several years.

Our analysis comparing the characteristics of different outcome groups suggests several possible "risk" factors for long-term disconnection. Chronically Disconnected leavers are significantly more likely to be child only cases, to be exiting from a long welfare spell, to include an older child, and to be headed by an adult who is not of a minority race and who is older than her counterparts in other cases. The high prevalence of child only cases among those without UI employment and without welfare is particularly noteworthy as it also hints at the possible reasons for why the family did not experience one of the two most common post-exit outcomes.

Before considering the implications of our findings, it is important to point out the limitations of our study. First, in this study, we define disconnection as the casehead being without UI earnings and not returning to TCA. This definition is similar to that used in some other studies, but also differs from that commonly used in survey-based studies which also include disconnection from other income sources, such as SSI. One result of these differences is that our sample, by definition, includes a broader array of circumstances than found in studies utilizing a more narrow definition of disconnection.

Second, our data sources in this study are primarily Maryland administrative data, with some UI data from the states that border Maryland. In the findings chapters, we have illustrated the richness of this data. However, it is also limited in some ways. For example, we do not know definitely the number of disconnected families who are not actually disconnected but appear so because they have moved from Maryland. The administrative case closing reasons and CARES narratives make note of some, but certainly not all, of these moves.

These limitations notwithstanding, the present study provides one of the most comprehensive state-level pictures of former TANF families disconnected from employment and welfare. While the picture remains fuzzy in some respects, the findings do hold several important implications for Maryland's TANF program:

❖ **Although a significant minority of families experience a period of disconnection, this typically lasts only a short time. Moreover, even among those who are disconnected for longer periods of time, most still receive FS and MA/MCHP benefits.**

One of the main concerns about the well-being of families who are disconnected from work and cash assistance is that they may have been forced off the rolls by reformed policies and must try to make do without benefits for which they are still income-eligible. Several findings from our analysis provide evidence counter to this concern. We find

that most periods of disconnection are relatively short-lived and are marked by a continuing connection to the welfare agency, via the FS and MA/MCHP programs. In addition, full family sanctions for non-compliance with work activities, the most controversial TANF policy related to case closures, is fairly rare among Chronically Disconnected families.

In and of themselves these findings do <u>not</u> indicate that policy makers and program managers can ignore the reality that some families are falling through the cracks. They do, however, show that families may be disconnected from formal employment and welfare for a variety of reasons. Some of these reasons are cause for concern, while others are not.

> ❖ **A significant minority of Maryland's Chronically Disconnected leavers are child-only cases. Typically these families have other income sources, such as SSI, and have experienced household composition changes that eliminate the need and/or eligibility for TANF.**

Other studies of disconnection typically focus on single mother households. However, the broader approach used in this study reveals that child only leavers are at particularly high risk of having neither welfare nor work and experience long spells of disconnection from UI employment and TANF. However, the use of the word "high risk" is a bit misleading, because the reality is that these families almost always have other sources of income or have had family members move out of the household. Thus, they are often no longer eligible for TANF. While their incomes may not be high, they do at least have some source of financial support and the dollar amount of that support is in fact usually greater than the known income available to families who are still on the TANF rolls.

> ❖ **Among traditional cases, some Chronically Disconnected leavers seem to be faring adequately with income from self-employment or the employment of other adults in the household. Others have moved to another state. However, there remains a minority who appear to be struggling and who may benefit from additional support.**

As mentioned previously, the population of Chronically Disconnected leavers is very diverse. The cluster analysis reveals six distinct subgroups based on data patterns. This is remarkably similar to the five groups identified by Wood & Rangarajan (2003). The data suggest that some of these subgroups have sources of support such as SSI or the earnings of other adults. For other subgroups, the available data are more sobering. For example, families in Cluster 5 (15% of the Chronically Disconnected) have low historical earnings, low earnings of another adult in the household, no SSI receipt and high rates of food stamp receipt. Although a significant minority has some type of other income noted in their CARES narratives, the source, amount, or reliability of that income is unclear. Moreover, this group has long histories of welfare dependence and the highest rate of full family sanctioning and all are located in Baltimore City. Because many of these families are still in contact with the welfare agency, there will likely be opportunities for caseworkers to assess if families are struggling and to perhaps help them work towards stabilizing and improving their economic situations.

In sum, the findings presented in today's report are both reassuring and challenging. They show that for some families, disconnection from UI employment and TANF is not cause for concern for Maryland TANF administrators because these families have another source of support or have simply moved to another state. However, other families may indeed be struggling and could potentially benefit from additional help from the welfare agency. The challenge, of course, particularly in these difficult economic times, is for the social services agency and/or other community partners to devise ways to connect with and engage the group of higher-risk "disconnected" families so that appropriate assessment of their situations can be done and needed services provided. It is beyond the scope of this report to comment on what the most appropriate engagement strategies and services might be. Hopefully, however, the descriptive information provided herein helps to dispel myths about the extent and characteristics of disconnection in our state, and provides food for thought as Maryland continues to pursue creative avenues to serve low-income families and children.

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