

LIFE AFTER WELFARE: ANNUAL UPDATE

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OCTOBER 2013



UNIVERSITY *of* MARYLAND
SCHOOL OF SOCIAL WORK

ACKNOWLEDGEMENTS

The authors would like to thank Jamie Haskel, Somlak Suvanasorn, and Michael Funk for their assistance in the collection and processing of data for this report.

This report was prepared by the Family Welfare Research and Training Group, School of Social Work, University of Maryland, 525 West Redwood Street, Baltimore, Maryland 21201 with support from its long time research partner, the Maryland Department of Human Resources.

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EXECUTIVE SUMMARY

This 2013 *Life after Welfare* update comes as the nation is experiencing slow, but steady, economic improvement, as well as many questions about what lies ahead. Nationally, unemployment declined almost a full percentage point from August 2012 to August 2013, and the economy has been gaining jobs each month since October 2010 (Bureau of Labor Statistics, 2013a). However, so many jobs have been lost that an estimated 7.4 million additional jobs are needed to reach full employment (Burtless, 2013).

Maryland continues to fare better than most states in this unsettled time due to judicious bipartisan leadership. The number of jobs in Maryland has rebounded to pre-recession levels, and unemployment has receded from its recession-era peak (Hopkins, 2013). We do not lack for challenges and uncertainties, however. The number of job seekers today is larger than it was in 2007, and unemployment is still high (McLellan, 2013).

The fact that the federal government plays such a large role in Maryland's economy is concerning too. According to the Maryland Department of Business & Economic Development (2012), almost one in four jobs in the state are related to federal operations and spending. The Department of Legislative Services observed that "the substantial influence of the federal government on the State" means that the Maryland economy will be greatly affected by "changes in federal government expenditures" (Department of Legislative Services, 2010, p. 1).

One such change is sequestration, which is certain to hamper the state's economic recovery efforts. Maryland workers have already lost \$1.6 billion in wages (Cox, 2013). Similarly, the state was recently forced to expend \$9 million of the \$100 million appropriated to shield vulnerable

Marylanders from sequestration's impact (Wagner, 2013).

A federal government shutdown, such as the one in October 2013, is also costly. Each day that the federal government is closed means that Maryland loses an estimated \$5 million in revenue and \$15 million in economic activity (Fritze, 2013).

For low-income women leaving welfare today the future is uncertain. Economic indicators are improving, and jobs are coming back, but the situation remains precarious. To make informed policy choices in such an environment, policy-makers need empirical data about who is leaving welfare now and what happens to them when they do. Unlike most states, Maryland has access to these data through the advocate-inspired, legislatively mandated *Life after Welfare* research series, which has tracked the post-welfare experiences of thousands of low-income families since 1996.

This report provides updated information from the *Life after Welfare* study about the characteristics and post-exit outcomes of 18,043 families who left Temporary Cash Assistance (TCA), Maryland's welfare program, for at least one full month between October 1996, the first month of welfare reform, and March 2013, the last month for which data were available for this report. We describe clients and cases at the time of their welfare exits and track their employment and earnings over time. We also look at their use of work supports, their receipt of child support, and any subsequent returns to TCA.

To see how the recession has affected families leaving welfare, we also divide the sample into three cohorts based on when their cases closed, presenting findings for the entire sample and for each cohort. The cohorts are: (1) pre-recession leavers (n=12,792) with case closures between

October 1996 and November 2007; (2) recession-era leavers (n=4,112), who exited between December 2007 and March 2012; and (3) recent leavers (n=1,139), who left between April 2012 and March 2013. Key findings are:

1. Client and case demographics have not changed much over time, with the exceptions of education, marital status, and the presence of a young child in the home.

The typical leaver is an African-American (73.5%) woman (95.2%) in her early 30s (mean age=32.70) who has finished high school, but has no education beyond that (57.2%). She has never married (75.5%), lives in Baltimore City (43.8%), and has one or two children (mean=1.72 children), the youngest of whom is about 5 ½ years old, on average. Two in five (43.1%) families have at least one child under the age of three years.

More than two-thirds of recession-era and recent leavers have completed 12th grade, compared to about three-fifths of pre-recession leavers. Both of the more recent cohorts are also more likely to have never been married, and about half have a child under three, compared to about two-fifths of the pre-recession cohort.

2. Long term welfare use is rare across all cohorts. Over time, however, there has been a shift toward episodic, short spells.

The vast majority (75.0%) of families have been on welfare for 12 or fewer consecutive months when they exit. Only about 5% have been on for more than four years at the time of exit. In the preceding five years, more than one-third (37.3%) of all leavers received just 12 or fewer cumulative months of cash assistance.

There has been a clear and lasting change in welfare use patterns since the 1996 reform. Pre-recession leavers received TCA consecutively for almost twice as long

(15.10 months) as recent leavers (7.75 months). Pre-recession leavers have significantly more cumulative months on aid (27.78) in the previous five years than recession-era (16.34) or recent leavers (19.84).

These findings are heartening because, despite the high level of economic distress, recession-era and recent leavers spent less time on TCA than their pre-recession peers, who left welfare when the economy was robust and jobs were plentiful.

3. The top four administrative case closing codes are the same across all three cohorts, but their rank order is not. Income above limit is the most common code for the entire sample and for pre-recession leavers, but work sanctions is the most common code among recession-era and recent leavers.

The top four closing codes for the sample are: income above limit (27.1%), work sanctions (19.3%), failure to provide information (16.3%), and did not reapply (15.2%). These are the top four reasons in each cohort too, but the work sanctions code is fourth for pre-recession leavers and first for the other two cohorts. Income above limit ranks first among pre-recession leavers, and second for the other two cohorts. This trend aligns with earlier *Life after Welfare* findings and reflects the more stringent federal work requirements now in place as well as the massive job shortages brought about by the recession.

4. Most leavers work before coming on TCA, and most work after exit. Compared to pre-recession leavers, though, recession-era and recent leavers are less likely to be employed.

In the two years prior to TCA entry, 7 in 10 pre-recession leavers (70.7%) worked in a job covered by the Maryland Unemployment Insurance (UI) system, compared to about two-thirds (68.8%) of recession-era leavers and three-fifths (61.4%) of recent leavers.

Most adults also work in the two years after case closure. Again, pre-recession leavers fare better than other leavers. Almost three in four (72.9%) pre-recession leavers worked, compared to about two of every three (65.4%) recession-era adults.

These findings are not surprising because women's unemployment did not peak until November 2010, more than a year after the peak for men.¹ For that reason, we would expect weaker employment participation among the two later cohorts. Moreover, for African American women, who comprise three-fourths of the TCA caseload, unemployment still stood at 12.2% in March 2013.

5. Earnings increase in the quarters and years after exit for all leavers. Although they are less likely to be working, recession-era leavers' quarterly earnings surpass pre-recession leavers' quarterly earnings.

Earnings over time evince a strong positive trend. Average quarterly earnings rise over 25% from the exit quarter (\$3,350) to the fourth quarter after exit (\$4,233). Average annual earnings increase about 40% from the first year through fifth year after exit (from \$12,079 to \$16,895).

From the fourth quarter before exit through the fourth quarter after exit, recession-era leavers consistently have higher average earnings than both pre-recession and recent leavers. In the fourth quarter before exit, for example, recession-era leavers earned \$4,087, on average, compared to \$3,004 for pre-recession leavers.

Our limited follow-up data suggest that recent leavers are catching up to recession-era leavers. In the second quarter after exit, average earnings were higher for recent

leavers (\$4,042) than pre-recession leavers (\$3,956), and were approaching recession-era leavers' earnings (\$4,182).

6. Most families who leave welfare do not return. The risk of return is greatest in the first two years after exit.

Most families who leave welfare for at least one month do not return for even a single month of additional aid. About 3 of 10 (29.1%) return within one year of exit, however, and by the end of the second post-exit year 37.3% have received some additional help. Beyond that point, few families ever return. This has been a consistent finding across many *Life after Welfare* reports, suggesting that the initial post-exit period is when families may be most vulnerable to adverse events that precipitate a return to cash assistance.

7. Certain types of clients and cases are more likely to return than others. Work sanctioned cases, in particular, have high recidivism rates. This indicates that clients have come into compliance with program requirements, which was the original intent of the state's work sanction policy.

The risk factors associated with returning to TCA include having less than a 12th grade education, being younger, being a person of color, never having married, residing in Baltimore City, and having more and younger children. Families whose cases close due to a work sanction are also more likely to return. There is no difference between recidivists and non-recidivists in terms of their employment histories, but recidivists are less likely to have worked in the quarter their welfare cases closed.

8. Working, and not receiving TCA, is the most common outcome among leavers.

In each of the five years after exit, at least two in every five leavers worked and did not receive welfare. The percent of leavers who work and receive TCA decreases from 16.5% in the first year after exit to 9.8% in

¹ This is based on the authors' analyses of Labor Force Statistics from the Current Population Survey (LNS14000025, LNS14000026, & LNS14000032) available at <http://www.bls.gov/data/>.

the fifth year after exit. Leavers who only receive TCA are the smallest group in each post-exit year.

While recession-era leavers (38.8%) are less likely than pre-recession leavers (49.0%) to be working and not receiving welfare, it is still the most common outcome during the first year after exit for both cohorts. Similarly, receiving TCA and not working is the least common outcome for both cohorts.

9. Some leavers appear disconnected from both welfare and work, but most are connected to other benefit programs.

One quarter (26.1%) of leavers had no work or TCA receipt in the first year after exit. By the fifth post-exit year, more than one-third (36.7%) of leavers had this outcome.

The vast majority of those who are neither working nor receiving welfare in the first year after exit are participating in work support programs. More than 8 in 10 (85.5%) disconnected families received Food Supplement (FS) benefits, Medical Assistance (MA), or both.

10. Most leavers are connected to the Food Supplement (FS) program, Medical Assistance (MA), or both.

Over two in three (67.9%) leavers received FS in the first three months after exit. Compared to pre-recession leavers (63.1%), recession-era (79.2%) and recent leavers (85.5%) were more likely to participate in FS in the first three months after exit. However, over half of all leavers received FS in each of the first five years after exit.

Nearly 9 in 10 (87.3%) families who left TCA had at least one member enrolled in MA in the first three months after exit. Recession-era (95.3%) and recent leavers (94.9%)

were more likely to receive MA than pre-recession leavers (84.2%). At least three in four leavers are enrolled in MA in each of the first five years after exit, though.

11. Child support is a critically important source of additional income for some leavers.

In each year after exit, about one quarter of leavers receive a disbursement for child support, which can increase their income by as much as 20%. The value of these disbursements rises over time, from \$2,299 in the first year after exit to \$2,781 in the fifth year after exit.

The recession's overhang is evident in some of these 2013 *Life after Welfare* results, but positive and hopeful findings are apparent as well. Most TCA customers are not long-term cash assistance recipients or strangers to the world of paid employment. They have worked, they do work, and they keep working when they can. The greatest problem for many low-income women is not finding a job, but being able to maintain that job, to earn a family-sustaining wage, and to advance. The jobs they find, however, are often characterized by instability, low wages, changing hours or shifts, and few chances to move up.

In recent years, leavers are more likely to have finished high school in addition to spending less time on cash assistance. With some help, such as the sector-based skill development, training and other services soon to be available through Maryland's EARN (Earnings Advancement Right Now) initiative, these leavers are poised to obtain skills that would allow them to earn livable wages and support their families. The benefits of investing in these hard-working families would extend to their children, local communities, and, indeed, to all of us.

INTRODUCTION

This 2013 update to Maryland's landmark, legislatively-mandated *Life after Welfare* research project is issued in an economic environment that is improving but still uncertain. There are reasons for optimism as well as reasons for concern. Welfare caseloads have been declining since late 2011, national unemployment fell from 8.1% to 7.3% between August 2012 and August 2013, and private sector employment has grown consistently for more than three years (Maryland Department of Human Resources, 2013; Bureau of Labor Statistics, 2013a; Bureau of Labor Statistics, 2013b). However, the United States lost so many jobs during the recession that even getting back to equilibrium will be difficult. According to Gary Burtless (2013), a respected economist, the U.S. needs an additional 7.4 million jobs in order to return to full employment.

The Maryland situation is similar. This is a fiscally prudent state that continues to fare relatively well in these disquieting times, largely due to conscientious, bipartisan stewardship. Maryland is one of only nine states whose bonds are rated Triple A by all three rating agencies, and the number of in-state jobs has rebounded to the pre-recession level (Maryland State Treasurer, 2013; Hopkins, 2013). Notwithstanding these achievements, risk and uncertainty remain. The Maryland unemployment rate has declined from its recession-era peak, and it remains lower than the national average. The rate has not fluctuated much over the last year, though, and it hovers around 7.0% (Maryland Department of Labor, Licensing & Regulation, 2013), well above pre-recession norms.

In part, this may be the result of the substantial role the federal government plays in Maryland's economy and job base. For example, although, among all states, Maryland is 19th in population, it is 4th in total federal procurement expenditures and, on a per capita basis, 3rd after D.C. and Virginia

(Maryland Department of Business & Economic Development, 2012). In 2010, Maryland also had the 6th largest number of federal jobs, the 5th largest number of federal civilian jobs, and was home to more than 300,000 federal workers and service members (Maryland Department of Business & Economic Development, 2012).

As sequestration continues to unfold, it is sure to adversely affect Maryland's ongoing efforts to achieve full recovery. This awareness led state officials to set aside \$100 million to deal with the expected consequences; roughly \$9 million has already been appropriated to avert one wave of cuts to services for vulnerable children, adults, and senior citizens (Wagner, 2013). The 2010 caution by the Department of Legislative Services that "changes in federal government expenditures are likely to have a disproportionate influence on the State's economy and can cause changes that are unexpected given prevailing economic conditions" was clearly not an overstatement (Department of Legislative Services, 2010, p. 1).

This all means that low-income women leaving welfare today face an unpredictable future. Economic indicators continue to improve, and jobs are coming back, but the situation remains precarious. In this environment, policymakers need empirical data about who is leaving welfare now and what happens to them when they do, so they can understand leavers' chances of maintaining employment or returning to welfare, among other issues, and to make informed decisions about various policy choices. In most states, this type of information is simply not available. We have this invaluable data in Maryland, however, through the advocate-inspired, legislatively mandated *Life after Welfare* research initiative, which tracks the post-welfare experiences of thousands of low-income families.

Here we present the 2013 update of the *Life after Welfare* research series. It provides information on the characteristics and post-exit outcomes of 18,043 Maryland families, all of whom left welfare for at least one full month between October 1996, the first month of welfare reform in our state, and March 2013, the last month for which data were available for this report. In this edition, we present findings for our entire sample as well as for each of three cohorts. These cohorts are delineated by when their welfare exits took place relative to the Great Recession.

The analytic choice to use the recession as a dividing line between leaver cohorts was made for several important reasons. First, the recession was unprecedented in most of our lifetimes, its effects are with us still, and they will continue to be with us for some time to come. Second, and most importantly, the years of and since the recession have been challenging for low-income women seeking to permanently leave welfare for work. The recession may have ended on Wall Street a while ago, and there are signs of progress on Main Street as well, but for those at the lower end of the income, education, and human capital spectrums, a return to pre-recession equilibrium has not been achieved.

Specifically, we look at three cohorts of leavers, defined as follows: (1) pre-recession leavers whose cases closed between October 1996 and November 2007; (2) recession-era leavers whose exits took place between December 2007 and

March 2012; and (3) recent leavers, the families who left welfare between April 2012 and March 2013, the last month for which data were available for this update. We address the following research questions:

- 1) What are the demographic and case characteristics of leavers, and are there differences between cohorts?
- 2) What are the administrative reasons that cases closed, and are there any cohort differences?
- 3) How many families return to welfare, and when do they return? Does recidivism vary by cohort?
- 4) Are leavers employed, and how much do they earn? Are there differences between cohorts?
- 5) After exit, how do families package other supports (SNAP, MA, and child support)? Are there differences by cohort?

In examining outcomes, we focus on the first few years after exit because research has shown this is a time when families may be at heightened risk of becoming unemployed, returning to welfare, or both. We trust this 2013 *Life after Welfare* update will be useful to elected and appointed officials, program managers, advocates, front-line staff, and others who are concerned about both the well-being of low-income children and their families in Maryland and the cash assistance program that helps them when they are in financial need.

METHODS

This chapter describes our methodological approach to the longitudinal *Life after Welfare* study. It also provides information about sampling techniques and data analysis that are specific to this 2013 report.

Sample

Beginning in October 1996, the first month of welfare reform in Maryland, we have drawn a monthly five percent random sample of all Temporary Cash Assistance (TCA) cases that closed. Through March 2012, the monthly populations from which sample cases were drawn included all cases with closing dates within the month, regardless of the length of time the case remained closed.

Starting in April 2012, we have altered our approach somewhat. We have refined the definition of a “closure” based on what we have learned during the 15+ years we have been conducting this study. Specifically, the populations from which our monthly samples are drawn now exclude cases that closed and subsequently reopened in one month or less. These cases are often referred to as churners, and their temporary case closures are usually caused by missing an agency appointment, failing to submit required paperwork by a certain deadline, or some similar issue. The cases reopen once the problem has been resolved and, in most cases, it appears that no benefits are lost (Born, Owvigho, & Cordero, 2002).

Based on these findings, we have excluded churning cases from our *Life* analyses for more than a decade. Therefore, the change in our approach to sampling does not affect earlier analytic sample sizes or previously reported results. In short, we used to exclude churners after they had been drawn into the samples, but now we exclude them before that can happen (i.e., we exclude them from the populations from which sample cases are drawn).

This report focuses on families who left welfare for at least one full month between October 1996 and March 2013. The total analytic sample is 18,043 cases, which we separate into three cohorts:

- 1) Pre-recession cohort—cases that closed between October 1996 and November 2007 (n=12,792);
- 2) Recession-era cohort—cases that closed between December 2007 and March 2012 (n=4,119); and
- 3) Recent year cohort—cases that closed between April 2012 and March 2013 (n=1,139).

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 child support data were obtained from the Child Support Enforcement System (CSES).

CARES and AIMS/AMF

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), the Supplemental Nutrition Assistance Program (in Maryland, the Food Supplement Program, formerly Food Stamps), Medical Assistance and Social Services. Demographic data are available, 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 person 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. Together, these account for approximately 91% of all Maryland civilian employment. Independent contractors, commission-only salespeople, some farm workers, members of the military, most employees of religious organizations, and self-employed individuals are not covered by the law. Additionally, informal jobs—for example, those with dollars earned “off the books” or “under the table”—are not covered.

The MABS system only tracks employment in Maryland but because the state shares borders with Delaware, Pennsylvania, Virginia, West Virginia, and the District of Columbia, out-of-state employment is relatively common. Overall, the rate of out-of-state employment by Maryland residents (17.5%) is over four times greater than the national average (3.8%)². Out-of-state employment is particularly common among residents of two very populous jurisdictions (Montgomery County, 29.8%, and Prince George's County, 42.4%), which have the 5th and 3rd largest welfare caseloads in the state. Out-of-state employment is also common among residents of two smaller jurisdictions (Cecil County, 31.1%, and Charles County, 34.6%). One consideration, however, is that we cannot be sure the extent to which these high rates of out-of-state employment also describe welfare recipients or leavers accurately.

² Data obtained from U.S. Census Bureau website <http://www.factfinder.census.gov> using the 2008-2010 American Community Survey 3-Year Estimates for Sex of Workers by Place of Work—State and County Level (B08007).

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 other income (e.g. Supplemental Security Income) available to the family.

CSES

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

Data Analysis

This report uses univariate statistics based on a random sample of case closures during the sampling period (October 1996 through March 2013) to describe welfare leavers and their cases. When appropriate, we also use chi-square and ANOVA tests to compare the characteristics of those who left before the Great Recession, those who left during and after the Great Recession, and those who left in the most recent previous year.

FINDINGS: CASEHEAD AND CASE CHARACTERISTICS

In this chapter, we present a demographic profile of 18,043 caseheads whose Temporary Cash Assistance (TCA) cases closed for at least one month in Maryland from October 1996 through March 2013. We also describe their assistance units, examine whether cases were work-eligible at the time of closure, and detail the administrative codes most often recorded as the reasons that cases were closed. All analyses present findings for each of the three cohorts as well as for the sample as a whole. The cohorts are pre-recession leavers (n=12,792), who exited between October 1996 and November 2007; recession era leavers (n=4,112), who left welfare between December 2007 and March 2012; and recent leavers (n=1,139), whose cases closed between April 2012 and March 2013.

What are the demographic characteristics of caseheads?

As Table 1 shows, the typical casehead in the full sample is an African American (73.5%) woman (95.2%) in her early 30s (mean age=32.7) who has finished high

school, but has no education beyond that level (57.2%), and has never been married (75.5%). This profile is similar in all respects to what we have reported in previous annual reports in this series (Nicoli, Logan, & Born, 2012) and comports with the general profile of the active TCA caseload as well (Nicoli, Passarella, & Born, 2012).

There are statistically significant differences in race, marital status, and education across cohorts, but only marital status and education show consistent directional change over time. Historically, the large majority of exiting cases have been headed by never married adults. Table 1 shows that, over time, this has incrementally increased, from 74.2% among pre-recession leavers to 77.8% for recession-era leavers and then to 80.2% among cases that closed recently. With regard to educational achievement, recession-era and recent leavers are significantly more likely to have finished high school. Two in three recession-era (67.1%) and recent (68.5%) leavers completed high school, compared to three-fifths (60.0%) of pre-recession leavers.

Table 1. Demographic Characteristics of Exiting Payees

	Pre-Recession 10/96 – 11/07 (n=12,792)	Recession Era 12/07 – 3/12 (n=4,112)	Recent Year 4/12 – 3/13 (n=1,139)	Total Sample (n=18,043)
Gender (% female)	95.4% (11,971)	94.5% (3,887)	94.7% (1,079)	95.2% (16,937)
Mean Age [Standard deviation]	32.78 [10.97]	32.57 [11.60]	32.21 [11.04]	32.70 [11.12]
Race***				
African American	74.6% (9,038)	70.2% (2,799)	73.8% (818)	73.5% (12,655)
Caucasian	22.8% (2,761)	24.5% (978)	21.3% (236)	23.1% (3,975)
Other	2.6% (314)	5.3% (212)	4.9% (54)	3.4% (580)
Marital Status***				
Married	7.8% (871)	7.9% (317)	6.9% (77)	7.8% (1,265)
Never Married	74.2% (8,321)	77.8% (3,103)	80.2% (890)	75.5% (12,314)
Divorced, Separated, or Widowed	18.0% (2,017)	14.3% (570)	12.9% (143)	16.7% (2,730)
Education***				
Less than grade 12	40.0% (3,072)	32.9% (1,265)	31.5% (346)	37.1% (4,683)
Finished grade 12	60.0% (4,615)	67.1% (2,580)	68.5% (754)	57.2% (7,224)
Additional education after grade 12	5.8% (445)	5.5% (213)	6.1% (67)	5.7% (725)

Notes: Due to missing data for some variables, cell counts may not sum to cohort totals. In particular, education status is missing for most leavers who exited before April 2000. Valid percentages are reported. *p<.05, **p<.01, ***p<.001

What are the characteristics of cases?

For the entire sample, Table 2 shows that the typical exiting case is comprised of two or three individuals (mean=2.60), including one or two children (mean=1.72), and the youngest child is about 5 ½ years old, on average. More than two of every five (43.1%) exiting cases has at least one child under three years old. This case-level profile is consistent with findings from prior *Life after Welfare* reports (Nicoli, Logan, & Born 2012).

Although there are no statistically significant differences across cohorts in the number of people or number of children included in a case, there are some differences in the average age of the youngest child and in the percent of cases with a child under the age of three. Among pre-recession leavers,

the youngest child in the household is 5.66 years old, compared to 5.18 for recession-era leavers and 5.17 for recent leavers. Similarly, recession-era (48.9%) and recent leavers (47.2%) are more likely to have a child under three than pre-recession (40.8%) leavers.

It is also quite evident from Table 2 that five large metropolitan jurisdictions account for the greatest share of exits for the total sample and for each cohort. This finding has prevailed for many years now and is not unexpected because it is consistent with the distribution of the general population and of TCA caseloads across the state. Considering all study cases, we find that a plurality of leavers (43.8%) resided in Baltimore City when they exited. Prince George’s County (12.7%) and Baltimore County (11.3%) each account for more than

1 in 10 cases, while Montgomery County (4.8%) and Anne Arundel County (5.6%) each comprise about 1 in 20 cases in the sample. Baltimore City and Prince George's County together account for just under half (46.5%) of all cases in the sample while the five metropolitan jurisdictions together comprise about two-thirds (68.2%) of the sample.

These five jurisdictions are dominant in all three cohorts, as one would expect. However, there is a statistically significant difference, by cohort, in the geographic distribution of leavers. Comparing pre-recession leavers to leavers in the most recent year shows that Baltimore City and

Prince George's County each have a smaller share of leavers now than they did in the past. Baltimore City has the most dramatic change of any jurisdiction, declining 8.5 percentage points (46.2% to 37.6%) from the pre-recession era to the present. The decline in Prince George's County was much more modest, about one percentage point (12.7% to 11.8%). The Lower Shore's share is about the same from the pre-recession period to the most recent year. Regions other than Baltimore City, Prince George's County, and the Lower Shore have larger percentages of families exiting TCA now than they did before the recession.

Table 2. Case Characteristics

	Pre-Recession 10/96 – 11/07 (n=12,792)	Recession Era 12/07 – 3/12 (n=4,112)	Recent Year 4/12 – 3/13 (n=1,139)	Total Sample (n=18,043)
Region***³				
Baltimore City	46.2% (5,903)	37.9% (1,556)	37.6% (427)	43.8% (7,886)
Prince George's County	12.7% (1,619)	13.1% (540)	11.8% (134)	12.7% (2,293)
Baltimore County	11.5% (1,469)	10.3% (422)	12.2% (139)	11.3% (2,030)
Montgomery County	4.4% (560)	5.4% (223)	6.5% (74)	4.8% (857)
Anne Arundel County	5.1% (652)	6.9% (283)	6.1% (69)	5.6% (1,004)
Metro Region	6.2% (797)	8.6% (352)	9.3% (106)	7.0% (1,255)
Southern Region	3.0% (389)	4.1% (168)	3.1% (35)	3.3% (592)
Western Region	3.4% (431)	4.8% (196)	4.7% (53)	3.8% (680)
Upper Shore Region	4.1% (529)	5.0% (205)	5.5% (63)	4.4% (797)
Lower Shore Region	3.3% (423)	4.0% (165)	3.2% (36)	3.5% (624)
Mean AU Size [Standard deviation]	2.60 [1.19]	2.57 [1.23]	2.64 [1.19]	2.60 [1.20]
Mean Number of Children [Standard deviation]	1.73 [1.06]	1.70 [1.08]	1.72 [1.05]	1.72 [1.07]
Age of Youngest Child Mean*** [Standard deviation]	5.66 [4.82]	5.18 [5.01]	5.17 [4.92]	5.52 [4.87]
Percent with a child under age 3***	40.8% (4,955)	48.9% (1,935)	47.2% (520)	43.1% (7,410)

Notes: Due to missing data for some variables, cell counts may not sum to cohort totals. The age of the youngest child considers all children within the household, regardless of whether they were included in the calculation of the TCA grant amount. Valid percentages are reported. *p<.05, **p<.01, ***p<.001

³ The regions are: Metro (Carroll, Frederick, Harford, & Howard Counties); Southern (Calvert, Charles, & St. Mary's Counties); Western (Allegany, Garrett, & Washington Counties); Upper Shore (Caroline, Cecil, Dorchester, Kent, Queen Anne's, & Talbot Counties); and Lower Shore (Somerset, Wicomico, & Worcester Counties).

What is the caseload designation?

To better understand and serve families and to monitor progress toward federal and state program performance goals, Maryland has devised a classification system in which each cash assistance case is assigned to one of two categories: work-eligible or work-exempt. As the category names imply, cases determined to be work-eligible are required to participate in work activities as a condition of TCA receipt and are subject to a full-family sanction if they do not comply; work-exempt cases are subject to neither. Within each of these two broad categories, there are several sub-categories called caseload designations. Each active case is assigned to one caseload designation, based on certain characteristics.

Because the caseload designation schema was first adopted in February 2004 and revised in October 2007, comparable data are not available for all cases in the study sample. Thus, our discussion focuses on recession-era and recent leavers. Table 3, below, shows the percentage of cases in each cohort that are work-eligible and work-exempt as well as the percentage of cases within each of the more specific caseload designations.

Over time, the percentage of leavers who are work-eligible increased. Two-thirds (67.3%) of the most recent leavers are work-eligible, compared to 63.9% among recession-era leavers. Within the work-eligible category, most caseload designations have remained stable or increased. Nearly half (49.4%) of recent leavers are single-parent cases, a slight increase over the percentage among recession-era leavers (47.2%). Earnings (8.9% to 9.8%), legal immigrant (0.7% to 1.3%), and two-parent (4.2% to 4.4%) cases all increased from the recession-era cohort to the most recent cohort. Short-term disabled (1.2% to 1.1%) and domestic violence (1.0% to 1.1%) largely remained the same between the two cohorts.

Correspondingly, the percentage of leavers who are work exempt declined across cohorts. About one-third (32.7%) of recent leavers were designated as work-exempt, down from 36.1% of recession-era leavers. Among work-exempt cases, most caseload designations were stable or declined over time. Child-only cases, traditionally the biggest group of work-exempt cases, displayed the largest change over time. They accounted for a significantly smaller share of the most recent cohort (13.3%) than they did of the recession-era cohort (18.4%). Cases exempt from work due to the presence of a child under one in the household also declined almost two percentage points from the recession-era cohort (10.4%) to recent leavers (8.5%). Two of the other three remaining work-exempt groups, caring for a disabled household member and needy caretaker relative cases, were essentially flat over time. Each group accounted for about one percent of leavers in both time periods.

Table 3 shows there is one exception to this downward trend among work-exempt caseload designations: the percentage of leavers whose cases were designated as long-term disabled increased by 3.5 percentage points (from 5.3% to 8.8%) over time. This finding is consistent with our recent studies of the active TCA caseload. The absolute size of the long-term disabled TCA population remains small, relative to the sizes of the single-parent and child-only groups. Between October 2007 and October 2011, however, the size of the long-term disabled TCA population increased by 83%, far exceeding the overall rate of caseload growth (approximately 35%) for that same period of time (Nicoli, Passarella, & Born, 2012). Thus, it is not surprising to see that, over time, these cases also constitute a larger share of leavers than they had in the past.

Table 3. Caseload Designations

	Recession Era 12/07 – 3/12 (n=4,112)	Recent Year 4/12 – 3/13 (n=1,139)	Total Sample (n=5,251)
Work-Eligible Cases*	63.9% (2,619)	67.3% (766)	64.6% (3,385)
Single-Parent Cases***	47.9% (1,963)	49.4% (563)	48.2% (2,526)
Earnings Cases	8.9% (364)	9.8% (112)	9.1% (476)
Short-term Disabled	1.2% (50)	1.1% (13)	1.2% (63)
Legal Immigrant	0.7% (29)	1.3% (15)	0.8% (44)
Domestic Violence	1.0% (40)	1.1% (13)	1.0% (53)
Two-Parent Cases	4.2% (173)	4.4% (50)	4.3% (223)
Work-Exempt Cases	36.1% (1,480)	32.7% (373)	35.4% (1,853)
Child-Only	18.4% (756)	13.3% (152)	17.3% (908)
Child under One	10.4% (426)	8.5% (97)	10.0% (523)
Long-term Disabled	5.3% (218)	8.8% (100)	6.1% (318)
Caring for Disabled Family Member	1.1% (45)	1.2% (14)	1.1% (59)
Needy Caretaker Relative	0.9% (35)	0.9% (10)	0.9% (45)

Notes: Caseload designations are not available for any leavers prior to February 2004, and the coding changed in October 2007 to include separate categories for two-parent and legal immigrant families. Thus, we only present the caseload categories for the most recent two cohorts. Valid percentages are reported. *p<.05, **p<.01, ***p<.001

What is the reason for case closure?

In order to effectuate the closure of a TCA case, the case manager must select a case closure code from a long list of possible options. Despite the range of closure codes available, the precise reason a case is closing may not be fully reflected in the data. This is most likely to be the case in closures related to employment, specifically those in which clients obtain jobs that they do not report to their case managers. Instead, clients may request that their cases be closed, or they may simply not reapply for benefits. In these cases, the administrative data and our findings will not reflect that clients found employment. Instead, their cases would be closed with codes such as “client requested closure.” In contrast, if the employment is reported to the agency, the case would most likely be closed with the work-related code of “income above limit”.

As a result, our findings about case closure codes understate the true rate at which clients leave welfare for employment. The degree of understatement may be sizable. When we compared TCA case closure codes with UI wage data, we found that more than half of clients had UI earnings, but less than 30% of their TCA case closures were coded as “income above limit” (Ovwigbo, Tracy, & Born, 2004).

Despite this limitation, administrative case closing data provide valuable information. They offer insight into trends over time, particularly with regard to the use of work sanctions. In addition, tracking the relative usage of various closing codes over time can also give us an idea of what types of post-exit outcomes we might expect to see. For example, our research shows that work-sanctioned leavers are more likely to return to TCA while leavers whose exits are coded as “income above limit” are significantly less likely to return (Nicoli, Logan, & Born, 2012).

We present administrative case closure code findings for the entire sample and for each of the three cohorts in Figure 1, below. Considering the entire sample of leavers from October 1996 through March 2013, the top three reasons for case closure are income above limit (27.1%), work sanction (19.3%), and failure to provide eligibility/verification information (16.3%). Together, they account for more than three of every five closures (62.7%). The fourth most common closure code, “did not reapply,” represents another 15.2%, and, combined, these four codes comprise more than three of every four closures (77.9%).

The picture is somewhat different when we look at pre-recession, recession-era, and recent leavers separately. The most dramatic change over time is the increase in the use of full-family sanctions for non-compliance with work program requirements. Work sanctions, as a share of all closures, have more than doubled, from 14.9% in the pre-recession years to 36.7% among clients who left welfare between April 2012 and March 2013. This continues a trend of increased work sanctions that we have documented in previous annual reports in the *Life after Welfare* series and in other studies (O'Donnell, Passarella, & Born, 2013; Hall, Kolupanowich, Passarella, & Born, 2012).

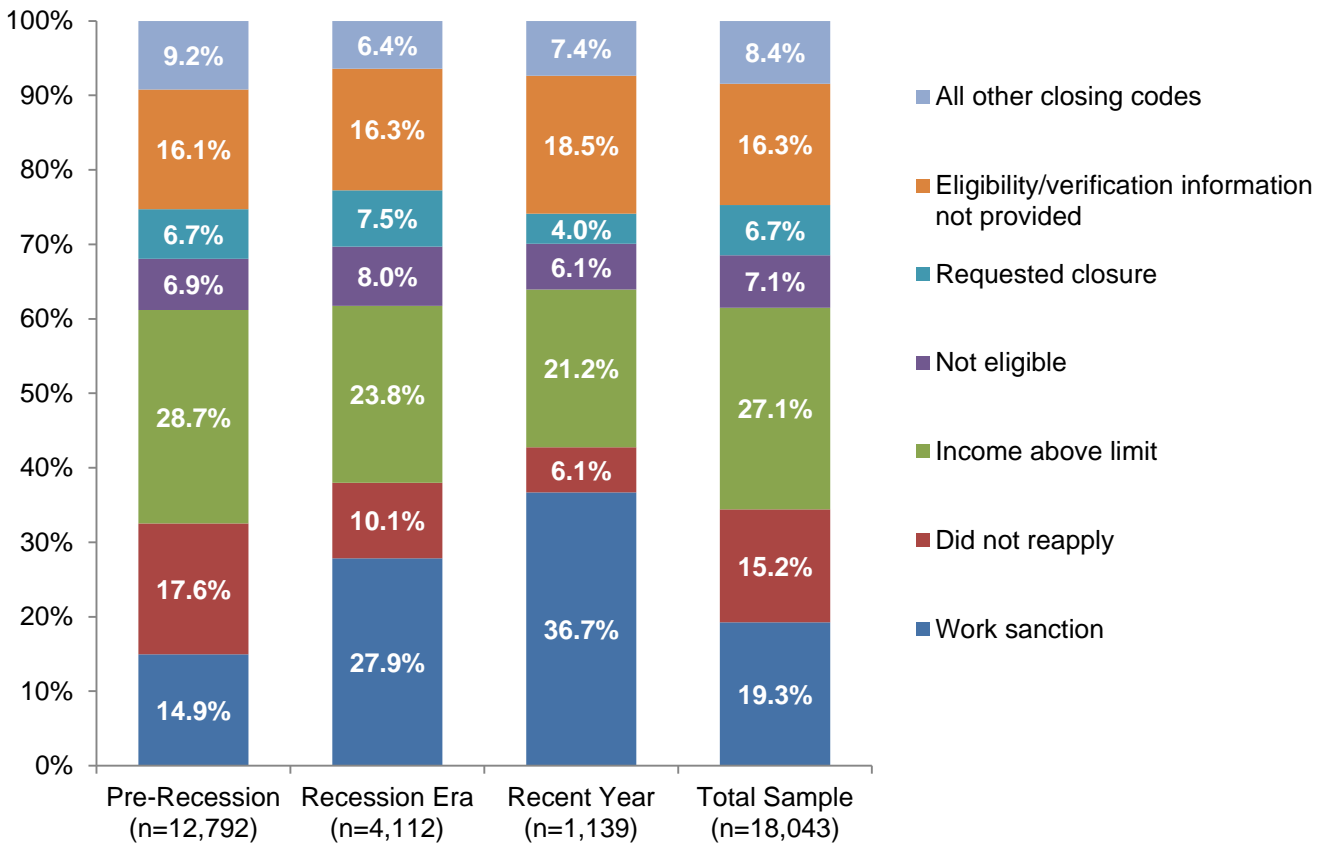
The lingering effects of the Great Recession, coupled with federal policy changes, are major contributors to this trend. Specifically, the 2005 Deficit Reduction Act required states to achieve higher work participation rates than they did previously, or face the prospect of substantial federal fiscal penalties. The timing could not have been worse for states or for TCA families. Just over a year later the worst economic downturn since the 1930s officially began, and cash assistance caseloads went up. With more people chasing fewer jobs, and increased federal requirements, the rise in work sanctions is not surprising.

In contrast, the percentage of leavers whose closures were coded as “income above limit” declined over time. This code was the most common reason for case closure during the pre-recession period, accounting for almost 3 of every 10 exits (28.7%). In both the recession era (23.8%) and the most recent year (21.2%), it was the second most common case closure code, accounting for roughly one in four closures in the former time period and about one in five during the most recent period.

Most likely, this decline reflects the difficult labor market leavers are entering. During and since the recession, work has been hard to come by, and unemployment has been uncharacteristically high. This is because the still-unfolding recovery, so far, has been the weakest in the post-World War II era (Rothwell, 2012). Recent economic news is more encouraging, however. Gross domestic product rose at a 2.5% annual rate from April 2013 through June 2013, signaling an improving economy (Hargreaves, 2013).

Of the remaining four commonly-used closure codes, three have decreased in use over time, and one, failure to provide eligibility/verification information, increased. The increase in failure to provide eligibility/verification information was small, from 16.1% in the pre-recession cohort to 18.5% in the recent cohort. Requested closure (6.7% to 4.0%) and not eligible (6.9 to 6.1%) also experienced small changes over time. Cases closed because the client did not reapply for assistance at the end of a benefit certification period declined substantially. From pre-recession leavers (17.6%) to recent leavers (6.1%), this code dropped 11.5 percentage points. We suspect this code may be related to employment, as clients find jobs and do not reapply for benefits, and its recent decrease is a result of the Great Recession.

Figure 1. Reasons for Case Closure***



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

FINDINGS: WELFARE USE

This chapter provides information about families' involvement with TCA before the exit that brought them into our study sample. We also present findings about how many families return to welfare after exiting, the timing of those returns, and the characteristics that are associated with recidivism. The chapter concludes by describing if and how recidivism varies by exit cohort.

What are leavers' histories with the welfare program?

Table 4 presents information on the number of consecutive months of cash assistance that families who left TCA received before exit and on the cumulative number of months in the previous five years in which they were on aid. Both measures are important in fostering understanding of how families actually use welfare and in dispelling the recurring, but fallacious, myth that welfare is a way of life for many families.

We find that long-term welfare use is rare, whether measured in consecutive or cumulative months. For the entire sample, the average number of consecutive months on assistance at the time of case closure is a little over one year (13.29 months). Three-quarters of all families (75.0%) received 12 or fewer consecutive months of benefits; at the other extreme, only 3.8% had been on welfare for more than 60 consecutive months. Similarly, families who left welfare averaged 24.67 months of cumulative receipt in the previous 60 months. Close to two in five families (37.3%) had 12 or fewer months of cumulative welfare receipt in the previous 60 months, or five years.

Looking at how consecutive months of receipt varies across cohorts shows that there has been a clear and lasting change in welfare use patterns since welfare reform in 1996. Long-term, uninterrupted welfare dependence has never been nearly as

common as stereotypes suggested, but there can be no doubt that, under the reformed system, the dominant pattern is episodic and short welfare spells. Families who left welfare before the recession, to illustrate, received assistance for almost twice as long (15.10 months) as families whose cases closed this past year (7.75 months), on average. In addition, about 7 in 10 pre-recession leavers (71.6%) spent 12 or fewer consecutive months on aid, compared to 82.6% of recession-era leavers and 86.0% among families who left this past year. Only 1.6% and 1.3% of recession-era and recent leavers, respectively, had been on aid for more than five years at the time of exit, compared to about five percent (4.8%) of those whose cases closed before the recession.

The picture over the five year period leading up to families' welfare case closures is similar: long-term welfare use is uncommon and has declined over time. Families whose cases closed before the recession (27.78 months) accumulated significantly more total months on aid than families who exited in the recession era (16.34 months) or those who left in the most recent year (19.84 months). Cumulatively, 31.1% of the earliest leavers had 12 or fewer months of receipt in the five years before their case closures, compared to 54.8% of recession-era leavers and 44.2% of those whose cases closed in the most recent year. Three times as many pre-recession leavers (21.5%) received TCA in 49 or more of the most recent 60 months than recession-era (6.2%) or recent leavers (8.3%), suggesting that later families are indeed using TCA as a temporary form of income support.

These findings demonstrate that, even during and after the most difficult economic time in more than 60 years, low-income families were not heavily dependent on cash assistance. Instead, the data show that the large majority of families used this program exactly as intended: as a

temporary, stopgap measure when they were in financial need. It is impressive how little time the average recent client spent on cash assistance given the economic crisis that has characterized the 2007 through 2013 period. Regardless of the measure used, and despite the unprecedented level

of economic distress, recession-era and recent leavers spent less time on TCA than their pre-recession peers, who left welfare when the economy was robust and jobs were plentiful. This appears to represent a long-term, institutionalized shift in patterns of welfare use.

Table 4. Welfare History

	Pre-Recession 10/96 – 11/07 (n=12,792)	Recession Era 12/07 – 3/12 (n=4,112)	Recent Year 4/12 – 3/13 (n=1,139)	Total Sample (n=18,043)
Length of Exit Spell***				
12 months or fewer	71.6% (9,159)	82.6% (3,396)	86.0% (979)	75.0% (13,534)
13 to 24 months	13.9% (1,773)	11.3% (463)	7.8% (89)	12.9% (2,325)
25 to 36 months	5.3% (676)	2.7% (113)	3.3% (38)	4.6% (827)
37 to 48 months	2.8% (354)	1.1% (46)	1.0% (11)	2.3% (411)
49 to 60 months	1.7% (212)	0.7% (28)	0.6% (7)	1.4% (247)
More than 60 months	4.8% (613)	1.6% (66)	1.3% (15)	3.8% (694)
Mean*** [Median]	15.10 [7.15]	9.19 [4.96]	7.75 [3.58]	13.29 [6.28]
Standard Deviation	25.34	15.74	14.53	23.09
TCA Receipt in the 5 Years Before Exit***				
12 months or fewer	31.1% (3,976)	54.8% (2,254)	44.2% (504)	37.3% (6,734)
13 to 24 months	19.4% (2,475)	25.1% (1,033)	25.9% (295)	21.1% (3,803)
25 to 36 months	15.3% (1,960)	9.4% (386)	12.6% (143)	13.8% (2,489)
37 to 48 months	12.7% (1,629)	4.5% (185)	9.0% (103)	10.6% (1,917)
49 to 60 months	21.5% (2,747)	6.2% (254)	8.3% (94)	17.2% (3,095)
Mean*** [Median]	27.78 [24]	16.34 [11]	19.84 [15]	24.67 [19]
Standard Deviation	19.21	14.81	16.15	18.76

Note: The length of exiting spell is calculated as the difference (in months) between the exit month and the month of the most recent TCA application. Due to small instances of missing data, cell counts may not sum to column totals. Valid percentages are reported. *p<.05, **p<.01, ***p<.001

How many leavers return to welfare?

In the welfare-to-work model, the ideal outcome is that recipients would readily find full-time, permanent jobs with incomes sufficient to support their families, they would be able to enhance their incomes over time, and they would not experience any roadblocks that would precipitate a return to welfare. The reality, though, is that the post-welfare lives of many families are complex, and their independence from welfare is fragile.

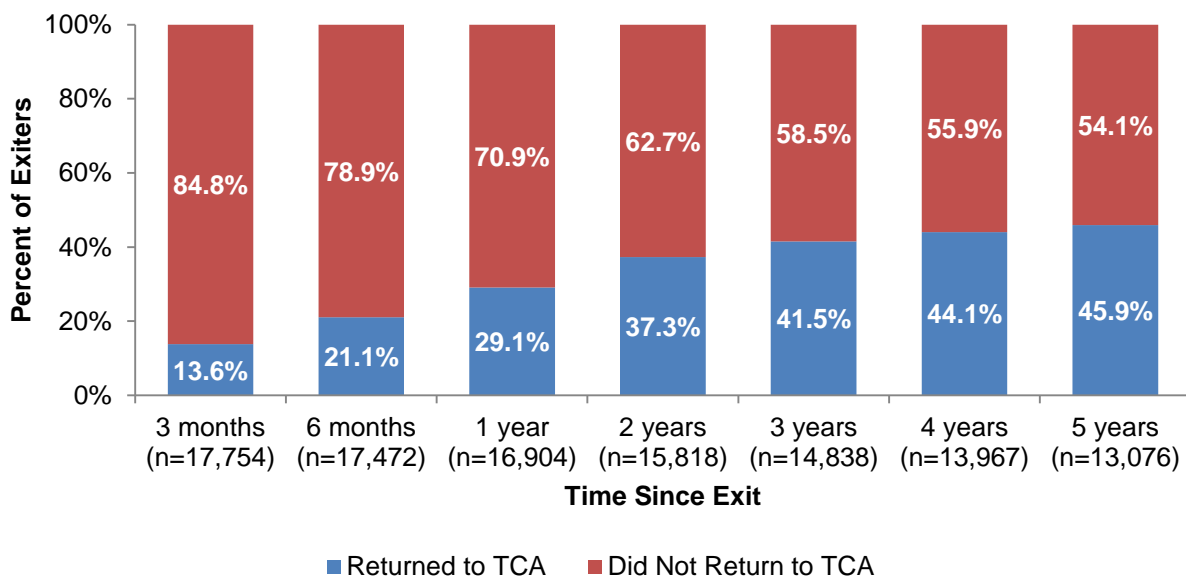
Some clients do not have the educational credentials necessary to acquire well-paying jobs, in the current highly competitive marketplace. Others may have barriers such as limited work experience, poor physical or mental health, or a disability that impedes their ability to find and maintain employment (Bloom, Loprest, & Zedlewski, 2011; Williamson, Saunders, & Born, 2011; Owwigho, Saunders, & Born, 2005). For welfare leavers, unexpected crises involving child care, housing, transportation, layoffs, a reduction in work hours or shifts, or medical emergencies can also derail their hard-won independence from welfare. The macro-economic environment also matters, and deterioration in economic conditions such

as the number and type of jobs available, and rising numbers of job seekers can get in the way of a family's ability to remain independent from welfare. In short, life off welfare can be a precarious balancing act, and, sometimes, a return to welfare is unavoidable.

Fortunately, most families are able to remain off TCA after exit. Figure 2 shows the percent of leavers who return to cash assistance after exit. Few (13.6%) families return at the three-month mark, soon after their exits. Regardless of when they left welfare, about 3 of 10 clients (29.1%) returned by the end of the first year after exit and, cumulatively, 37.3% have come back by the end of the second year. Beyond that point, relatively few come back on aid.

These results are consistent with what we have found in previous editions of *Life after Welfare* (Nicoli, Logan, & Born, 2012). The majority of families who are able to leave welfare for at least one month do not return for even a single month of additional aid, even as far out as 10 or 15 years after exit. Another key finding over time is that, all else equal, the risk of recidivism is highest in the first two years after case closure, and that continues to be the case here.

Figure 2. Cumulative TCA Recidivism Rates



What are the risk factors for recidivism?

In addition to keeping track of how many families return to welfare and the timing of those returns, it is important to know about the case and client characteristics that are associated with a heightened risk of return. Simply stated, families who return to welfare may be different in meaningful ways from families who do not return. Information about those differences can assist policymakers and program managers in developing interventions to help more families be able to stay off welfare after they have exited.

Toward that end, Table 5 describes payee characteristics, case characteristics, families' welfare use, and payees' employment histories for families who returned to TCA within one year of leaving and for families who remained off the rolls throughout the first year after exit. We limit the analysis to the first year after exit because that is when the risk of coming back to welfare is particularly high.

Recidivists and non-recidivists have very different profiles. We find statistically significant differences on all but one variable considered—employment history. For most variables, the magnitude of the differences is fairly large, which suggests that these characteristics probably do matter in terms of recidivism.

With regard to payee characteristics, Table 5 shows that payees who come back on welfare within one year are more likely to be female (97.0% vs. 94.4%), to be African American (81.4% vs. 70.2%), to have not finished high school (48.1% vs. 32.8%), or to have never married (83.1% vs. 71.8%). They are also more likely to reside in Baltimore City (54.7% vs. 39.9%). On average, returning payees are about three years younger than payees who do not return within the first year (30.63 years old vs. 33.59 years old). Even in the best of times, many of these characteristics are associated with lower earnings potential and greater difficulty in the labor market.

The case characteristics of recidivists' also differ in statistically significant ways from non-recidivists' cases. Recidivists have larger assistance units (2.74 persons vs. 2.53 persons) and more children (1.82 children vs. 1.69 children), and the youngest child in recidivist households is younger, on average, than the youngest child in non-recidivist households (5.02 years old vs. 5.76 years old). Returning cases are also more likely to include at least one child under the age of three years than are cases that did not return (45.5% vs. 41.6%).

Recidivists and non-recidivists have dissimilar TCA histories as well. In the previous five years, recidivists averaged about four more months of welfare receipt than non-recidivists (27.71 months vs. 23.88 months). Significantly fewer returning cases closed with the work-related, income above limit code (21.7% vs. 29.8%), but returning cases were almost twice as likely to close because of a work sanction (26.5% vs. 14.7%).

The finding that one of every four recidivist cases (26.5%) closed with a work sanction merits further comment. In these cases, returning to welfare may be viewed in a positive light. In Maryland, work-sanctioned cases may be reapproved for benefits only after demonstrating compliance with work requirements for a specified period of time. By definition, all of the work-sanctioned, returning cases in our sample, had shown consistent and sufficient work program participation for at least 30 days before their TCA benefits were reinstated. For work-sanctioned clients, recidivism really indicates that the sanction is having the intended effect: getting clients to comply with program requirements related to work. In that context, these returns to assistance may signal hope for more lasting welfare exits in the future. As the Annie E. Casey Foundation (2013) noted, "for many women the transition from welfare to work is not a single event, but instead is a process, one that can be characterized by false starts, setbacks and incremental gains" (para. 1).

Finally, from the bottom section of Table 5 we see that the large majority of clients, recidivists and non-recidivists alike, have strong work histories. Nearly identical percentages of adults who returned (70.4%) and those who did not return (70.5%) worked in a Maryland job covered by the Unemployment Insurance (UI) program at some time during the two years before their

welfare case closures. The two groups are significantly different, however, in terms of how many were working during the quarter in which they left welfare. Not surprisingly, adults who did not come back on welfare within the first year were more likely to have worked in the exit quarter than those whose welfare cases were reopened within 12 months of exit (50.2% vs. 42.8%).

Table 5. Comparison of TCA Recidivists and Non-Recidivists

	Returned in 1 st Year (n=4,916)	Did Not Return in 1 st Year (n=11,988)	Total (n=16,904)
Casehead Characteristics			
% Female***	97.0% (4,718)	94.4% (11,140)	95.2% (15,858)
% in Baltimore City***	54.7% (2,685)	39.9% (4,774)	44.2% (7,459)
Mean*** [Median] Age	30.63 [28.12]	33.59 [31.07]	32.73 [30.26]
% African American***	81.4% (3,859)	70.2% (7,978)	73.5% (11,837)
% Never Married***	83.1% (3,745)	71.8% (7,679)	75.2% (11,424)
% Who Did Not Finish Grade 12***	48.1% (1,747)	32.8% (2,590)	37.6% (4,337)
Case Characteristics			
Mean*** [Median] AU Size	2.74 [2]	2.53 [2]	2.59 [2]
Mean*** [Median] Number of Children	1.82 [2]	1.69 [1]	1.72 [1]
Mean*** [Median] Age of Youngest Child	5.02 [3.42]	5.76 [4.12]	5.54 [3.87]
Percent with a Child Under 3***	45.5% (2,165)	41.6% (4,725)	42.8% (6,890)
TCA History			
Mean*** [Median] Months of Receipt in Last 5 Years	27.71 [24]	23.88 [18]	24.99 [20]
% Closed due to Work Sanction***	26.5% (1,298)	14.7% (1,756)	18.1% (3,054)
% Closed due to High Income***	21.7% (1,064)	29.8% (3,574)	27.5% (4,638)
Work History			
% Employed in Last 2 Years	70.4% (3,443)	70.5% (8,398)	70.5% (11,841)
% Employed in Exit Quarter***	42.8% (2,093)	50.2% (5,977)	48.0% (8,070)

Notes: Due to small instances of missing data, cell counts may not sum to column totals. Employment analyses exclude individuals for whom we have no unique identifier (n=116). Recent leavers, who do not have one year of follow-up data, are also excluded from this analysis. Valid percentages are reported.
*p<.05, **p<.01, ***p<.001

Does recidivism vary by cohort?

Finally, we examine whether the rates at which clients return by 3, 6, and 12 months after case closure differ by exit cohort, presenting the results in Table 6. We find that the rate of return does vary by cohort, but the differences are fairly small, and they are only statistically significant at 6 and 12 months after exit.

Importantly, recidivism appears to be declining, after increasing during the recession. While 13.7% of pre-recession

leavers returned to TCA by three months after exit, that figure rose to 14.4% for recession-era leavers, then dropped to 12.6% for recent leavers. Returns to TCA at six months after exit evince a similar pattern (20.5% pre-recession, 22.8% recession-era, 21.8% recent year). Although we do not have data on returns at 12 months for the most recent leavers, recidivism is more common for recession-era leavers (31.7%) than for pre-recession leavers (28.2%), suggesting that this pattern will hold. All else equal, recidivism may continue to decline as the effects of the recession recede.

Table 6. Recidivism by Exit Cohort

	Pre-Recession 10/96 – 11/07 (n=12,792)	Recession Era 12/07 – 3/12 (n=4,112)	Recent Year 4/12 – 3/13 (n=1,139)	Total Sample (n=18,043)
3 Months Post-Exit				
Returned to TCA	13.7% (1749)	14.4% (593)	12.6% (107)	13.8% (2449)
Did not return	86.3% (11043)	85.6% (3519)	87.4% (743)	86.2% (15305)
Valid N	12,792	4,112	850	17,754
6 Months**				
Returned to TCA	20.5% (2623)	22.8% (938)	21.8% (124)	21.1% (3685)
Did not return	79.5% (10169)	77.2% (3174)	78.2% (444)	78.9% (13787)
Valid N	12,792	4,112	568	17,472
12 Months***				
Returned to TCA	28.2% (3612)	31.7% (1304)	- -	29.1% (4916)
Did not return	71.8% (9180)	68.3% (2808)	- -	70.9% (11988)
Valid N	12,792	4,112	-	16,904

Note: Follow-up data are available through March 2013, so 3-month, 6-month, and 12-month data are unavailable for some leavers in the recent year cohort. Valid percentages are reported. *p<.05, **p<.01, ***p<.001

FINDINGS: EMPLOYMENT

Since welfare reform, one of the major goals of the cash assistance program is to help adult recipients regain self-sufficiency through finding and retaining employment. The Great Recession has made this already formidable task even more difficult. In this findings chapter, we discuss leavers' histories with employment covered by Maryland Unemployment Insurance as well as their employment and earnings trajectories after their case closures.

What are leavers' pre- and post-exit employment experiences?

The Great Recession decimated employment opportunities for many people, and welfare recipients were not exempt from this devastation. The national rate of unemployment for women, who are the majority of TCA caseheads, rose at a later point than men's rate, suggesting that employment participation would also be affected at a later date. For women 20 years and older, the unemployment rate peaked at 8.4% in November 2010, more than one year later than men's peak unemployment (10.4% in October 2009).⁴ Furthermore, the unemployment rate of African American women, who make up three-fourths of the TCA caseload, went above 10% in February 2009, peaked at 13.9% in June 2011, and, at 12.2%, had not dropped below 10% by March 2013, the end of our study period.

The timing of unemployment among women, especially African American women, is essential context for understanding these employment findings. Figure 3, below, shows that leavers' employment experiences have varied dramatically by cohort, largely due to these factors. Compared to pre-recession leavers, recession-era and recent leavers are struggling. Pre-recession leavers exhibit the

ideal welfare-to-work model. About 7 in 10 (70.7%) worked in the two years before going on assistance, slightly more (71.7%) worked in in the two years before leaving assistance, and just under three in four (72.9%) worked in the two years after exit.

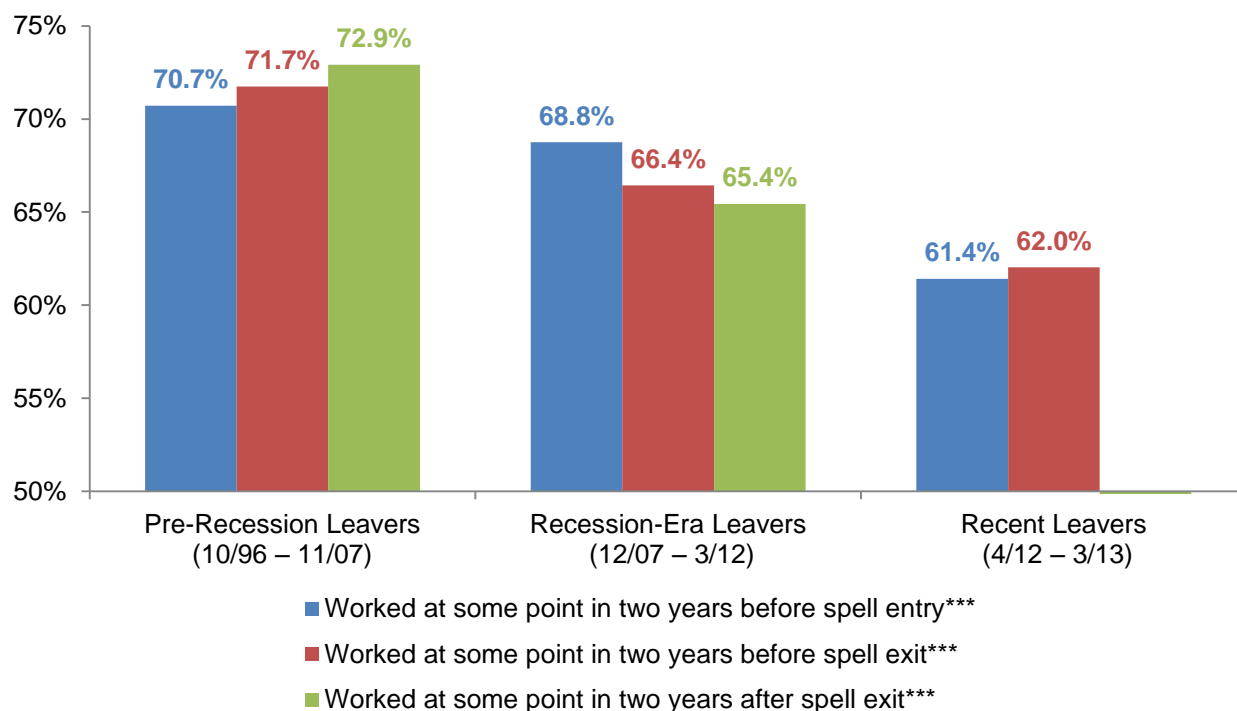
The majority of recession-era leavers also worked in all three time periods. However, their participation rates declined over time. More than two in three (68.8%) worked in the two years before entering TCA, and two in three (66.4%) worked in the two years before leaving TCA. This decline continued through the two years after exit, such that 65.4% worked in that period. Because recession-era leavers are more likely to have finished high school and have less welfare receipt than pre-recession leavers, the recession is the most likely explanation for their employment trend.

Recent leavers have substantially lower employment participation than the other cohorts, but with additional follow-up data, the trend may mirror pre-recession leavers. In the two years before receiving cash assistance, three-fifths (61.4%) of recent leavers worked, and that percentage rises slightly for the two years before exiting TCA (62.0%). Both figures, however, are over nine percentage points lower than comparable figures for pre-recession leavers and over four percentage points lower than comparable figures for recession-era leavers. Recent leavers experienced the brunt of the recession, including peak unemployment for African American women. The rise in employment from the two years before entry to the two years before exit is promising, though.

Even in the middle of a depressed economy, the majority of leavers worked before they entered the welfare system, before they left welfare, and after their cases closed. This suggests that most welfare recipients both have some work experience and would like to work.

⁴ These figures are based on the authors' analyses of Labor Force Statistics from the Current Population Survey (LNS14000025, LNS14000026, & LNS14000032) available at <http://www.bls.gov/data/>.

Figure 3. Percent Employed before Spell Entry, before Exit, and after Exit



Note: These figures exclude individuals for whom we have no unique identifier (n=116). Percent working in the two years after exit excludes individuals who do not have two years of follow-up data (those who came into the sample in January 2011 or later). There is additional missing data as well. Valid percentages are reported. *p<.05, **p<.01, ***p<.001

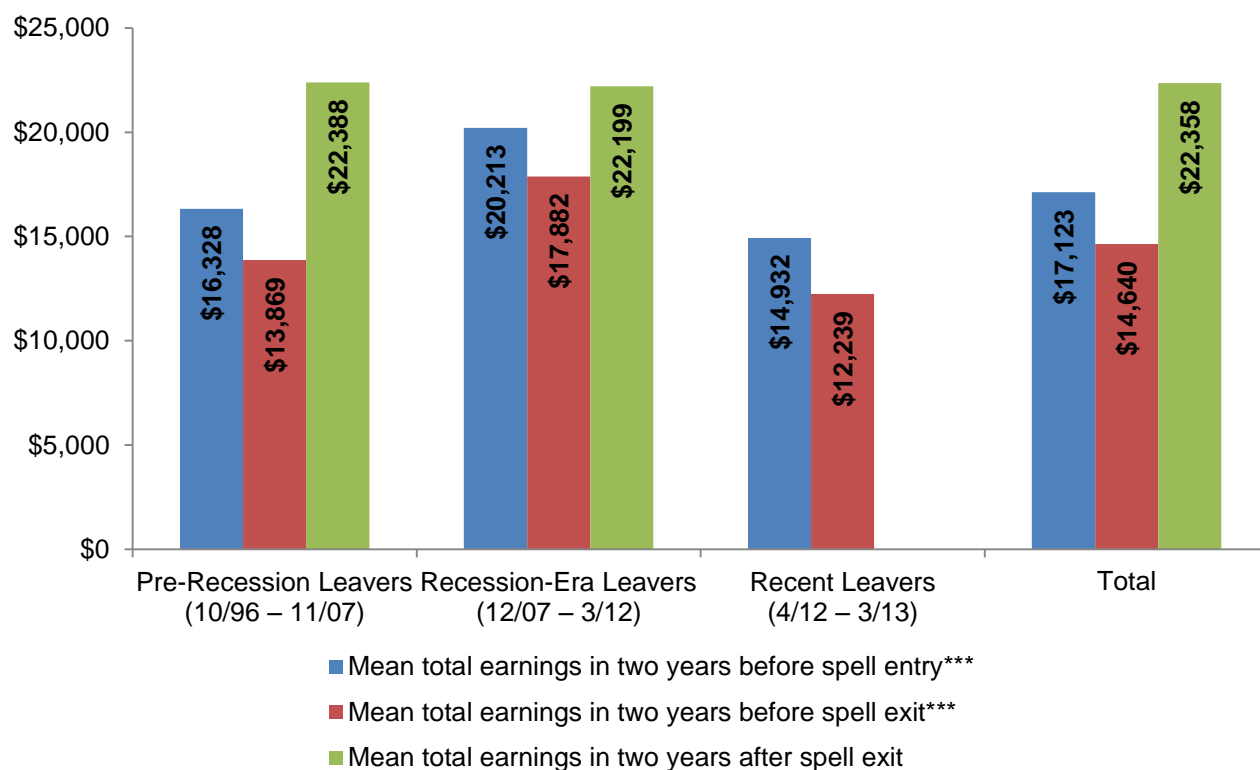
Earnings are another important aspect of employment. In Figure 4 we present mean total earnings in the two years before entering TCA, the two years before leaving TCA, and the two years after exit. The general trend is that earnings decrease in the two years before leaving TCA, but increase in the two years after exit. This is the pattern we would expect in a welfare to work model.

Recession-era leavers fared better than or about the same as pre-recession leavers. For example, recession-era leavers earned about \$4,000 more than the pre-recession leavers in the two years before receipt of TCA (\$20,213 vs. \$16,328) and in the two years before exit (\$17,882 vs. \$13,869). Earnings among recession-era leavers, however, seemed to slow in the two years after exit. Both pre-recession and recession-

era leavers earned about \$22,000 in that period.

Recent leavers, on the other hand, have substantially lower earnings. In the two years before coming on the rolls, recent leavers earned about \$5,000 less than recession-era leavers (\$14,932 vs. \$20,213). Total earnings in the two years before leaving TCA also were about \$5,000 lower (\$12,239 vs. \$17,882). Post-exit earnings are not available for recent leavers, but we expect a similar increase in their earnings in the two years after exit, despite their weaker employment histories. This is because the pattern of lower earnings in the two years before exit is the same for recent leavers, as for the other two cohorts whose earnings subsequently increase.

Figure 4. Total Earnings before Spell Entry, before Exit, and after Exit



Note: These figures are only for leavers with employment in that period and exclude individuals for whom we have no unique identifier (n=116). Post-exit earnings exclude individuals who do not have two years of follow-up data (those who came into the sample in January 2011 or later). Wages are standardized to 2012 dollars. *p<.05, **p<.01, ***p<.001

In Figures 5 and 6, below, we take a more detailed approach to employment and earnings. Figure 5 shows the percent of leavers employed in each quarter from the fourth quarter before exit through the fourth quarter after exit. Because recent leavers do not have employment data for that entire period, their line stops at the second quarter after exit.

The trends across cohorts in Figure 5 provide more nuance to the employment figures in Figure 3. From the fourth quarter before exit to the exit quarter, pre-recession and recession-era leavers followed the same path. Almost two in five (37.2%) pre-recession leavers and slightly more than one-third (35.8%) of recession-era leavers were employed in the fourth quarter before exit. These numbers declined to 35.7% for pre-recession leavers and 31.9% for

recession-era leavers in the second quarter before exit and rose to 50.0% and 41.8%, respectively, in the exit quarter.

Recent leavers have a very different pattern, starting at 30.3% in the fourth quarter before exit, then falling to 26.7% in the third quarter before exit. At that point, percent employed increases considerably through the exit quarter, reaching 43.8%. While recent leavers are significantly less likely to be employed in the fourth and third quarters before exit, the difference between recent leavers and the recession-era leavers narrows substantially after that. By the exit quarter, a slightly higher percentage of recent leavers are employed (43.8%), compared to recession-era leavers (41.8%).

From the exit quarter through the fourth quarter after exit, all three cohorts'

employment participation remained steady. The very slight decline in percent employed for pre-recession leavers, from 50.0% in the exit quarter to 48.4% in the fourth quarter after exit, is mirrored among recession-era leavers, whose employment dropped from 41.8% in the exit quarter to 40.1% in the fourth quarter after exit. Employment for recent leavers also remained steady around 44%, but increased slightly from 43.8% in the exit quarter to 44.4% in the second quarter after exit. An important finding is that the employment participation of recent leavers remained above that of recession-era leavers, suggesting that employment opportunities may be rebounding for this population. The number of recent leavers with employment data in the first and second quarters after exit is quite small, however, so it is possible that these trends may not be representative.

Examining average quarterly earnings from the fourth quarter before exit through the fourth quarter after exit, as shown in Figure 6, yields a somewhat different picture. All three cohorts exhibited declining earnings from the fourth quarter before exit to the quarter immediately preceding exit. From that point, earnings mostly rise through the fourth quarter after exit.

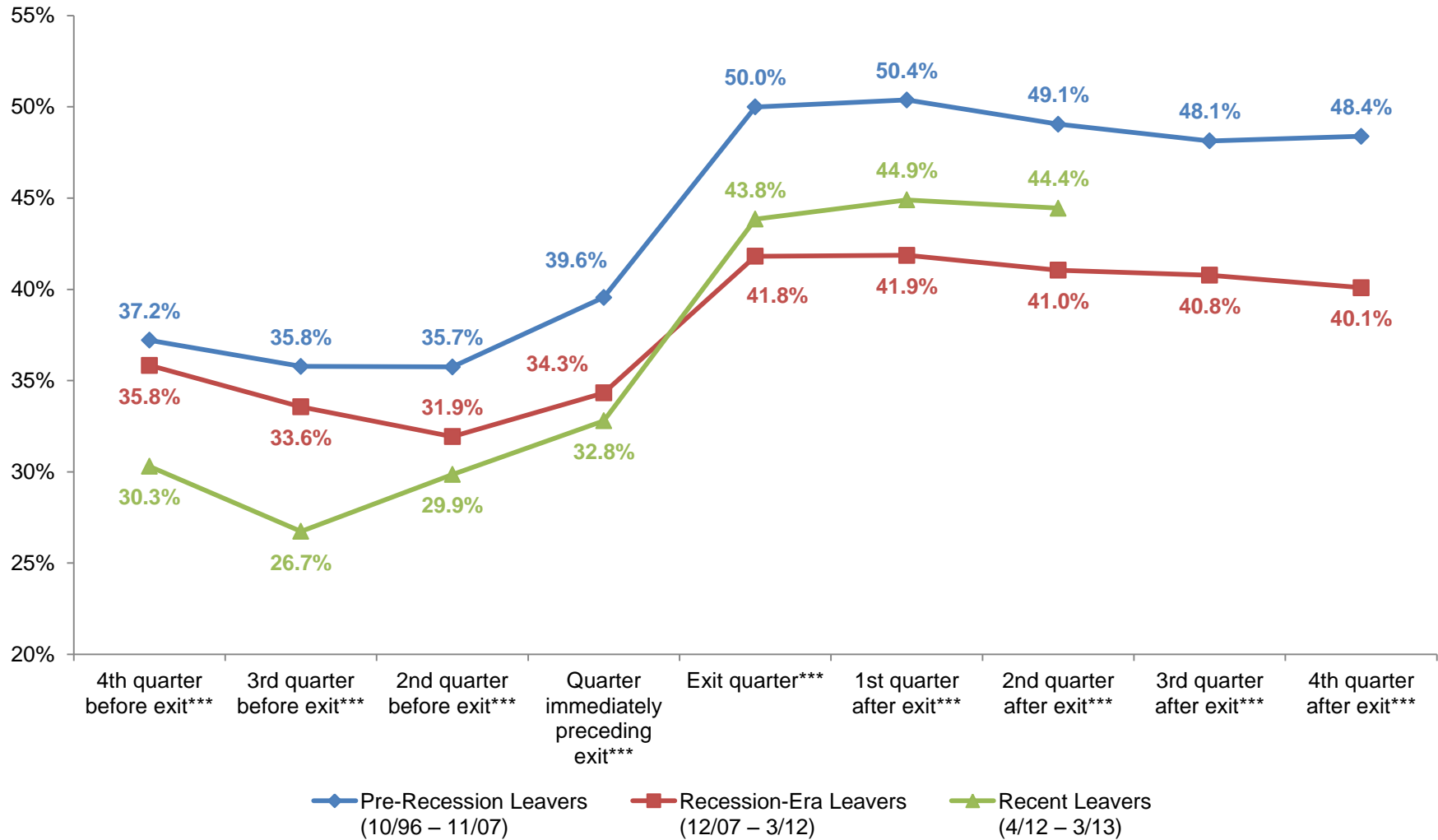
Recession-era leavers have the highest average quarterly earnings at every measuring point, although all three cohorts nearly converge in the second quarter after exit and beyond. In the fourth quarter before exit, for example, the recession-era leavers' average quarterly earnings are about \$1,000 higher than the recent leavers (\$4,087 vs. \$3,004) and nearly \$800 higher than the pre-recession leavers (\$3,313). All three cohorts experienced a decline in earnings through the quarter immediately preceding their exit. Pre-recession leavers'

earnings declined by about \$500 from \$3,313 to \$2,791, while recession-era and recent leavers' earnings dropped by more than \$900, bringing recent leavers to just \$2,100 in the quarter immediately preceding exit.

Beginning in the exit quarter, pre-recession and recession-era leavers' earnings have similar upward trajectories. Both cohorts' earnings increased by about \$850 between the exit quarter and the fourth quarter after exit, narrowing the gap from more than \$800 in the fourth quarter before exit to just over \$200 (\$4,423 vs. \$4,186) in the fourth quarter after exit. Recent leavers had a very steep incline between the exit quarter and the second quarter after exit (no employment data is available beyond this point at this time). Average quarterly earnings of recent leavers increased by \$1,201—a 42% increase—from \$2,841 to \$4,042. Earnings in the second quarter after exit surpassed pre-recession leavers' earnings (\$3,956) and were only \$140 less than recession-era leavers (\$4,182).

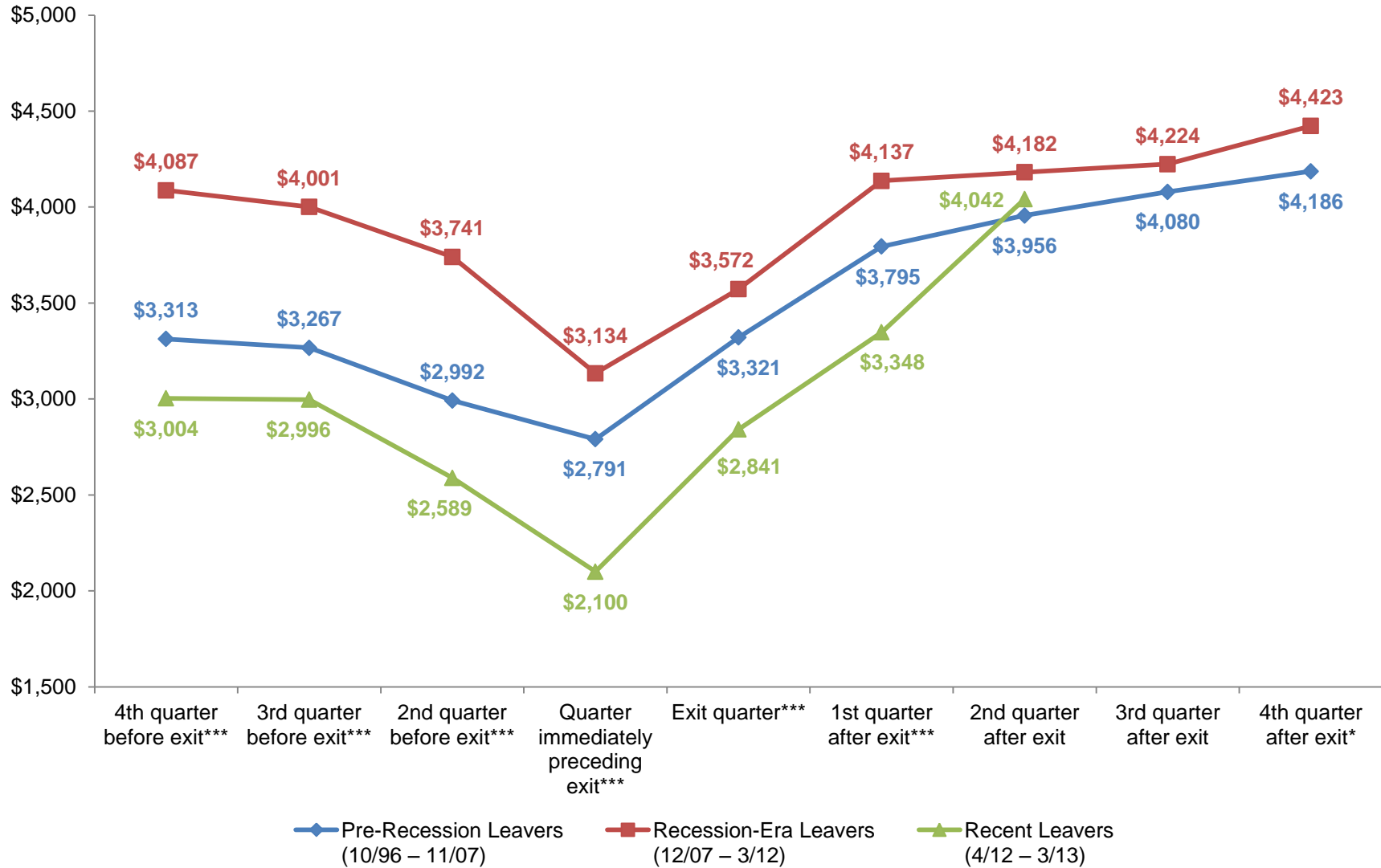
Considering these employment and earnings findings together suggests there is reason to be optimistic. While we do not have complete data for many recent leavers, the substantial increase in earnings suggests that recent leavers may be able to overcome weaker employment and earnings histories and have post-exit earnings similar to other leavers. Nonetheless, the low employment participation findings among recent leavers implies that these women may need to gain additional job skills through such programs as EARN (Employment Advancement Right Now) in order to be competitive in the labor market and to obtain employment that leads to self-sufficiency.

Figure 5. Percent Employed Four Quarters before Exit through Four Quarters after Exit



Note: These figures exclude individuals for whom we have no unique identifier (n=116). Additionally, follow-up quarters exclude individuals who do not have a full quarter of follow-up data; therefore valid Ns vary according to the availability of follow-up data. Valid percentages are reported.
 *p<.05, **p<.01, ***p<.001

Figure 6. Mean Quarterly Earnings Four Quarters before Exit through Four Quarters after Exit



Note: Earnings figures are only for those working in each quarter. Wages are standardized to 2012 dollars. *p<.05, **p<.01, ***p<.001

What are leavers' long-term employment outcomes?

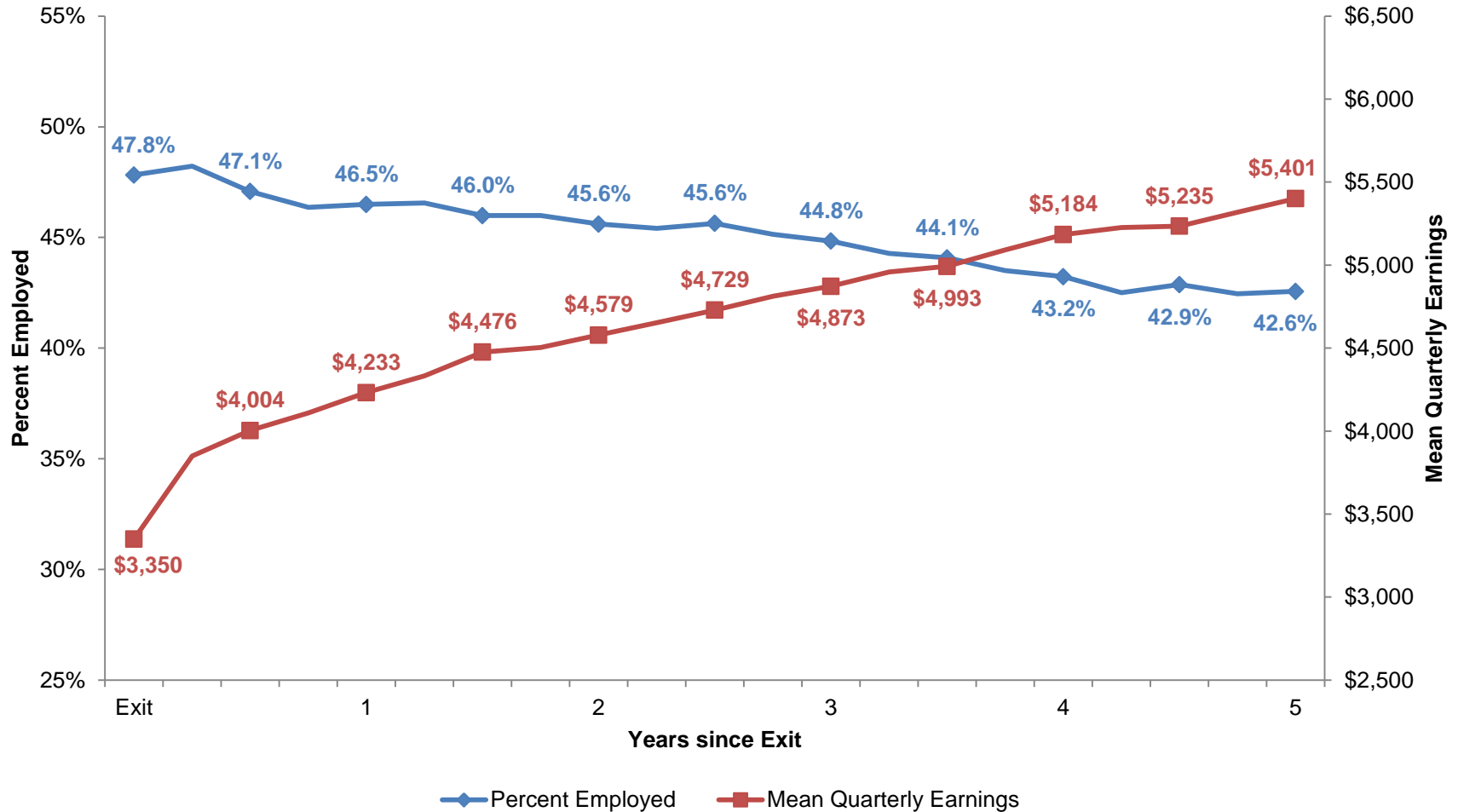
The previous analyses suggest that employment among leavers remains relatively stable, while earnings increase over time. In order to determine whether these employment and earnings findings persist over time, we examine quarterly employment and earnings for up to five years after exit. Figure 7 displays the percent of leavers employed in each quarter as well as mean earnings for that quarter.

The general trend over time is that percent employed declines while mean earnings rise. In the exit quarter, nearly half (47.8%) of leavers participated in Maryland UI-covered employment, but that percentage slowly declined to two in five (42.6%) leavers. In contrast, earnings grow rather quickly. In the exit quarter, leavers earn

\$3,350, on average, which grows to \$4,004, on average, two quarters later. By three years after exit, leavers averaged \$4,873 in quarterly earnings, which then increased to an average of approximately \$5,400 in the fifth year after exit.

It is important to note that this trend echoes what we see in very long-term leavers. At ten or fifteen years after exit, fewer leavers are employed, but earnings are much higher (Nicoli, Logan, & Born, 2012). Part of the decline in employment is simply the result of the limitations of our data. At ten or fifteen years after exit, leavers may have retired, moved out of state, or passed away. Even if they still live in Maryland, leavers who work out of state are not captured in our employment data. The consistent rise in earnings over time is positive, however, suggesting that self-sufficiency is not out of reach for most leavers.

Figure 7. Percent Employed and Mean Quarterly Earnings after Exit



Note: We exclude 116 sample members for whom we have no unique identifier, and mean quarterly earnings only include those who were working. As years since exit increase, the number of individuals in the sample with employment and earnings decrease, so there are 17,754 individuals in the exit quarter and 12,867 individuals in the 20th quarter after exit. 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 or inferred from these data. Finally, wages are standardized to 2012 dollars.

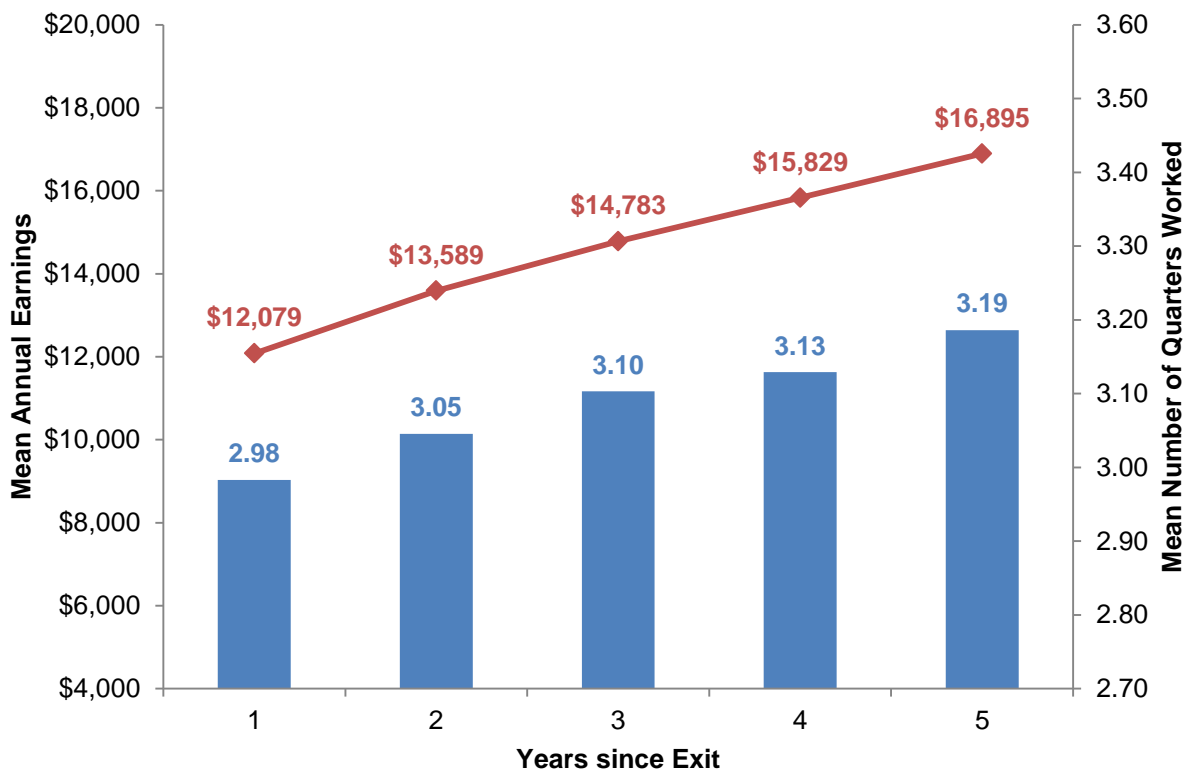
Figure 8 provides a different perspective on long-term employment and earnings, presenting mean annual earnings and the mean number of quarters worked in each year after exit. While quarterly earnings and employment show some fluctuation, annual earnings and employment participation evince a strong positive trend. Average annual earnings continually rise, starting at \$12,079 in the first year after exit, and reaching \$16,895 in the fifth year after exit.

The mean number of quarters worked increases over time as well, although the rate of increase is somewhat slower. In the first year after exit, leavers worked in slightly less than three quarters (2.98), on average, and just about three quarters (3.05) in the

second year after exit. The average number of quarters worked in each subsequent year continues to increase and by the fifth year after exit, leavers work an average of 3.19 quarters during the year.

Despite all of the information in this chapter, there is much that we still do not know. For example, we know how many families returned to TCA, and we know how many clients are employed after exit, but we do not know how many families combine welfare receipt and work. Similarly, we do not know how many families are disconnected from both welfare and work. In the next chapter, we investigate how leavers package welfare, work, and work support programs.

Figure 8. Annual Mean Number of Quarters Worked and Mean Annual Earnings



Note: We exclude leavers for whom we do not have a unique identifier (n=116) and those without a full year of employment data available (January 2012 and after). In addition, average number of quarters worked and average yearly earnings are only for those working. Wages are standardized to 2012 dollars.

FINDINGS: WORK AND WELFARE STATUS

Up to this point, we have examined leavers' outcomes related to welfare receipt separately from their employment-related outcomes. This has allowed us to isolate factors primarily related to each set of outcomes and to discuss what could be driving those outcomes. We have learned, for example, that leavers have short welfare spells, and that most women worked before they received cash assistance as well as after they exited the program. Furthermore, findings point toward increased earnings in the years after families exit welfare.

In this chapter, however, we investigate leavers' welfare and employment outcomes together. This provides a fuller picture of how leavers are faring, revealing how these outcomes intersect. If those who came back to TCA are also working, or if leavers are neither working nor receiving cash assistance, this gives us additional insight into how leavers are navigating life after their cases close.

In our work and welfare analysis, we place each leaver into one of four groups:

- 1) **Work:** Maryland UI-covered employment, no TCA receipt;
- 2) **Welfare:** TCA receipt, no Maryland UI-covered employment;
- 3) **Work & welfare:** Maryland UI-covered employment and TCA receipt; and
- 4) **Neither:** No TCA receipt and no Maryland UI-covered employment.

These categories are all-inclusive and mutually exclusive, so each leaver is assigned to only one group for each year after exit. Group membership is based on the presence or absence of work or welfare, so any UI earnings in one quarter is enough to put a leaver in the work category, and one month with TCA receipt is sufficient to place a leaver in the welfare category. For those who work and receive welfare within a given year, working and receiving TCA do

not need to be concurrent. For example, a leaver in the work and welfare category could receive cash assistance in April and May but work in Maryland UI-covered employment from August through December.

What are leavers' combined work and welfare statuses over time?

Figure 9 presents leavers' work and welfare statuses for each of the first five years after exit. Work is a common outcome among welfare leavers. In the first follow-up year, nearly half (46.7%) of leavers were working and did not receive TCA. This percentage decreases slightly over time, but work is the most common status in each follow-up year, representing more than two in five (44.0%) leavers in the fifth post-exit year.

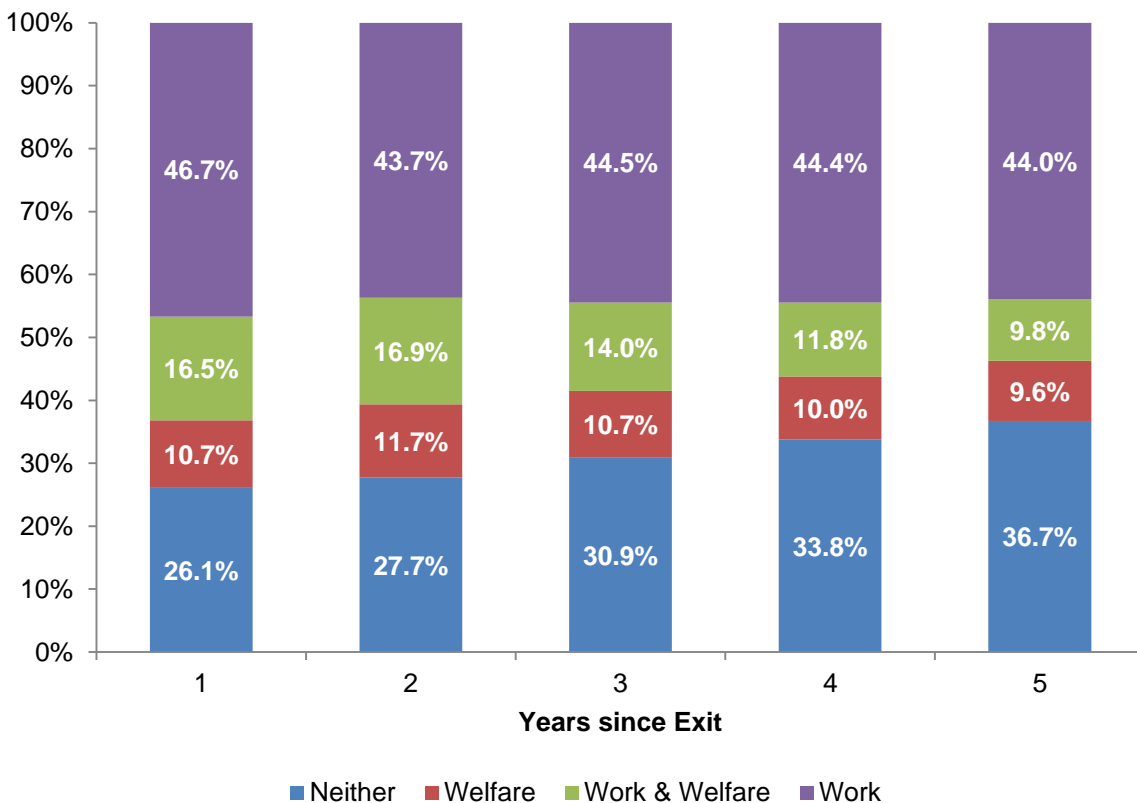
Some leavers, however, found it necessary to combine both work and welfare in order to make ends meet. For example, one in six leavers both work and received TCA in the first (16.5%) and second (16.9%) follow-up years. The percent of leavers combining work and welfare subsequently decreased, and by the fifth follow-up year, only 1 in 10 (9.8%) leavers had this status. When combining those who worked with those who both worked and received TCA, we find that more than half (53.8%) of leavers worked at some point in the fifth follow-up year. These two groups represented nearly two-thirds (63.2%) of leavers in the first year after exit.

While some leavers need to combine both welfare and work during their transition from welfare to work, few leavers rely solely on welfare. Only one in ten leavers received welfare without working in each of the follow-up years, ranging from 11.7% in the second follow-up year to 9.6% in the fifth follow-up year. This is the smallest group in every post-exit year, and it declines over time, showing leavers' strong attachment to work.

Over time, each of the three statuses discussed above—work, welfare, and combined work and welfare—decrease while the percent of leavers that have neither employment nor TCA receipt increase. One-quarter (26.1%) of leavers did not work and did not receive TCA in the first follow-up year. By the fifth follow-up year, more than one-third (36.7%) of leavers were disconnected from employment in a Maryland UI-covered job and TCA receipt. The trend toward neither work nor welfare, referred to as disconnection, is clear. This

raises some additional questions: if leavers are not supported by welfare or work, how are they making ends meet? One possibility is that they are taking advantage of work support programs that provide food and medical assistance. Prior research found that some Maryland disconnected leavers participate in these work support programs, have transitioned to Supplemental Security Income (SSI) benefits, or they have other adults in the household with earnings (Ovwigbo, Kolupanowich, & Born, 2009).

Figure 9. Work and Welfare Status since Exit



Note: We exclude leavers for whom we do not have a unique identifier (n=116) and those without a full year of employment data available (those exiting on or after January 2012). In addition, the number of valid cases decreases as the number of years since exiting increases. Valid percentages are reported.

Does work and welfare status vary by cohort?

In light of the cohort differences we found in welfare use and employment in the previous chapters, we next examine whether work and welfare status during the first year after exit varies for the three cohorts of leavers. Recent leavers are excluded from this analysis because a full year of follow-up data on employment and TCA receipt is required. Nonetheless, Figure 10 provides the work and welfare status of pre-recession and recession-era leavers during their first year after exit.

The most common status for both pre-recession and recession-era leavers is work. However, working and not receiving TCA is much more common among pre-recession leavers. Half (49.0%) of pre-recession leavers were part of this group in the first follow-up year, compared to just under two-fifths (38.8%) of recession-era leavers. There are no differences in the percent of leavers who combined work and welfare, as one in six pre-recession (16.5%) and recession-era (16.6%) leavers were in

this category during the first year after exit. Thus, adding those who worked to those who both worked and received welfare, we find that two-thirds (65.5%) of pre-recession and more than half (55.4%) of recession-era leavers worked at some point during the first year after their exits from welfare.

Recession-era leavers, however, are more likely to receive TCA without working and more likely to become disconnected from work and welfare during that first year after exit. For example, about one in six (15.5%) recession-era leavers received TCA and did not work during that first year, compared to one in ten (9.3%) pre-recession leavers. Furthermore, three in ten (29.1%) recession-era leavers were disconnected from both welfare and work, compared to one-quarter (25.2%) of pre-recession leavers. The level of disconnection in the first year after exiting welfare is concerning, and therefore, the next section examines whether these families participate in other benefit programs. While in-kind assistance is no substitute for cash, it can mitigate the negative effects of disconnection from work and welfare.

Figure 10. Work and Welfare Status 1 Year Post-Exit by Cohort***



Note: We exclude leavers for whom we do not have a unique identifier (n=116) and those without one year of employment follow-up (those exiting on or after January 2012). Valid percentages are reported. *p<.05, **p<.01, ***p<.001

Are disconnected leavers really disconnected?

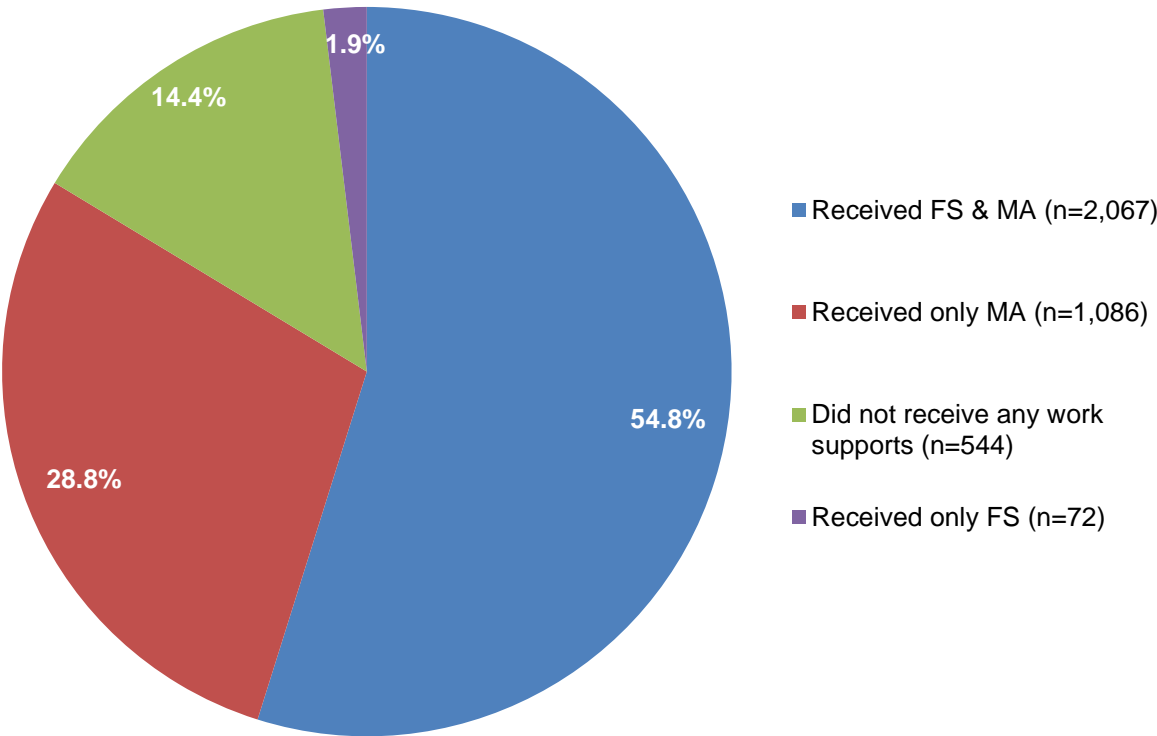
Many researchers and policymakers have been concerned about single-parent families in which the adult is not employed or receiving cash assistance (Loprest, 2011). Some of these families, like those in our study, have left welfare, while others have never been enrolled in a cash assistance program. Not surprisingly, disconnected families often have very low incomes, even taking into account other income sources, such as child support (Loprest, 2011). Furthermore, these families often have significant barriers that need to be addressed, such as substance abuse or domestic violence, and disconnection may mean that these families are not getting the support they need.

Even though families are disconnected from work and welfare, they may be connected to other programs. For example, according to one national study, about half of disconnected single-mother families received in-kind food assistance, and half had Medicaid coverage (Loprest & Nichols, 2011). In an earlier report on chronic disconnection among Maryland welfare leavers, we found that most disconnected leavers were, in fact, connected to at least one other support program, such as Medical Assistance or Supplemental Security Income (Ovwigbo, Kolupanowich, & Born, 2009).

Thus, in this section, we take a closer look at leavers from Figure 10 who were not employed in a Maryland UI-covered job and did not receive TCA in the first year after exit (25.2%-pre-recession; 29.1%-recession-era). Figure 11, below, shows the percentage of those leavers who used Food Supplement and/or Medical Assistance programs during the first post-exit year. Over four in five (85.6%) disconnected leavers participated in one or both of these programs, confirming that many disconnected leavers are connected to other programs. Over half (54.8%) received both Food Supplement and Medical Assistance benefits. Three in ten (28.8%) participated only in the Medical Assistance program, and very few (1.9%) received only Food Supplement.

Only one in seven (14.4%) of these leavers were disconnected from a Maryland UI-covered job and TCA, as well as from Food Supplement and Medical Assistance. Furthermore, only 3.3% of all leavers with one year of follow-up data in the sample did not receive any of these benefits. This suggests that total disconnection from services is rare. Moreover, some of these truly disconnected leavers may receive Unemployment Insurance, Supplemental Security Income, Social Security, or child support, or they may be employed out of state. Some leavers who are disconnected from TCA and Maryland UI-covered employment may be quite disadvantaged, so it is encouraging to know that the vast majority of them are actually connected to other services and programs.

Figure 11. Work Supports for Disconnected Leavers in First Year after Exit



FINDINGS: USE OF WORK SUPPORTS

When families leave cash assistance, they often continue to receive assistance from work support programs. The Food Supplement program (FS, Maryland's version of the federal Supplemental Nutrition Assistance Program), Medical Assistance/M-CHP, and child support can be key building blocks as families determine how to make ends meet independent of cash assistance. For leavers who do not work, these programs can be crucial to their children's health and well-being.

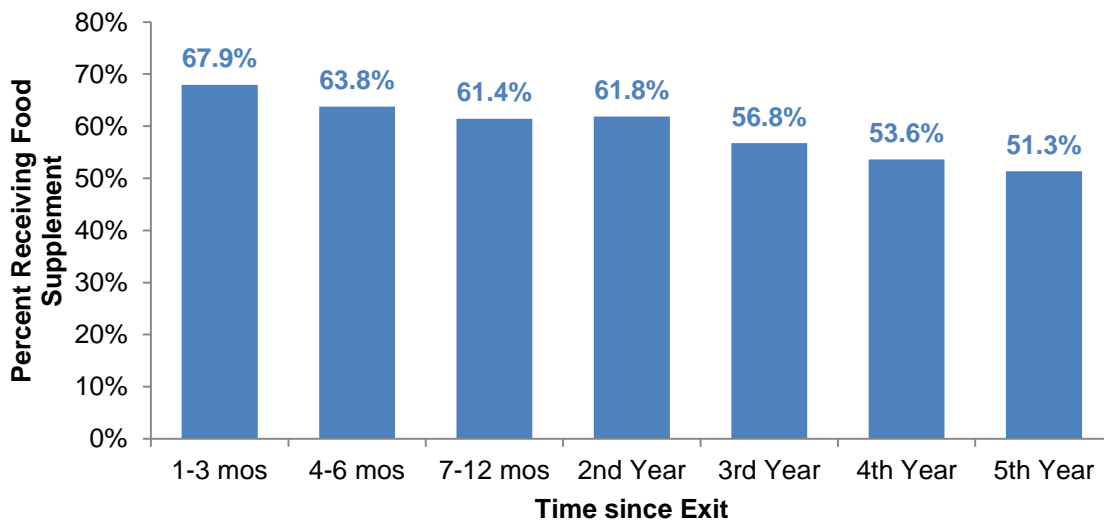
A recent study found that adults who were able to access in-kind food assistance as children were less likely to experience obesity, high blood pressure, heart disease, and diabetes (cited in Sherman, Trisi, & Parrott, 2013). Furthermore, adult women who had access to food stamps as children were more likely to be economically self-sufficient. Because these programs are so important, we explore the extent to which leavers take advantage of the Food Supplement, Medical Assistance/M-CHP, and child support programs after exiting cash assistance.

What are the Food Supplement participation patterns?

Figure 12 shows the percentage of leavers who received FS benefits from the first three months after exit through the fifth year after exit. In all of the time periods we examine, a considerable number of leavers receive FS. In the first three months after exit, two in three (67.9%) families leaving TCA participated in the FS program. This declines steadily, but even five years after exit, just over half (51.3%) of all families who exited TCA received FS.

In recent editions of *Life after Welfare*, we have compared FS participation to the previous year (Nicoli, Logan, & Born, 2012). We find the same result from the previous two years: FS participation has increased by about one percentage point in each post-exit period. For example, the percentage of leavers who received FS in the first three months after exit was 65.8% in 2011, 66.8% in 2012, and 67.9% in this year's report. This suggests that families leaving TCA still need help in making ends meet and that the effects of the recession are still lingering.

Figure 12. Food Supplement Program Participation Rates after Exit



Note: The amount of available follow-up data varies by exit date. Valid percentages are reported.

Does Food Supplement participation vary by cohort?

As our analysis suggests that the percentage of leavers receiving FS has increased over time, we turn to differences across cohorts. Table 7 shows FS participation by cohort in three different periods after case closure: 1-3 months, 4-6 months, and 7-12 months. We find a clear, statistically significant trend toward higher levels of FS participation across all three cohorts. In the first three months after exit, 63.1% of pre-recession leavers received FS, compared to 79.2% of recession-era leavers and 85.5% of recent leavers. The

same trend exists for 4-6 months after exit and for 7-12 months after exit, although each cohort has slightly lower FS participation levels.

Despite the brighter economic news that we have had in the past year, FS participation after exit is continuing to increase. Unemployment remains historically high, even if it is lower than it has been in the last few years, and many jobs do not provide a living wage. It could be the case that leavers are able to find jobs, but these jobs may be temporary, part-time, or low-paid, and FS assistance is necessary to put food on the table.

Table 7. Food Supplement Program Participation Rates by Exit Cohort

	Pre-Recession 10/96 – 11/07 (n=12,792)	Recession Era 12/07 – 3/12 (n=4,112)	Recent Year 4/12 – 3/13 (n=1,139)	Total Sample (n=18,043)
Months 1-3***	63.1% (8,076)	79.2% (3,257)	85.5% (727)	67.9% (12,060)
Months 4-6***	58.7% (7,509)	76.9% (3,162)	83.5% (474)	63.8% (11,145)
Months 7-12***	57.2% (7,312)	74.6% (3,068)	- -	61.4% (10,380)

Note: Follow-up data are available through March 2013, so 3-month, 6-month, and 12-month data are unavailable for some leavers in the recent year cohort. Valid percentages are reported. *p<.05, **p<.01, ***p<.001

What are the Medical Assistance participation patterns?

As the country moves closer to the full implementation of the Patient Protection and Affordable Care Act, Maryland has been at the forefront of expanding access. With the 2008 Working Families and Small Business Coverage Act, Maryland already helped more families obtain health coverage than many other states did. At this point, the Maryland Health Benefit Exchange has just become operational, and Marylanders with incomes below 400 percent of the federal poverty level will be eligible for subsidies to buy insurance on the exchange.

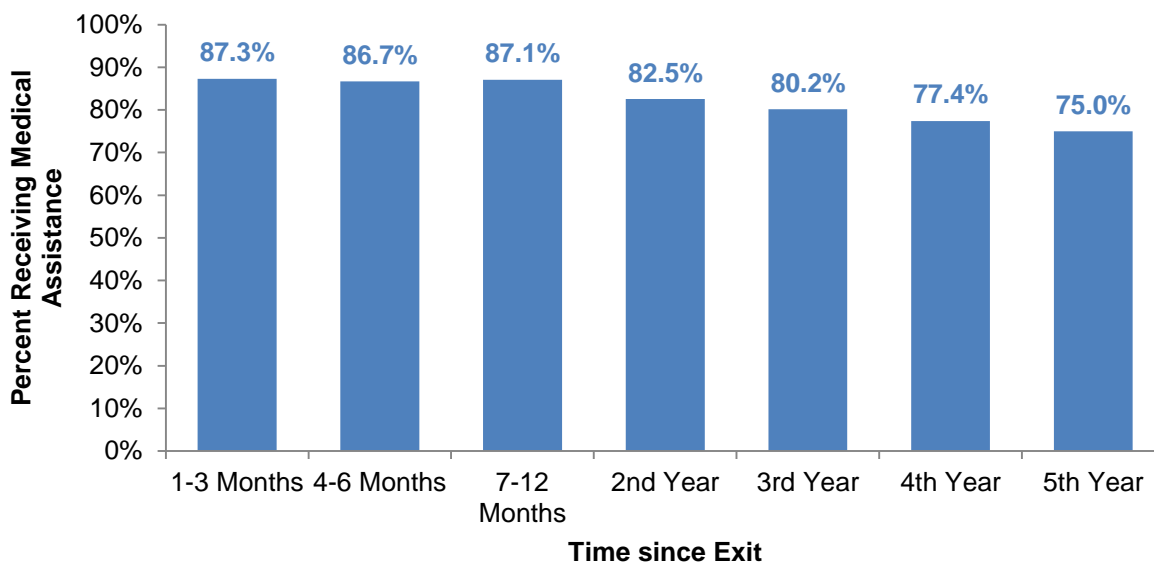
Additionally, Maryland families with incomes below 133 percent of the federal poverty level will qualify for Medical Assistance (MA), which is likely to benefit a number of welfare leavers. Families leaving cash assistance have more options for health insurance than they have ever had in the past, and this may be reflected in MA participation patterns.

Figure 13 presents the percentage of leavers who had at least one person on the case receiving MA benefits in the first several months and subsequent years after exiting TCA. MA participation is very high in the first year after exit: about 87% of leavers have someone in the assistance unit receiving MA in 1-3 months, 4-6 months,

and 7-12 months after exit. From the second post-exit year to the fifth post-exit year, MA participation drops from over 80% (82.5%) to 75.0%. As with FS, MA participation is higher in this edition of *Life after Welfare* than in the previous year's edition, suggesting that MA participation is higher now than in the early years of welfare reform.

MA participation, then, is a clearly an important work support. As some leavers have no need for MA, either because they have employer-provided insurance or because they have moved out of state, this level of penetration suggests that almost everyone who is eligible for MA receives it. This is a real victory for families exiting TCA, indicating that vulnerable Marylanders are truly able to access medical care.

Figure 13. Medical Assistance Participation Rates after Exit



Note: The amount of available follow-up data varies by exit date. Valid percentages are reported.

Does Medical Assistance participation vary by cohort?

As with FS, we examine MA participation by cohort at 1-3 months, 4-6 months, and 7-12 months after exit. We also investigate whether it is the payee or a child receiving MA. We find significant differences across cohorts in both children and payees enrolled in MA, due to substantial increases in MA participation over time.

We see the same pattern for children and for payees. Among pre-recession leavers, about four in five families have at least one

child participating in MA at 1-3 months (80.8%), 4-6 months (80.8%), and 7-12 months (81.4%) after exit. About 7 in 10 pre-recession payees also receive MA at 1-3 months (72.1%), 4-6 months (70.5%), and 7-12 months (68.3%) after exit.

Among recession-era leavers, these percentages increase by about 10 percentage points across the board. In the first three months after exit, for example, 92.4% of recession-era leavers had at least one child enrolled in MA, compared to 80.8% of pre-recession leavers. Payees show a similar jump: 84.5% of recession-era

payees participated in MA in the first three months after exit, while 72.1% of pre-recession payees did the same.

Interestingly, among recent leavers, MA participation only increased for payees. At over 90% in all time periods among both recession-era and recent leavers, MA participation for children may have reached the saturation point. Payees, even recent ones, are still below that threshold, so their MA participation may continue to increase. In the first three months after exit, 87.9% of recent payees were enrolled in MA, which is

over three percentage points higher than the percentage of recession-era payees enrolled in MA (84.5%).

In all likelihood, these increases are the result of federal and state health care reform, particularly the Medicaid expansion. These increases coincide with the increase in FS participation, though, suggesting that the economic damage caused by the Great Recession is behind at least some of the increases in participation in both the FS and MA programs.

Table 8. Medical Assistance/M-CHP Participation Rates by Exit Cohort

	Pre-Recession 10/96 – 11/07 (n=12,792)	Recession Era 12/07 – 3/12 (n=4,112)	Recent Year 4/12 – 3/13 (n=1,139)	Total Sample (n=18,043)
Months 1-3				
Payee***	72.1% (9,223)	84.5% (3,476)	87.9% (747)	75.7% (13,446)
Any Child***	80.8% (10,331)	92.4% (3,800)	92.4% (785)	84.0% (14,916)
Any Case Member***	84.2% (10,772)	95.3% (3,920)	94.9% (807)	87.3% (15,499)
Valid N	(12,792)	(4,112)	(850)	(17,754)
Months 4-6				
Payee***	70.5% (9,017)	82.5% (3,394)	87.0% (494)	73.9% (12,905)
Any Child***	80.8% (10,337)	91.2% (3,749)	91.5% (520)	83.6% (14,606)
Any Case Member***	84.0% (10,745)	94.0% (3,865)	94.7% (538)	86.7% (15,148)
Valid N	(12,792)	(4,112)	(568)	(17,472)
Months 7-12				
Payee***	68.3% (8,739)	82.5% (3,391)	- -	71.8% (12,130)
Any Child***	81.4% (10,410)	91.0% (3,741)	- -	83.7% (14,151)
Any Case Member***	84.9% (10,857)	93.9% (3,863)	- -	87.1% (14,720)
Valid N	(12,792)	(4,112)	-	(16,904)

Note: Follow-up data are available through March 2013, so 3-month, 6-month, and 12-month data are unavailable for some leavers in the recent year cohort. Valid percentages are reported. *p<.05, **p<.01, ***p<.001

How many leavers received child support in the first year after exiting TCA?

Although child support often does not come to mind as a resource for welfare leavers, it can provide critical financial support for struggling families. Research shows that child support can help families leave cash assistance—and help keep them off the rolls—even if payments are low or irregular (Miller, Farrell, Cancian, & Meyer, 2005; Huang, Kunz, & Garfinkel, 2002; Srivastava, Owvigho, & Born, 2001). In low-income families, in fact, the receipt of child support can account for forty percent of family income (Sorenson, 2010).

It is important to note, however, that not every TCA case needs or should receive child support. When both parents are on the TCA case, which is true for a very small percentage of the families in our sample, child support is moot. In other families, such as those who have experienced domestic violence, child support can be harmful, keeping custodial parents tied to their abusers. As a result, we would not expect every TCA case to have a support order established for child support. Most families leaving cash assistance, however, would benefit from the extra income that child support provides.

The process through which families can actually begin receiving support from noncustodial parents can be lengthy, and it can take months or years, depending on a variety of factors. Unless they have domestic violence or other exemptions, TCA clients are required to cooperate with child support as a condition of receiving assistance. This means that most leavers should have at least begun the process of seeking child support from the noncustodial parent.

Figure 14, below, shows how many leavers have reached different stages in the child support process by the end of their first year after exit (excluding the most recent leavers since they do not have a full year of follow-

up data). The opening of a child support case and the establishment of a child support order could have been achieved before coming onto welfare, while on welfare, or during the first post-exit year. However, Maryland TCA recipients who have an established support order cannot receive any payments made by the noncustodial parent while they are receiving TCA. Instead, these payments are retained by the state to recoup the cost of providing cash assistance to the family.

The vast (83.8%) majority of leavers have an active or suspended (i.e., open, not closed) Maryland child support case. At this stage, the child support enforcement agency has been notified that a custodial parent is requesting assistance in getting the non-resident parent to financially support the child. In most child support cases, the custodial parent is the mother, and the noncustodial parent is the father. In many cases, the next steps are often locating the father and establishing legal paternity. This can be difficult for a number of reasons. For instance, the custodial parent may not have contact information for the noncustodial parent, or the noncustodial parent may not want to cooperate with the child support enforcement agency.

Once paternity has been established, the custodial parent is able to obtain a court order specifying the amount of support. Two-fifths (40.7%) of leavers have an established order for child support. This is much lower than the percentage of leavers with an open child support case because both paternity establishment and determining an appropriate level of current support can be contentious. At this stage, the noncustodial parent is legally obligated to comply with the order and make current support payments that are disbursed to the custodial parent if she has left welfare.

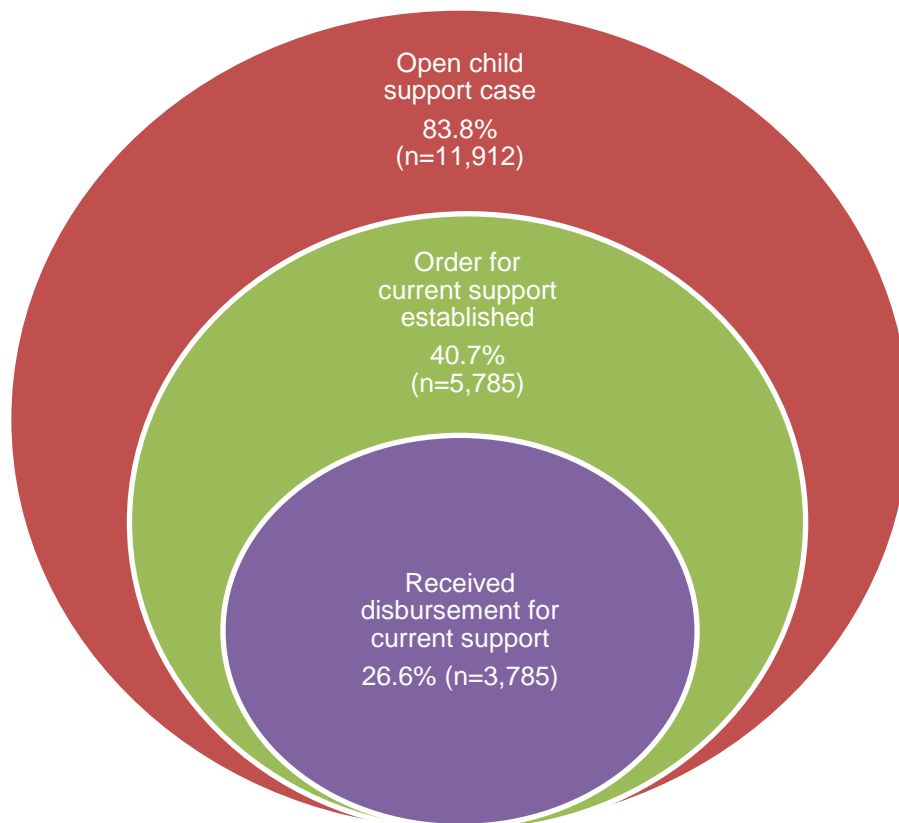
Despite this legal obligation, noncustodial parents do not always make required payments. A disbursement of current support occurs when the noncustodial

parent pays some or all of the monthly current support owed and that money is released to the custodial parent.⁵ In the first year after exit, we find that over one quarter (26.6%) of all leavers received a disbursement of current support. While this may not seem like a high figure, it is a high percentage of those with current support due. Of leavers with an established order for current support, nearly two of every three (65.4%) received a disbursement.

⁵ As we mention above, the custodial parent will not receive a disbursement if she is on TCA, as the state uses the non-custodial parent's child support to help compensate for the cash assistance the state is providing the family.

These results suggest both successes and places to improve in terms of child support for families that exit welfare. More than four in five (83.8%) leavers have open child support cases, which is an important first step in acquiring child support. However, just under half (48.6%) of those with open child support cases have an established order for current support, indicating that paternity establishment and obtaining an order for current support are particularly difficult to accomplish. Once an order is in place, the majority (65.4%) of those who are owed current support receive it.

Figure 14. Current Support Status During First Year after Exit



Note: Includes only sample members for whom one full year of child support data is available, and who exited TCA in April 1998 or later (n=14,215). Valid percentages are reported.

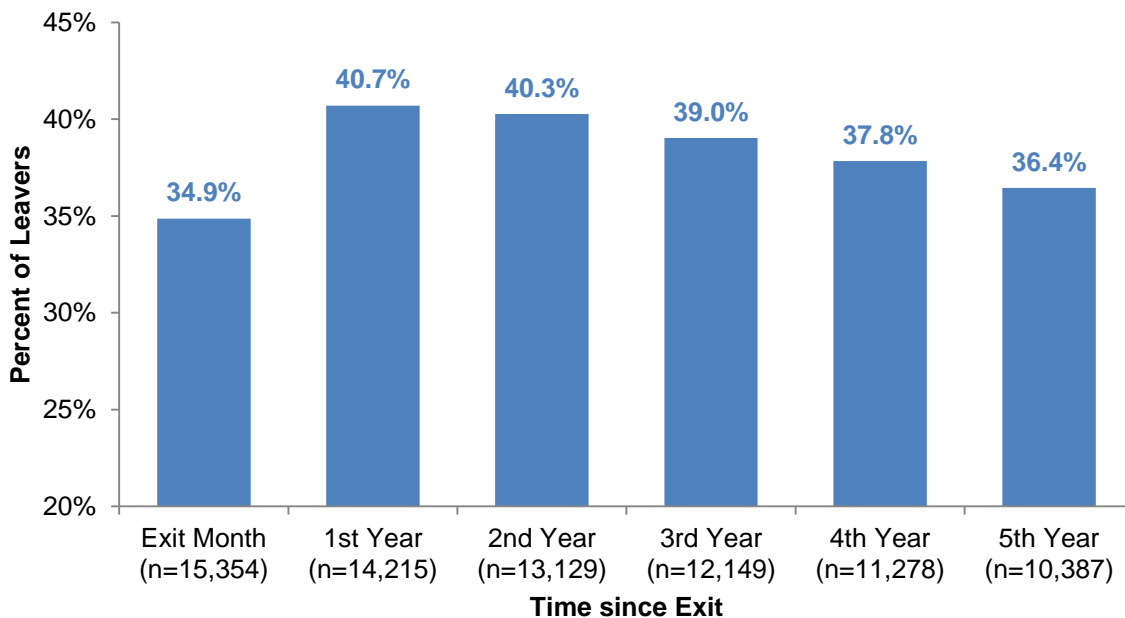
How many leavers have an order for current support in each year after exit?

Having identified paternity establishment and obtaining an order for current support as a critical stage in the child support process, we focus on whether leavers obtain an order for child support at a later time. Figure 15 shows the percent of leavers with an order for current support in the exit month and in each year after exit. In the exit month, slightly more than one in three (34.9%) leavers had current support due. This rises to 40.7% in the first year after exit and declines very slowly through all of the remaining post-exit years. At five

years after exit, more than one in three (36.4%) leavers had current support due.

Despite the fact that many families leaving TCA could benefit from child support payments, no more than two in five leavers has an order for current support in place in any year after exit. This suggests that caseworkers could place greater emphasis on full cooperation with the child support enforcement agency, which is a requirement for receiving assistance. However, some custodial parents may be receiving in-kind assistance or cash informally from noncustodial parents and may be reluctant to pursue formal child support aggressively.

Figure 15. Leavers with Current Support Due in Each Year after Exit



Note: The amount of available follow-up data varies by exit date, and leavers who exited TCA in March 1998 or earlier are excluded. Valid percentages are reported.

Does the percentage of leavers with an order for current support vary by cohort?

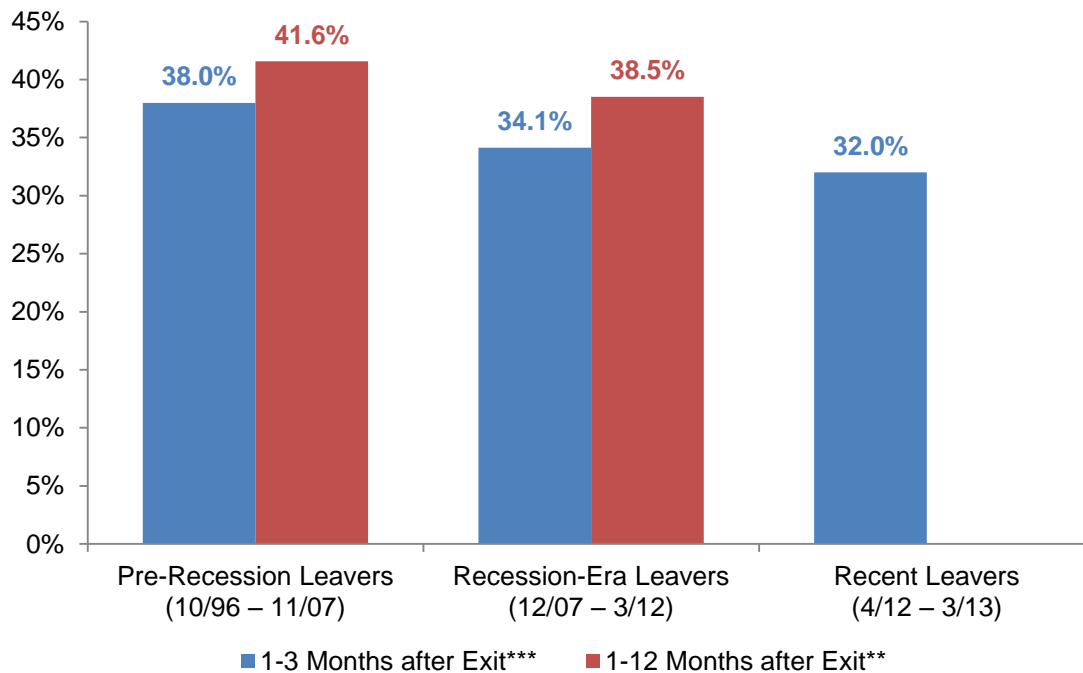
Considering the substantial effect that the Great Recession had on individual income, we might expect there to be some cohort differences in relation to child support. In fact, in federal fiscal year 2009, the Office of Child Support Enforcement reported the first decline in child support collections since 1996 (Office of Child Support Enforcement, 2013). This decline in collections was short-lived, as collections rebounded the following year. Figure 16 provides the percent of leavers who had an established child support order within the first three months and within the first year after exit by cohort.

Nearly two-fifths (38.0%) of pre-recession leavers had an order for child support within the first three months of their exit; this increased slightly to 41.6% when we examine a full year after their exit. On the other hand, recession-era leavers were four

percentage points less likely (34.1%) and the most recent leavers were six percentage points less likely (32.0%) to have an order for current support within the first three months of exit compared to pre-recession leavers. Within one year of exit, additional recession-era leavers had obtained an order for current support, but this was still lower than the percent of pre-recession leavers within one year of exit (38.5% vs. 41.6%).

Given the economic reality of low-income families during the recession, when a noncustodial parent may have low or nonexistent income, custodial parents may have found it prudent to avoid pursuing support. Similarly, noncustodial parents may be unlikely or unable to cooperate. These decisions would result in a lower level of orders for current support, but without a deeper analysis, we cannot be certain as to the reason for the decline in the percent of leavers with current support due after their exit from welfare.

Figure 16. Leavers with Current Support Due after Exit by Cohort



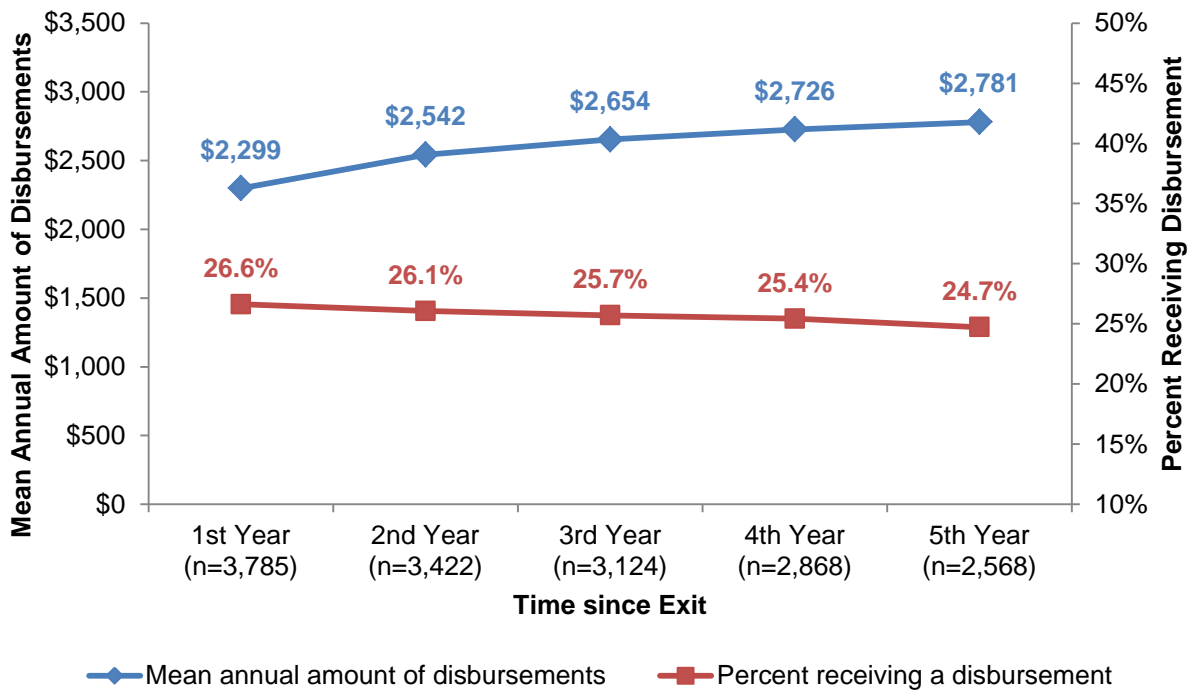
Note: Includes only sample members who exited TCA in April 1998 or later, and the amount of available follow-up data varies by exit date. Valid percentages are reported. *p<.05, **p<.01, ***p<.001

How many leavers receive child support, and how much do they receive?

Figure 17 presents the percentage of leavers who received a disbursement in each year after exit as well as the mean total amount of disbursements they received annually. Over time, the percent that received a disbursement declined slightly, from 26.6% in the first year after exit to 24.7% in the fifth year after exit. The mean amount of disbursements annually had the opposite trend over time, rising slightly from \$2,299 to \$2,781.

In the context of what leavers typically earn in a year, this extra \$2,000 to \$3,000 is enough to make a real difference. In the first year after exit, leavers earned \$12,079, on average, and those who received a child support disbursement collected \$2,299, on average. That child support payment increases the average leaver’s earnings by almost 20% (19.0%). This reinforces the importance of child support to leavers’ self-sufficiency. That extra income could potentially keep families from returning to TCA, in addition to helping them meet basic needs.

Figure 17. Percent Receiving Disbursement and Mean Annual Amount of Disbursements



Note: Excludes sample members with a TCA exit date prior to April 1998, those with an exit date after March 2012, and those who did not receive a current support disbursement. Disbursements are standardized to 2012 dollars. Valid percentages are reported.

CONCLUSIONS

This nation was hit hard by the recent recession. Millions of jobs and homes were lost, unemployment spiked, and jobs were hard to come by, even for middle-class and highly-educated individuals. Cash assistance caseloads rose for the first time since the 1996 reform. Many families who had never been on aid found themselves with no other alternative, but to ask for help. Other families who had left welfare when jobs were plentiful found themselves in need of assistance again.

The recession may have ended on Wall Street several years ago, but on Main Street, many families still struggle. One-sixth of the nation, 47.6 million people, receives benefits from the Supplemental Nutrition Assistance Program (SNAP) (Plumer, 2013). In Maryland, more than three-quarters of a million residents—782,926 children and adults—were helped through Food Supplement (FS), Maryland's SNAP program, in June 2013 (Food Research and Action Center, 2013). Lingering high unemployment is largely to blame. Economists estimate that changes in local employment explain at least two-thirds of national SNAP enrollment increases from 2007 to 2011 (Ganong & Liebman, 2013).

The pain has been widespread and virtually everyone has been adversely affected in some manner. Younger adults, persons of color, individuals with a less than a high school education, and women attempting to leave welfare for work are challenged to find jobs in today's fiercely competitive labor market. Because there are still far more jobseekers than jobs available, and federal rules are inflexible, TCA recipients, their case managers, and program administrators face a truly daunting challenge.

This is the larger context within which 2013 *Life after Welfare* study findings must be viewed. From that perspective, two themes reverberate throughout the research

findings. One is that the recession and its effects are visible in the post-welfare outcomes of recession-era and recent leavers. Most tellingly, their employment outcomes are not as positive as those of leavers who exited before the recession, even though their demographics are similar.

The more ubiquitous theme across our research analyses, however, is one of consistency and hopeful optimism for the future. A majority of all adults in all sample cases worked in a Maryland job covered by the Unemployment Insurance program before coming onto cash assistance. Most work in such jobs after leaving welfare, too. Typically, former clients who work do so in three of the four quarters each year, and their earnings steadily increase with the passage of time. Similarly, most families do not come back on TCA after exiting, and very few families make extensive use of cash assistance. Rather, it is clear that the vast majority of families turn to cash assistance only as a temporary source of income support in times of financial need.

These findings are impressive, given how difficult the economic and employment situation has been and still is. They also imply that the near-term future will likely continue to challenge clients, case managers, and program administrators alike. Fortunately, there is a viable path forward that study findings suggest could be very beneficial to women trying to leave welfare, to their families and communities, and to the State of Maryland. This path is the new EARN (Earnings Advancement Right Now) initiative focused on equipping adults with skills that are in high marketplace demand. Women leaving welfare have demonstrated their desire and willingness to work. EARN provides a vehicle through which we can assist leavers in moving from intermittent jobs to stable careers and lasting independence from welfare.

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