Life After Welfare: Annual Update

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EXECUTIVE SUMMARY

In the more than ten years since enactment of the landmark Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) "ended welfare as we knew it", cash assistance caseloads have dropped to historic low levels in our state and across the nation. Fortunately or unfortunately, depending on one's point of view, however, welfare reform remains an evolving reality. This fact is most dramatically evidenced by the significant and controversial federal welfare reform reauthorization provisions contained in last year's Deficit Reduction Act (DRA).

Bluntly, the DRA changes to the work participation rate calculation make it much more difficult for states to meet the federal work participation standards. Moreover, by requiring states to engage larger shares of their caseload, including previously excluded groups, in federally-defined work activities, the risk of fiscal penalty has also been increased. Concern about the new requirements is exacerbated by the fact that today's economic outlook is markedly different from that of the mid- and late 1990s. We have already experienced one recession and a less than stellar recovery, job-wise; some predict that another recession may be just around the corner.

It is in this current environment of more stringent federal rules and economic uncertainty that policy makers and state and local program managers must continue the struggle to craft appropriate, efficient policies and programs to help families to (re)gain financial independence and to maintain a safety net for some of our state's most vulnerable citizens. In the earliest years of reform, decision makers could draw some guidance from a wealth of research including many state-level monitoring studies. For a variety of reasons, however, the majority of outcomes monitoring studies are no longer active and, as a result, decision makers in most states have little if any up-to-date research to help guide their choices under the new federal rules. Only a few states' policy makers have been prescient enough to legislatively mandate continued monitoring of the processes, policies and outcomes of welfare reform. Maryland, fortunately but not surprisingly, is among them.

Today's report is the latest in our annual updates of Maryland's first-in-the-nation, largest, and longest-running welfare reform monitoring study. Specifically, the *Life after Welfare* project tracks the characteristics and outcomes of families who have left Temporary Cash Assistance (TCA, Maryland's Temporary Assistance to Needy Families or TANF program). In the first few years of welfare reform, this study provided empirical answers to the obvious questions which arose because of the unprecedented caseload declines, to wit: why are people leaving welfare and what happens to them when they do. More recently, study findings have provided valuable information about how more recent leavers fare in comparison to those who left welfare earlier and how adults' employment and earnings change over the long term. These temporal comparisons have heightened importance today as, under the new DRA rules, it is quite possible that efforts to increase work participation rates may lead to changes in who exits welfare, why they exit, and the post-welfare outcomes that are observed.

This annual update continues to build our state's actionable knowledge base by profiling 12,276 families that exited Maryland's TANF program between October 1996 and March 2007. Using a variety of administrative data sources we address basic questions concerning the well-being of families making the transition from welfare to work, tracking outcomes for up to 10 years for the earliest cases. In addition, we dig deeper using our rich data, including up to 10 years of follow up data, to explore how families navigate the worlds of work and welfare. Specifically, we consider how families combine earnings from employment and TCA benefits after initially exiting the rolls.

As a whole, this analysis presents perhaps the single most complete research-based picture of 'life after welfare' as experienced by agencies and individual families in the years since the original 1996 welfare reforms were adopted. The following bullets summarize our main findings:

- **In terms of demographic characteristics, it remains true that most cases exiting cash assistance consist of a single mother and her one or two young children. Most recent and earlier leavers differ in some ways, although the general profile of the "typical" welfare leaver remains the same.**

The profile of a typical Maryland welfare leaver remains essentially the same. Most cases are headed by a never-married (72.8%) African American (74.4%) woman (95.4%) in her early thirties (mean age = 32.78 years). She most likely has one or two children (mean number of children = 1.73), the youngest of whom is about six years old (mean age = 5.66 years).

In terms of jurisdiction, a little less than one-half (46.2%) of leavers are from Baltimore City and an additional one-quarter reside in Prince George's County (12.8%) or Baltimore County (11.5%). Overall, these three jurisdictions account for the large majority (69.5%) of all leavers.

Compared to earlier leavers, the most recent cohort is significantly more likely to be headed by an African American (78.2% v. 74.1%) who has never married (80.9% v. 73.5% for the early cohort). In addition, child care needs may be greater among the most recent group as nearly half (48.7%) has a child under three compared to two out of five in the early cases (39.9%).

- **The vast majority of welfare leavers use welfare as a temporary or episodic safety net, exiting after one year or less of continuous receipt. More recent leavers have significantly shorter welfare histories, both continuous and cumulative, than earlier leavers.**

In order to understand how "dependent" on welfare leavers may be, we present two measures of welfare history: 1) the number of consecutive months the family received benefits before the case closure that brought them into our sample; and 2) the total number of cumulative months of benefits in the five years before exit. Both measures reveal fairly short welfare histories. Two-thirds (66.8%) of TANF leavers exited after receiving 12 or fewer continuous months of cash assistance. As a whole, those who left welfare since October 1996 had received an average of 28 cumulative, though not necessarily consecutive, months of assistance in the 60 months before the exit that brought them into our sample, or about 46% of the time.

There are large differences in welfare history between those who left during the early years of welfare reform and those who left more recently. For instance, among cases in the most recent cohort of leavers (4/06 – 3/07), the mean number of months of assistance in the past five years was only 19.6, or 33% of the time.

- **Most exiting adults have worked recently in a Maryland UI-covered job. However, the most recent leavers are significantly less likely to have recent work experience than those exiting in earlier years.**

We continue to find that the majority of leavers have recent work experience. Seven out of ten (69.5%) leavers worked for a UI-covered Maryland employer before entering the welfare rolls. Similarly, 71.2% had employment at some point in the eight quarters before the TCA exit that brought them into our sample.

For the first time in the 10 year history of this study, significantly fewer leavers in the most recent cohort had historical UI-covered employment than those in the earlier cohort. For example, two out of three (65.7%) recent leavers worked in the two years before their welfare exit, compared to more than seven out of ten (71.5%) of adults who left welfare earlier. The decrease in recent work experience among welfare leavers may result, at least in part, from the agency's efforts to engage a broader spectrum of the caseload in work activities.

- **Our examination of administratively-recorded case closing codes reveals that "income above limit" is the most common closure reason. There is also good news that, despite the new emphasis on work participation requirements and rates, full family sanctions actually decreased. There remain, however, significant differences between the most recent and earlier leavers in case closure reasons.**

The top five administratively-recorded case closure reasons remain generally the same. Overall, "income above limit" is the most common code, accounting for three out of ten (28.8%) cases. The next three case closing codes each account for a little less than one-fifth of leavers: did not reapply (17.8%); eligibility verification information not provided (15.9%) and full family sanction for non-compliance with work requirements (14.7%). "No longer eligible" rounds out the top five, representing less than one in ten (6.8%) closures. Taken together, more than four-fifths (84.1%) of all leavers' cases close with one of these five codes.

There are statistically significant differences between the most recent leavers and earlier leavers in why their cases close. Nearly one-fifth (18.8%) of cases exiting between April 2006 and March 2007 closed because of a work sanction, compared to only 14.5% of earlier leavers. Although recent leavers are more likely to be sanctioned than those in the earlier cohorts, it's important to note that this does not reflect an increase in the use of sanctions in the past year. In fact, the opposite is true: the percentage of this year's recent leavers (April 2006 to March 2007) exiting because of a full family sanction (18.8%) is almost two percentage points lower than the percentage of last year's recent leavers (April 2005 to March 2006) who were sanctioned (20.7%).

Two other differences between recent and earlier leavers may be cause for concern or at least close attention going forward. Compared to earlier leavers, those exiting today are less likely to leave because their income is above the eligibility limit (22.7% vs. 29.3%) and more likely to close with the code "eligibility verification information not provided" (23.9% vs. 15.3%). The rate of cases closing with the code "income above limit" is almost four percentage points lower for this year's recent leavers than last year's (26.1%). The change for "eligibility verification information not provided" is even larger, increasing about eight percentage points over the rate for last year's recent leavers (16.0%). This trend results mostly from an increase in the proportion of cases closing with code 566 "Non-cooperation with the eligibility process". In addition, the recent increased use of code 566 appears to be predominantly a Baltimore City phenomenon.

- **Concerning post-exit employment, the data remain reassuring. Most adults work after exiting welfare and, over time, their earnings increase, doubling by the tenth post-exit year. Despite differences in employment history, the most recent leavers are just as likely to work as earlier leavers.**

One of the main goals of welfare reform, of course, is to help families leave welfare for work. Our analysis of post-exit employment reveals trends that are remarkably consistent during the ten-year follow up period: about half of all leavers have UI-covered employment in any given quarter. In fact, the percent working only varies by 3.5 percentage points from the quarter with the lowest rate (49.4% in the 24th quarter) to the highest (52.9% in the 40th) quarters.

In addition, although the quarterly earnings of the caseheads in our sample are still initially low, they do increase over time. In the quarter of TCA exit, TANF leavers earned an average (mean) of $2,961.45.[1] After the quarter of TCA exit, mean earnings increased every single quarter, reaching a peak of $5,943.71 in the 40th quarter.

Because we utilize administrative data, we can also examine yearly employment measures. The annual measures show a picture of steady progress with regard to both quarters worked and total annual earnings from UI-covered employment. Starting in year one, welfare leavers worked in an average of 3 quarters of the year. Each subsequent year, welfare leavers average more or the same number of quarters worked, reaching 3.5 quarters in year ten.

[1] Readers should keep in mind that the minimum wage rate in Maryland increased to $6.15 on February 16, 2006. All earnings are standardized to 2006 dollars.

Mean total earnings follow the same pattern. In 6 of 9 years, average earnings rose by more than $1,000 from the previous year. Between years four and five, the increase was just under $1,000 ($14,318.23 to $15,300.10). While the differences between years six and seven ($16,517.47 to $16,978.23) and years nine and ten ($19,046.52 to $19,744.65) were not quite as large, they were still sizable increases. In total, average annual earnings nearly doubled over the entire period from $10,680.21 in the first year to $19,744.65 in the tenth post-exit year. These findings attest to the persistent work effort of these former TANF families, and the increases are indeed encouraging. However, the sobering reality is that, even a decade after leaving welfare, and our caveats about the interpretation of these data notwithstanding, the average earnings of working adults are still less than the poverty level for a family of three.

- **Leavers still find employment primarily in service-related industry sector such as Professional & Business Services and Education & Health Services sectors. Combining industry and earnings information, we confirm what most have probably already suspected: the industries that typically hire welfare recipients generally do not provide the most employment stability or highest earnings.**

Consistent with trends in previous years, three-fifths of all leavers for whom data was available were employed in one of three industry sectors: Professional and Business Services (23.4%); Trade, Transportation and Utilities (22.5%); and Education and Health Services (21.3%). Together these three sectors accounted for fully two-thirds (67.2%) of all first post-welfare jobs obtained by former clients.

Our data on total number of quarters worked and average annual earnings confirm that the industries most likely to hire welfare recipients are not necessarily the ones that provide the most stability and highest earnings. In terms of earnings, leavers working in the Leisure and Hospitality industry fare the worst, earning only $8,280, on average, in the first year after exit. This low annual figure likely results from a combination of low quarterly earnings (mean = $2,368) and relatively low number of quarters (mean = 3.24) in which some paid work took place. On the other hand, the 4.4% of exiters working in Public Administration worked in the most quarters, on average (mean = 3.66), and had the highest average annual earnings (mean = $19,611).

- **Recidivism or returns to welfare remain low, especially when compared to pre-TANF rates. The fact that the majority of adults do not return for even one additional month of cash assistance, even after 10 years, attests to the hard work done by individual families and local Departments of Social Services. To reduce recidivism rates even further, agencies are encouraged to follow up with families in the first few months after they exit and thoroughly assess why the exit didn't last for those who return to the rolls.**

For the majority of families in our sample, their TANF exit is a permanent one. A minority, however, does return for additional assistance. The highest risk for a return lies in the first year or two after the welfare case closure. In the first three months, few families (13.7%) return to the welfare rolls, but this rate doubles over the next few months such that, by the end of the first post-exit year, a bit more than one in four (27.9%) families have received at least one additional month of cash assistance. In the second and third post-exit years, returns to welfare also rise, but at a much slower pace. By the end of the third year, about two-fifths (39.3%) of customers had returned to welfare, receiving one or more months of aid. At this point and in subsequent years, however, recidivism rates remain essentially flat.

Two important implications for program policy and front-line practice can be gleaned from these findings. Both have been noted in our previous reports, but bear repeating. First, it would be prudent to learn more about the returns that do occur by incorporating a few questions about the reasons for case re-opening into standard interview protocols. More specifically, an attempt should be made to understand why the welfare exit was not successful. This type of enhancement to existing assessment protocols should be of minimal cost, but could be of great value. Answers to questions such as these could be invaluable in crafting a new, successful independence plan for the individual families affected and would also provide useful feedback about agency or community-based service gaps or resource needs more broadly.

The second implication is also not a new one and arises from a finding which itself is also not new. The data have consistently shown that if families can "make it" for the first year or two, virtually none of them will come back on the welfare rolls. The importance of support services during this critical period is already recognized through agencies' efforts to make clients aware of and to provide transitional benefits, such as medical assistance and child care. However, it seems to us that the recidivism data continue to strongly suggest that, if some type of periodic follow-up outreach were done with families during the first year or so after welfare case closure, we might be able to prevent at least some of the recidivism that does occur.

- **The majority of families utilize work supports, such as Food Stamps (FS) and Medical Assistance/MCHP (MA) after exiting TANF. Participation declines over time, although a significant minority of families continues to receive these benefits even up to 10 years later. Compared to those who exited earlier, the most recent leavers are significantly more likely to have post-exit FS and MA.**

Our data continue to confirm that families are receiving FS and MA benefits after they leave TANF. In the first three months after exit, three out of five families (63.0%) receive FS. There is a slight drop in months four through six, although the rate still remains high at 58.1%. As the years pass, FS participation declines gradually, but even in the tenth year after exit, almost a third (31.3%) of the entire sample is still receiving benefits.

About four out of five adults (79.0%), children (78.7%), and cases (83.7%) in our sample received medical benefits in the first quarter following their welfare exit. In the second quarter after exit, the rates of MA utilization remain nearly as high, and even eight years after exit we see participation rates of over 50% for our sample and their families.

We find that the recent leavers have significantly higher rates of FS and MA utilization than those in the earlier group. During the three-month period following exit, more than three-fourths (76.5%) participate compared to less than two-thirds (62.3%) of earlier exiters. In months four through six, we see the same pattern, with significantly more recent leavers receiving FS.

Recent leavers are also significantly more likely to be enrolled in MA than are earlier leavers. In the first three months after exit, more than nine out of ten (94.7%) of recent cases have at least one family member receiving medical benefits, compared to four-fifths (83.1%) of earlier leavers.

- **In the first year after exiting cash assistance, one-half of adults support their families with their UI-covered earnings and no additional cash assistance. An additional one-fifth combines welfare and employment. Over time, many of these latter families transition to the "employment only" group.**

The reality is that each leaver in our sample can experience a combination of outcomes. For example, if we consider just post-exit employment, TCA receipt, FS & MA/MCHP, there are 16 possible combinations of these outcomes in any given quarter. And, of course, because we track families over an extended period of time, rather than just present a single, point-in-time picture, the number of possible outcome combinations is also increased considerably.

A comprehensive analysis of the relationships among employment and benefit utilization in the ten years after a welfare exit is beyond the scope of this annual update. New to this annual update, however, we present readers with some basic information about the general patterns for at least our two main outcomes: employment and TCA receipt.

In the first year after leaving TANF, one out of two (49.5%) exiting adults worked and did not rely on cash assistance. An additional one-fifth (18.5%) combined earnings from UI-covered employment and TCA receipt during that first year.

One out of ten (9.4%) leavers received TCA only in the first twelve months following the initial exit and did not have UI-covered earnings. It is not surprising to find that work sanction (26.9%) and did not complete the recertification process (23.8%) are the top administrative closing codes for cases in this group.

The remaining cases are often called "disconnected" leavers because they have neither UI-covered employment nor TCA. Less than one out of four (22.5%) TCA exiters falls into this category in the first follow-up year.

The sizes of these four “status” groups change over time. In short, the proportion of former TANF recipients who are working and not receiving cash assistance increases and the proportion receiving benefits, either alone or in combination with UI-covered earnings decreases. One decade after their initial welfare exits, the majority (61.3%) of former TCA caseheads are supporting their families with their earnings.

Comparing data for the first post-exit year to the fifth year, we provide some information about the fluidity over time of our outcome categories. In general, the trends are positive: Most exiters (69.3%) who initially leave welfare for employment alone are still working and not receiving TCA five years later. A majority (54.4%) of leavers who combine work and welfare receipt in the first year are supporting their families through their earnings alone in the fifth year. In addition, more than one-quarter of those who have only TCA receipt and no earnings in the first follow up year are in the “employment only” category by the fifth year.

For policy makers and program managers, these trends should be very reassuring. They show remarkable stability for arguably the most successful leavers: those who are able to leave welfare for work and sustain their independence from cash assistance. One fruitful area for future research that would likely provide much policy- and program-relevant information is to explore what factors helped these families most in maintaining their financial independence from welfare. In addition, most of those who worked after leaving welfare, but had to return for at least one additional month of cash assistance in the first year, are able to exit again and are supporting their families with their earnings and free of cash assistance. In the future, it will be important to study what was different in their second exit that made that one permanent.

❖ **Recently, research and policy interest has begun to focus on the minority of welfare leavers whose exits are followed by an apparent disconnection from both cash assistance and employment. We find that a minority of our sample does not return to Maryland’s welfare rolls in the first year and does not have UI-covered employment. Although further study is needed, we find that the majority of this group is still connected to other public programs.**

In this study, we find that a little less than one-quarter (22.5%, n=2,527) of Maryland welfare leavers do not return to the welfare rolls in the first year and do not have UI-covered earnings in Maryland or a border state in that period. This percentage grows to 35.0% by the tenth follow-up year. Because we are using administrative data rather than survey data it is more accurate to consider these families as possibly, rather than definitely, disconnected from welfare and work. In other words, we only know for certain that they are not receiving cash assistance in Maryland and the former casehead is not working in a UI-covered job in Maryland or one of the border states. They may have a family member other than the former casehead who is working. The former casehead may be working in a job that is not covered by the UI system. They may have income from SSI. The family could also have moved to another state where they have employment income and/or are receiving cash assistance. Unfortunately, we simply do not have access to data that would allow us to determine which scenarios apply to the so-called disconnected leavers in our sample.

What we can say, however, is that the vast majority (85.5% or n = 2,162/2,527) of families are still in Maryland and connected to at least one other public benefit program. Specifically, for the 2,527 families in our sample who are not receiving TCA nor working in a UI-covered job in the first year after exit, most are still connected to the public safety net via the Food Stamps and Medical Assistance/MCHP programs. Four-fifths (81.7%) of initially "disconnected" leavers have at least one family member receiving MA/MCHP in the first year after exit. A little more than half (54.6%) receives FS during this period.

Remaining are 365 families (14.4% of the "disconnected" or 3.3% of total) without work, or Maryland welfare, FS, or MA/MCHP in the first year after exit. Among these families, one-third (32.3%) "re-appear" in one or more of our data sources the following year: 11 return to TCA; 76 are employed in a UI-covered job; 21 receive FS; and 56 have a family member receiving MA/MCHP.

Administrative closing codes also suggest that almost half of the 365 families who are not in our administrative data sources in the first year after exit may have moved out of state before or immediately after the case closure. Specifically, we find that 170 cases were closed with these codes: 70 requested closure[2]; 66 were closed because of residency issues; and 34 were closed because their whereabouts were unknown.

Certainly, these analyses are just the tip of the iceberg regarding the circumstances of TANF leavers who, according to the data sources available to us, are not receiving income from welfare or from earnings from their own employment. It is reassuring that the findings presented here suggest that data limitations explain the apparent "disconnect" for a good portion of these cases. As Wood and Rangarajan (2003) found in their study of welfare leavers, it is also probable that some of our study families reside in homes where other adults are employed and provide the bulk of household income. Nonetheless, it is possible that some study families may be living without an economic safety net and that they and their children could benefit from being re-connected to one or more public programs, such as food stamps or medical assistance. Whatever their situations, however, to the extent that these adults and children still reside in our state, it behooves us to learn more about their situations and circumstances so that, if needed, appropriate outreach or service interventions can be developed. To that end, we are continuing research efforts with regard to this population and will be publishing a report specifically on this topic in the coming year.

In conclusion, we issue this report, the twelfth in our series of annual updates on Maryland's longitudinal, first-in-the nation, *Life after Welfare* study at an interesting and somewhat uncertain point in time for American welfare policy. Over the past decade, in response to the landmark federal welfare reform legislation, the Personal Responsibility

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[2] It is commonly noted in the case narratives for cases that requested closure that the casehead called to request closure because she is applying for benefits in another state.

and Work Opportunity Reconciliation Act (PRWORA), and despite some significant economic ups and downs, our state has worked diligently to completely transform its cash assistance program. Agencies' hard work, coupled with the equally hard work of low-income families, community-based agencies, legislative oversight committees, and many others have resulted in reform outcomes that, as monitored and reported through our ongoing study, have been quite positive. Welfare caseloads dropped to historic low levels, most families have left welfare voluntarily, most former recipients work and keep working, their earnings increase over time, and returns to welfare are relatively low compared to the old AFDC system.

In short, by all empirical measures, welfare reform circa 1996 has been a success in Maryland and, generally speaking, in virtually every other state as well. Despite the documented track record of success, the welfare reform reauthorization provisions enacted as part of the Deficit Reduction Act of 2006 (DRA) have brought new, more prescriptive program requirements and reporting mandates. Most state-level observers agree that these changes will make it more difficult for states and low-income families and increase the risk of financial penalties.

States are just one year into retooling their programs and processes to reflect the new mandates, so it is too early to definitively observe or report what the intended and unintended consequences of these unwelcome changes will be on states or low-income families. What is clear, however, is that monitoring the outcomes of the 'reformed' welfare reform program on families is as least as important in the DRA era as it was under PRWORA. Maryland is fortunate that, because it made a commitment to outcomes monitoring at the outset of reform in 1996 through the *Life after Welfare* study, it has in essence an 'early warning' system in place through which adverse outcome trends, if any, can be identified.

It is in this changed and uncertain environment that today's report is issued. The report provides a confirmation of the achievements of agencies and families to date, a reiteration of areas that remain challenging, and at least a few hints of what may lie ahead for local welfare agencies, future welfare leavers, and our state's low-income families more generally. Most broadly, this annual update continues to confirm that much has been achieved in Maryland during the first decade of reform, but also that new, significant, and probably more difficult challenges lie ahead.

INTRODUCTION

It has been more than a decade since enactment of the landmark Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) which “ended welfare as we knew it”. During that time, cash assistance caseloads have dropped to historic low levels in our state and across the nation. Fortunately or unfortunately, depending on one’s point of view, however, welfare reform remains an evolving reality. This fact is most dramatically evidenced by the significant and controversial changes that were adopted as part of the federal welfare reform reauthorization provisions contained in last year’s Deficit Reduction Act (DRA).

Certain of the DRA changes have been lauded by some observers and lambasted by others, but on one key point everyone seems to agree. These changes, specifically those related to the work participation rate calculation, make it much more difficult for states to meet the federal work participation standards. Moreover, by requiring states to engage larger shares of their caseload, including previously excluded groups, in federally-defined work activities, the risk of fiscal penalty has also been increased. Concern about the new requirements is exacerbated by the fact that today’s economic outlook is markedly different from that of the mid- and late 1990s. We have already experienced one recession and a less than stellar recovery, job-wise; some predict that another recession may be just around the corner.

It is in this current environment of more stringent federal rules and economic uncertainty that policy makers and state and local program managers must continue the struggle to craft the most appropriate and efficient policies and programs to help families to (re)gain financial independence and to maintain a safety net for some of our state’s most vulnerable citizens. In the earliest years of reform, decision makers could draw some guidance from a wealth of research including many state-level monitoring studies. These provided valuable information on the characteristics and circumstances of those affected by welfare reform and on the outcomes experienced by families and children. For a variety of reasons, however, the majority of outcomes monitoring studies are no longer active and, as a result, decision makers in most states have little if any up-to-date research to help guide their choices under the new federal rules. In fact, only a few states’ policy makers have been prescient enough to legislatively mandate continued monitoring of the processes, policies and outcomes of welfare reform. Maryland, fortunately but not surprisingly, is among them.

Today’s report is the latest in our annual updates of Maryland’s first-in-the-nation, largest, and longest-running welfare reform monitoring study. Specifically, the *Life after Welfare* project tracks the characteristics and outcomes of families who have left Temporary Cash Assistance (TCA, Maryland’s Temporary Assistance to Needy Families or TANF program). In the first few years of welfare reform, this study provided empirical answers to the obvious questions which arose because of the unprecedented caseload declines, to wit: why are people leaving welfare and what happens to them when they do. More recently, study findings have provided valuable information about how more recent leavers fare in comparison to those who left welfare earlier and how adults' employment and earnings change over the long term. These temporal comparisons have heightened importance today as, under the new DRA rules, it is quite possible that efforts to increase work participation rates may lead to changes in who exits welfare, why they exit, and the post-welfare outcomes that are observed.

This annual update continues to build our state's actionable knowledge base by profiling 12,276 families that exited Maryland's TANF program between October 1996 and March 2007. Using a variety of administrative data sources we address basic questions concerning the well-being of families making the transition from welfare to work, such as:

1. What are the characteristics of Maryland's welfare leavers?
2. Why do families' welfare cases close?
3. What are customers' employment patterns after welfare exit?
4. Do early and later leavers differ in terms of post-exit employment?
5. How many families return to welfare?
6. Do recidivism patterns vary by exit cohort?
7. To what extent do families continue to utilize Food Stamps and Medical Assistance (including MCHP)?

Answers to these questions provide decision makers with a snapshot of the basic outcomes of TANF leavers. In addition, we dig deeper using our rich data, including up to 10 years of follow up data, to explore how families navigate the worlds of work and welfare. Specifically, we consider how families combine earnings from employment and TCA benefits after initially exiting the rolls.

As a whole, this analysis presents perhaps the single most complete research-based picture of 'life after welfare' as experienced by agencies and individual families in the years since the original 1996 welfare reforms were adopted. In addition and, more importantly, today's study provides a baseline against which subsequent years' initiatives and outcomes can be assessed. Last but certainly not least, study findings perhaps also offer a preview of what 'life after welfare' may look like, for our state and its families, as we move forward into the uncertain, but unquestionably more difficult, future mandated by the Deficit Reduction Act of 2006.

METHODS

In this chapter, we present a description of the sample for our annual update. Our administrative data sources are also discussed.

Sample

To insure that the study sample accurately represents the universe of exiting cases, we draw a five percent random sample from all cases that close each month. The first sample (n=183) was drawn for October 1996, the first month of welfare reform in Maryland. Samples have been drawn for each subsequent month up to and including, for purposes of this report, March 2007 (n=86).

For purposes of this study, our population includes the full range of case situations – families who leave welfare for work, families who are terminated for non-compliance with program rules, and those who leave welfare but subsequently return. In general, cases are eligible for selection into our study as long as the welfare case did not close and reopen on the same day. Among other advantages, this approach has allowed us to closely and uniquely examine the phenomenon of “churning”, or welfare cases which close but reopen within a very short period of time (see, for example, Born, Ovwigho, and Cordero, 2002).

While we continue to follow all cases in our sample, certain “churning” cases are excluded from the analyses presented in this report. Specifically, we exclude cases that returned to welfare within one month of exit. Thus, of the total sample of cases that exited between October 1996 and March 2007 (n=17,368), we exclude the 5,092 (29.3%) that returned to cash assistance within one month of exit. A total of 12,276 cases (17,368 – 5,092) are included in the analyses. Drawing five percent samples from each month’s universe of non-churning TCA closing cases yields a valid statewide sample at the 99% confidence level with a ±1% margin of error.

It is important to note that differences in sample definition across studies may limit the comparability of findings. For example, compared with other states’ studies that limit welfare exits to cases that remain closed for at least two months or more, the results presented in this study may artificially appear less positive.

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.

Readers familiar with our study may note the absence of data on child care subsidy utilization and child welfare entries in this report. The administrative data systems we used in the past for these outcomes, CCAMIS and Services, were replaced by newer systems (CCATS and CHESSIE, respectively) in the past year. We are still in the process of obtaining, learning, and developing data extraction protocols for these new systems, and expect this process to be complete by the next annual report.

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 (AFDC or TCA), 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.

***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%)[3]. 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. Also notable is the fact that there are more than 125,000 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.

[3] 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: Baseline Characteristics

In designing the current TANF program, one of the many things policymakers and program managers considered was the composition of the caseload. PRWORA reflects the fact that TANF's predecessor, AFDC, was largely utilized by single mothers and their children. Through its work requirements, time limits, and work supports, TANF was designed to help single mothers move from the welfare rolls to the workforce.

Steep declines in the welfare caseload in TANF's early years resulted in some changes in caseload composition. Most importantly, the caseload became more concentrated in large urban centers and the proportion of child only cases, those in which the adult casehead is not receiving assistance, increased (Ovwigho, Born & Saunders, 2006; Saunders, Ovwigho, & Born, 2006). Changes in the characteristics of welfare leavers have not been as dramatic (Acs & Loprest, 2007; Ovwigho, Saunders, Kolupanowich, & Born, 2005). However, it is true that, when compared with those who left in the earliest years of reform, later leavers typically have shorter welfare histories and more recent employment. Because of the important role client characteristics play in the operations and needs of a public program, we use this chapter to describe the demographic characteristics of welfare leavers. We also consider their welfare and employment histories, as well as the administratively-recorded reasons that their TCA cases close.

What are the Characteristics of Exiting Payees and Cases?

Table 1 presents findings on payee and case characteristics including gender, age, racial/ethnic background, marital status, jurisdiction, assistance unit size, numbers of adults and children on the case, and age of youngest child. The table is divided into three columns: data for the entire sample, followed by information on the most recent and the earlier cohorts.

Characteristics of the Entire Sample.

A typical payee making an exit from welfare in Maryland is a never-married (72.8%) African American (74.4%) woman (95.4%) in her early thirties (mean age = 32.78 years). She most likely has one or two children (mean number of children = 1.73), the youngest of whom is about six years old (mean age = 5.66 years).

Child-only cases comprise only a small minority of the exiting population. In total, 16.0% of welfare leavers had a child only case. Compared to the active TCA caseload, child only cases are underrepresented among leavers.

In terms of jurisdiction, a little less than one-half (46.2%) of leavers are from Baltimore City and an additional one-quarter reside in Prince George's (12.8%) or Baltimore County (11.5%). Overall, these three jurisdictions account for the large majority (69.5%) of all leavers. Notably the jurisdictional distribution of welfare leavers differs markedly from the active caseload, with Baltimore City underrepresented among leavers. For example, in the October 2005 TCA caseload, Baltimore City accounted for 52.6% of the statewide caseload (Saunders, et al., 2006).

Do Recent Leavers Differ from Earlier Leavers?

The second and third columns of Table 1 present characteristic data on our sample separated into cohorts: recent leavers (April 2006 to March 2007) and earlier leavers (October 1996 to March 2006). In last year's report, we found much similarity between early and later leavers. Today's report, however, reveals some significant differences, although the general profile of the "typical" welfare leaver remains the same. Compared to earlier leavers, the most recent cohort is significantly more likely to be headed by an African American (78.2% v. 74.1%). Caseheads in the most recent group are also more likely to have never married (80.9% v. 73.5% for the early cohort). In addition, nearly half of the most recent group has a child under three compared to two out of five in the early cases (48.7% v. 39.9%).

Because the new DRA rules require states to engage a broader spectrum of cases in work activities, differences between the most recent leavers and earlier cohorts are not surprising. However, overall, the changes observed are fairly small and do not appear, on the surface, to be related to the inclusion of previously excluded cases in efforts to increase work participation rates. Perhaps the most important point for policy makers and program managers is that childcare for very young children remains a critical issue for all welfare leavers and affects more of today's leavers than those who exited the rolls in previous years.

Table 1. Demographic Characteristics of Exiting Payees and Cases.

	Entire Sample 10/96 - 3/06 (n=12,276)	Most Recent Cohort 4/06 - 3/07 (n=834)	Early Cases 10/96 - 3/06 (n=11,442)
Payee's Gender (% female)	95.4%	96.5%	95.3%
Payee's Age			
Mean (Standard deviation)	32.78	32.53	32.80
Payee's Racial/Ethnic Background **			
African American	74.4%	78.2%	74.1%
Caucasian	23.0%	18.3%	23.4%
Other	2.6%	3.6%	2.5%
Region[4]			
Baltimore City	46.2%	44.5%	46.3%
Prince George's County	12.8%	13.4%	12.7%
Baltimore County	11.5%	11.3%	11.5%
Metro Region	6.2%	7.9%	6.1%
Anne Arundel County	5.0%	7.0%	4.9%
Montgomery County	4.4%	3.8%	4.5%
Upper Eastern Shore Region	4.2%	4.0%	4.2%
Western Maryland Region	3.4%	2.5%	3.5%
Lower Eastern Shore Region	3.3%	3.1%	3.3%
Southern Maryland Region	3.1%	2.5%	3.1%
Assistance Unit Size			
Mean (Standard deviation)	2.61 (1.19)	2.61 (1.27)	2.60 (1.18)
% child only cases	16.0%	17.9%	15.9%
Marital Status* **			
Married	7.8%	7.1%	7.9%
Never Married	74.0%	80.9%	73.5%
Divorced/Separated/Widowed	18.1%	12.0%	18.6%
Number of Children			
Mean (Standard deviation)	1.73 (1.07)	1.76 (1.14)	1.73 (1.06)
Age of Youngest Child			
Mean (Standard deviation)	5.66 (4.80)	5.38 (5.24)	5.68 (4.76)
% households with a child under 3***	40.5%	48.7%	39.9%

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

[4] 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).

What are Payees' Experiences with the Welfare System and Employment?

In addition to a description of TANF leavers and their cases, this chapter also includes information on their welfare and employment histories, which can give insight into their likely post-welfare prospects. For instance, in the 2007 Indicators of Welfare Dependence Annual Report to Congress, past welfare dependence is defined as long-term and substantial welfare receipt without attachment to the labor force and is perceived as a negative risk factor for future dependence (U.S. Department of Health and Human Services (HHS), 2007). Table 2 and Figure 1, following this discussion, present information on recent welfare spells and cumulative welfare receipt over the past five years, or 60 months. Table 3 highlights caseheads' employment in Maryland UI-covered jobs in the previous two years, or eight quarters.

As presented in Table 2, two-thirds (66.8%) of TANF leavers exited after receiving 12 or fewer continuous months of cash assistance. An additional two out of ten (17.0%) exited after 13 to 24 months. Thus, overall, it appears the vast majority of welfare leavers in fact use welfare as a temporary safety net. This is even more evident among more recent leavers, among whom more than eight out of ten (83.8%) exited within one year of entering the rolls. This is consistent with national data, which show shorter spells under TANF than under AFDC (HHS, 2007).

In addition to recent and continuous welfare use, Table 2 also presents findings on long-term cumulative receipt for exiting cases in our sample. Specifically, we measure the total number of months families received TCA (or AFDC for earlier cases) in the five years before exit, regardless of the number of spells and whether those months counted towards the TANF time limit.

As a whole, those who left welfare since October 1996 had received an average of 28 cumulative, though not necessarily consecutive, months (mean=27.87) of assistance in the 60 months before the exit that brought them into our sample, or about 46% of the time. There are large differences, however, between those who left during the early years of welfare reform and those who left more recently. For instance, among cases in the most recent cohort of leavers (4/06 – 3/07), the mean number of months of assistance in the past five years was only 19.6, or 33% of the time. Furthermore, the median tells us that half of the exiting cases in the most recent cohort had received 14 or fewer months of assistance in the past five years, compared with a median of 25 months among cases exiting between October 1996 and March 2006.

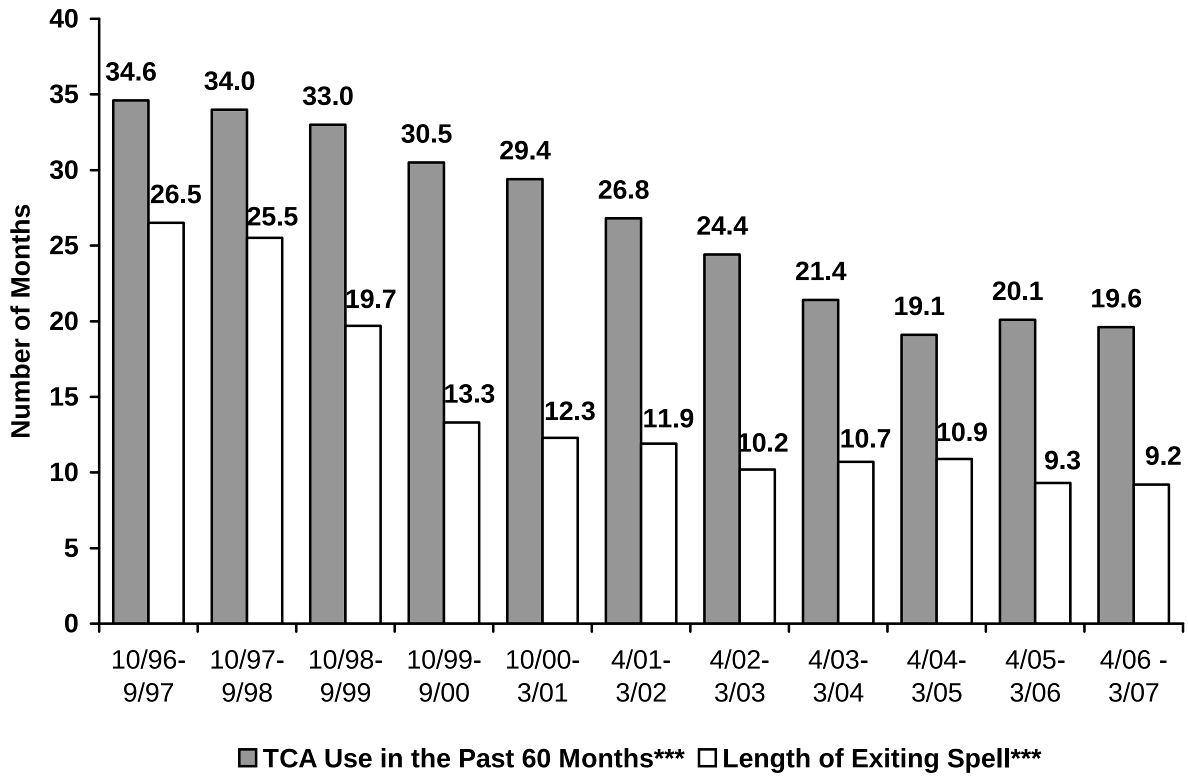
Table 2. Welfare Receipt History

	Entire Sample 10/96 - 3/06 (n=12,276)	Most Recent Cohort 4/06 - 3/07 (n=834)	Early Cases 10/96 - 3/06 (n=11,442)
Length of Exiting Spell* **			
12 months or less	66.8%	83.8%	65.6%
13 - 24 months	17.0%	9.6%	17.5%
25 - 36 months	6.0%	3.1%	6.3%
37 - 48 months	3.1%	1.9%	3.2%
49 - 60 months	1.9%	0.4%	2.0%
More than 60 months	5.1%	1.2%	5.4%
Mean***	16.31 months	9.22 months	16.83 months
Median	8.31 months	5.34 months	8.64 months
Standard Deviation	25.45 months	14.10 months	26.01 months
TCA Receipt in 5 Yrs Prior to Exit**			
12 months or less	30.9%	45.4%	29.9%
13 - 24 months	19.1%	24.2%	18.7%
25 - 36 months	15.4%	13.5%	15.5%
37 - 48 months	12.9%	9.6%	13.1%
49 - 60 months	21.7%	7.2%	22.8%
Mean***	27.87 months	19.56 months	28.48 months
Median	24.00 months	14.00 months	25.00 months
Standard Deviation	19.26 months	15.78 months	19.35 months

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

Although it is true that the most recent leavers have shorter welfare histories than their peers who exited in earlier years, it is important to recognize that the trend has actually leveled off. To illustrate, Figure 1 displays the mean number of months of receipt in the previous five years and length of the spell preceding exit for each one-year cohort. These means have remained at the same levels, approximately 20 months for our long-term receipt measure and 10 months for the most recent spell, for families exiting in the last four years.

Figure 1. Welfare Receipt Trends by Exit Cohort



Because one of the best predictors of obtaining employment is a person's employment history, we now consider TANF leavers' histories of Maryland UI-covered employment. Table 3, following this discussion, displays data on two measures: the percentage with any employment in the two years (8 quarters) before the most recent welfare spell began and the percentage with any employment in the two years before the welfare exit.

We find that seven out of ten (69.5%) leavers worked for a UI-covered Maryland employer before entering the welfare rolls. Similarly, 71.2% had employment at some point in the eight quarters before the TCA exit that brought them into our sample.

Table 3 also indicates statistically significant differences between the most recent and earlier leavers. We find that although a majority of both groups have a recent work history, significantly fewer leavers in the most recent cohort had UI-covered employment than those in the earlier cohort. For example, only two out of three (65.7%) recent leavers worked in the two years before their welfare exit, compared to more than seven out of ten (71.5%) of adults who left welfare earlier.

For policy makers and program managers, our finding of less recent work experience among today's leavers is an important one, particularly because it is a reversal from previous years. For example, in our eighth report, the cohort of families exiting between 4/02 and 3/03 had historical employment rates of 74.6% compared to 70.9% for the earlier cases (Ovwigho, Born, Ruck, & Tracy, 2003). This trend leveled off so that, until this year, there had been no significant differences between early and more recent leavers.

The decrease in recent work experience among welfare leavers may result, at least in part, from the agency's efforts to engage a broader spectrum of the caseload in work activities. Certainly the fact that the majority of welfare leavers have recent work histories is still reassuring. However, because work history is a strong predictor of employment outcomes, we suggest that the trend of less recent work experience among today's leavers is worthy of continued monitoring.

Table 3. Employment History

	Entire Sample 10/96 – 3/07 (n=12,242)	**Most Recent Cohort 4/06 – 3/07 (n=829)**	**Early Cases 10/96 – 3/06 (n=11,413)**
% working at some point in the 8 quarters preceding spell entry*	69.5%	66.4%	69.7%
% working at some point in the 8 quarters preceding spell exit***	71.2%	65.7%	71.5%

Note: The employment figures exclude 34 sample members with no unique identifier. In addition, employment preceding spell entry excludes anyone whose welfare spell began before April 1, 1987 (n=64 in the Early group and n=2 in the Most Recent Cohort). Valid percentages are reported. *p<.05, **p<.01, ***p<.001

Why Do Families' Welfare Cases Close?

Rounding out our discussion of welfare leavers' characteristics, we consider why families are exiting welfare by examining 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 may 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).

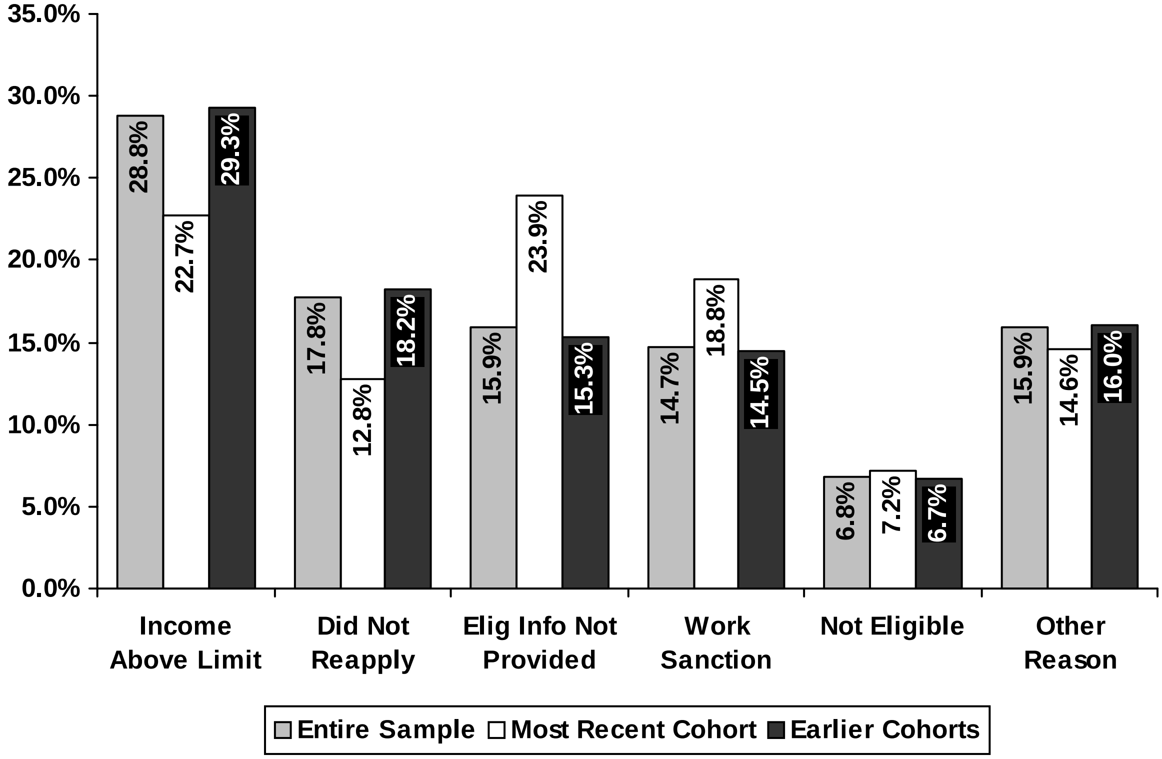
Figure 2 displays the top five case closure reasons for our sample as a whole and separately for recent and earlier leavers. Overall, "income above limit" is the most common code, accounting for three out of ten (28.8%) cases. The next three case closing codes each account for a little less than one-fifth of leavers: did not reapply

(17.8%); eligibility verification information not provided (15.9%) and full family sanction for non-compliance with work requirements (14.7%). "No longer eligible" rounds out the top five, representing less than one in ten (6.8%) closures. Taken together, more than four-fifths (84.1%) of all leavers' cases close with one of these five codes.

Figure 2 also reveals significant differences between the most recent leavers and earlier leavers in why their cases close. Nearly one-fifth (18.8%) of cases exiting between April 2006 and March 2007 closed because of a work sanction, compared to only 14.5% of earlier leavers. Although recent leavers are more likely to be sanctioned than those in the earlier cohorts, it's important to note that this does not reflect an increase in the use of sanctions in the past year. In fact, the opposite is true: the percentage of this year's recent leavers (April 2006 to March 2007) exiting because of a full family sanction (18.8%) is almost two percentage points lower than the percentage of last year's recent leavers (April 2005 to March 2006) who were sanctioned (20.7%).

There are two other differences between recent and earlier leavers that may be cause for concern. Compared to earlier leavers, those exiting today are less likely to leave because their income is above the eligibility limit (22.7% vs. 29.3%) and more likely to close with the code "eligibility verification information not provided" (23.9% vs. 15.3%). The rate of cases closing with the code "income above limit" is almost four percentage points lower for this year's recent leavers than last year's (26.1%). The change for "eligibility verification information not provided" is even larger, increasing about eight percentage points over the rate for last year's recent leavers (16.0%). This trend results mostly from an increase in the proportion of cases closing with code 566 "Non-cooperation with the eligibility process". More than half of the new cases in that category closed with code 566, compared to only 12.0% of the earlier cases. In addition, the recent increased use of code 566 appears to be predominantly a Baltimore City phenomenon. More than four-fifths (83.0%) of recent cases closed for this reason are from Baltimore City.

Figure 2. Case Closing Reasons***



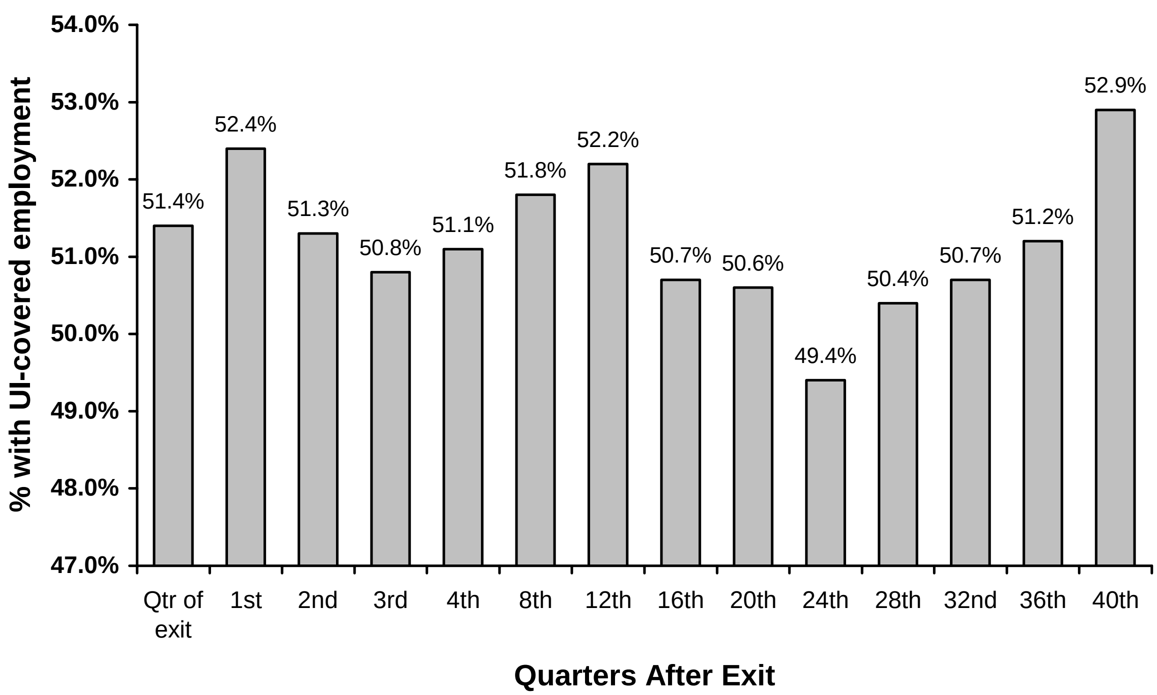
*p<.05, **p<.01, ***p<.001

As mentioned previously, one of the main goals of TANF is to help families transition from welfare to financial self-sufficiency, typically through a combination of employment and work supports. The majority of welfare leavers have recent prior experience with UI-covered employment. In this chapter we examine their employment and earnings after they leave the TANF rolls.

How Many Work in UI-Covered Jobs Over Time?

Figure 3 displays the percentage of former TCA caseheads employed in a UI-covered job in Maryland or one of its border states in the quarters after exit.[5] The trends are remarkably consistent during the ten-year follow up period: about half of all leavers have UI-covered employment in any given quarter. In fact, the percent working only varies by 3.5 percentage points from the quarter with the lowest rate (49.4% in the 24th quarter) to the highest (52.9% in the 40th) quarters.

Figure 3. Quarterly Employment Rates.



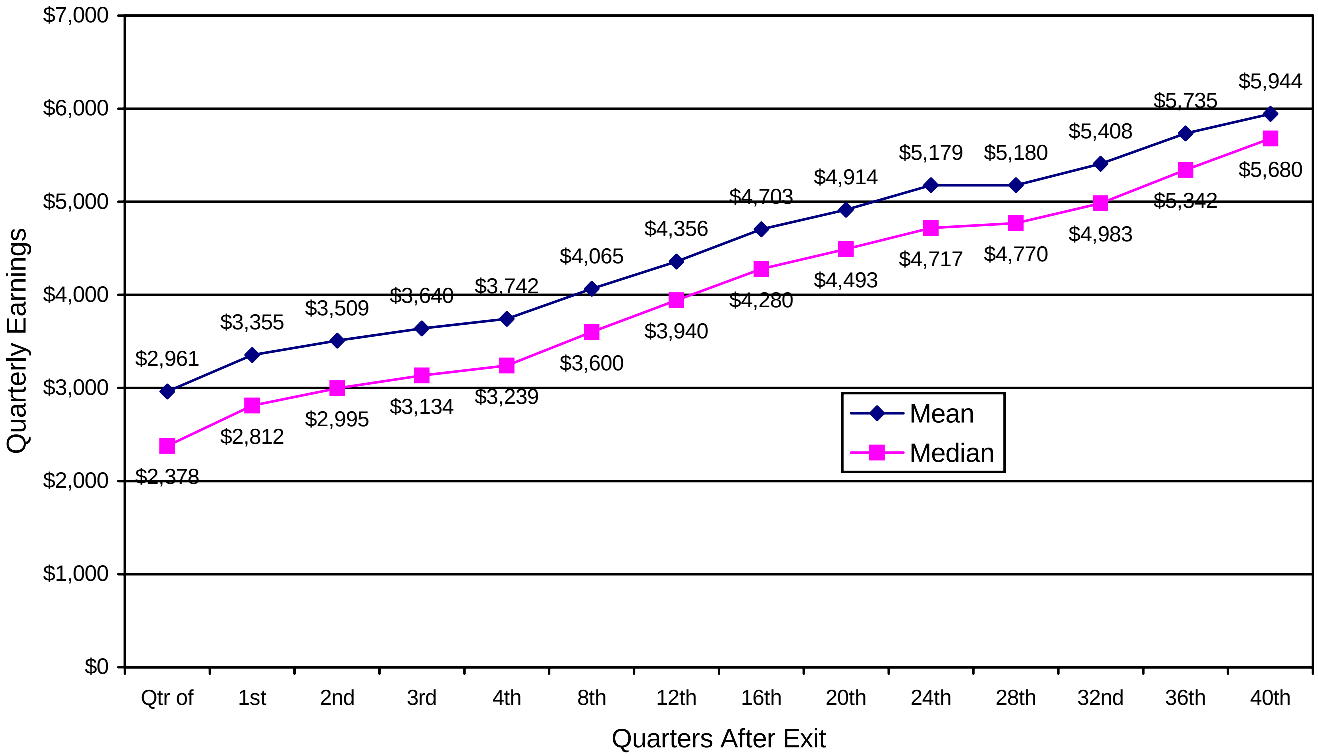
Note: The employment figures exclude 34 sample members for whom we have no unique identifier.

[5] The number of quarters of follow up data varies depending on when the welfare case closed. Appendix A provides more information on quarters available. Appendix B includes detailed data regarding in- and out of state employment rates.

What are Adults' Earnings from UI-Covered Employment?

Previous studies, including earlier reports from our *Life After Welfare* study, have confirmed that welfare leavers typically have relatively low earnings. Due to the limitations of our data, however, it is not possible to determine if this results from limited job skills or less than full-time employment. Despite this caveat, Figure 4 shows that the initial earnings of the caseheads in our sample are low. In the quarter of TCA exit, TANF leavers earned an average (mean) of $2,961.45.[6] The good news is that earnings increase over time. After the quarter of TCA exit, mean earnings increased every single quarter, reaching a peak of $5,943.71 in the 40th quarter. The only period in which the increase failed to be at least $100 was between the 24th and 28th quarters, when it barely rose at all ($5,179.22 vs. $5,179.59).

Figure 4. Quarterly Earnings.



Note: Earnings are only for those working. Also, as noted previously, these are aggregate quarterly earnings. We do not know how many weeks or hours an individual worked, so hourly wage cannot be computed from these data.

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[6] Readers should keep in mind that the minimum wage rate in Maryland increased to $6.15 on February 16, 2006. All earnings are standardized to 2006 dollars.

In the previous chapter, we noted that fewer of today's leavers had worked for a Maryland UI-covered employer in the two years before their welfare exit. In this section, we address the question of whether recent leavers experience different employment outcomes than earlier leaves. Table 4 shows that the answer is no: in the first few quarters after leaving welfare, recent and earlier exiters have nearly identical rates of employment and similar mean earnings.

Table 4. UI-Covered Employment by Exit Cohort.

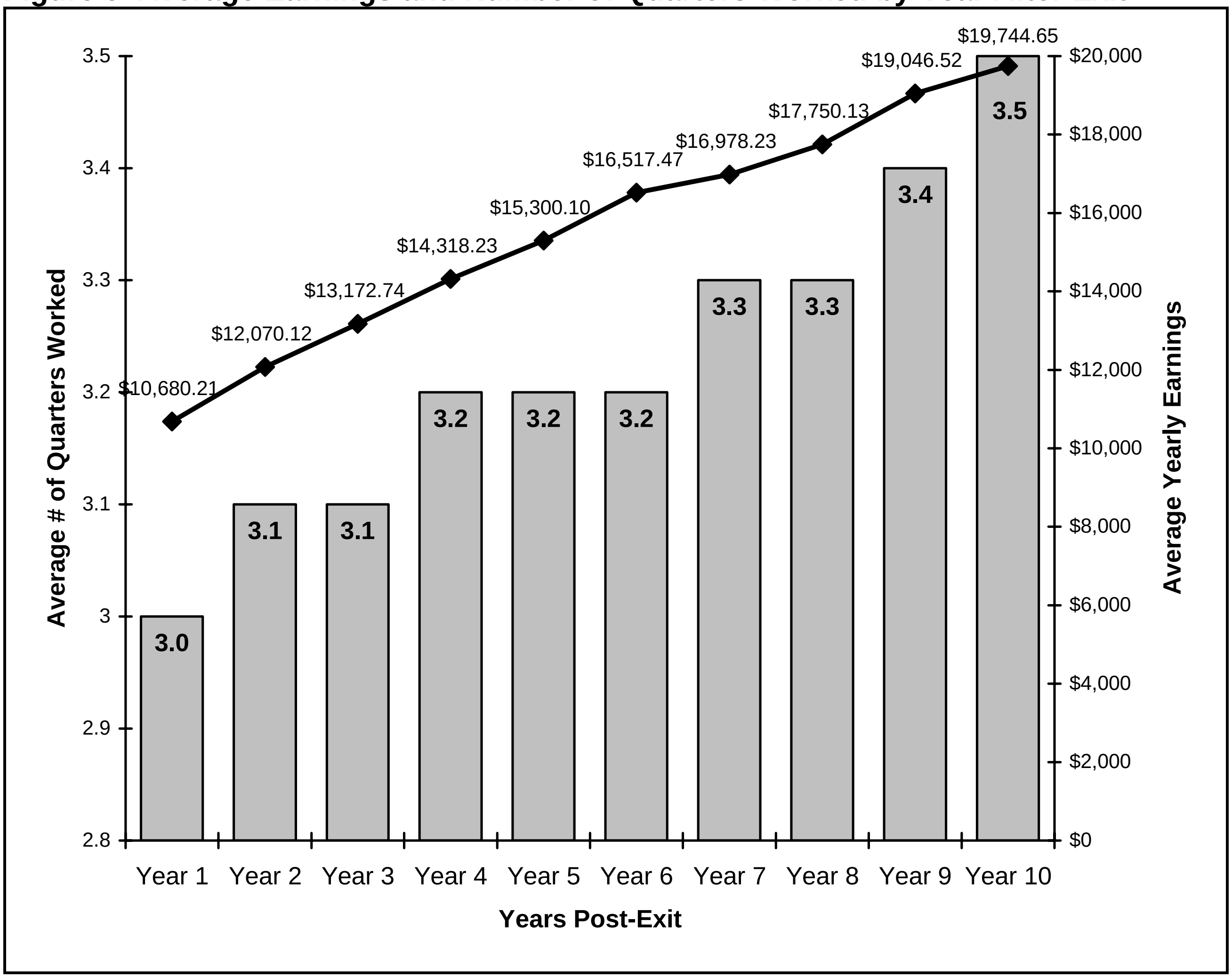
	Entire Sample 10/96 – 3/07	Most Recent Cohort 4/06 – 3/07	Early Cases 10/96 – 3/06
Quarter of TCA Exit			
Percent Working in Maryland	49.7%	49.4%	49.7%
Percent Working in a Border State	4.1%	2.8%	4.2%
Total Percent Working	51.4%	51.4%	51.4%
Mean Earnings	$2,961.45	$3,181.12	$2,949.08
Median Earnings	$2,378.39	$2,336.00	$2,381.32
1st Quarter After TCA Exit			
Percent Working in Maryland	50.0%	51.7%	49.9%
Percent Working in a Border State	4.9%	4.1%	5.0%
Total Percent Working	52.4%	55.2%	52.3%
Mean Earnings	$3,354.86	$3,391.37	$3,353.39
Median Earnings	$2,811.87	$2,556.00	$2,817.95
2nd Quarter After TCA Exit			
Percent Working in Maryland	48.7%	48.0%	48.8%
Percent Working in a Border State	5.2%	4.9%	5.2%
Total Percent Working	51.3%	52.5%	51.3%
Mean Earnings	$3,509.30	$3,964.44	$3,500.19
Median Earnings	$2,994.65	$3,420.00	$2,985.69

Note: Employment figures exclude 34 sample members for whom we had no unique identifier. Earnings are only for those working. Also, as noted previously, these are aggregate quarterly earnings. We do not know how many weeks or hours an individual worked, so hourly wage cannot be computed from these data. *p<.05, **p<.01, ***p<.001

One of the advantages of our data collection approach is that we are able to study outcomes over an extended period of time, up to 10 years for the earliest leavers. In addition, because we utilize administrative data, we can also examine yearly employment measures. Using an annual measure, Figure 5, following, shows a picture of steady progress with regard to both quarters worked and total annual earnings from UI-covered employment. Starting in year one, welfare leavers worked in an average of 3 quarters of the year. Each subsequent year, welfare leavers average more or the same number of quarters worked, reaching 3.5 quarters in year ten.

Mean total earnings follow the same pattern. In 6 of 9 years, average earnings rose by more than $1,000 from the previous year. Between years four and five, the increase was just under $1,000 ($14,318.23 to $15,300.10). While the differences between years six and seven ($16,517.47 to $16,978.23) and years nine and ten ($19,046.52 to $19,744.65) were not quite as large, they were still sizable increases. In total, average annual earnings nearly doubled over the entire period from $10,680.21 in the first year to $19,744.65 in the tenth post-exit year. These findings attest to the persistent work effort of these former TANF families, and the increases are indeed encouraging. However, the sobering reality is that, even a decade after leaving welfare, and our caveats about the interpretation of these data notwithstanding, the average earnings of working adults are still less than the poverty level for a family of three.

Figure 5. Average Earnings and Number of Quarters Worked by Year After Exit



Note: The employment figures exclude 30 sample members for whom we have no unique identifier. In addition, average number of quarters worked and average yearly earnings are only for those working.

What Types of Industries Hire Former Welfare Recipients?

In addition to personal characteristics of welfare leavers themselves, the likelihood and type of post-welfare employment is broadly affected by national and regional economic trends. Specifically, indicators such as job growth or decline, average wages, and number of hours worked all tend to vary by industry sector, and may impact leavers' ability to obtain, keep, and advance in work and earnings over time. This section includes findings regarding the industry sector in which TANF leavers found employment in the first quarter after exiting, as well as the average quarterly wages earned within particular sectors.

The first graph, Figure 6, summarizes the top industry sectors in which Maryland TANF leavers found employment during the first quarter after leaving welfare and the mean earnings for adults working in those sectors. Consistent with trends in previous years, three-fifths of all leavers for whom data was available were employed in one of three industry sectors: Professional and Business Services (23.4%); Trade, Transportation and Utilities (22.5%); and Education and Health Services (21.3%). Together these three sectors accounted for fully two-thirds (67.2%) of all first post-welfare jobs obtained by former clients.

We also examined employment sub-sectors. At this level of analysis, we find that the top subsector in which welfare leavers were employed in the first quarter after exiting was "Administrative and Support Services" (n=794), which includes employment placement agencies and temporary help services (n=525).[7] As a point of comparison, recent data released by the Bureau of Labor Statistics (BLS) cited growth among health care and food services sectors, decline among manufacturing, construction, local government education, and temporary help employment sectors, and little to no change in the number of jobs among retail trade or financial activities sectors (BLS, 2007). The decline in temporary help employment may be a factor for welfare leavers in the future because, at the sub-sector level, it is the single most common type of employment.

In light of recent changes in TANF program performance indicators, state agencies face the difficult challenge of maintaining a balance between moving more welfare recipients into work and to do so at a faster pace, and assisting clients in finding appropriate and quality jobs that will permit them to support their families and contribute to long-term self-sufficiency. Thus, Figure 6 also presents information on the mean or average quarterly wages earned by welfare leavers working in particular industry sectors.

Our data underscores the reality that most welfare leavers find employment in industries with lower wages. For example, the first five bars are the most common employment sectors for welfare leavers. As illustrated, leavers employed in three of these five sectors also have average quarterly earnings of less than $3,000. The two exceptions are education and health services and other services where employed leavers earned an average of $4,023 and $3,643 per quarter, respectively.

[7] Complete data on industry sub-sectors are presented in Appendix C.

In contrast, the remaining industry sectors have generally low rates of employment among welfare leavers, but quarterly earnings which, on average are much higher, typically between $3,500 and $5,000. These patterns are consistent with BLS data as well, which shows the information sector, in which only 1.8% of Maryland leavers were employed in the first quarter after exiting TANF, to be among the sectors with highest hourly wages, followed by natural resources/mining and construction, also sectors rarely worked in by welfare leavers.

Figure 6. Average Quarterly Earnings by NAICS Industry

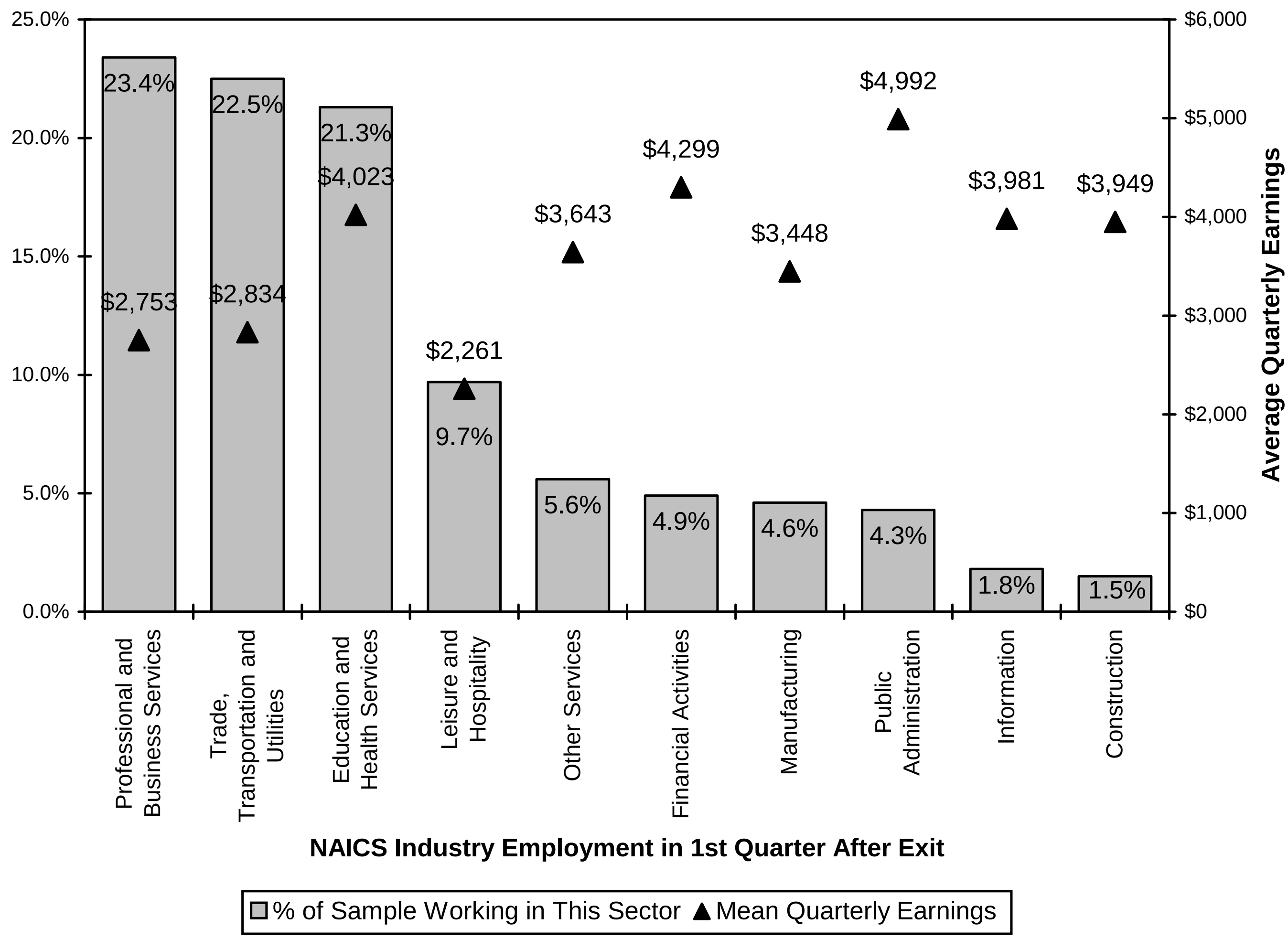


Table 5, following, repeats the quarterly employment rates and earnings by industry from Figure 6 but adds data describing the number of quarters employed and total annual earnings. The number of quarters worked information is intended to provide a rough assessment of employment retention. However, readers are cautioned to keep in mind that these data reflect the number of quarters in which study adults worked in the year after exit, not necessarily for the same employer within that sector. In addition, adults did not necessarily work in that same sector throughout the year nor are the quarters reflected in the table necessarily consecutive. And, as always, we are unable to determine if employment was full- or part-time or for the complete quarter or only part of the period.

The same cautions apply for our measure of total earnings in the year after exit. These figures reflect earnings for all leavers initially employed in the designated sector. However, the individual may have worked for more than one employer and more than one sector during that same year. Their work could have been part-time or full-time and taken place during the entire period or in only part of the period.

With these caveats in mind, it is useful to examine the relationships among employment rates, quarters worked, and earnings. In terms of earnings, leavers working in the Leisure and Hospitality industry fare the worst, earning only $8,280, on average, in the first year after exit. This low annual figure likely results from a combination of low quarterly earnings (mean = $2,368) and relatively low number of quarters (mean = 3.24) in which some paid work took place. Former TCA caseheads whose first post-exit jobs were in the Professional and Business Services sector also did not fare that well. Customers in this sector had the lowest average number of quarters worked (mean = 3.15) and mean total earnings in the first post-exit year of $10,043. On the other hand, the 4.4% of exiters working in Public Administration worked in the most quarters, on average (mean = 3.66), and had the highest average annual earnings (mean = $19,611). For policy makers and program managers, the findings of these analyses confirm what many probably already knew: the industries in which welfare recipients are most likely to find jobs may not be the ones that will provide them long-term, sustainable and/or full-time employment with enough earnings to support their families.

Table 5. Employment and Earnings in the 1st Year Post-Exit by Industry

Industry of Employment During the 1st Quarter After Exiting TANF	Prevalence	Mean Number of Quarters Worked***	Mean Quarterly Earnings***	Mean Total Earnings***
Professional and Business Services	23.5%	3.15	$2,854.36	$10,043.01
Trade, Transportation and Utilities	22.3%	3.26	$2,927.22	$10,598.92
Education and Health Services	21.2%	3.54	$4,132.46	$15,450.77
Leisure and Hospitality	9.8%	3.24	$2,368.57	$8,280.11
Other Services	5.5%	3.48	$3,633.17	$13,499.72
Financial Activities	4.8%	3.40	$4,250.48	$15,347.75
Manufacturing	4.6%	3.35	$3,492.75	$12,685.40
Public Administration	4.4%	3.66	$5,206.75	$19,611.08
Information	1.9%	3.37	$4,174.76	$14,868.77
Construction	1.5%	3.32	$3,860.87	$13,502.21
Natural Resources and Mining	0.4%	3.35	$3,470.02	$13,270.28
Total	**100.0%**	**3.34**	**$3,380.34**	**$12,288.54**

Note: Employment is classified using NAICS 2007, and aggregated using the Bureau of Labor Statistics standard (http://www.bls.gov/bls/naics_aggregation.htm). In addition, figures presented in Table 5 include only those sample cases with a full year of follow-up data available (Exit date 10/96 through 12/05) where the casehead worked in a UI-covered job in Maryland during the quarter after exiting that was able to be classified in terms of NAICS industry (n=4,094). *p<.05, **p<.01, ***p<.001

In an ideal world, low-income families would be able to make one, permanent transition from welfare to financial self-sufficiency and never again find themselves in such dire financial straits that subsequent cash assistance is necessary. Unfortunately, the post-welfare lives of poor families are often complex and difficult, and their independence from welfare is fragile. In reality, returns to welfare after an exit are not uncommon and often occur when a job is lost, someone becomes ill, or any of a number of other crises precipitates a family's return to the welfare rolls. In this chapter, we report updated information describing the extent to which TANF leavers return to cash assistance in the months and years following the welfare exit which brought them into our sample.

How Many Families Return to Welfare?

Figure 7, following this discussion, graphically depicts the percentage of leavers who remain off welfare and the percentage that return after various points during the ten year follow-up period.[8] Overall, the picture is positive and speaks well of the hard work done by individual families and local Departments of Social Services. That is, even after 10 years, the majority of adults (60.5%) have not returned for even one month of cash assistance receipt.

Figure 7 also shows that the highest risk for a return lies in the first year or two after the welfare case closure. As illustrated, in the first three months, few families (13.7%) return to the welfare rolls, but this rate doubles over the next few months such that, by the end of the first post-exit year, a bit more than one in four (27.9%) families have received at least one additional month of cash assistance. In the second and third post-exit years, returns to welfare also rise, but at a much slower pace. By the end of the third year, about two-fifths (39.3%) of customers had returned to welfare, receiving one or more months of aid. At this point and in subsequent years, however, recidivism rates remain essentially flat.

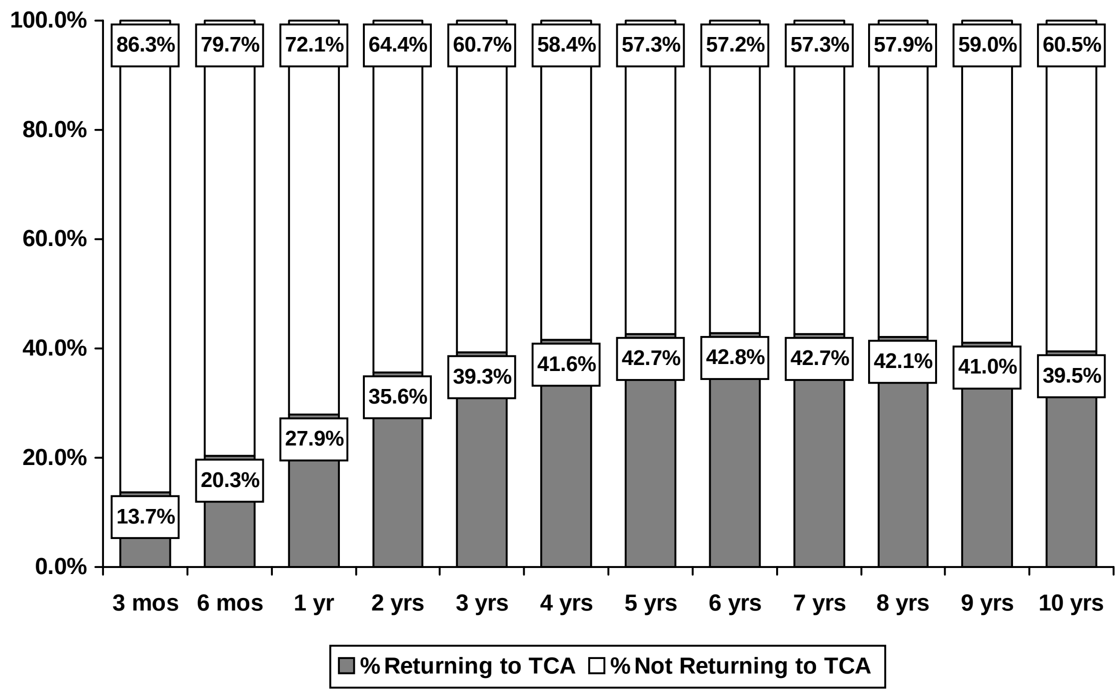
Two important implications for program policy and front-line practice can be gleaned from these findings. Both have been noted in our previous reports, but bear repeating. First, although the majority of Maryland families make a permanent exit from welfare, a significant minority – about two of five - do return for additional aid, most commonly within the first two years after the exit. It would be prudent to learn more about these returns as they occur by incorporating a few questions about the reasons for case re-opening into standard interview protocols. More specifically, an attempt should be made to understand why the welfare exit was not successful. Was something "missing" or failed to function as anticipated in the support services needed to maintain independence? Was there something that the client and/or the agency could have done (or should have done) to prevent the return to welfare? This type of enhancement to existing assessment protocols should be of minimal cost, but could be of great value.

[8] The amount of recidivism data available depends on the month in which the family exited TCA. See Appendix D for details.

Answers to questions such as these could be invaluable in crafting a new, successful independence plan for the individual families affected and would also provide useful feedback about agency or community-based service gaps or resource needs more broadly.

The second implication is also not a new one and arises from a finding which itself is also not new. As has been true since the outset of this research project in 1996, the risk of returning to welfare is highest in the first year or two after exit. Moreover, the data have also consistently shown that if families can "make it" for the first year or two, virtually none of them will come back on the welfare rolls. The importance of support services during this critical period is already recognized through agencies' efforts to make clients aware of and to provide transitional benefits, such as medical assistance and child care. However, it seems to us that the recidivism data continue to strongly suggest that, if some type of periodic follow-up outreach were done with families during the first year or so after welfare case closure, we might be able to prevent at least some of the recidivism that does occur. Thus, in addition to finding out what went wrong when families do return, it would also seem sensible to at least experiment with methods to follow-up with families during the first year to assess how they are doing and what services or linkages might be needed to prevent a welfare return.

Figure 7. Recidivism Rates.



Note: Differences in sample size across follow-up periods result in the appearance that cumulative returns to welfare decrease over time.

Another important question from a program planning perspective is: Are more recent leavers at higher risk of returning to welfare than earlier leavers? Table 6 addresses this question. When we examine the recidivism rates of our two cohorts, we see no significant differences. In both groups, the large majority of families (about four out of five) remain off TCA for both the first three and the first six months after exit.

Table 6. Recidivism Rates by Exit Cohort

Months Post-Exit	Entire Sample 10/96 – 03/07	Most Recent Cohort 04/06– 03/07	Early Cases 10/96 - 3/06
	% not returning to TCA by this time		
3 mos	86.3%	85.0%	86.4%
6 mos	79.7%	80.3%	79.7%
	% returning to TCA by this time		
3 mos	13.7%	15.0%	13.6%
6 mos	20.3%	19.7%	20.3%

Note: Data in the table do not include cases closing between January 2007 and March 2007 because at the time of this writing, no follow-up data were available. See Appendix D for detailed information on the availability of recidivism data.

What are the Risk Factors for Recidivism?

In the previous section, we showed that the majority of families who leave welfare are able to stay off the rolls. However, some do return, especially in the first few months. In previous reports, we have compared the characteristics of recidivists and non-recidivists to determine what particular factors, all else equal, might lead to a heightened risk for recidivism. We have repeated those analyses this year and present the details in Appendix E.

As in past years, we find several statistically significant differences between recidivists and non-recidivists. In general, recidivists tend to be about one year younger (mean = 31.69 v. 32.97 years), more likely to be African American (81.8% v. 73.0%), more likely to have never been married (81.2% v. 72.7%), more likely to have exited from welfare in Baltimore City (54.0% v. 45.0%) and have a larger assistance unit size (mean = 2.76 v. 2.58) with more children on the grant (mean = 1.85 v. 1.72), than those families that do not experience an early return to the rolls. The age of the youngest child in recidivist families is also significantly lower than in non-recidivist families (mean = 5.41 v. 5.71 years).

Recidivists also have longer welfare histories having spent, on average, just over half of the five years before their exit on welfare (33 out of 60 months), compared to an average of 27 months for those who did not return to the rolls. Although we find no significant differences in employment history, working in a UI-covered job in the quarter of exit is less common among those who return to assistance. Whereas half (51.3%) of the non-recidivists were employed at some point during that time period, not quite two-fifths (38.6%) of the recidivists worked. As a whole, the recidivism risk factors identified in our study are consistent with other state and national studies (Albert, Kink, & Iaci, 2007; Richburg-Hayes & Freedman, 2004).

While these comparisons are informative, analyses of the relationship between case closing codes and recidivism rates may be more programmatically important. Although all codes close the TANF case, some trigger transitional benefits. Others require some type of action on the part of the customer before they reopen. In addition, agencies have some control over their administrative data and can easily identify families closed with particular codes. For example, the intent of our state's full family sanction policy is to get customers' attention and to motivate them to comply with the program's work requirements which, in turn, are intended to assist them in obtaining employment. Thus, by program design and intent, we should expect to find that a relatively large portion of sanctioned families do return to assistance.

Traditionally, we have presented the top closing reasons among recidivists and non-recidivists. Appendix E includes these data and tells us the percentage of recidivists (and non-recidivists) whose cases are closed for the reasons listed. We indeed find statistically significant differences in case closing reason between those who return to cash assistance and those who do not. Among cases that do not re-open, income above limit is the most common administrative closing code, accounting for about three out of ten (30.6%) non-recidivists. In contrast, less than one-fifth (18.1%) of families who return to cash assistance in the first three months had their cases closed for this reason.

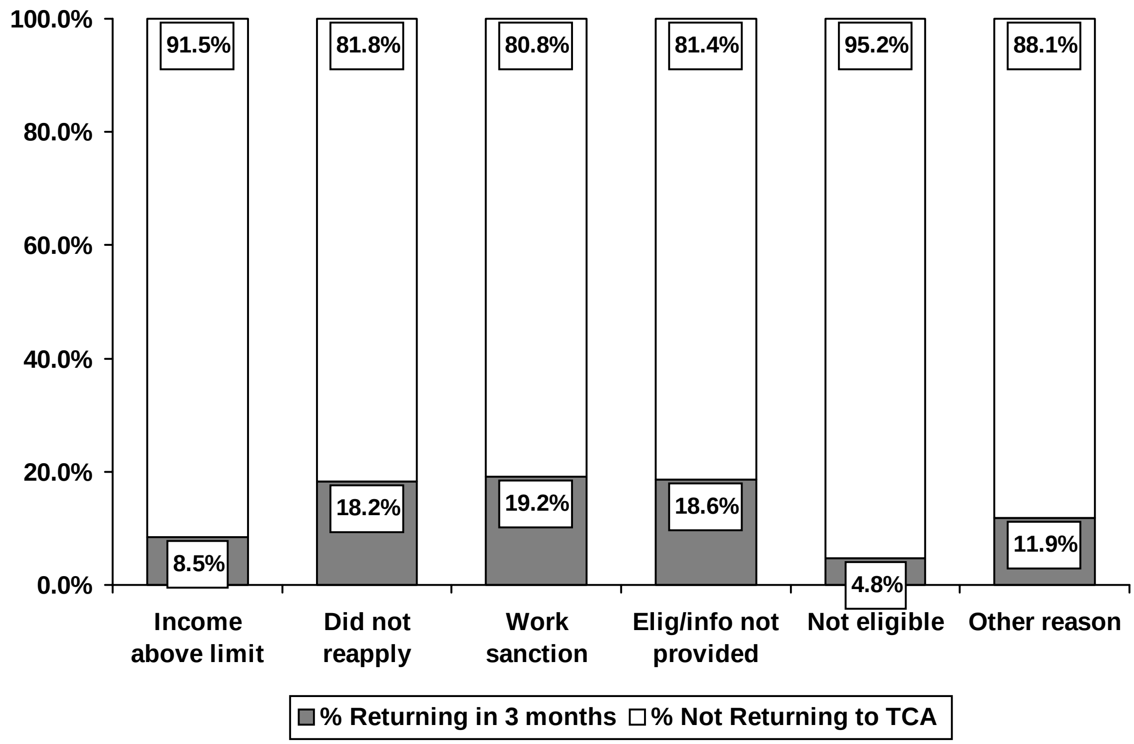
In addition, we adopt another approach in the text. One of the most common questions people ask us is whether recidivism rates vary by case closing reason. In essence, this is just rotating the lens on the question answered in Appendix E, which is did recidivists have their cases closed for different reasons than non-recidivists? Thus, in this last section of our recidivism chapter we present the percentage of non-churning leavers (i.e. their cases were closed for at least one month) returning to cash assistance within three months by administrative case closing code.

Figure 8, following this discussion, shows that, not surprisingly, risk of returning to TANF varies significantly by closing reason. Adults whose cases closed because their income was above the eligibility limit or because they are no longer eligible have the lowest recidivism rates at 8.5% and 4.8%, respectively.

The highest recidivism rates, with about one-fifth of non-churning leavers returning in the first three months, are associated with three administrative codes: did not reapply (18.2%); work sanction (19.2%); and eligibility verification information not provided (18.6%). For at least the latter two codes, the relatively high recidivism rates are somewhat good news as in these instances the case closure was as a result of the individual not meeting the program's requirements, rather than an "intentional" exit for employment. In other words, in these cases the return to cash assistance is actually a good outcome because it signals that the customer complied with the program requirements and is now working towards financial independence with the agency's assistance.

Recidivism rates for cases closed because the family did not reapply for benefits are also of interest. For at least some, the decision to not reapply may mean that they perceived no further need for assistance, perhaps because they had obtained employment. In fact, nearly one-half (46.6%) of adults whose cases closed because they did not reapply did have UI-covered employment in the exit quarter. However, because Food Stamp recertification periods are typically aligned, families whose TCA cases close because they did not complete the recertification process will likely also have their Food Stamps cases close as well. This may contribute to higher recidivism rates among these families and is worthy of further exploration and perhaps program refinement in this particular area.

Figure 8. Three-Month Recidivism Rates by Case Closing Reason.



As discussed previously, most TCA exiters go to work, but their earnings tend to be low. For these families, work supports such as Food Stamps (FS) and Medical Assistance/M-CHP (MA) are critical for maintaining financial self-sufficiency (Neblett, 2007). However, some studies have documented that misperceptions about whether one can receive these benefits after leaving TANF remain common (Seccombe, Hartley, Newsom, Hoffman, Marchand, Albo, et al., 2007). In our earliest reports, we found that, in fact, many TANF leavers also stopped utilizing FS and MA. Happily, special outreach efforts by the Family Investment Administration (FIA) helped to reverse this trend and, in recent years, leavers' receipt of post-exit supports has been quite high. In this chapter, we present our latest findings concerning FS and MA receipt in the months and years after a welfare exit. We also examine whether utilization rates differ for early and recent leavers.

How Many Families Receive Food Stamps After Leaving Welfare?

Figure 9, following this discussion, presents FS participation rates by our study sample in the months following their exit from welfare. In the first three months after exit, three out of five families (63.0%) receive FS. There is a slight drop in months four through six, although the rate still remains high at 58.1%. As the years pass, FS participation declines gradually, but even in the tenth year after exit, almost a third (31.3%) of the entire sample is still receiving benefits.

It must be noted that those who return to welfare are included in our data. If we exclude recidivists, we still find substantial FS participation with three-fifths (59.1%) of non-recidivists having FS benefits in the first three months after exit and more than two-fifths (43.9%) with benefits through the end of the first post-exit year (months 7 to 12).

Figure 9. Post-Exit FS Participation Rates.

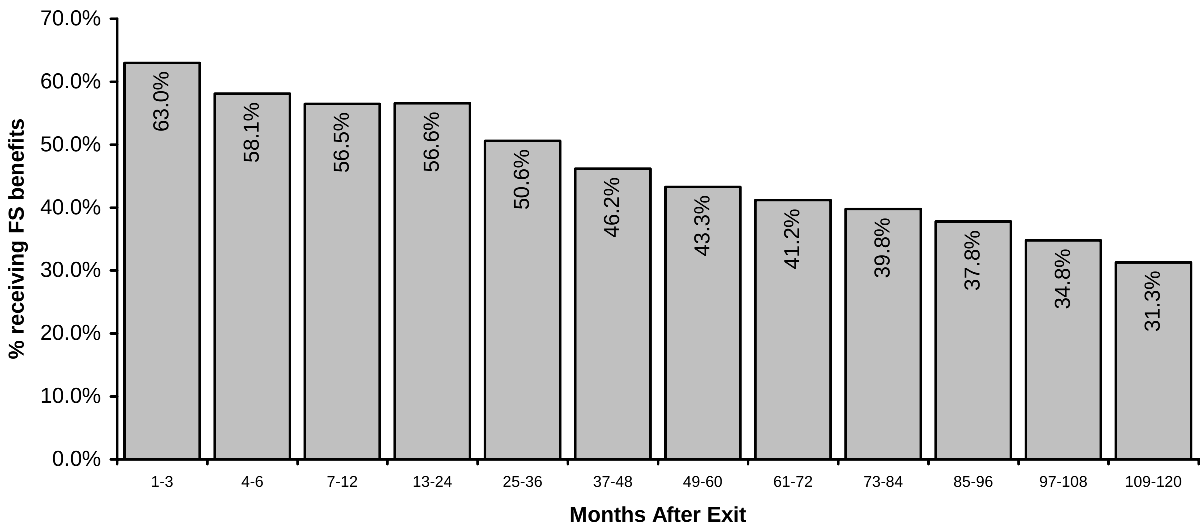


Table 7 presents our comparison of earlier and later leavers. We find that the recent leavers have a significantly higher rate of FS utilization than those in the earlier group. During the three-month period following exit, more than three-fourths (76.5%) participate compared to less than two-thirds (62.3%) of earlier exiters. In months four through six, we see the same pattern, with significantly more recent leavers receiving FS.

Table 7. Food Stamp Participation Rates by Exit Cohort

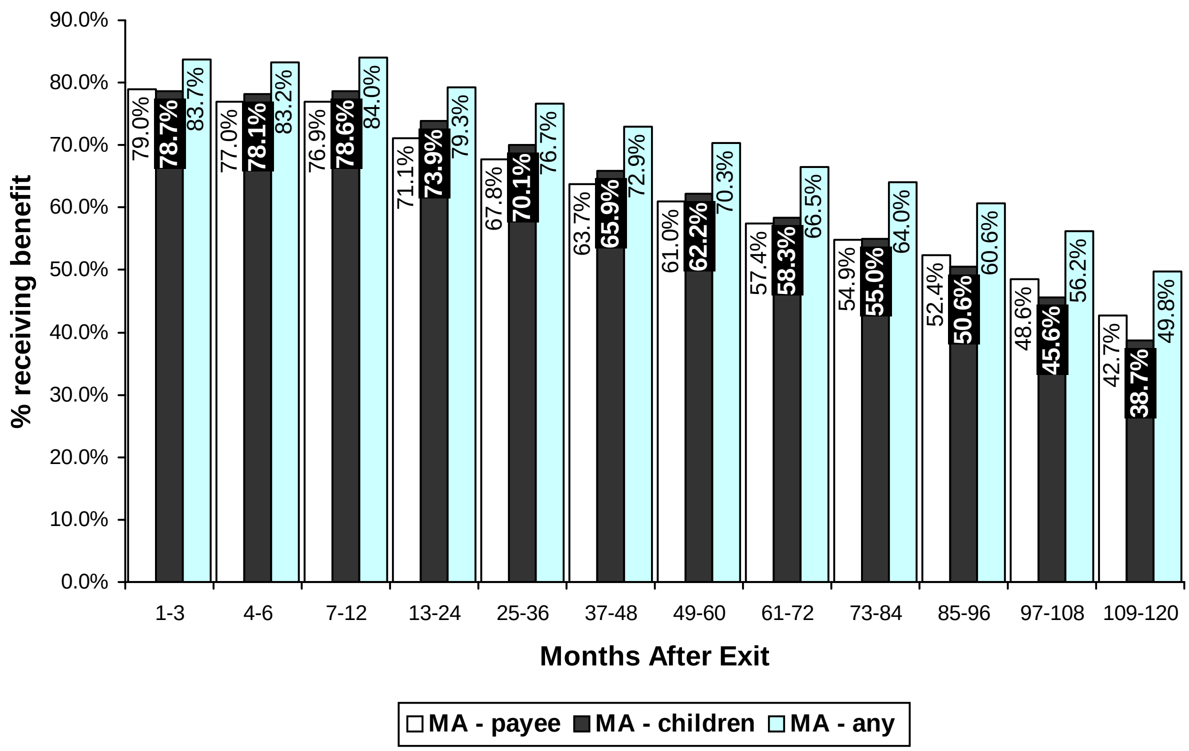
	Entire Sample 10/96-3/07	Most Recent Cohort 4/06-3/07	Earlier Cohort 10/96-3/06
Months 1-3***	63.0%	76.5%	62.3%
Months 4-6***	58.1%	71.6%	57.5%

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

How Many Families Receive Medical Assistance After Leaving Welfare?

As noted in numerous other studies, welfare recipients typically work in low-wage, entry-level jobs that do not offer health benefits nor provide enough income to obtain private coverage. Without insurance, becoming ill or experiencing health problems within the family can be devastating and may prompt a family to return to assistance. For this reason, welfare leavers are encouraged to continue participation in the Medical Assistance and MCHP programs. Figure 10, following this discussion, reveals that participation in these programs is indeed high for families exiting TANF in Maryland. About four out of five adults (79.0%), children (78.7%), and cases (83.7%) in our sample received medical benefits in the first quarter following their welfare exit. In the second quarter after exit, the rates of MA utilization remain nearly as high, and even eight years after exit we see participation rates of over 50% for our sample and their families.[9]

Figure 10. Post-Exit MA Participation Rates.



Consistent with the differences in FS utilization, we see in Table 8 that recent leavers are also significantly more likely to be enrolled in MA than are earlier leavers. In the first three months after exit, more than nine out of ten (94.7%) of recent cases have at least one family member receiving medical benefits, compared to four-fifths (83.1%) of earlier leavers.

[9] MA/M-CHP participation rates remain high even when TCA recidivists are excluded with 81.7% and 78.5% of families having at least one member with medical coverage in months 1 to 3 and months 7 to 12, respectively.

Table 8. Medical Assistance Participation Rates by Exit Cohort

	Entire Sample 10/96-3/07	Most Recent Cohort 4/06-3/07	Earlier Cohort 10/96-3/06
Payee Received MA			
Months 1-3***	79.0%	92.4%	78.3%
Months 4-6***	77.0%	89.2%	76.5%
Child(ren) Received MA			
Months 1-3***	78.7%	88.1%	78.2%
Months 4-6***	78.1%	85.1%	77.9%
Anyone in the AU Received MA			
Months 1-3***	83.7%	94.7%	83.1%
Months 4-6***	83.2%	93.1%	82.9%

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

Findings: Completing the Picture

In our traditional style, the previous chapters have used a broad brush to paint a picture of what happens to families after leaving welfare in terms of employment, cash assistance, and work supports. Together these data show that most adults work in a UI-covered job where their earnings increase over time, most receive FS and MA/MCHP, and most do not return to the cash assistance rolls.

Presenting each topic separately, however, leaves several holes in our picture of "life after welfare" because it does not tell how the outcomes fit together. People have often asked "If one-half went to work, what are the other half doing?" Some may even be tempted to add up the percent employed and the percent who returned and subtract it from 100% to identify how many are "disconnected" leavers – not connected to employment or cash assistance.

The reality is that each leaver in our sample can experience a combination of outcomes. For example, if we consider just post-exit employment, TCA receipt, FS & MA/MCHP, there are 16 possible combinations of these outcomes in any given quarter. And, of course, because we track families over an extended period of time, rather than just present a single, point-in-time picture, the number of possible outcome combinations is also increased considerably.

A comprehensive analysis of the relationships among employment and benefit utilization in the ten years after a welfare exit is certainly beyond the scope of this annual update. In this chapter, however, we present readers with some basic information about the general patterns for at least our two main outcomes: employment and TCA receipt.

Combined TCA and Employment Outcomes

Figure 11 displays the percentage of leavers falling into one of four groups in each of the ten years after leaving cash assistance:

1) Employment – Those who have UI-covered employment in Maryland or a border state during the period and no TCA receipt;

2) Employment and TCA – Those with employment and at least one month of TCA receipt during the period;

3) TCA only – Those who did not have any UI-covered employment in the period and received TCA for at least one month; and

4) No employment or TCA – Those with neither UI-covered employment nor TCA receipt in the period.

In the first year after leaving TANF, one out of two (49.5%) exiting adults worked and did not rely on cash assistance. An additional one-fifth (18.5%) combined earnings from UI-covered employment and TCA receipt during that first year.

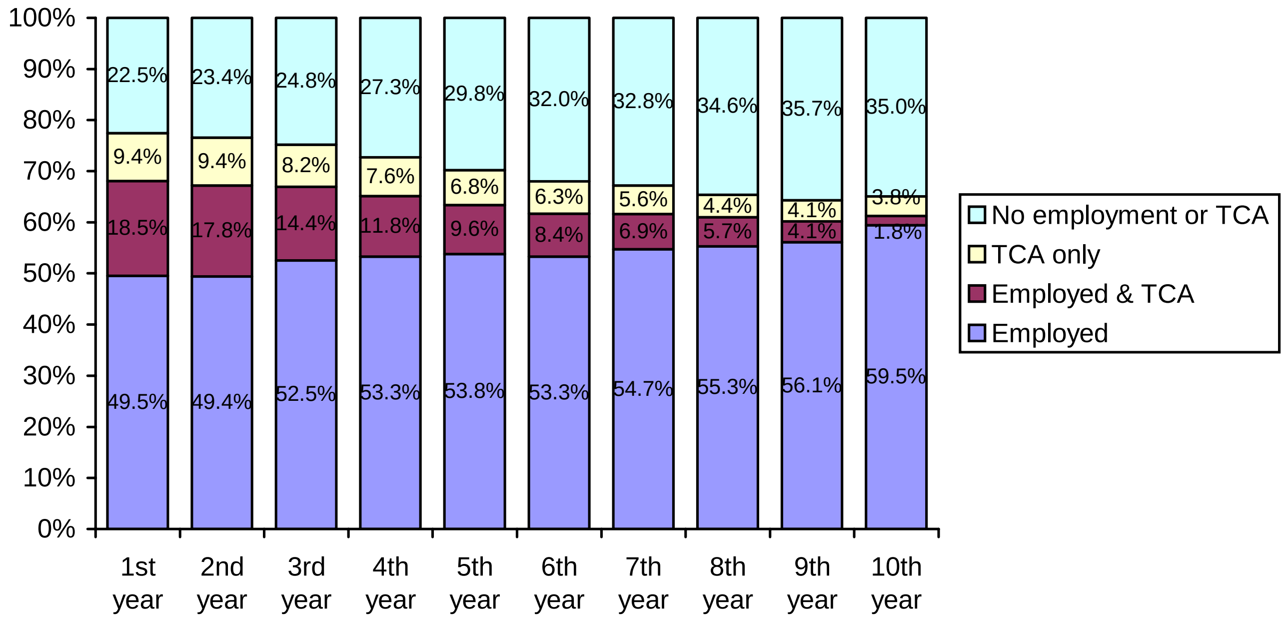
One out of ten (9.4%) leavers received TCA only in the first twelve months following the initial exit and did not have UI-covered earnings. It is not surprising to find that work sanction (26.9%) and did not complete the recertification process (23.8%) are the top administrative closing codes for cases in this group.

The remaining cases are often called “disconnected” leavers because they have neither UI-covered employment nor TCA. Less than one out of four (22.5%) TCA exiters falls into this category in the first follow-up year. Because this group is without the two most common sources of income for Maryland welfare leavers, it is important to know more about their circumstances. To that end, we devote the last section of this chapter to a more extensive look at this group.

Figure 11 also shows that the sizes of the four status groups change over time. In short, the proportion of former TANF recipients who are working and not receiving cash assistance increases and the proportion receiving benefits, either alone or in combination with UI-covered earnings, decreases. One decade after their initial welfare exits, the majority (61.3%) of former TCA caseheads are supporting their families with their earnings.

Of note, the so-called “disconnected” leavers group, those with no cash assistance receipt in Maryland and no UI-covered earnings from Maryland or border state employers, also increases. This should not be surprising as most of our data sources are limited to Maryland. Over time, an unknown percentage of families will move out of Maryland. Among our welfare leavers sample, we find that about one-third (35.0%) are not on our state’s welfare rolls nor in our UI-covered employment data systems ten year after their initial exit.

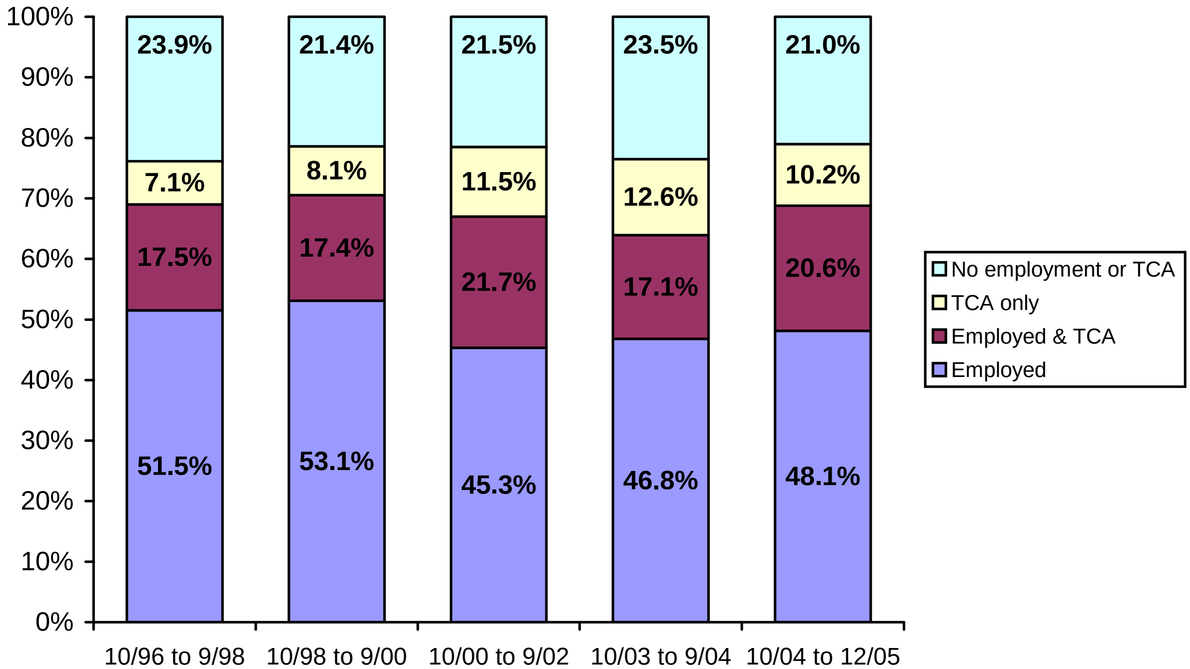
Figure 11. Work & Welfare Status Over Time.



In this year's analysis, we did not find any statistically significant differences between the most recent and earlier leavers in employment and recidivism outcomes. However, this has not always been the case. For example, in our tenth report, we observed lower initial employment rates among recent (April 2004 to March 2005) and earlier (October 1996 to March 2004) leavers (Ovwigho, Born, & Saunders, 2005). Given economic cycles and changes in welfare policies and program over time, it is quite possible that different exit cohorts will have different combined employment and TCA outcomes.

To address this question, Figure 12 displays the four outcome groupings by exit cohort for the 1st year after exit. What is most remarkable about the figure is that the sizes of the groups are fairly consistent across cohorts, with roughly one-half working and not receiving TCA, one-fifth working and receiving TCA, one-tenth receiving TCA and not working, and one-fifth to one-quarter not working and not receiving TCA. The proportion of leavers employed and not receiving TCA dips slightly for cohorts 10/00 to 9/02 and 10/03 to 9/04, in the middle years of welfare reform. These dips likely result from the economic recession of 2001 and slow, and some have said jobless, recovery. In fact, other studies have noted job losses among single-parent families and former welfare recipients during this period (Boushey & Rosnick, 2004; Zedlewski & Zimmerman, 2007) and, at least historically, welfare caseloads have been a leading indicator of recession and a lagging indicator of recovery (Pear, 2004).

Figure 12. Work & Welfare Status in 1st Year After Exit by Cohort.



While Figure 12 shows remarkable similarity in outcomes across exit cohorts, Figure 11 clearly illustrates that the four outcome groups are not stagnant over time. Both the group that is working and not receiving TCA and the one that lacks both UI-covered earnings and TCA grow over time. In turn, the two groups with welfare receipt shrink. For those concerned with the long-term well-being of former TANF families, an important follow up question is: How do families move among these outcomes over time?

Figure 13, following this discussion, provides some information about the fluidity over time of our outcome categories. Specifically, we present the percentage of TCA customers in each outcome group in the fifth post-exit year, based on their outcomes in the first year. In general, the trends evidenced in Figure 13 are positive: Most exiters who initially leave welfare for employment alone are still working and not receiving TCA five years later. A majority of leavers who combine work and welfare receipt in the first year are supporting their families through earnings alone in the fifth year. In addition, more than one-quarter of those who have only TCA receipt and no earnings in the first follow up year are in the “employment only” category by the fifth year. The next few paragraphs discuss these general findings in more detail.

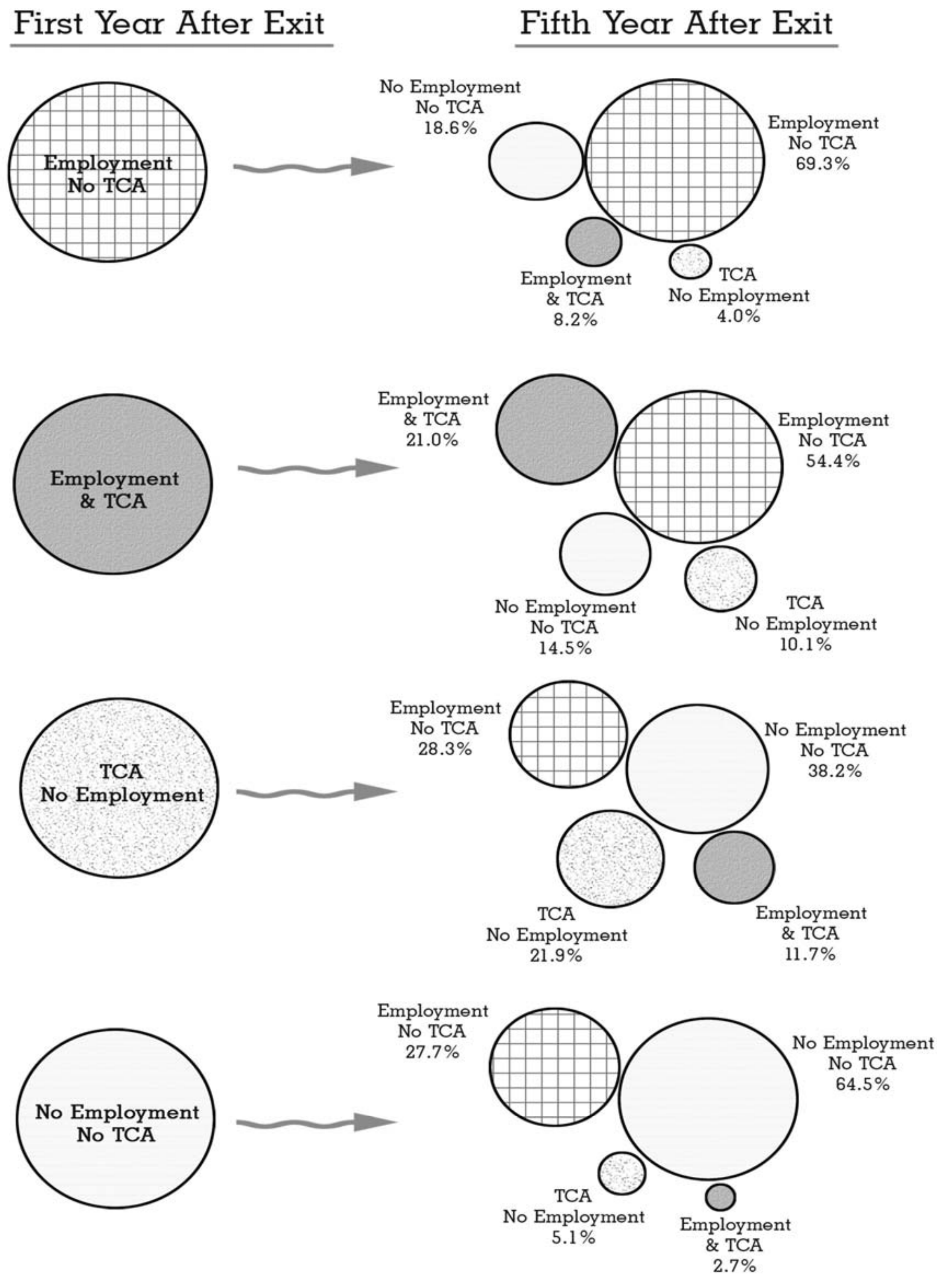
Starting at the top left of Figure 13 we see that, among those who have UI-covered earnings and no TCA receipt in year 1, seven out of ten (69.3%) are still working and not receiving TCA in year 5. Almost one-fifth (18.6%) of the initial “working only” group moves into the “no UI-covered employment and no TCA” category by the fifth post-exit year. An additional 8.2% combines work and welfare in the latter period and 4.0% are back on TCA with no UI-covered earnings. For policy makers and program managers, these trends should be very reassuring. They show remarkable stability for arguably the most successful leavers: those who are able to leave welfare for work and sustain their independence from cash assistance. One fruitful area for future research that would likely provide much policy- and program-relevant information is to explore what factors helped these families most in maintaining their financial independence from welfare.

Moving to the second year 1 outcome group, those who have both UI-covered earnings and TCA, it is very encouraging to find that more than half (54.4%) move to the “employment only” category by the fifth post-exit year. One-fifth (21.0%) are still combining work and welfare receipt. For one out of ten (10.1%) adults, the fifth year is marked by TCA receipt with no UI-covered earnings. Finally, 14.5% of those who initially combined work and welfare are not receiving TCA and are not working in a UI-covered job in Maryland or a border state. In sum, we find that most of those who worked after leaving welfare, but had to return for at least one additional month of cash assistance in the first year, are able to exit again and are supporting their families with their earnings and free of cash assistance. In the future, it will be important to study what was different in their second exit that made that one permanent.

As mentioned previously, for about one out of ten leavers, the initial welfare exit that brought them into our sample was short-lived, and their first “post-exit” year was marked by only TCA receipt and no earnings. Figure 13 shows that the most common transition for this group is to the “no employment and no TCA” category with 38.2% reaching that status by year 5. Almost three out of ten (28.3%) families in the initial “TCA only” group transition to earnings only by the fifth follow-up year and an additional one-tenth (11.7%) is combining work and welfare receipt. One-fifth (21.9%) of those who initially rely on TCA alone still do not have UI-covered earnings and are only receiving cash assistance in the fifth year.

The last section of Figure 13 points out that families who initially lack Maryland or border state UI-covered employment and do not receive welfare in Maryland in the first post-exit year, the “disconnected” leavers, do not necessarily stay in that group over time. A little more than one-quarter (27.7%) of initially disconnected leavers has UI-covered earnings in the fifth follow up year, but is still not receiving TANF. A minority (2.7%) is combining employment and welfare receipt and 5.1% are back on Maryland’s cash assistance rolls with no employment.

Figure 13. Welfare and Employment Outcomes in the Fifth Year after Exit.



“Disconnected” Leavers

Recently, research and policy interest has begun to focus on the minority of welfare leavers whose exits are followed by an apparent disconnection from both cash assistance and employment. Of particular concern are data suggesting that families in this group have more severe barriers to employment and are heightened risk of negative outcomes.

Estimates of the percentage of former TANF recipients who are now living without income from their own earnings or cash assistance vary depending on the data sources used and the time periods considered. For example, Loprest (2003) uses national data from the National Survey of American Families (NSAF) to estimate the percentage of former welfare families who, at the time of their interview, were not working and had not worked in the past year, did not have a working spouse, and were not receiving TANF or SSI. In 2002, approximately one out of five (20.8%) of former welfare recipients fell into this category. Not surprisingly, studies using shorter time periods find higher rates. For example, Wood and Rangjaran (2003) report that about one-fourth of former welfare recipients were without work and welfare in a particular month.

Interestingly, it is not just those with former welfare experience who can meet the “disconnected” definition. Using the 2002 NSAF, Loprest and Zedlewski (2006) found that 12.4% of all low-income women with no former welfare experience are not working and have not worked in the past year, do not have a working spouse, and are not on SSI.

While the well-being of welfare leavers who are now possibly without a safety net is certainly of concern, it is important to keep in mind that they may in fact have another source of income. In fact, survey data reveals that very few families report zero income. In the 1996 wave of the Survey of Income and Program Participation (SIPP), only 4% of welfare leavers indicated that they had no income (Bavier, 2001). Zedlewski & Nelson (2003) also report that when they conducted qualitative, follow up interviews with families who indicated they did not work or receive welfare they found that a substantial percentage were either in that state for only a short period of time or should not have been counted in that status because of misreporting of their income sources.

In this study, we find that a little less than one-quarter (22.5%) of Maryland welfare leavers do not return to the welfare rolls in the first year and do not have UI-covered earnings in Maryland or a border state in that period. This percentage grows to 35.0% by the tenth follow-up year. Because we are using administrative data rather than survey data it is more accurate to consider these families as possibly, rather than definitely, disconnected from welfare and work. In other words, we only know for certain that they are not receiving cash assistance in Maryland and the former casehead is not working in a UI-covered job in Maryland or one of the border states. They may have a family member other than the former casehead who is working. The former casehead may be working in a job that is not covered by the UI system. They may have income from SSI. The family could also have moved to another state where they have employment income and/or are receiving cash assistance. Unfortunately, we simply do not have access to data, such as tax returns, that would allow us to determine which scenarios apply to the so-called disconnected leavers in our sample.

What we can say, however, is that the vast majority (85.5% or n = 2,162/2,527) of these families are still in Maryland and connected to at least one other public benefit program. Specifically, for the 2,527 families in our sample who are not receiving TCA nor working in a UI-covered job in the first year after exit, most are still connected to the public safety net via the Food Stamps and Medical Assistance/MCHP programs. Four-fifths (81.7%) of initially “disconnected” leavers have at least one family member receiving MA/MCHP in the first year after exit. A little more than half (54.6%) receives FS during this period.

Remaining are 365 families (14.4% of the “disconnected” or 3.3% of total) without work, or Maryland welfare, FS, or MA/MCHP in the first year after exit. Among these families, one-third (32.3%) “re-appear” in one or more of our data sources the following year: 11 return to TCA; 76 are employed in a UI-covered job; 21 receive FS; and 56 have a family member receiving MA/MCHP.

Administrative closing codes also suggest that almost half of the 365 families who are not in our administrative data sources in the first year after exit may have moved out of state before or immediately after the case closure. Specifically, we find that 170 cases were closed with these codes: 70 requested closure[10]; 66 were closed because of residency issues; and 34 were closed because their whereabouts were unknown.

Certainly, these analyses are just the tip of the iceberg regarding the circumstances of TANF leavers who, according to the data sources available to us, are not receiving income from welfare or from earnings from their own employment. It is reassuring that the findings presented here suggest that data limitations explain the apparent “disconnect” for a good portion of these cases. As Wood and Rangarajan (2003) found in their study of welfare leavers, it is also probable that some of our study families reside in homes where other adults are employed and provide the bulk of household income. Nonetheless, it is possible that some study families may be living without an economic safety net and that they and their children could benefit from being re-connected to one or more public programs, such as food stamps or medical assistance. Whatever their situations, however, to the extent that these adults and children still reside in our state, it behooves us to learn more about their situations and circumstances so that, if needed, appropriate outreach or service interventions can be developed. To that end, we are continuing research efforts with regard to this population and will be publishing a report specifically on this topic in the coming year.

[10] It is commonly noted in the case narratives for cases that requested closure that the casehead called to request closure because she is applying for benefits in another state.

Conclusions

We issue this report, the twelfth in our series of annual updates on the Maryland's longitudinal, first-in-the nation, *Life after Welfare* study at an interesting and somewhat uncertain point in time for American welfare policy. Over the past decade, in response to the landmark federal welfare reform legislation, the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA), and despite some significant economic ups and downs, our state has worked diligently to completely transform its cash assistance program. Agencies' hard work, coupled with the equally hard work of low-income families, community-based agencies, legislative oversight committees, and many others have resulted in reform outcomes that, as monitored and reported through our ongoing study, have been quite positive. Welfare caseloads dropped to historic low levels, most families have left welfare voluntarily, most former recipients work and keep working, their earnings increase over time, and returns to welfare are relatively low compared to the old AFDC system.

In short, by all empirical measures, welfare reform circa 1996 has been a success in Maryland and, generally speaking, in virtually every other state as well. Despite the documented track record of success, the welfare reform reauthorization provisions enacted as part of the Deficit Reduction Act of 2006 (DRA) have brought new, more prescriptive program requirements and reporting mandates. Most state-level observers agree that these changes will make it more difficult for states and low-income families and increase the risk of financial penalties.

States are just one year into retooling their programs and processes to reflect the new mandates, so it is too early to definitively observe or report what the intended and unintended consequences of these unwelcome changes will be on states or low-income families. What is clear, however, is that monitoring the outcomes of the 'reformed' welfare reform program on families is as least as important in the DRA era as it was under PRWORA. Maryland is fortunate that, because it made a commitment to outcomes monitoring at the outset of reform in 1996 through the *Life after Welfare* study, it has in essence an 'early warning' system in place through which adverse outcome trends, if any, can be identified.

It is in this changed and uncertain environment that today's report is issued. The report provides a confirmation of the achievements of agencies and families to date, a reiteration of areas that remain challenging, and at least a few hints of what may lie ahead for local welfare agencies, future welfare leavers, and our state's low-income families more generally. Most broadly, this annual update continues to confirm that much has been achieved in Maryland during the first decade of reform, but also that new, significant, and probably more difficult challenges lie ahead.

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APPENDIX A. AVAILABILITY OF POST-EXIT EMPLOYMENT DATA

Exit Month	Exit	1st	2nd	3rd	4th	8th	12th	16th	20th	24th	28th	32nd	36th	40th
10/96-12/96	√	√	√	√	√	√	√✷	√✷	√✷	√✷	√✷	√✷	√✷	√✷
1/97-3/97	√	√	√	√	√	√	√✷	√✷	√✷	√✷	√✷	√✷	√✷	
4/97-6/97	√	√	√	√	√	√✷	√✷	√✷	√✷	√✷	√✷	√✷	√✷	
7/97-9/97	√	√	√	√	√	√✷	√✷	√✷	√✷	√✷	√✷	√✷	√✷	
10/97-12/97	√	√	√	√	√	√✷	√✷	√✷	√✷	√✷	√✷	√✷	√✷	
1/98-3/98	√	√	√	√	√	√✷	√✷	√✷	√✷	√✷	√✷	√✷		
4/98-6/98	√	√	√	√	√✷	√✷	√✷	√✷	√✷	√✷	√✷	√✷		
7/98-9/98	√	√	√	√✷	√✷	√✷	√✷	√✷	√✷	√✷	√✷	√✷		
10/98-12/98	√	√	√✷	√✷	√✷	√✷	√✷	√✷	√✷	√✷	√✷	√✷		
1/99-3/99	√	√✷	√✷	√✷	√✷	√✷	√✷	√✷	√✷	√✷	√✷			
4/99-6/99	√✷	√✷	√✷	√✷	√✷	√✷	√✷	√✷	√✷	√✷	√✷			
7/99-9/99	√✷	√✷	√✷	√✷	√✷	√✷	√✷	√✷	√✷	√✷	√✷			
10/99-12/99	√✷	√✷	√✷	√✷	√✷	√✷	√✷	√✷	√✷	√✷	√✷			
1/00-12/00	√✷	√✷	√✷	√✷	√✷	√✷	√✷	√✷	√✷	√✷				
1/01-12/01	√✷	√✷	√✷	√✷	√✷	√✷	√✷	√✷	√✷					
1/02-12/02	√✷	√✷	√✷	√✷	√✷	√✷	√✷	√✷						
1/03-12/03	√✷	√✷	√✷	√✷	√✷	√✷	√✷							
1/04-12/04	√✷	√✷	√✷	√✷	√✷	√✷								
1/05-12/05	√✷	√✷	√✷	√✷	√✷									
1/06-3/06	√✷	√✷	√✷	√✷										
4/06-6/06	√✷	√✷	√✷											
7/06-9/06	√✷	√✷												
10/06-12/06	√✷													
1/07-3/07														

Note: A √ indicates that Maryland UI data are available. A ✷ indicates that UI data from the states that border Maryland are available (Delaware, District of Columbia, Pennsylvania, Virginia, and West Virginia).

Appendix B. UI-Covered Employment In- and Out-of-State

	Entire Sample 10/96 – 3/07	Most Recent Cohort 4/06 – 3/07	Early Cases 10/96 – 3/06
Quarter of TCA Exit			
Percent Working in Maryland	49.7%	49.4%	49.7%
Percent Working in a Border State	4.1%	2.8%	4.2%
Total Percent Working	51.4%	51.4%	51.4%
Mean Earnings	$2,961.45	$3,181.12	$2,949.08
Median Earnings	$2,378.39	$2,336.00	$2,381.32
1st Quarter After TCA Exit			
Percent Working in Maryland	50.0%	51.7%	49.9%
Percent Working in a Border State	4.9%	4.1%	5.0%
Total Percent Working	52.4%	55.2%	52.3%
Mean Earnings	$3,354.86	$3,391.37	$3,353.39
Median Earnings	$2,811.87	$2,556.00	$2,817.95
2nd Quarter After TCA Exit			
Percent Working in Maryland	48.7%	48.0%	48.8%
Percent Working in a Border State	5.2%	4.9%	5.2%
Total Percent Working	51.3%	52.5%	51.3%
Mean Earnings	$3,509.30	$3,964.44	$3,500.19
Median Earnings	$2,994.65	$3,420.00	$2,985.69
3rd Quarter After TCA Exit			
Percent Working in Maryland	48.0%		48.0%
Percent Working in a Border State	5.4%		5.4%
Total Percent Working	50.8%		50.8%
Mean Earnings	$3,640.07		$3,640.07
Median Earnings	$3,134.08		$3,134.08
4th Quarter After TCA Exit			
Percent Working in Maryland	48.2%		48.2%
Percent Working in a Border State	5.5%		5.5%
Total Percent Working	51.1%		51.1%
Mean Earnings	$3,742.30		$3,742.30
Median Earnings	$3,239.20		$3,239.20
8th Quarter After TCA Exit			
Percent Working in Maryland	47.6%		47.6%
Percent Working in a Border State	5.9%		5.9%
Total Percent Working	51.8%		51.8%
Mean Earnings	$4,065.41		$4,065.41
Median Earnings	$3,600.00		$3,600.00

	Entire Sample 10/96 – 3/07	Most Recent Cohort 4/06 – 3/07	Early Cases 10/96 – 3/06
12th Quarter After TCA Exit			
Percent Working in Maryland	47.0%		47.0%
Percent Working in a Border State	6.9%		6.9%
Total Percent Working	52.2%		52.2%
Mean Earnings	$4,355.98		$4,355.98
Median Earnings	$3,939.51		$3,939.51
16th Quarter After TCA Exit			
Percent Working in Maryland	45.2%		45.2%
Percent Working in a Border State	7.3%		7.3%
Total Percent Working	50.7%		50.7%
Mean Earnings	$4,703.09		$4,703.09
Median Earnings	$4,280.00		$4,280.00
20th Quarter After TCA Exit			
Percent Working in Maryland	45.1%		45.1%
Percent Working in a Border State	7.4%		7.4%
Total Percent Working	50.6%		50.6%
Mean Earnings	$4,914.16		$4,914.16
Median Earnings	$4,492.58		$4,492.58
24th Quarter After TCA Exit			
Percent Working in Maryland	43.5%		43.5%
Percent Working in a Border State	7.1%		7.1%
Total Percent Working	49.4%		49.4%
Mean Earnings	$5,179.22		$5,179.22
Median Earnings	$4,717.00		$4,717.00
28th Quarter After TCA Exit			
Percent Working in Maryland	44.1%		44.1%
Percent Working in a Border State	7.4%		7.4%
Total Percent Working	50.4%		50.4%
Mean Earnings	$5,179.59		$5,179.59
Median Earnings	$4,770.00		$4,770.00
32nd Quarter After TCA Exit			
Percent Working in Maryland	44.9%		44.9%
Percent Working in a Border State	6.9%		6.9%
Total Percent Working	50.7%		50.7%
Mean Earnings	$5,408.42		$5,408.42
Median Earnings	$4,983.00		$4,983.00
36th Quarter After TCA Exit			
Percent Working in Maryland	45.1%		45.1%
Percent Working in a Border State	7.1%		7.1%
Total Percent Working	51.2%		51.2%
Mean Earnings	$5,735.49		$5,735.49
Median Earnings	$5,342.00		$5,342.00

	Entire Sample 10/96 – 3/07	Most Recent Cohort 4/06 – 3/07	Early Cases 10/96 – 3/06
40th Quarter After TCA Exit			
Percent Working in Maryland	46.3%		46.3%
Percent Working in a Border State	7.5%		7.5%
Total Percent Working	52.9%		52.9%
Mean Earnings	$5,943.71		$5,943.71
Median Earnings	$5,680.00		$5,680.00

Note: Earnings are only for those working. Also, as noted previously, these are aggregate quarterly earnings. We do not know how many weeks or hours an individual worked, so hourly wage cannot be computed from these data.
*p<.05, **p<.01, ***p<.001

APPENDIX C. INDUSTRIES OF FORMER WELFARE RECIPIENTS

Industry Sectors and Subsectors - NAICS 2007	Valid %	Frequency
Goods-Producing		
Natural Resources and Mining	**0.4%**	**17**
Agriculture, Forestry, Fishing and Hunting		17
Crop Production		8
Animal Production		8
Support Activities for Agriculture and Forestry		1
Construction	**1.5%**	**67**
Construction		67
Construction of Buildings		20
Heavy and Civil Engineering Construction		4
Specialty Trade Contractors		43
Manufacturing	**4.6%**	**200**
Manufacturing		200
Food Manufacturing		75
Textile Mills		3
Textile Product Mills		2
Apparel Manufacturing		7
Paper Manufacturing		5
Printing and Related Support Activities		13
Petroleum and Coal Products Manufacturing		4
Chemical Manufacturing		10
Plastics and Rubber Products Manufacturing		3
Nonmetallic Mineral Product Manufacturing		9
Primary Metal Manufacturing		1
Fabricated Metal Product Manufacturing		16
Machinery Manufacturing		10
Computer and Electronic Product Manufacturing		9
Electrical Equipment, Appliance, and Component Manufacturing		3
Transportation Equipment Manufacturing		14
Furniture and Related Product Manufacturing		7
Miscellaneous Manufacturing		9

Industry Sectors and Subsectors - NAICS 2007	Valid %	Frequency
Service-Producing		
Trade, Transportation, and Utilities	**22.5%**	**976**
Utilities		1
Wholesale Trade		99
Merchant Wholesalers, Durable Goods		27
Merchant Wholesalers, Nondurable Goods		12
Wholesale Electronic Markets and Agents and Brokers		60
Retail Trade		780
Motor Vehicle and Parts Dealers		22
Furniture and Home Furnishings Stores		8
Electronics and Appliance Stores		9
Building Material and Garden Equipment and Supplies Dealers		40
Food and Beverage Stores		75
Health and Personal Care Stores		75
Gasoline Stations		160
Clothing and Clothing Accessories Stores		66
Sporting Goods, Hobby, Book, and Music Stores		14
General Merchandise Stores		274
Miscellaneous Store Retailers		29
Nonstore Retailers		8
Transportation and Warehousing		96
Air Transportation		1
Truck Transportation		12
Transit and Ground Passenger Transportation		62
Scenic and Sightseeing Transportation		1
Support Activities for Transportation		7
Postal Service		2
Couriers and Messengers		10
Warehousing and Storage		1
Information	**1.8%**	**79**
Information		79
Publishing Industries (except Internet)		1
Motion Picture and Sound Recording Industries		15
Broadcasting (except Internet)		7
Telecommunications		24
Data Processing, Hosting and Related Services		2
Other Information Services		30

Industry Sectors and Subsectors - NAICS 2007	Valid %	Frequency
Service-Producing (continued)		
Financial Activities	**4.9%**	**212**
Finance and Insurance		150
Monetary Authorities-Central Bank		6
Credit Intermediation and Related Activities		73
Securities, Commodity Contracts, and Other Financial Investments		12
Insurance Carriers and Related Activities		53
Funds, Trusts, and Other Financial Vehicles		6
Real Estate and Rental and Leasing		62
Real Estate		42
Rental and Leasing Services		19
Lessors of Nonfinancial Intangible Assets (except Copyrighted)		1
Professional and Business Services	**23.4%**	**1017**
Professional, Scientific, and Technical Services		214
Management of Companies and Enterprises		3
Administrative and Support and Waste Management and Remediation		800
Administrative and Support Services		794
Waste Management and Remediation Services		6
Education and Health Services	**21.3%**	**927**
Educational Services		237
Health Care and Social Assistance		690
Ambulatory Health Care Services		223
Hospitals		140
Nursing and Residential Care Facilities		262
Social Assistance		65
Leisure and Hospitality	**9.7%**	**420**
Arts, Entertainment, and Recreation		84
Performing Arts, Spectator Sports, and Related Industries		59
Amusement, Gambling, and Recreation Industries		25
Accommodation and Food Services		336
Accommodation		63
Food Services and Drinking Places		273
Other Services	**5.6%**	**242**
Other Services except Public Administration		242
Repair and Maintenance		10
Personal and Laundry Services		86
Religious, Grantmaking, Civic, Professional, and Similar Org.'s		146
Public Administration	**4.3%**	**189**
Public Administration		189
Executive, Legislative, and Other General Government Support		134
Justice, Public Order, and Safety Activities		42
Administration of Human Resource Programs		9
Administration of Environmental Quality Programs		2
Admin.of Housing Programs, Urban Planning, and Comm. Dev.		2
Total	**100.0%**	**4,346**

APPENDIX D. AVAILABILITY OF WELFARE-RELATED DATA

Sample Months	3 mo	6 mo	1 yr	2 yrs	3 yrs	4 yrs	5 yrs	6 yrs	7 yrs	8 yrs	9 yrs	10 yrs
10/96 – 3/97	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
4/97 – 3/98	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	
4/98 – 3/99	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓		
4/99 – 3/00	✓	✓	✓	✓	✓	✓	✓	✓	✓			
4/00 – 3/01	✓	✓	✓	✓	✓	✓	✓	✓				
4/01 – 3/02	✓	✓	✓	✓	✓	✓	✓					
4/02 – 3/03	✓	✓	✓	✓	✓	✓						
4/03 – 3/04	✓	✓	✓	✓	✓							
4/04 – 3/05	✓	✓	✓	✓								
4/05 – 3/06	✓	✓	✓									
4/06 – 6/06	✓	✓										
7/06 – 9/06	✓											
10/06 – 12/06	✓											
1/07 – 3/07												
Total Number of Closing Cases with Available Data	**12,089**	**11,665**	**11,442**	**10,490**	**9,683**	**8,567**	**7,569**	**6,543**	**5,452**	**4,345**	**2,689**	**974**

APPENDIX E. COMPARISON OF RECIDIVISTS AND NON-RECIDIVISTS

Characteristics	Non-Recidivists (n=10,434)	Recidivists (n=1655)	Total (n=12,089)
Payee's Age***			
Mean	32.97	31.69	32.79
Median	30.80	29.73	30.70
Standard Deviation	10.99	10.16	10.89
Payee's Race***			
African American	73.0%	81.8%	74.3%
Caucasian	24.3%	16.4%	23.2%
Other	2.7%	1.9%	2.6%
Region***			
Baltimore City	45.0%	54.0%	46.2%
Prince George's County	12.7%	12.4%	12.7%
Baltimore County	11.6%	10.8%	11.5%
Baltimore Metro Region	6.5%	3.9%	6.1%
Anne Arundel County	4.9%	5.9%	5.0%
Montgomery County	4.6%	3.4%	4.4%
Upper Eastern Shore	4.4%	2.9%	4.2%
Western Maryland	3.6%	2.1%	3.4%
Lower Eastern Shore	3.4%	2.8%	3.3%
Southern Maryland	3.3%	1.8%	3.1%
Assistance Unit Size			
Mean***	2.58	2.76	2.61
Median	2.00	3.00	2.00
Standard Deviation	1.18	1.23	1.19
Marital Status***			
Married	8.3%	5.5%	7.9%
Never Married	72.7%	81.2%	73.9%
Divorced/Separated/Widowed	19.1%	13.3%	18.3%
Number of Children			
Mean*****	1.72	1.85	1.73
Median	1.00	2.00	1.00
Standard Deviation	1.05	1.15	1.07
% of child only cases***	16.4%	12.6%	15.9%
Age of Youngest Child			
Mean**	5.71	5.41	5.67
Median	4.18	3.81	4.13
Standard Deviation	4.82	4.57	4.79
Percent with a child under 3 years old	40.2%	41.5%	40.3%

Characteristics	Non-Recidivists (n=10,434)	Recidivists (n=1655)	Total (n=12,089)
Closing Code***			
Income Above Limit/Started Work	30.6%	18.1%	28.9%
Failed to Reapply/Complete Redetermination	17.0%	23.8%	17.9%
Eligibility/Verification Information Not Provided	14.9%	21.5%	15.8%
Work Sanction	13.8%	20.6%	14.7%
Not Eligible	7.4%	2.4%	6.7%
Total Closings Accounted for by Top 5 Codes	83.8%	86.4%	84.1%
Length of Exiting Spell			
12 months or less	66.6%	66.5%	66.6%
13 - 24 months	17.1%	17.2%	17.1%
25 - 36 months	6.1%	5.7%	6.1%
37 - 48 months	3.2%	3.0%	3.2%
49 - 60 months	2.0%	1.4%	1.9%
More than 60 months	5.1%	6.1%	5.2%
Mean	16.33 months	17.18 months	16.44 months
Median	8.31 months	8.87 months	8.41 months
Standard Deviation	25.46 months	26.55 months	25.61 months
Welfare Receipt in 5 Years Prior to Exit***			
12 months or less	32.2%	21.4%	30.7%
13 - 24 months	19.5%	15.9%	19.0%
25 - 36 months	15.1%	16.6%	15.3%
37 - 48 months	12.5%	15.8%	12.9%
49 - 60 months	20.7%	30.2%	22.0%
Mean***	27.18 months	33.25 months	28.01 months
Standard Deviation	19.18 months	19.13 months	19.28 months
Percent employed in a UI-covered job in the two years before exit	69.3%	68.8%	69.2%
Percent Working in the Exit Quarter***	51.3%	38.6%	49.5%

Note: Data in the table do not include cases closing between January 2007 and March 2007 because at the time of this writing, no follow-up data were available. See Appendix D for detailed information on the availability of welfare-related data. *p<.05, **p<.01, ***p<.001