University of Maryland
School of Social Work

Family Welfare Research & Training Group

Life After Welfare

2014 Annual Update

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ACKNOWLEDGEMENTS

The authors would like to thank Jamie Haskel, Somlak Suvanasorn, and Mike Funk for their assistance in the collection and processing of data for this report, as well as the Jacob France Institute at the University of Baltimore for the provision of employment and wage data. We would also like to thank Kathy Patterson for the design of the front cover of this report, and Dean Richard Barth for his role as principal investigator for the Family Welfare Research and Training Group.

We would like to provide a special thank you to Dr. Catherine E. Born, the founder of the Family Welfare Research and Training Group. It is due to her vision and leadership that Maryland is able to make informed, data-driven decisions about programs that serve low-income families. We dedicate this 19th edition of Life after Welfare to her, her legacy, and to a wonderful retirement.

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 2014 update to Maryland's landmark, legislatively-mandated *Life after Welfare* research study is issued as the nation continues its slow recovery from the Great Recession. Nationally, unemployment rates have declined (BLS, 2014a) and Tempoary Assistance for Needy Families (TANF) caseloads have remained stable (ACF, 2013). Although the national unemployment rate has decreased substantially, inflation-adjusted wages for most workers are still below pre-recession levels (Gould, 2014).

Maryland was one of many states that was not hit hard by the recession, and the jobs that were lost have since been recovered. Within the last two years, though, economic growth has stagnated along the Mid-Atlantic region (BEA, 2014), and many good jobs have been lost due to the dissolution of federal contracts with businesses located in Maryland (Dresser, 2014; Sherman, 2014). Consequently, the state unemployment rate surpassed the national unemployment rate in August 2014, a historical rarity.

Although some industries, such as the service sector, gained jobs this year (Dresser, 2014), many of these jobs are low-paying, part-time positions with little opportunity for full-time employment. Within this economic context, many families are struggling to support their children.

This report describes the characteristics and post-welfare outcomes of 9,788 families who left Temporary Cash Assistance (TCA), Maryland's welfare program, for at least one full month between January 2004 and March 2014. We present information on clients and their cases at the time of exit, track employment outcomes and welfare utilization over time, and analyze the use of work supports.

To explore differences among families who left welfare during economic recoveries and the recession, we examine three cohorts, as follows: (1) Mid-2000s recovery—leavers who exited during the recovery from the 2001 recession in a period of overall caseload decline between January 2004 and March 2007; (2) Recession-era—leavers who exited around the time of the recession during a period of caseload growth between April 2007 and December 2011; and (3) Recent leavers—leavers who exited most recently during a period of caseload decline, between January 2012 and March 2014. Our key findings are:

Welfare leavers' demographic and case characteristics are largely stable over time.

- The typical leaver is an African American (73.5%) woman (94.7%) in her early 30s (average=32.6). She has never married (78.3%) and has one to two children (average=1.7), the youngest being approximately five years old, on average. She finished high school, but attained no further education (60.1%).

- Over time, there has been one substantial change in this profile. The percentage of leavers who attained at least a high school diploma and who had additional post-secondary education has consistently increased. Under three-fifths (58.0%) of mid-2000s leavers had at least a high school diploma and 5.4% had additional post-secondary education. Over three-fifths (61.6%) of recent leavers, though, attained at least a high school diploma and an additional 7.7% had further post-secondary education.

Welfare is a short-term solution to challenging times. Patterns of welfare use show that spells are short and rarely long lasting.

- The vast majority (83.8%) of families received cash assistance for 12 or fewer consecutive months before leaving, and approximately 6% received assistance for 24 months or more.
- In the five years preceding their exits, just under half (48.5%) of families had 12 or fewer months of cumulative assistance. Recession-era leavers had the lowest average months of cumulative receipt (17 months) compared to mid-2000s leavers (20 months) and recent leavers (19 months).

The risk of returning to welfare is greatest within the first two years after exit, though many families do not return.

- Approximately 3 out of 10 (31.6%) families returned to welfare within one year, and two out of five (39.7%) returned within two years. At five years after exit, half (50.8%) of families have returned.

The use of work sanctions has increased over time.

- The percent of cases closured due to work sanctions increased across cohorts and was the number one reason for case closure in both the recession-era cohort (27.2%) and recent cohort (35.1%).

Welfare leavers have strong ties to the labor force both before and after welfare.

- Three-quarters (75.1%) of mid-2000s recovery leavers were employed in the two years prior to TCA entry, compared to 7 in 10 (71.9%) recession-era leavers, and just over three-fifths (62.7%) of recent leavers.
- Recent leavers had the greatest gain in employment when examining pre-welfare and post-welfare employment participation. Nearly 7 in 10 (68.1%) recent leavers worked after their exit, an increase of more than five percentage points, compared to a decrease in post-welfare employment for mid-2000s recovery (74.0%) and recession-era (67.6%) cohorts.

Employed leavers largely work in industries with lower earnings.

- Aside from outpatient healthcare, leavers were most likely to be employed in lower-earning industries such as administrative and support services (12.5%), professional and technical services (9.1%), general retail (8.2%), and restaurants (7.8%). Leavers employed in these industries earned approximately $2,000 to $4,000 in the quarter after exit.
- Industries with some of the highest earnings—government, education, nonprofits, and nursing homes—are industries in which leavers were less likely to be employed. Less than five percent of leavers were employed in each of these higher-earning industries in the quarter after exit.

Most leavers who are employed in the exit quarter are able to maintain employment for up to six months after exit. Recent leavers have the highest rate of six-month employment retention.

- Fewer than three out of every four leavers from the mid-2000s recovery cohort (73.0%) and the recession-era cohort (72.1%) who worked in the exit quarter were able to retain employment for six months. More than three-quarters (75.9%) of all recent leavers who were employed in the exit quarter remained employed for at least six months after exit.

Recent leavers consistently have lower earnings than leavers in the other two cohorts.

- In the two years after exit, recent leavers earned $24,263, on average, an amount similar to recession-era leavers ($24,332) but significantly less than mid-2000s recovery leavers ($26,414). Additionally, recent leavers who retained employment for six months earned approximately $1,600 less than recession-era leavers and $1,400 less than mid-2000s leavers, on average, in the first two quarters after exit.

Most leavers are connected to various work supports, including Food Supplement (FS), Medical Assistance (MA), and child support.

- In the first year after exit, 8 out of 10 (83.5%) families received FS, virtually all (96.9%) had at least one member that participated in MA, and 4 out of 10 (39.1%) had an order for current support. Most (69.6%) families with a current support order received a child support payment averaging $2,423 in the first year after exit.

The rate of disconnection from employment and TCA has increased over time. However, the true rate of disconnection is low among leavers.

- In the first year after exit, approximately one-quarter (24.2%) of leavers did not work or receive TCA. By the fifth year after exit, this percentage exceeded one-third (36.1%) of all leavers.
- However, the overwhelming majority (92.4%) of leavers who were disconnected from both employment and TCA in the first year after exit were not disconnected from other programs. Leavers tended to utilize a combination of work supports after exit, most commonly FS and MA (42.8%) and FS and child support (22.8%).

As we have reported in many of our recent *Life after Welfare* reports, the effects of the recession are still present among Maryland's most vulnerable families, even more than five years after the official end of the Great Recession. The recent leavers experienced employment gains after their exits from welfare, but their earnings remain below those of the mid-2000s recovery and recession-era cohorts. Certainly, there is still work to be done to ensure today's welfare leavers obtain employment that allows them to care for their families. The information provided in this report gives insight into the lives of Maryland's welfare leavers, ensuring that policymakers and program managers have reliable information to assist these families in their journey to self-sufficiency.

Introduction

The nation's most recent economic recession ended more than five years ago, and notable progress has been documented for many states. The nation as a whole has experienced a consistent decrease in unemployment in recent years (BLS, 2014a) and Temporary Assistance for Needy Families (TANF) caseloads have stabilized (ACF, 2013). Though much headway has been made at the national level, the economic recovery has lagged in many states. In real terms, this means that many families are still trying to get back on their feet.

Maryland was one of many states that was not hit particularly hard by the recession. The jobs that were lost were recovered relatively quickly, a result of steadfast leaders committed to job creation and lowering the unemployment rate. In recent years, though, Maryland's unemployment rate and economic productivity has not kept pace with the gains experienced at the national level.

Regrettably, economic growth slowed throughout 2013 along the Mid-Atlantic region, affecting the job opportunities available to many Maryland families (BEA, 2014). In the same year, the Budget Control Act, passed by Congress in 2011, went into effect, and federal budgets were cut (Dresser, 2014; Sherman, 2014). Due to Maryland's close proximity to the District of Columbia, many jobs are dependent on agreements between businesses and the federal government and the aforementioned budget cuts seemingly affected federal contracts with Maryland businesses.

Through most of 2014, Maryland's unemployment rate remained stable. In August 2014, however, the state unemployment rate surpassed the national rate for only the first time since welfare reform (BLS, 2014b; BLS, 2014c). In September, Maryland unemployment still exceeded the national rate (DLLR, 2014). It is without question that sluggish economic growth in recent years coupled with federal cutbacks has contributed to this historically rare occurrence.

For policymakers, having empirical data about who is leaving welfare and their outcomes after leaving is key to making informed policy decisions. Maryland is in a unique position to provide policymakers with such data. Most states do not have longitudinal, empirical data on welfare leavers; Maryland, however, has collected monthly data on families who exited Temporary Cash Assistance (TCA, Maryland's version of TANF) since October 1996, due to bipartisan effort and strong advocate support. Each year, this legislatively-mandated *Life after Welfare* study tracks the post-welfare experiences of thousands of welfare leavers and provides policymakers with invaluable information about who leaves welfare and what happens to families when they leave.

During our nearly 20 years in completing this study, we have learned and adapted to the changing needs of program managers and policymakers. In previous reports, we provided characteristics on the totality of welfare leavers, from October 1996 forward. However, those who left TCA in the years immediately following welfare reform faced a very different economic context than those who have left more recently.

To provide policymakers with the most relevant information, in this issue, we provide the characteristics and post-welfare outcomes for 9,788 Maryland families who left welfare for at least one full month between January 2004 and March 2014. Rather than examining the ten-year period as a whole, we chose to analyze three cohorts of leavers during this time.

Specifically, we analyze three cohorts of welfare leavers based on caseload trends that reflect the economy: (1) leavers who exited during the recovery from the 2001 recession in a period of overall caseload decline between January 2004 and March 2007 (n=2,977); (2) leavers who exited around the time of the Great Recession during a period of caseload growth between April 2007 and December 2011 (n=4,333); and (3) leavers who exited most recently during a period of caseload decline between January 2012 and March 2014 (n=2,478). Using these cohorts, we address the following research questions:

1. What are the demographic and case characteristics of leavers, and are there any differences between cohorts?
2. What are the administrative reasons cases closed, and are there any cohort differences?
3. How many families return to welfare and when do they return? Are there differences between cohorts?
4. What are the short-term employment patterns and earnings of leavers after they leave welfare? Are there differences between cohorts?
5. What are the long-term employment patterns and earnings of leavers after they leave welfare?
6. What work supports do families utilize after they leave welfare? Are there differences between cohorts?

METHODS

This chapter describes our methodological approach to the *Life after Welfare* study and provides information about sampling, data sources, and data analysis.

Sample

Beginning in October 1996, the first month of welfare reform in Maryland, we have drawn a five percent random sample of all Temporary Cash Assistance (TCA) cases that closed each month. 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.

In the nearly 20 years that we have conducted this study, we have learned a great deal and thus have changed our sample in two very important ways. First, in April 2012, we refined the definition of a case closure to exclude cases that closed and reopened within one month. These cases are referred to as churners. Churners are a unique group of welfare leavers, whose case closures are temporary and typically caused by missing an agency appointment, failing to submit required paperwork by a certain deadline, or some similar issue (Born, Owvigho, & Cordero, 2002). Once the problem has been resolved, the case is reopened, usually without any loss of benefits for the month.

Given the unique characteristics of churners, we have excluded them from our *Life after Welfare* analyses for more than a decade. The recent change in our sample selection 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 sample, but we now exclude them from the population from which sample cases are drawn.

The second change from our previous *Life after Welfare* studies is our study period. In previous studies, we included all cases from our monthly samples, back to October 1996, in our analyses. It is well known that welfare reform led to dramatic caseload declines, and those who left welfare in the years immediately following the implementation of the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) faced a very different economic context than more recent welfare leavers. This report is the first in our *Life after Welfare* series to exclude leavers who left in the post-PRWORA years of caseload decline. Our current sample includes more recent leavers, specifically those whose cases closed between January 2004 and March 2014 (n=9,788), excluding churners. We focus on three cohorts of leavers during this time period, defined by increases and decreases in the overall caseload as shown in Figure 1. The cohorts are as follows:

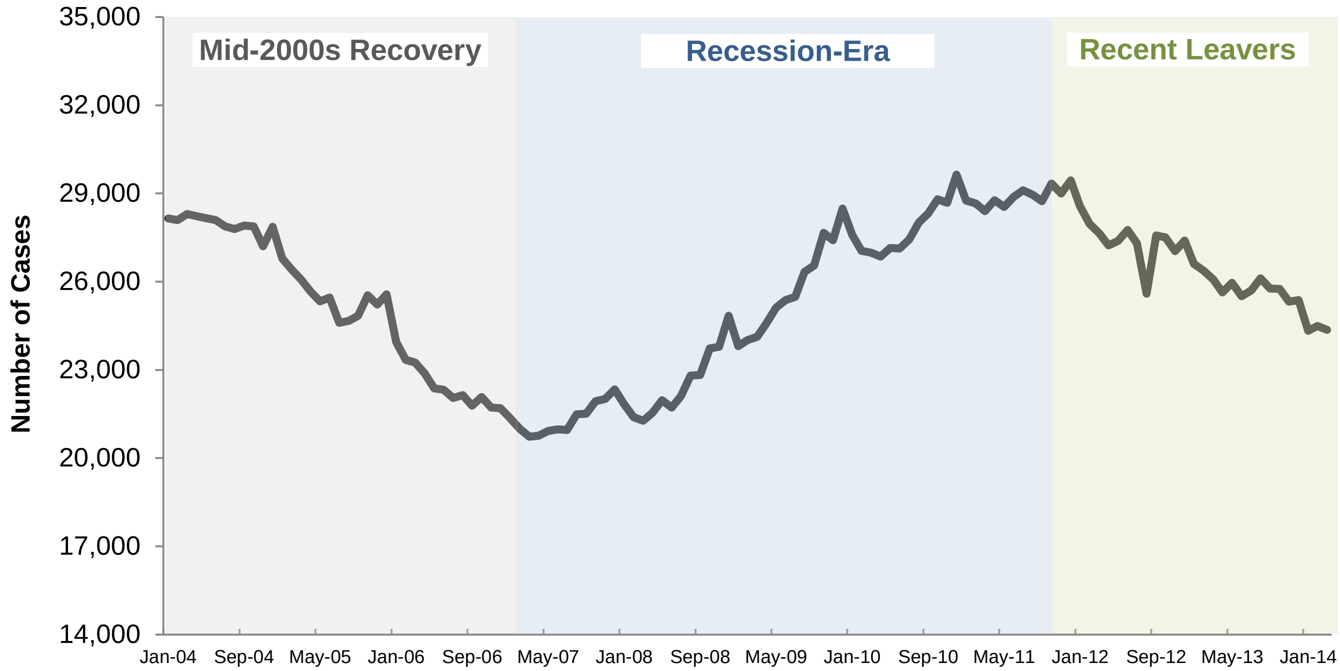
1. Mid-2000s recovery (n=2,977)—leavers who exited during the recovery from the 2001 recession in a period of overall caseload decline between January 2004 and March 2007;

2. Recession-era (n=4,333)—leavers who exited around the time of the recession and during a period of caseload growth between April 2007 and December 2011; and

3. Recent leavers (n=2,478)—leavers who exited most recently during a period of caseload decline, between January 2012 and March 2014.

For reference, standard analyses are presented for earlier welfare leavers in Appendices A through F.

Figure 1. Number of TCA Cases, January 2004 through March 2014



Note: Data retrived from statistical reports provided by the Maryland Department of Human Resources, Family Investment Administration: http://www.dhr.state.md.us/blog/?page_id=2856

Data Sources

Study findings are based on analyses of administrative data retrieved from computerized management information systems maintained by the State of Maryland. Demographic and program participation data were extracted from the Client Automated Resources and Eligibility System (CARES) and its predecessor, the Automated Information Management System/Automated Master File (AIMS/AMF). Employment and earnings data were obtained from the Maryland Automated Benefits System (MABS) and are supplemented with limited UI-covered some employment data from states near Maryland. Information on employers, which is used to determine the industries in which leavers are employed, is also provided by MABS. Finally, child support data were obtained from the Child Support Enforcement System (CSES).

CARES

CARES became the statewide automated data system for certain DHR programs in March 1998. Similar to its predecessor AIMS/AMF, CARES provides individual and case level program participation data for cash assistance (AFDC or TCA), the Food Supplement Program (formerly known as Food Stamps), Medical Assistance, and other 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 individual to the head of the assistance unit.

MABS

Our data on quarterly employment and earnings come from the Maryland Automated Benefits System (MABS). The MABS system includes data from all employers covered by the state's Unemployment Insurance (UI) law and the unemployment compensation for federal employees (UCFE) program. 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. The state shares borders with Delaware, Pennsylvania, Virginia, West Virginia, and the District of Columbia, and out-of-state employment is relatively common. Overall, the rate of out-of-state employment by Maryland residents (17.4%) is over four times greater than the national average (3.8%).[1] Out-of-state employment is particularly common among residents of two very populous jurisdictions (Montgomery County, 29.7%, and Prince George's County, 42.2%), 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, 29.8%, and Charles, 34.4%, counties). 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.

To supplement the MABS data, we incorporate data on UI-covered employment for some states near Maryland including Virginia, the District of Columbia, West Virginia, Pennsylvania, Delaware, New Jersey, and Ohio. These data have been available through a data sharing agreement among participating states since 2003. While the inclusion of these data provides a more comprehensive picture of leavers' post-exit employment, readers are reminded that our lack of data on federal civilian and military employment continues to depress our employment findings to an unknown extent. In addition, some neighboring states provide data for every quarter, while other states only provide data for a much more limited period of time.

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

CSES

The Child Support Enforcement System (CSES) has been the statewide automated information management system for Maryland's public child support program since March 1998. CSES contains identifying information and demographic data on children, noncustodial parents and custodial parents 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 update to our annual *Life after Welfare* report uses univariate statistics based on a random sample of case closures during the sample period (January 2004 through March 2014) to describe welfare leavers and their cases. When appropriate, we use chi-square and ANOVA tests to compare characteristics across cohorts.

[1] Data obtained from U.S. Census Bureau website http://www.factfinder.census.gov using the 2010-2012 American Community Survey 3-Year Estimates for Sex of Workers by Place of Work—State and County Level (B08007).

Findings: Payee and Case Characteristics

In this chapter, we present the payee and case characteristics of 9,788 families who left cash assistance between January 2004 and March 2014. We begin with a demographic profile of leavers and continue with a description of their assistance units and administrative reasons for case closure. We also explore their caseload designations, which indicate whether they were required to participate in a work-related activity or were exempt from this requirement. These analyses are presented for mid-2000s recovery leavers, recession-era leavers, recent leavers, and for the total sample. For reference, demographic and case characteristics for earlier leavers (October 1996 to December 2003) are presented in Appendices A through C.

What are the demographic characteristics of payees?

As shown in Table 1, the typical payee who leaves welfare is an African American (73.5%) woman (94.7%) in her early 30s who has never married (78.3%) and has finished high school but has attained no further education (60.1%). This profile of current leavers is similar to payees on the active caseload (Gleason, Nicoli, & Born, 2014).

Although there are no significant differences among cohorts in gender, age, or marital status, there are statistically significant differences in education. Since 2004, there has been a consistent increase in the percentage of leavers who attained at least a high school diploma and in those who had post-secondary education. Over half (58.0%) of mid-2000s leavers received their high school diploma, and 5.4% had some form of post-secondary education in addition to their high school diploma. For the most recent leavers, 61.6% attained at least a high school diploma, and 7.7% had further post-secondary education.

Race was also significantly different between cohorts. During the mid-2000s about one in every five (20.3%) leavers was Caucasian, and more than three out of four (76.5%) were African American. During the recession era, however, the percentage of Caucasian leavers increased to 23.5% while the percentage of African American leavers decreased to 71.6%. The most recent leavers were similar to mid-2000s leavers: one in five (21.5%) was Caucasian and just under three-quarters (73.5%) were African American. Additionally, there were incremental gains in the percentage of other minorities who left cash assistance (3.2% for mid-2000s, 4.9% for recession-era, 5.4% for recent leavers), consistent with changes in the overall active caseload (Gleason, et al., 2014).

Table 1. Demographic Characteristics of Exiting Payees

	Mid-2000s Recovery 01/04 - 03/07 (n=2,977)		Recession-Era 04/07 - 12/11 (n=4,333)		Recent Leavers 01/12 - 03/14 (n=2,478)		Total Sample 01/04 - 03/14 (n=9,788)	
Gender (% female)	95.3%	(2,836)	94.6%	(4,097)	94.2%	(2,335)	94.7%	(9,268)
Average Age [Median]	32.7	[29.8]	32.7	[29.3]	32.2	[29.4]	32.6	[29.4]
Race*								
African American	76.5%	(2,224)	71.6%	(3,014)	73.1%	(1,754)	73.5%	(6,992)
Caucasian	20.3%	(589)	23.5%	(991)	21.5%	(517)	22.0%	(2,097)
Other	3.2%	(93)	4.9%	(205)	5.4%	(129)	4.5%	(427)
Marital Status								
Married	7.4%	(212)	7.8%	(328)	7.3%	(177)	7.5%	(717)
Never Married	78.5%	(2,263)	77.7%	(3,273)	79.2%	(1,915)	78.3%	(7,451)
Divorced, Separated, or Widowed	14.2%	(408)	14.5%	(609)	13.4%	(325)	14.1%	(1,342)
Education*								
Less than grade 12	36.6%	(1,007)	34.2%	(1,381)	30.7%	(730)	34.0%	(3,118)
Finished grade 12	58.0%	(1,597)	60.6%	(2,449)	61.6%	(1,465)	60.1%	(5,511)
Additional education after grade 12	5.4%	(150)	5.2%	(211)	7.7%	(182)	5.9%	(543)

Note: Due to missing data for some variables, cell counts may not sum to cohort totals. Valid percentages are reported. *p<.05, **p<.01, ***p<.001

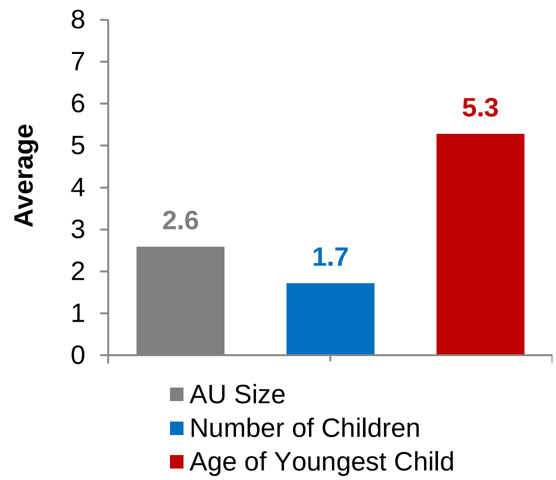
What are the characteristics of cases?

Figure 2 presents the size of the assistance unit, the number of children in the assistance unit, and the age of the youngest child in the household for the total sample. Case characteristics are not presented for individual cohorts because analyses revealed little to no variation over time. Overall, there are between two and three people (average=2.6) on the average exiting case, including one or two children (average=1.7). The youngest child is, on average, five years old (average=5.3 years). Though not shown, almost half (47.4%) of all cases had a child under the age of three when they closed.

Although many case characteristics have not changed over time, one thing that has changed is the distribution of exiting cases across the state. Table 2 shows that the largest jurisdictions in Maryland experience the largest proportion of exits, as would be expected. Over time, the percentage of leavers in Baltimore City decreased from 46.1% in the mid-2000s to 37.0% in recent years. In Baltimore County, there was a small decrease (one-half of one percent) between the mid-2000s and recession-era cohorts, and in the most recent years, there was an increase of 1.4 percentage points (10.5% vs. 11.9%). Prince George's County and Anne Arundel County, on the other hand, experienced an increase of about one percentage point between the mid-2000s and the recession era, and then a decrease in more recent years. Finally, we observe increases in the proportion of leavers from smaller regions (other than the Lower Shore, whose share of leavers declined from the recession era to recent years) as well as in one other populous jurisdiction, Montgomery County.

Figure 2. Case Characteristics

Total Sample: 01/04—03/14



Note: 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.

Table 2. Region at Time of Exit

	Mid-2000s Recovery		Recession-Era		Recent Leavers		Total Sample	
	01/04 - 03/07		04/07 - 12/11		01/12 - 03/14		01/04 - 03/14	
	(n=2,977)		(n=4,333)		(n=2,478)		(n=9,788)	
Region* **								
Baltimore City	46.1%	(1,373)	39.5%	(1,709)	37.0%	(914)	40.9%	(3,996)
Prince George's County	11.5%	(343)	12.7%	(551)	11.7%	(288)	12.1%	(1,182)
Baltimore County	11.0%	(326)	10.5%	(455)	11.9%	(295)	11.0%	(1,076)
Montgomery County	4.3%	(129)	4.9%	(211)	6.5%	(160)	5.1%	(500)
Anne Arundel County	6.1%	(183)	6.9%	(297)	6.6%	(164)	6.6%	(644)
Metro Region	7.0%	(208)	8.6%	(371)	8.6%	(213)	8.1%	(792)
Southern Region	3.0%	(89)	3.9%	(167)	3.9%	(97)	3.6%	(353)
Western Region	2.9%	(87)	4.5%	(195)	4.6%	(113)	4.0%	(395)
Upper Shore Region	4.8%	(143)	4.6%	(201)	5.7%	(140)	4.9%	(484)
Lower Shore Region	3.2%	(96)	4.0%	(174)	3.5%	(87)	3.7%	(357)

Note: 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). Due to missing data for some variables, cell counts may not sum to cohort totals. Valid percentages are reported. *p<.05, **p<.01, ***p<.001

What are the caseload designations of welfare leavers?

To assist program managers and caseworkers in their efforts to better serve families, Maryland designed a case classification system to distinguish between work-eligible welfare cases and work-exempt cases. Cases within the work-eligible classification are required to participate in an appropriate work activity as a condition of benefit receipt. If the adult on the case does not comply with the work requirements, a full-family sanction is imposed, and the family loses the total amount of the TCA grant until the client complies with the work requirements. Work-exempt cases are subject to neither mandated participation in work activities nor full-family work sanctions, unlike work-eligible recipients. Within each of these work categories are several sub-categories of cases.

Every TCA case is assigned a caseload designation within the classification system. This caseload designation is determined through a hierarchical algorithm based on several characteristics. Because this algorithm was revised in 2007, reliable data for mid-2000s leavers are not available, and Table 3 only presents caseload designations for leavers from October 2007 to March 2014. Thus, the discussion of caseload designations, presented in Table 3, focuses on the recession-era and recent cohorts.

Over time, caseload designations have remained relatively stable with only minor variations. Between the recession-era and most recent cohorts, there was a very small increase in work-eligible cases, from 64.2% to 65.7%. Within the work-eligible category, we observe increases of less than one percentage point in traditional, single-parent cases (48.4% vs. 48.7%), earnings cases (9.0% vs. 9.6%), and legal immigrant cases (0.6% vs. 1.3%). Although we observe a small increase in legal immigrant cases, the percentage of leavers with that designation more than doubled between recession-era and recent leavers. There was virtually no change in short-term disabled (1.2% vs.

1.3%), domestic violence (1.0% vs. 0.9%), and two-parent cases (4.1% vs. 4.0%) between the recession-era cohort and recent leavers.

In contrast to work-eligible cases, there was a small decrease in work-exempt cases, from 35.8% to 34.3%, between recession-era leavers and recent leavers. Patterns over time were less clear with work-exempt cases. There was a notable decrease in the percentage of child-only cases between recession-era and recent leavers (18.6% vs. 14.5%), while other caseload designations experienced relatively little change. Child under one cases (9.9% vs. 9.5%) and needy caretaker relative cases (0.9% vs. 0.8%), for example, experienced very small decreases. Only two of the work-exempt categories increased over time. First, a small increase is noted for leavers that were caring for a disabled family member (1.1% vs. 1.3%). Most striking, however, is the increase in long-term disabled leavers. This percentage increased from 5.3% for the recession-era cohort to 8.1% for recent leavers. The growth documented here is consistent with the increased long-term disabled population on the active caseload (Williamson, Nicoli, & Born, 2013).

Table 3. Caseload Designations

	Recession-Era		Recent Leavers		Total Sample	
	04/07 - 12/11		01/12 - 03/14		01/04 - 03/14	
	(n=3,934)		(n=2,476)		(n=6,410)	
Work-Eligible Cases	**64.2%**	**(2,527)**	**65.7%**	**(1,627)**	**64.8%**	**(4,154)**
Single-Parent Cases***	48.4%	(1,904)	48.7%	(1,205)	48.5%	(3,109)
Earnings Cases	9.0%	(353)	9.6%	(238)	9.2%	(591)
Short-term Disabled	1.2%	(47)	1.3%	(31)	1.2%	(78)
Legal Immigrant	0.6%	(24)	1.3%	(32)	0.9%	(56)
Domestic Violence	1.0%	(39)	0.9%	(23)	1.0%	(62)
Two-Parent Cases	4.1%	(160)	4.0%	(98)	4.0%	(258)
Work-Exempt Cases	**35.8%**	**(1,407)**	**34.3%**	**(849)**	**35.2%**	**(2,256)**
Child-Only	18.6%	(731)	14.5%	(359)	17.0%	(1,090)
Child under One	9.9%	(390)	9.5%	(236)	9.8%	(626)
Long-term Disabled	5.3%	(208)	8.1%	(200)	6.4%	(408)
Caring for Disabled Family Member	1.1%	(44)	1.3%	(33)	1.2%	(77)
Needy Caretaker Relative	0.9%	(34)	0.8%	(21)	0.9%	(55)

Note: Caseload categories are only presented for the two most recent cohorts. Caseload designations are only available for leavers from October 2007 onward. Valid percentages are reported. *p<.05, **p<.01, ***p<.001

What are the reasons for case closure?

When a cash assistance case closes, the caseworker must select a case closure code from a lengthy list of possible choices. Although caseworkers have many options, the chosen administrative case closure code may not fully capture the true reason for closure for all cash assistance cases. If a client finds employment, for example, it is likely that she would be grouped in the income above limit category. However, she may request that her case be closed or she may choose not to reapply for benefits. Indeed, when we compared TCA administrative case closure codes with UI-wage data, we found that more than half of clients had UI earnings, while less than 30% left due to income above limit (Ovwigho, Tracy, & Born, 2004). Closure reasons, then, likely understate the rate at which TCA clients leave cash assistance for work.

Notwithstanding this limitation, administrative case closure data offer a greater understanding of why TCA cases close and closure trends over time. This rich source of data gives us further insights into the outcomes we might expect among certain groups of welfare leavers. Clients who are work sanctioned, for example, are significantly more likely to return to welfare than clients whose cases close due to income above limit (Nicoli, Passarella, & Born, 2013). An observed increase or decrease in any closing code, then, may have real implications for welfare leavers' outcomes.

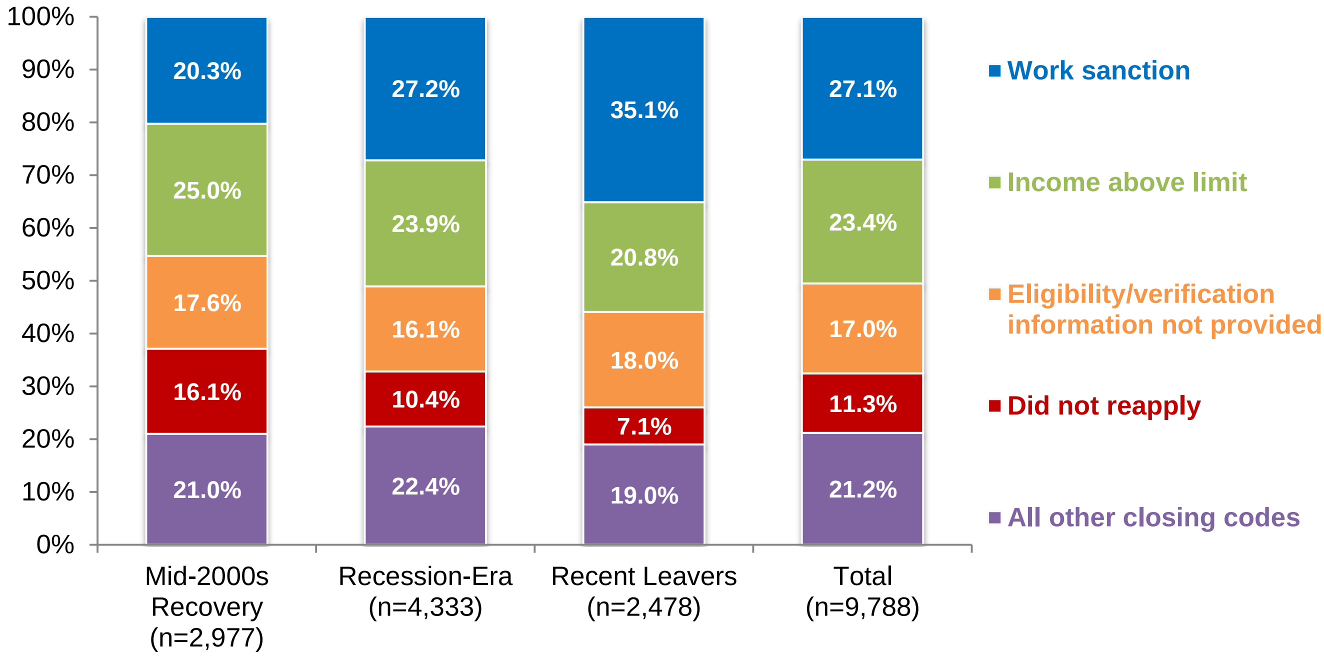
In Figure 3, we present the administrative case closure reasons for all welfare leavers in our sample as well as for each cohort. For the total sample of leavers between January 2004 and March 2014, the most common reason for case closure was a work sanction (27.1%), followed by income above limit (23.4%). These two case closure reasons accounted for half (50.5%) of all case closures. Two other common case closure reasons were not providing eligibility or verification information (17.0%) and not reapplying for benefits (11.3%). One out of every five cases (21.2%) in the total sample closed for a reason not shown in this figure. Most of these cases were either ineligible for benefits (7.5%) or the payee requested the closure (6.1%). Less commonly cited reasons for closure included child support sanctions (3.2%), residency issues (1.9%), and other unknown reasons (1.5%).

When examining case closure reasons over time, there are distinct differences between cohorts. The most salient difference is the increase in work sanctions over time. During the mid-2000s recovery, one out of every five (20.3%) cases closed due to a work sanction. During the recession era, more than one-quarter (27.2%) closed because of a work sanction. Since the beginning of 2012, more than one out of every three (35.1%) welfare cases has closed due to a work sanction. Overall, the percent of cases that closed due to a work sanction grew significantly between the mid-2000s and the most recent leavers, an increase that has also been documented in our annual report on case closures (O'Donnell, Passarella, & Born, 2013).

As work sanctions increased over time, there was a decrease in the percent of cases that closed due to income above limit. This was the most common closing code (25.0%) used among mid-2000s recovery leavers, which is not surprising since the economy was robust during this time. For recession-era leavers, however, this closing code was used slightly less frequently, in 23.9% of closed cases. In more recent years, only one out of every five (20.8%) cases closed for this reason. Unfortunately, leavers from both the recession-era and recent cohorts were faced with not only a struggling economy, but also substantial program changes. In effect, the 2005 Deficit Reduction Act (DRA) mandated higher work participation rates and increased the amount of documentation needed to verify participation in work activities. Under pressure to meet these new requirements, it is possible that states imposed more work sanctions for non-compliance to avoid fiscal penalties levied by the federal government.

Two other commonly cited reasons for case closure include did not reapply and eligibility/verification information not provided. Over time, the percentage of leavers who did not reapply decreased substantially. In the mid-2000s recovery cohort, this reason was used for one out of every six cases (16.1%). This decreased in the recession-era cohort (10.4%) and for recent leavers (7.1%). The use of eligibility or verification information not provided varied little, hovering between 16% and 18% across all cohorts.

Figure 3. Reasons for Case Closure***



Note: All closing codes that were used in less than 10% of cases are grouped into the all other closing codes category. The most frequently cited closing codes in this category are ineligible, requested closure, child support sanction, residency, and unknown. Data may be missing for some variables. Valid percentages are reported. *p<.05, **p<.01, ***p<.001

Findings: Welfare Use

This chapter provides information about leavers' welfare histories and their subsequent patterns of welfare use. We explore differences between cohorts and examine the characteristics of those who returned to welfare compared to those who did not return in greater detail. For reference, welfare histories and recidivism patterns for earlier leavers (October 1996 to December 2003) are presented in Appendices D and E.

What are leavers' histories with the welfare program?

Table 4 presents two important measures of leavers' histories with the TCA program. First, it shows the length of the exiting spell, which measures the number of consecutive months of TCA receipt from application approval to case closure. Second, the table shows the total number of months of receipt in the five years prior to exit, which indicates cumulative months of TCA receipt.

Looking at the total sample, we find that, for most families, welfare is a short-term solution to challenging times. On average, leavers received assistance for about nine consecutive months (8.82 months), as shown in the top half of Table 4. More than four out of five (83.8%) families received benefits for less than a year, and one in ten (10.1%) received benefits for one to two years. Very few (6.1%) had consecutive months of receipt exceeding two years.

Likewise, we found that long-term use in the years preceding an exit was uncommon. The bottom half of Table 4 shows that leavers received assistance for approximately a year and a half (18.62 months), on average, in the previous five years. About half (48.5%) received benefits for a year or less, one-quarter (24.5%) for one or two years, and another quarter (27.0%) for more than two years.

When we examine exit spell length across cohorts, we find overwhelming support, again, that patterns of welfare use in Maryland are indeed, short, episodic, and rarely long-lasting. Differences, though statistically significant, were small. In the mid-2000s recovery (94.2%), recession-era (93.7%), and most recent (94.1%) cohorts, nine out of every ten leavers had an exiting spell of two years or less, with the overwhelming majority exiting with a spell of only one year or less. During the mid-2000s recovery and recession era, exiting spells lasted for approximately nine months continuously (8.86 and 9.25, respectively). For the most recent leavers, exiting spells were only eight months (8.01 months) in length, on average.

There are clearer differences across cohorts in cumulative months of receipt in the previous five years. Two-thirds (67.2%) of mid-2000s leavers received benefits for 24 or fewer months in the previous five years, while less than one in ten received benefits for 37 to 48 months (9.0%) or for 49 to 60 months (8.2%). During the recession era, there was a notable increase in the percent of leavers with short TCA histories. Nearly eight out of ten (78.1%) leavers had 24 or fewer months of receipt in the previous five years while more than half (53.2%) received a year or less of cash assistance. For recent leavers, previous welfare receipt fell between what is observed for the mid-2000s cohort and the recession-era cohort. The majority of recent leavers had 24 or fewer months (71.2%) of receipt in the previous five years while less than one in ten had 37 to 48 months (7.9%) or 49 to 60 months (7.9%) of previous receipt.

Table 4. Welfare History

	Mid-2000s Recovery 01/04 - 03/07 (n=2,977)		Recession-Era 04/07 - 12/11 (n=4,333)		Recent Leavers 01/12 - 03/14 (n=2,478)		Total Sample 01/04 - 03/14 (n=9,788)	
Length of Exit Spell*								
12 months or fewer	83.0%	(2,471)	83.2%	(3,603)	85.9%	(2,129)	83.8%	(8,203)
13 to 24 months	11.2%	(334)	10.5%	(455)	8.2%	(204)	10.1%	(993)
25 to 36 months	3.0%	(89)	2.7%	(119)	2.7%	(67)	2.8%	(275)
37 to 48 months	1.2%	(37)	1.2%	(51)	1.1%	(27)	1.2%	(115)
49 to 60 months	0.4%	(13)	0.7%	(31)	0.6%	(14)	0.6%	(58)
More than 60 months	1.1%	(33)	1.7%	(74)	1.5%	(37)	1.5%	(144)
Average* [Median]	8.86	[5]	9.25	[5]	8.01	[4]	8.82	[5]
TCA Receipt in the 5 Years Before Exit***								
12 months or fewer	43.6%	(1,298)	53.2%	(2,304)	46.1%	(1,143)	48.5%	(4,745)
13 to 24 months	23.6%	(702)	24.9%	(1,079)	25.1%	(621)	24.5%	(2,402)
25 to 36 months	15.7%	(466)	9.7%	(422)	13.0%	(323)	12.4%	(1,211)
37 to 48 months	9.0%	(267)	5.1%	(222)	7.9%	(196)	7.0%	(685)
49 to 60 months	8.2%	(244)	7.1%	(306)	7.9%	(195)	7.6%	(745)
Average*** [Median]	20.38	[15]	17.06	[12]	19.25	[14]	18.62	[13]

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

How many leavers return to welfare?

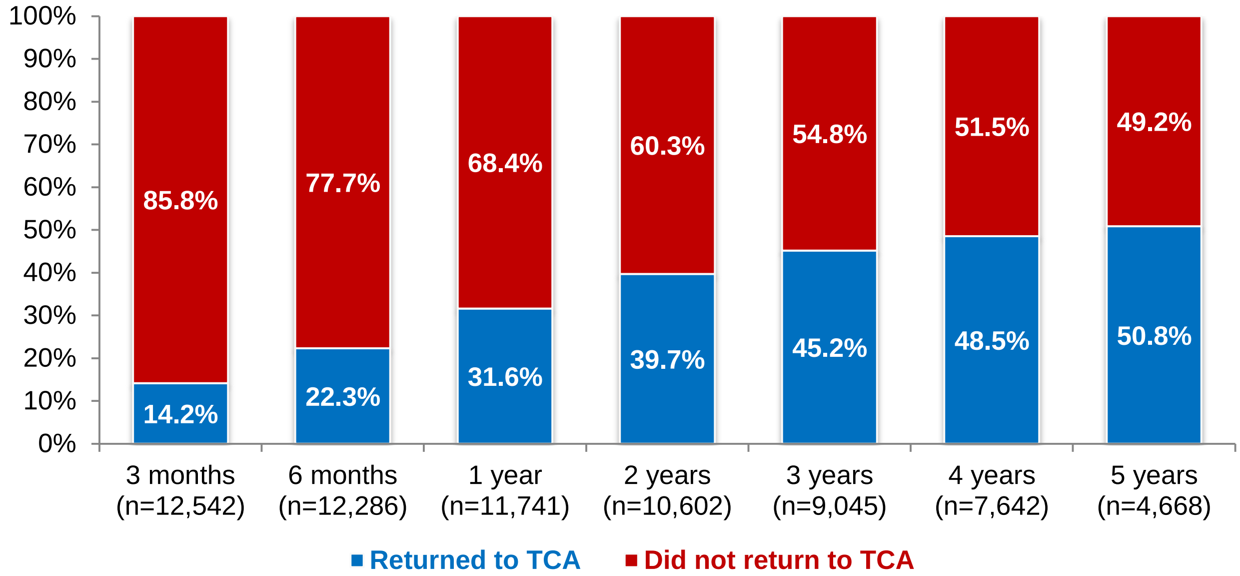
For caseworkers, program managers, and policymakers, an important concern is whether families who leave welfare are able to be financially independent and remain off welfare. After nearly two decades of TANF research, we know that clients are most susceptible to returns within the first one to three years after exit, at both the national and state level (Born, Ovwhigho, & Cordero, 2002; Loprest, 2002; Nicoli et al., 2013; Passarella, Hall, & Born, 2013).

Generally, leavers who return to welfare have struggled to maintain self-sufficiency. Some of their difficulties may stem from the jobs in which they are often employed. For example, leavers are usually employed in low-skill sectors, such as the service industry or in administrative and clerical positions (Strawn, 2010). These jobs typically have lower pay and less job security and flexibility. Moreover, leavers typically face barriers such as poor physical or mental health and low educational attainment, as well as logistical barriers such as housing, transportation, and childcare (Bloom, Loprest, & Zedlewski, 2011; Danziger & Seefeldt, 2002; Ovwigho, Saunders, & Born, 2005; Williamson, Saunders, & Born, 2011).

To examine recidivism for leavers in Maryland, we present welfare recidivism rates for the total sample in Figure 4. Consistent with our previous *Life after Welfare* reports, leavers who return are most likely to do so within the first two years (Nicoli et al., 2013). In our sample, one in seven (14.2%) leavers returned within three months, one in five (22.3%) returned within six months, and three in ten (31.6%) returned within one year. By the second year after exit, two in five (39.7%) leavers had returned. After two years, the rate of recidivism increased annually, but not by much. At five years post-exit, half (50.8%) of all leavers had returned.

The percentage we report here is higher than what we reported in previous *Life after Welfare* reports. This is a reflection of both excluding earlier leavers from the sample and the increase in work sanctions. When we include *all* leavers since the start of welfare reform, the recidivism rate is 46.2% at five years after exit (Appendix E) rather than 50.8%. By including only the most recent ten years of data, however, we are able to gain a more accurate picture of welfare recidivism in Maryland. The higher recidivism rate is unsurprising, since the use of work sanctions has increased in recent years. Ultimately, work sanctions are employed as a compliance tool: when recipients are sanctioned, it is expected that they will come into compliance with work requirements in a timely manner and return to the welfare rolls.

Figure 4. Cumulative TCA Recidivism Rates



Does recidivism vary by cohort?

As previously shown, recidivism is highest for in the first year after a family leaves TCA. To expand on this, we examine the rates of recidivism by cohort at three months, six months, and 12 months after exit, in Table 5. Overall, the table shows that recidivism has not varied much over the study period, although mid-2000s recovery leavers were somewhat less likely to return than leavers in the other two cohorts.

Across cohorts, about one out of every seven leavers returned to welfare during the first three months after exit (mid-2000s recovery, 13.6%; recession-era, 14.7%; recent leavers, 14.0%). When we measure six and 12 month recidivism, however, there are clear patterns. While one in five (20.7%) mid-2000s leavers returned within six months, this rate increased slightly to 23.1% for both recession-era and recent leavers. We observed an identical pattern at 12 months. Three out of every ten (29.8%) leavers from the mid-2000s recovery cohort returned within the first 12 months after exit, while approximately one-third returned in the recession-era (32.2%) and most recent (33.7%) cohorts.

Table 5. Recidivism by Exit Cohort

	Mid-2000s Recovery 01/04 - 03/07 (n=2,977)	**Recession-Era** 04/07 - 12/11 (n=4,333)	**Recent Leavers** 01/12 - 03/14 (n=2,478)	**Total Sample** 01/04 - 03/14 (n=9,788)
3 Months Post-Exit				
Returned to TCA	13.6% (405)	14.7% (635)	14.0% (312)	14.2% (1,352)
Did not return	86.4% (2,572)	85.3% (3,698)	86.0% (1,923)	85.8% (8,193)
6 Months*				
Returned to TCA	20.7% (615)	23.1% (1,001)	23.1% (457)	22.3% (2,073)
Did not return	79.3% (2,362)	76.9% (3,332)	76.9% (1,522)	77.7% (7,216)
12 Months*				
Returned to TCA	29.8% (886)	32.2% (1,397)	33.7% (483)	31.6% (2,766)
Did not return	70.2% (2,091)	67.8% (2,936)	66.3% (951)	68.4% (5,978)

Note: Follow-up data are available through March 2014, 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 risk factors for recidivism?

Identifying characteristics and experiences of families that make them more susceptible to returning to welfare provides further useful information. This information is important for policymakers because it can guide them in creating policies and programs that are appropriate for the target population.

To detail key differences between leavers who returned to welfare within one year and leavers who did not return within one year, we present several characteristics in Table 6. We begin with a description of the demographic characteristics of the payee on the case and then outline differences in case characteristics and previous welfare experiences. We conclude with a discussion of payees' employment histories.

Recidivists and non-recidivists are very different, and, consequently, we find statistically significant differences across all variables. Welfare recidivists were more likely than their counterparts to be female (96.7% vs. 94.0%), to be African American (80.7% vs. 70.0%), to have never married (84.8% vs. 75.3%), to live in Baltimore City (51.4% vs. 36.4%), and to lack a high school diploma (44.6% vs. 29.4%). Recidivists were also a few years younger, on average (30.14 vs. 33.76 years of age).

It should be noted that although recidivists were more likely to live in Baltimore City, recidivism is not an issue unique to that jurisdiction. In fact, nearly half (48.6%) of all recidivists *did not* reside in Baltimore City. Likewise, recidivists were less likely to have a high-school education, but again, it is worth mentioning that more than half (55.4%) finished at least 12th grade.

The case characteristics of recidivists were also significantly different from those of non-recidivists. On average, recidivists had larger assistance units (2.73 vs. 2.51 persons) and more children in the assistance unit (1.81 vs. 1.67 children). The youngest child living in recidivists' households was also younger, on average (4.61 vs. 5.61 years of age).

Additionally, Table 6 shows that recidivists and non-recidivists have different experiences with welfare. On average, recidivists had more months of cash assistance receipt in the previous five years compared to non-recidivists (20.75 vs. 17.33 months). Not surprisingly, recidivists also were more likely to have their cases closed due to a work sanction (37.0% vs. 20.8%) and less likely to have their cases closed due to high income (16.8% vs. 27.2%).

Finally, we present the employment experiences of recidivists and non-recidivists. Approximately two-thirds (65.9%) of recidivists worked at some point in the two years prior to exit and a little more than one-third (37.9%) worked in the quarter of exit. As one would expect, non-recidivists had stronger ties to the labor force. Almost seven out of ten (69.2%) non-recidivists worked at some point during the two years before exit, and nearly half (47.7%) worked during the quarter in which they left welfare.

Table 6. Comparison of TCA Recidivists and Non-Recidivists

	Returned in 1st Year (n=2,766)	Did Not Return in 1st Year (n=5,978)	Total Sample (n=8,744)
Demographic Characteristics			
% Female***	96.7% (2,675)	94.0% (5,620)	94.9% (8,295)
% African American***	80.7% (2,188)	70.0% (4,057)	73.4% (6,245)
% Never Married***	84.8% (2,295)	75.3% (4,358)	78.4% (6,653)
% Who Did Not Finish Grade 12***	44.6% (1,187)	29.4% (1,625)	34.4% (2,812)
% in Baltimore City***	51.4% (1,421)	36.4% (2,174)	41.1% (3,595)
Avg.*** [Median] Age	30.14 [27]	33.76 [31]	32.62 [29]
Case Characteristics			
Avg.*** [Median] AU Size	2.73 [2]	2.51 [2]	2.58 [2]
Avg.*** [Median] Number of Children	1.81 [2]	1.67 [1]	1.71 [1]
Avg.*** [Median] Age of Youngest Child	4.61 [3]	5.61 [4]	5.29 [3]
TCA History			
Avg.*** [Median] Months of Receipt in Last 5 Years	20.75 [17]	17.33 [11]	18.41 [13]
% Closed due to Work Sanction***	37.0% (1,022)	20.8% (1,245)	25.9% (2,267)
% Closed due to High Income***	16.8% (465)	27.2% (1,624)	23.9% (2,089)
Employment History			
% Employed in Last 2 Years**	65.9% (1,804)	69.2% (4,089)	68.2% (5,893)
% Employed in Exit Quarter***	37.9% (1,037)	47.7% (2,818)	44.6% (3,855)

Note: 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=113). 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

Findings: Employment

The overarching goal of the welfare program is to prepare clients for self-sufficiency through employment and other work-training opportunities. In this chapter, we present the outcomes of this approach for Maryland welfare leavers. We first examine their employment histories, then their short-term employment experiences and earnings after exit. Specifically, we consider the percentage of leavers who secured employment, their related earnings, and the industries in which they were employed. We also report employment retention rates for welfare leavers, a first for our *Life after Welfare* series. We conclude this chapter with an examination of long-term employment participation and earnings for all welfare leavers in our sample. All employment analyses include employment covered under Maryland Unemployment Insurance as well as some out-of-state employment. For reference, employment histories, short-term outcomes, and earnings for earlier leavers (October 1996 to December 2003) are presented in Appendix F.

What are leavers' employment histories and employment outcomes?

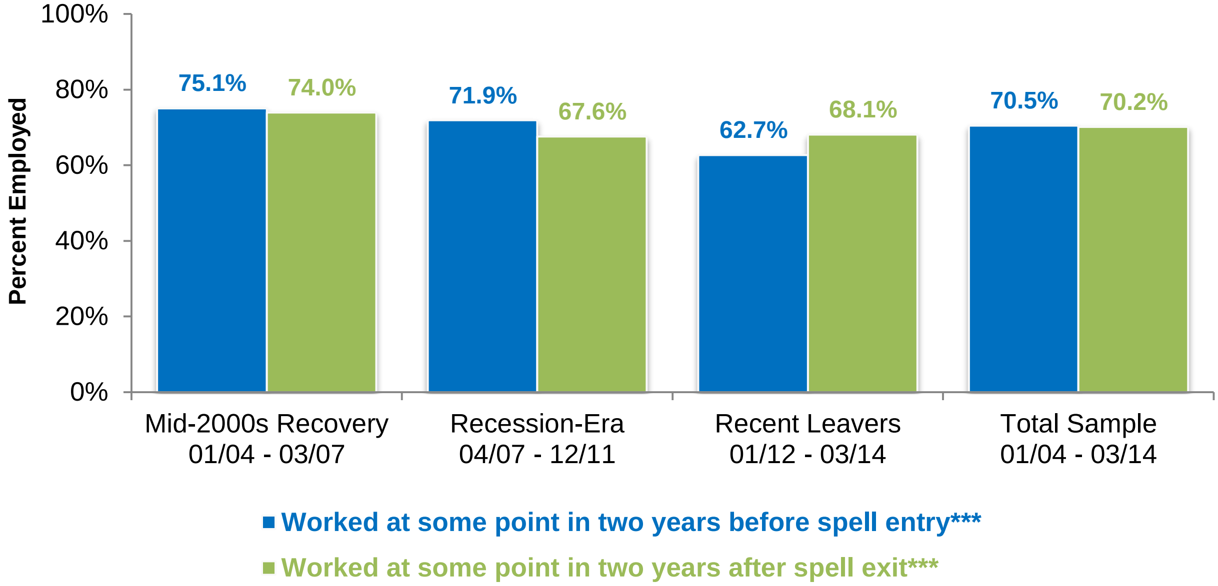
Overall, the vast majority of welfare leavers in our sample were employed at some point in the two years prior to their cash assistance spell (70.5%) as well as at some point in the two years after their exit from cash assistance (70.2%). This suggests that welfare leavers are, indeed, willing and able to work, although their ability to do so may be contingent on how well the economy is functioning.

Figure 5 shows considerable variation in employment experiences between cohorts. Welfare leavers who exited during the growing economy of the mid-2000s had the best pre- and post-employment experiences. Three-quarters (75.1%) of these leavers were employed at some point in the two years before their cash assistance spell. Likewise, about three-quarters (74.0%) were employed after they left welfare. For this group of leavers, TCA worked as intended—as a safety net during a financially challenging time.

Recession-era leavers had less positive employment experiences than leavers from the mid-2000s. Recession-era leavers were less likely to be employed in the two years before they came onto the welfare rolls (71.9% vs. 75.1%) and were even less likely to work after leaving welfare (67.6% vs. 74.0%), compared to the mid-2000s cohort. These leavers were in a unique position, however, attempting to secure and maintain employment during an economic recession. During this time, the unemployment rate for women, especially African American women, was extremely high (BLS, 2012; Federal Reserve Bank of St. Louis, 2014). It is unsurprising, then, that only two-thirds (67.6%) of leavers who exited cash assistance during this time were able to secure employment.

Of all leavers, the recent cohort had the least positive pre-welfare employment experiences. Only three-fifths (62.7%) of leavers were employed at some point in the two years before their welfare spell, which is likely attributable, again, to the struggling economy during the Great Recession. Recent leavers were similar to recession-era leavers, however, in terms of post-employment experiences: two out of every three (68.1%) recent leavers worked at some point in the two years after they left welfare. A more positive finding to note is that, despite being particularly hard hit by the recession, recent leavers showed employment gains after exit, compared to their pre-welfare rates (62.7% vs. 68.1%), a signal that we are in the midst of an economic recovery.

Figure 5. Percent Employed Before Spell Entry and after Exit



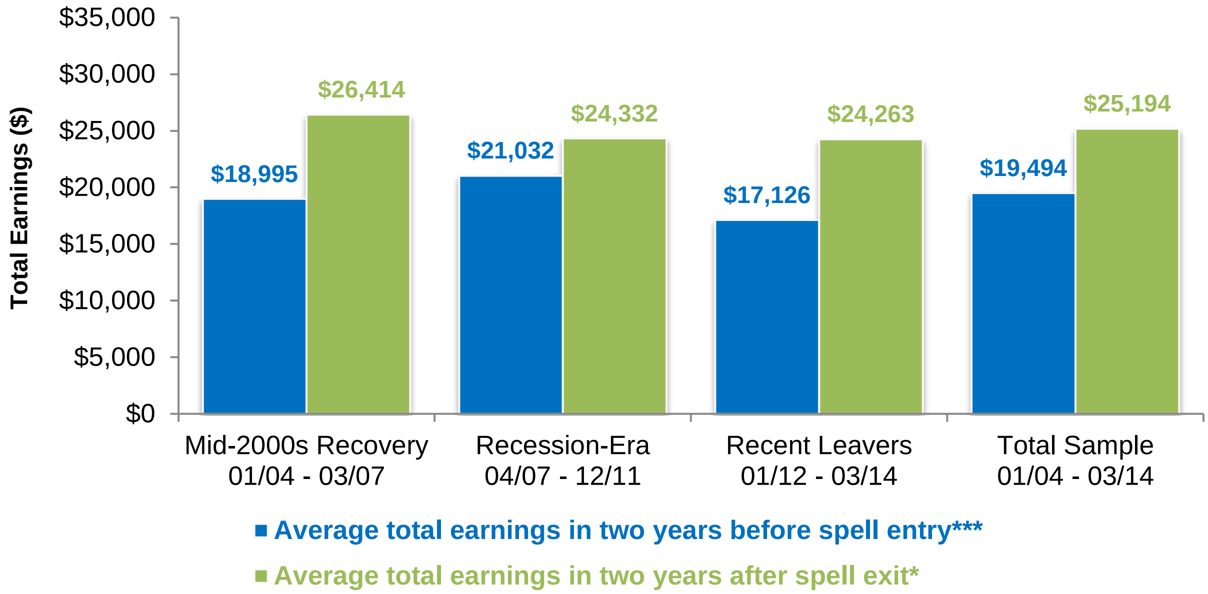
Note: This figure excludes individuals for whom we have no unique identifier (n=113). Percent working in the two years after exit excludes individuals who do not have two years of follow-up data. Valid percentages are reported. *p<.05, **p<.01, ***p<.001

In addition to examining employment, we also consider employed leavers' pre- and post-welfare earnings in Figure 6. We largely find that earnings in the two years before welfare entry are lower than earnings in the two years after welfare exit, which is what we would expect to find in a program geared toward helping clients achieve self-sufficiency. Mid-2000s leavers who were employed earned an average of $18,995 in the two years before their cash assistance spells. These earnings were much lower than recession-era leavers' pre-welfare earnings ($21,032), but higher than the pre-welfare earnings of the most recent welfare leavers ($17,126). The higher pre-welfare earnings observed among recession-era leavers are unsurprising. Before their welfare spells, leavers from the mid-2000s recovery cohort and recent leavers were working during the 2001 recession and Great Recession, respectively, which likely lowered their earnings. Recession-era leavers, on the other hand, were working in a relatively healthy economy before entering the welfare rolls.

Post-welfare earnings also follow a pattern that we might expect, given what we know about economic recessions (Gleason, Nicoli, & Passarella, 2014). Leavers from the mid-2000s recovery cohort had the highest earnings in the two years after their exit from welfare, earning $26,414, on average. Across the recession-era and recent cohorts, though, we observe stability in earnings similar to what we ovserved with post-exit employment. Recession-era leavers earned $2,000 less, on average, than mid-2000s leavers ($26,414 vs. $24,332), while recent leavers earned nearly the same as recession-era leavers ($24,332 vs. $24,263).

Taken together, Figure 5 and Figure 6 suggest that recent welfare leavers have been able to overcome disadvantages augmented by a difficult economic climate. Not only were they just as likely as recession-era leavers to be employed when leaving the welfare rolls and had post-exit earnings similar to the recession-era cohort, they also showed improvement in both employment and earnings from before entering welfare to after leaving welfare. They had the highest increase in percent employed from pre-welfare to post-welfare, and they had greater gains in pre-welfare to post-welfare earnings than recession-era leavers. These data suggest that leavers are still in the midst of a recovery period. One caveat to note, however, is the limited follow-up data that is available for recent leavers: in future years, as we add more data to this cohort, we may observe increases in both employment and earnings.

Figure 6. Total Earnings before Spell Entry and after Exit



Note: This figure excludes individuals for whom we have no unique identifier (n=113). Post-exit earnings exclude individuals who do not have two years of follow-up data and individuals who were not employed in those two years. Valid percentages are reported. Earnings are based on quarterly data. We do not know how many weeks or hours an individual worked, so hourly wages cannot be computed or inferred. Wages are standardized to 2014 dollars. *p<.05, **p<.01, ***p<.001

In which industries are leavers employed after exit?

In terms of employment, the data reported in the previous figures suggest that families who are leaving welfare today have bigger hurdles to overcome than previous leavers. Although the caseload is declining, historically low employment coupled with low earnings suggests that at least some leavers are not able to find jobs, and those who do might not earn enough to stay off cash assistance.

One approach to managing unfavorable employment outcomes is to target particular industries. In a recent research brief, we found evidence that leavers employed in some industries earned more and were more likely to retain their jobs than leavers employed in other industries (Nicoli, Passarella, & Born, 2014), indicating that this may be a good strategy for improving employment prospects for welfare leavers. In Table 7, we examine the industries in which leavers were employed after their exits from cash assistance. Specifically, we present the 10 most common industries in which welfare leavers were working in the first quarter after exit and their average earnings for that quarter.

For the total sample, the most common industries in which all leavers were employed were administrative and support services (12.5%), followed by professional and technical services (9.1%), general retail (8.2%), outpatient health care (8.3%), and restaurants (7.8%). With the exception of outpatient health care, the average quarterly earnings associated with the five most common industries are some of the lowest within the table. Average quarterly earnings for all top 10 industries ranged from a low of $2,229 for leavers employed in restaurants[2] to a high of $6,911 for leavers employed within government. Unfortunately, industries with some of the highest earnings—government ($6,911), education ($5,634), nonprofits ($5,542), and nursing homes ($4,899)—were industries in which leavers were less likely to be employed. Less than five percent of leavers were employed in each of these higher-earning industries in the quarter after exit.

Table 7 also shows that there is some variation across cohorts. Some industries gained leavers over time while others lost welfare leavers. Only 7.7% of leavers from the mid-2000s recovery cohort were employed in professional and technical services, for example, but this increased to 8.8% for recession-era leavers and increased again to 11.6% for recent leavers. In outpatient health care, the opposite pattern was observed. While 8.8% of mid-2000s leavers were employed in this industry, this percentage decreased to 8.2% for recession-era leavers and to 7.2% for recent leavers.

When we examine changes across cohorts, we find that between the mid-2000s cohort and the recession-era cohort, the percent of leavers employed in all listed industries increased, except in administrative and support services and outpatient health care. Four of the top 10 industries experienced a decrease in average quarterly wages between the two cohorts (general retail, food and beverage retail, government, nonprofits), while earnings in other industries remained stable or increased.

Between the recession-era and recent cohorts, the percent of leavers employed in every industry either decreased or remained the same, with the exception of administrative and support services and professional and technical services. These industries, which were the two most common industries among sampled leavers, were the only industries to gain welfare leavers between these two cohorts. Furthermore, average quarterly earnings for recent leavers were lower in all industries except for nursing homes.

On one hand, it is not alarming that welfare leavers are employed in most of these industries. For Maryland as a whole, the professional and technical, retail, and health care industries provide the most jobs (U.S. Census Bureau, 2012). On the other hand, the jobs welfare leavers are obtaining within these industries are often low-paying, which may not allow them to be fully self-sufficient (Acs, Loprest, & Ratcliffe, 2010). It appears that targeting higher-paying industries for job-training and employment opportunities may be a useful strategy for moving more welfare leavers into higher-wage jobs.

Administrative & Support

Organizations that support day-to-day operations such as clerical and cleaning activities as well as general management activities and temporary employment services.

Professional & Technical

Organizations specializing in legal advice, book-keeping, computer services, or consulting services among others.

General Retail

Department stores and other general merchandise stores.

Outpatient Health Care

Organizations that provide outpatient health care as well as medical and diagnostic laboratories and home health care services.

Restaurants

Restaurants including full-service and fast food places as well as caterers and mobile food services.

[2] Restaurant wages do not include tips. As a result, actual income may be higher than what is reported for workers in this industry.

Table 7. Industries and Average Quarterly Earnings for Employed Welfare Leavers
First Quarter after Exit

	Mid-2000s Recovery 01/04 – 03/07 (n=1,359)		Recession-Era 04/07 – 12/11 (n=1,795)		Recent Leavers 01/12 – 03/14 (n=776)		Total Sample 01/12 – 03/14 (n=3,930)	
Administrative & Support	14.6%	$3,250	11.1%	$3,617	12.1%	$3,234	12.5%	$3,391
Professional & Technical	7.7%	$4,242	8.8%	$4,317	11.6%	$3,450	9.1%	$4,053
General Retail	6.5%	$2,852	9.2%	$2,703	9.1%	$2,419	8.3%	$2,674
Outpatient Health Care	8.8%	$5,036	8.2%	$5,059	7.2%	$4,411	8.2%	$4,925
Restaurants	6.7%	$1,800	8.5%	$2,457	7.9%	$2,288	7.8%	$2,229
Food & Beverage Retail	4.7%	$3,093	4.7%	$2,978	4.5%	$2,704	4.7%	$2,959
Education	4.6%	$4,757	5.2%	$6,511	3.4%	$4,728	4.6%	$5,634
Nursing Homes	4.9%	$4,726	5.1%	$4,963	2.7%	$5,138	4.5%	$4,899
Government	2.7%	$7,813	3.7%	$7,237	3.4%	$5,083	3.3%	$6,911
Nonprofits	3.2%	$5,676	3.2%	$5,565	3.0%	$5,281	3.1%	$5,542

Note: Industries are identified using three-digit North American Industry Classification System (NAICS) codes, which are available in Appendix G. This table excludes individuals for whom we have no unique identifier (n=113). Valid percentages are reported. Earnings are based on quarterly data. We do not know how many weeks or hours an individual worked, so hourly wages cannot be computed or inferred. Wages are standardized to 2014 dollars.

Food & Beverage Retail

Retail stores that sell food and beverages, such as grocery stores and specialty drink stores.

Education

Instruction or training services such as K-12 schools, community colleges, universities, and training centers.

Nursing Homes

Organizations that provide health and social services such as nursing homes, substance abuse facilities, or residential care for the mentally ill.

Government

Offices of government executives, legislative bodies, public finance, and general government support.

Nonprofits

Organizations promoting social advocacy or political ideology as well as grant-making or religious organizations.

For how long do leavers retain employment?

In previous figures, we demonstrated that most leavers (70.1%) work at some point in the two years after exiting cash assistance and that they are more likely to be employed in lower-wage industries immediately after exit. The story thus far, however, is missing a very important piece. Do welfare recipients retain employment after leaving? While employment and earnings are areas worthy of investigation, it is not enough to measure these outcomes alone. It is just as important, perhaps, to assess whether leavers remain employed after leaving welfare.

In Figure 7 and Figure 8, we present the three-month employment retention rate and six-month employment retention rate for leavers who were employed in the exit quarter, along with their respective earnings. About half (50.6%) of all leavers in the mid-2000s cohort were employed in the exit quarter; 44.9% of leavers were employed in the exit quarter for the recession-era cohort, and 41.6% of recent leavers were employed in the exit quarter.

We measure three-month employment retention as the percent of these employed leavers who continued to be employed in the first quarter after exit, along with their average earnings in the first quarter after exit. We measure six-month employment retention as the percent of these employed leavers who continued to be employed at some point in both the first and second quarters after exit, along with their average earnings in the first and second quarters after exit. The employment data used in this analysis are captured quarterly; therefore, we only know if a leaver was employed *at some point* in each quarter of data. To be clear, a leaver who worked in a quarter may not have been employed for the entire quarter.

As shown in Figure 7, three-month employment retention remained stable across cohorts. In all three cohorts, more than four out of every five leavers who worked in the exit quarter were still working in the quarter after exit (roughly 85%, across all cohorts). Furthermore, employed leavers from all cohorts earned more than $4,000 in the first quarter after exit. Though employment retention remained stable, average earnings in the quarter after exit for the most recent cohort were the lowest, with $4,114 earned.

Overall, a smaller percentage of welfare leavers who were employed in the exit quarter retained employment for the next six months (Figure 8), compared to leavers who retained employment for three months. Fewer than three out of every four leavers from the mid-2000s recovery cohort (73.0%) and the recession-era cohort (72.1%) who worked in the exit quarter were able to retain employment for the two quarters after exit. Their earnings during the two quarters after exit were similar, too. Mid-2000s leavers earned $10,338, on average, and recession-era leavers earned $10,558, on average.

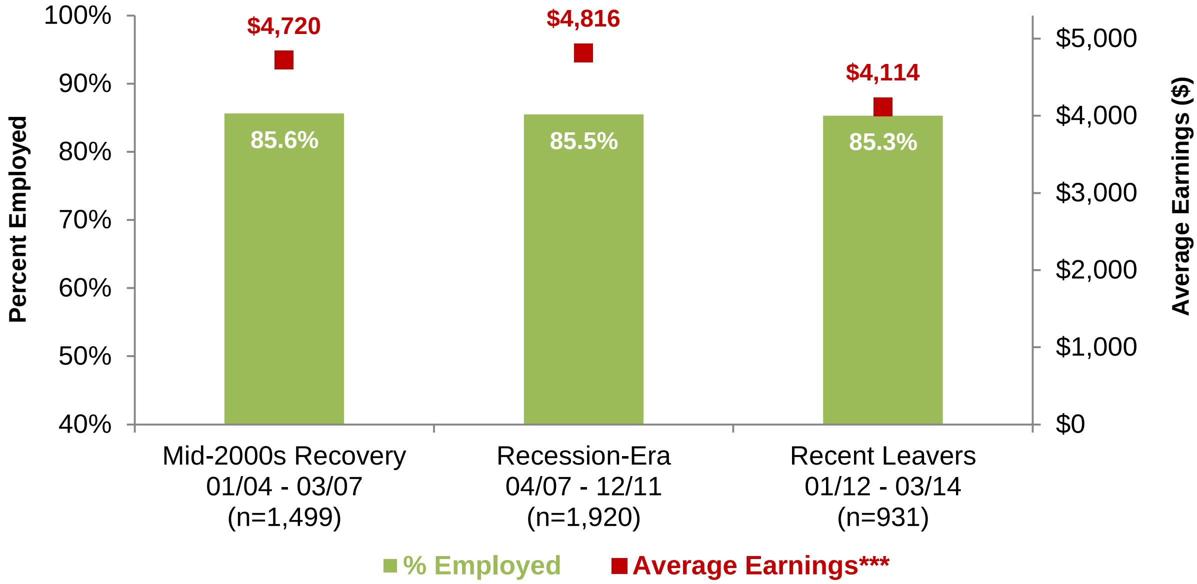
Of all three cohorts, recent leavers had the best six-month retention outcomes. More than three-quarters (75.9%) of all recent leavers who were employed in the quarter of exit remained employed for six months after exit. Despite higher employment retention, earnings during this time period were the lowest, with an average of $8,956 earned over the six-month period.

For all leavers, especially recent leavers, these retention rates are encouraging. Most leavers who were employed during the exit quarter were able to remain employed for another six months. Additionally, average six-month earnings were well over $10,000 for mid-2000s recovery leavers and recession-era leavers. The somewhat lower earnings observed among recent leavers, however, are less promising.

Recent unemployment data, coupled with sluggish economic growth along most of the East Coast (BEA, 2014), suggest that this may be a more difficult time for welfare leavers in Maryland and may give some insight into the significant decreases in recent earnings observed in Figure 7 and Figure 8. In August 2014, Maryland’s unemployment rate was 6.4%, a higher percentage than the U.S. average of 6.1% (BLS, 2014a; DLLR, 2014). This higher unemployment rate is partially a response to federal budget cuts that affected businesses with federal contracts, which led to a loss of many jobs, perhaps including administrative and other support positions. Although jobs within these industries have been lost, there has been a gain in service-sector jobs, which are primarly low-wage positions (Dresser, 2014). Until Maryland gains more jobs outside the service sector and overall economic growth increases, earnings prospects may be weak for many leavers.

Figure 7. Three-Month Employment Retention and Average Earnings

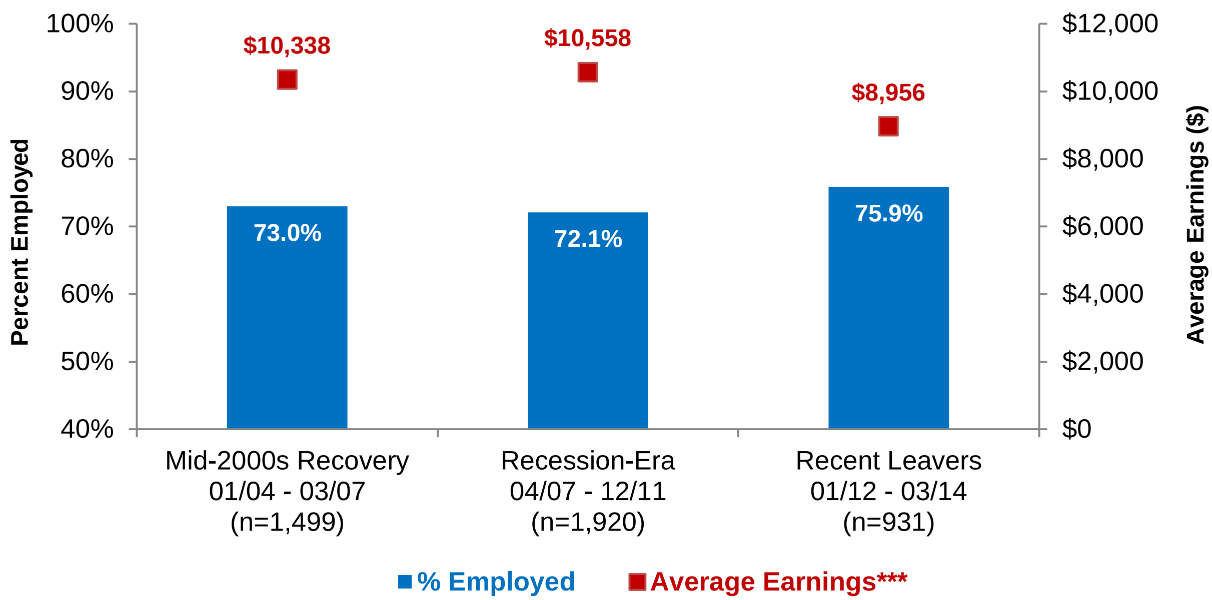
Leavers Working in the Exit Quarter



Note: This figure excludes individuals for whom we have no unique identifier (n=113) and individuals who did not have a full 90 days of follow-up after exit. This figure only includes individuals who were working in the quarter of exit. Valid percentages are reported. Earnings are based on quarterly data and are only for those with employment in that quarter. We do not know how many weeks or hours an individual worked, so hourly wages cannot be computed or inferred. Wages are standardized to 2014 dollars. *p<.05, **p<.01, ***p<.001

Figure 8. Six-Month Employment Retention and Average Earnings

Leavers Working in the Exit Quarter



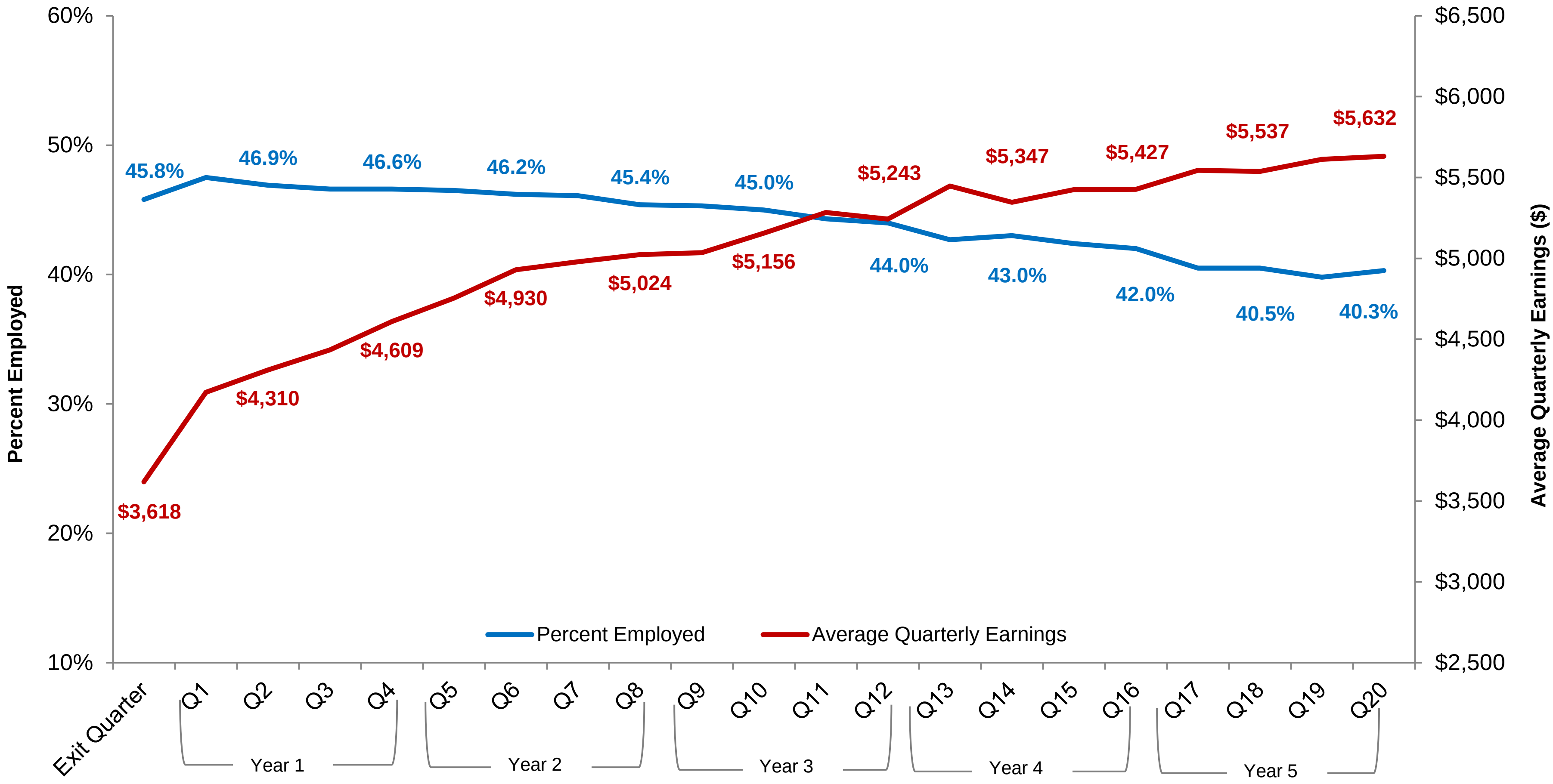
Note: This figure excludes individuals for whom we have no unique identifier (n=113) and individuals who did not have a full 180 days of follow-up after exit. This figure only includes individuals who were working in the quarter of exit. Valid percentages are reported. Earnings are based on quarterly data and are only for those with employment in that quarter. We do not know how many weeks or hours an individual worked, so hourly wages cannot be computed or inferred. Wages are standardized to 2014 dollars. *p<.05, **p<.01, ***p<.001

What are leavers' long-term employment outcomes?

Thus far, we have largely focused on the short-term employment outcomes of welfare leavers. In this final section of the chapter, we examine long-term outcomes, specifically employment and earnings in the five years after exit for the total sample.

We begin with an examination of quarterly employment data, presented in Figure 9. This figure shows the percent of leavers employed in the exit quarter and the first 20 quarters after exit, as well as average earnings in each quarter. Over time, there was a small decrease in the percent of leavers employed in each quarter and a noticeable increase in average quarterly earnings. In the exit quarter, for example, 45.8% of leavers were employed. At the 20th quarter after exit, 40.3% were employed, a decrease of only 5.5 percentage points over five years. Corresponding earnings in the exit quarter were $3,618, on average, and at the 20th quarter after exit, earnings were $5,632, an increase of more than $2,000 over five years. It should be noted that the observed decline in employment is partially attributed to limitations of our data. Over time, welfare leavers may retire, pass away, move to a different state, or gain employment in a state not captured by our data.

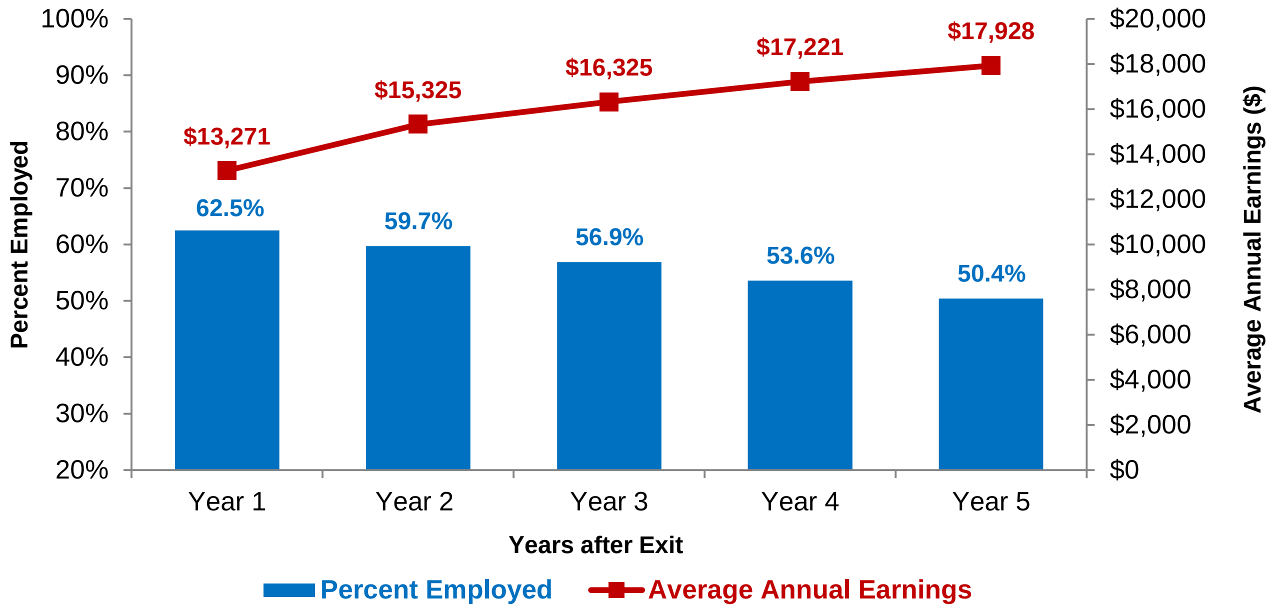
Figure 9. Percent Employed and Average Quarterly Earnings after Exit



Note: This figure excludes individuals for whom we have no unique identifier (n=113). Average quarterly earnings only include those who were working in that quarter. As years since exit increase, fewer individuals in the sample have employment and earnings due to the lack of available follow-up data. These are aggregate quarterly earnings. We do not know how many weeks or hours an individual worked, so hourly wages cannot be computed or inferred. Wages are standardized to 2014 dollars. *p<.05, **p<.01, ***p<.001

Figure 10 offers a different perspective on the same data. Rather than examining employment and earnings by quarter, this figure presents the percent of leavers employed in each year after exit along with their average annual earnings over that year. To be clear, this figure captures any welfare leaver who was employed at any point in that year. Consistent with the previous figure, employment declined over time as earnings increased. Percent employed is much higher, however, when measuring annual employment rather than quarterly employment. In the first (62.5%) and second years (59.7%) after exit, approximately three-fifths of welfare leavers were employed. This percentage consistently decreased each year, and in the fifth year after exit, exactly one out of every two (50.4%) leavers was employed. Earnings, on the other hand, had a different trajectory. While employed welfare leavers earned just over $13,000 in the first year after exit, by the fifth year, those who were working earned $17,928, on average, an increase of more than $4,500.

Figure 10. Annual Employment and Average Annual Earnings



Note: This figure excludes individuals for whom we have no unique identifier (n=113). Post-exit earnings exclude individuals who were not working that year. Valid percentages are reported. Wages are standardized to 2014 dollars. *p<.05, **p<.01, ***p<.001

After families leave welfare, they often participate in other public service programs that support their transitions from welfare to work. In Maryland three key programs, the Food Supplement program (Maryland's version of the federal Supplemental Nutrition Assistance Program), Medical Assistance/M-CHP, and the public child support program, provide critical assistance to low-income families as they work towards self-sufficiency. In this chapter, we explore the extent to which welfare leavers utilize each of these three important programs after exiting TCA.[3]

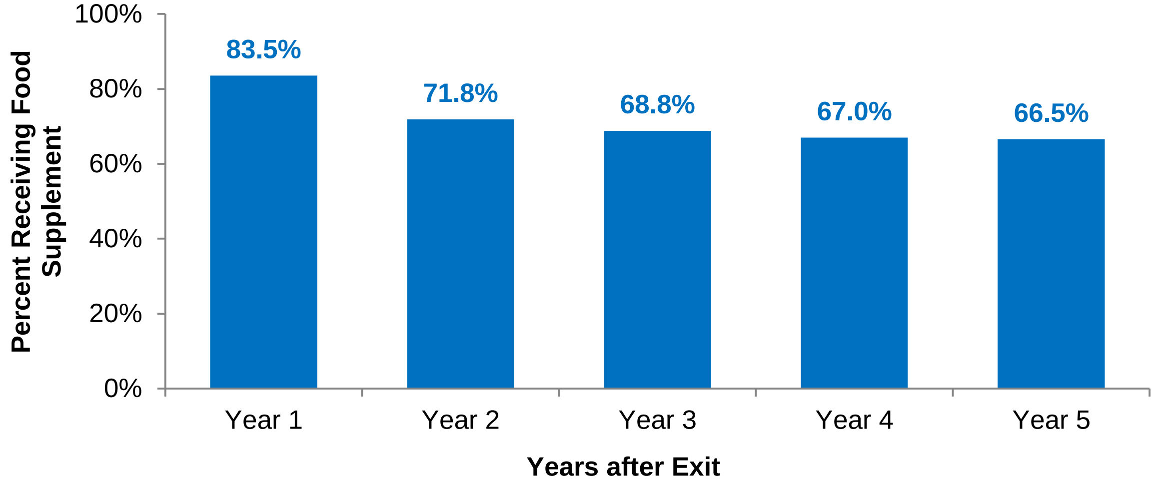
What are the Food Supplement participation patterns?

In Figure 11, we present the percentage of welfare leavers who participated in Maryland's Food Supplement program (FS) after exit. In the first year after exit, participation was highest: four out of every five (83.5%) families participated in FS in the year after they exited cash assistance. In the second (71.8%) and third (68.8%) years after exit, participation rates declined. After the third year, though, participation rates became more stable, and at five years after exit, two-thirds (66.5%) of families were still participating in the program.

Many families receive FS while they receive TCA, and they are guaranteed transitional FS benefits for at least five months after their TCA cases close (Maryland Department of Human Resources, 2002). These high participation percentages, then, are not surprising. Substantial levels of FS participation among welfare leavers are encouraging, in fact, especially since only 56% of Maryland's eligible working poor actually enroll in the Food Supplement Program (Food Research and Action Center, 2013). In the wake of the Great Recession, many states, including Maryland, increased outreach efforts in an attempt to provide food assistance to as many eligible individuals as possible. Over the last five years, FS participation rates in Maryland increased by about 72% (Food Research and Action Center, 2014) and Maryland currently ranks second in the nation for helping low-income families gain access to FS (Maryland Department of Human Resources, 2014b). The high FS participation rates for Maryland's welfare leavers demonstrate the substantial need for such benefits in the transition from welfare to work.

[3] Data on two other work supports, child care subsidies and Supplemental Security Income, are not included in this chapter.

Figure 11. Food Supplement Program Participation Rates



Does Food Supplement participation vary by cohort?

In Table 8, we explore FS participation through a different lens. This table shows the percentage of leavers in each cohort that participated in FS in the first year after exit. We look at those participating in the first 1-3 months, 4-6 months, and 7-12 months after exiting from welfare.

Over time, it is clear that there has been an increase in FS participation. In the mid-2000s, about seven out of every ten (72.2%) welfare leavers participated in this program in the first three months after exit. During the recession era, participation increased to more than three out of every four (78.8%) leavers, and in the most recent years, more than four out of every five (85.1%) welfare leavers participated in the program during the first three months after exit. This same trend—increasing participation across cohorts—is evident in the 4-6 months and 7-12 months after exit.

Table 8. Food Supplement Program Participation Rates by Exit Cohort

	Mid-2000s Recovery 01/04 - 03/07 (n=2,977)		**Recession-Era** 04/07 - 12/11 (n=4,333)		**Recent Leavers** 01/12 - 03/14 (n=2,478)		**Total Sample** 01/04 - 03/14 (n=9,788)	
Months 1-3***	72.2%	(2,149)	78.8%	(3,413)	85.1%	(1,901)	78.2%	(7,463)
Months 4-6***	68.3%	(2,033)	76.5%	(3,316)	82.2%	(1,626)	75.1%	(6,975)
Months 7-12***	63.5%	(1,891)	73.8%	(3,199)	80.5%	(1,154)	71.4%	(6,244)

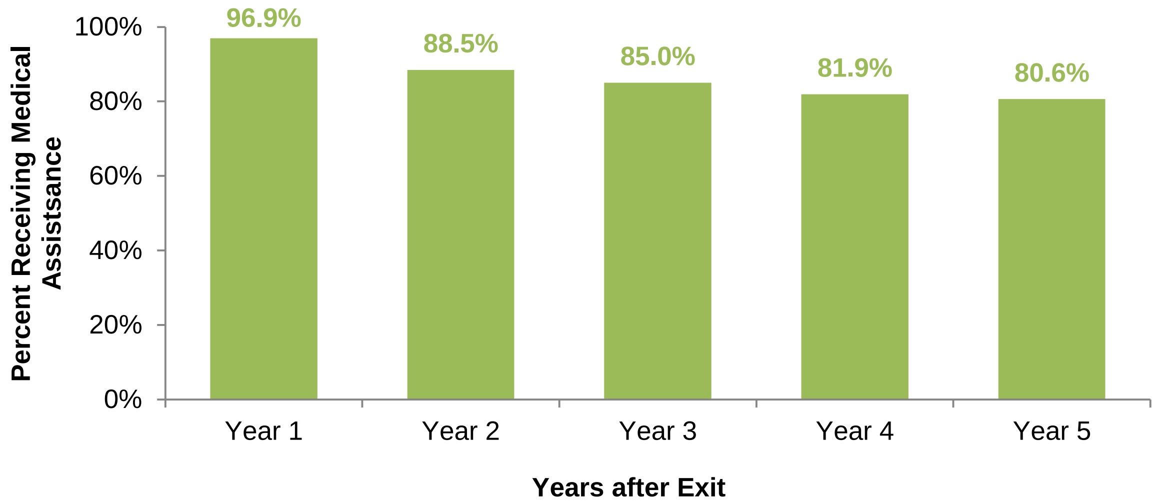
Note: Valid percentages are reported. *p<.05, **p<.01, ***p<.001

What are the Medical Assistance participation patterns?

The recent passage of the Patient Protection and Affordable Care Act expanded Medical Assistance (MA) eligibility in Maryland to adults with incomes below 133 percent of the federal poverty level. This benefit provides health coverage for low-income parents and covers essential healthcare needs for their children as well. In Maryland, MA is a vital program that provides health insurance each year to one out of every three (35.2%) children in the state (American Academy of Pediatrics, 2012). For low-income families receiving cash assistance, this benefit is automatically granted at the time of application approval (DHMH, 2012).

Figure 12 presents the percentage of leavers with at least one individual on the case receiving MA benefits in the years following their exits from cash assistance. Similar to Food Supplement benefits, MA is provided as a transitional benefit for some families after they leave welfare, sometimes for up to 12 months after exit (Maryland Department of Human Resources, 2008). This policy is evident in Figure 12. Not surprisingly, virtually all (96.9%) welfare leavers in Maryland had at least one person in their assistance units receiving MA the first year after exit. In the second through fifth years after exit, MA participation steadily declined from 88.5% in the second year to 80.6% in the fifth year. It is possible that in future *Life after Welfare* reports, we will see even higher participation as MA expansion reaches families that might otherwise not have been eligible in the years following their exits from cash assistance.

Figure 12. Medical Assistance/M-CHP Participation Rates



Does Medical Assistance participation vary by cohort?

In Table 9, we examine MA participation by cohort over the first year after exit. Specifically, we look at MA participation rates for the former payee, any child on the case, and any case member in the 1-3 months, 4-6 months, and 7-12 months after exit from cash assistance. We find statistically significant differences between cohorts, showing that MA participation has increased over time.

Regardless of time since exit, we see a consistent pattern of substantial increases in payees' MA participation across cohorts. During the mid-2000s, approximately four out of every five payees participated in MA for 1-3 months after exit (82.9%) and 4-6 months after exit (79.9%). In 7-12 months after exit there was a decrease, and only three-quarters (76.0%) were participating in MA. In the recession-era and most recent cohorts, there were increases in participation rates. In the most recent years, nearly nine out of every ten (88.3%) payees were in enrolled in MA in the first three months after exit, and 85.3% were enrolled 4-6 and 7-12 months after exit. As is clear from the table, Maryland consistently provides MA to children over the years. In any cohort, in any given set of months, approximately 9 out of every 10 families had at least one child participating in MA during the first year of follow-up.

Table 9. Medical Assistance/M-CHP Participation Rates by Exit Cohort

	Mid-2000s Recovery 01/04 - 03/07 (n=2,977)		Recession-Era 04/07 - 12/11 (n=4,333)		Recent Leavers 01/12 - 03/14 (n=2,478)		Total Sample 01/04 - 03/14 (n=9,788)	
Months 1-3								
Payee***	82.9%	(2,469)	84.2%	(3,647)	88.3%	(1,973)	84.7%	(8,089)
Any Child***	92.1%	(2,741)	92.4%	(4,004)	93.5%	(2,090)	92.6%	(8,835)
Any Case Member***	95.2%	(2,835)	95.4%	(4,135)	96.2%	(2,150)	95.5%	(9,120)
Months 4-6								
Payee***	79.9%	(2,379)	82.3%	(3,564)	85.3%	(1,688)	82.2%	(7,631)
Any Child***	90.3%	(2,687)	91.2%	(3,950)	91.8%	(1,816)	91.0%	(8,453)
Any Case Member***	93.2%	(2,775)	94.1%	(4,079)	94.3%	(1,867)	93.9%	(8,721)
Months 7-12								
Payee***	76.0%	(2,264)	81.9%	(3,547)	85.3%	(1,223)	80.4%	(7,034)
Any Child***	89.7%	(2,670)	90.9%	(3,940)	91.6%	(1,314)	90.6%	(7,924)
Any Case Member***	92.9%	(2,765)	94.1%	(4,078)	94.2%	(1,351)	93.7%	(8,194)

Note: Follow-up data are available through March 2014, 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?

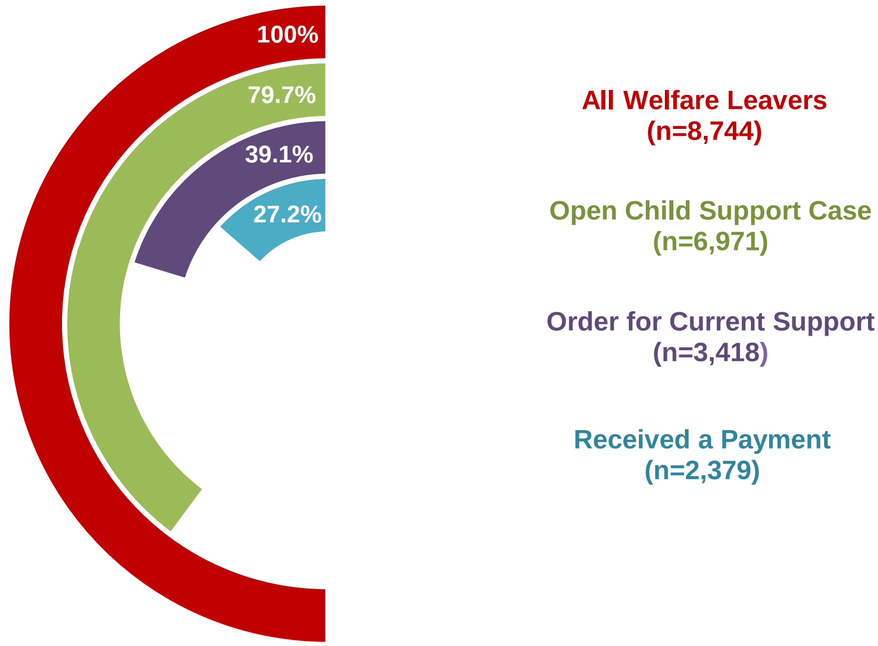
Along with FS and MA, child support is an indispensable work support for families who leave welfare. When received, it accounts for approximately 40 percent of a poor family's income, on average, and it reduces child poverty by about four percentage points (Sorensen, 2010). Not only does child support help families leave cash assistance, but it helps keep them off cash assistance, even if payments are irregular (Huang, Kunz, & Garfinkel, 2002; Meyer, 1993; Miller, Farrell, Cancian, & Meyer, 2005).

Once families are referred to the child support enforcement agency by their case managers, the agency begins the process of support establishment, if a child support case has not yet been opened. As a condition of TCA receipt, families must cooperate with the child support enforcement agency. The child support collected while the family is receiving cash assistance is retained to reimburse the federal and state governments for cash benefits paid to the family. In Maryland, families that are uncooperative with the child support enforcement agency face the total loss of their TCA grant. However, the requirement to cooperate with child support can be waived if the establishment of the order may bring about more harm than good (e.g. in cases of domestic violence).

Since most welfare recipients have never been married, the process for most begins with the legal establishment of paternity. Challenges can arise when the custodial parent is unable to identify the other parent, the agency is unable to locate the other parent, or when the other parent is uncooperative with the agency. Even when these hurdles are overcome, a court order for support must be obtained to establish the legal financial obligation of the noncustodial parent, an oftentimes lengthy process. Once the support order has been established in court, payments can be secured through automatic wage withholding, tax intercepts, and various other tools.

Figure 13 shows that families are at varying stages in the child support process when they leave welfare. As shown, roughly four out of every five (79.7%) families had an open child support case when they left, two out of five (39.1%) had an established order for current support, and more than one out of every four (27.2%) families received a current support payment in the year after they left welfare. It is important to note here that child support is not an appropriate work support to pursue for all families, even though it is a requirement to receive cash assistance. Some welfare cases, for example, include both parents on the TCA grant because the family unit is still intact. In other cases, a waiver for child support may be granted if there is a previous history of domestic violence. Therefore, it is unreasonable to expect all families to have open cases.

Figure 13. Current Support Status during First Year after Exit



Note: Includes only sample members for whom one full year of child support data is available (n=8,744). Valid percentages are reported.

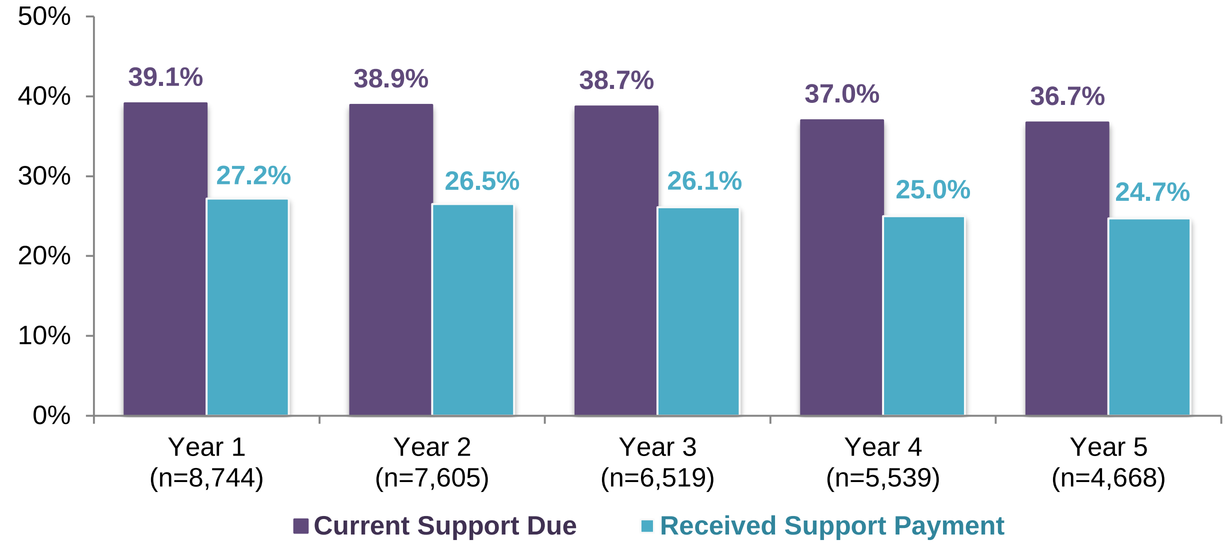
What are the patterns of current support establishment and payments after exit?

Figure 14 shows the percent of leavers who had an order for current support in the first five years after exit and the percent of leavers who received a child support payment in those years. Overall, we see a modest decline in both of these percentages. In the first year after exit, two in five (39.1%) leavers had an order for current support, and more than one in four (27.2%) leavers received a payment during the year. In the second year through fifth years after exit, the decline is so small that even by the fifth year after exit, close to two in five (36.7%) leavers had an order for current support and about one in four (24.7%) received a payment during the year.

The stability[4] that we document over time is encouraging. It demonstrates that the child support enforcement agency is able to serve families consistently even five years after these families exit TCA. It is clear, however, that many families could still benefit from the receipt of child support payments after leaving welfare. Although there are justifiable reasons that a family might not pursue child support, most families are required to comply with the child support agency. The data presented in Figure 14 suggest there is room for improvement in the area of support establishment.

[4] There were no significant changes over time between cohorts.

Figure 14. Current Child Support Due and Received in Each Year after Exit
All Leavers



Note: Available follow-up data varies by exit date and excludes leavers that exited after March 2013. Valid percentages are reported.

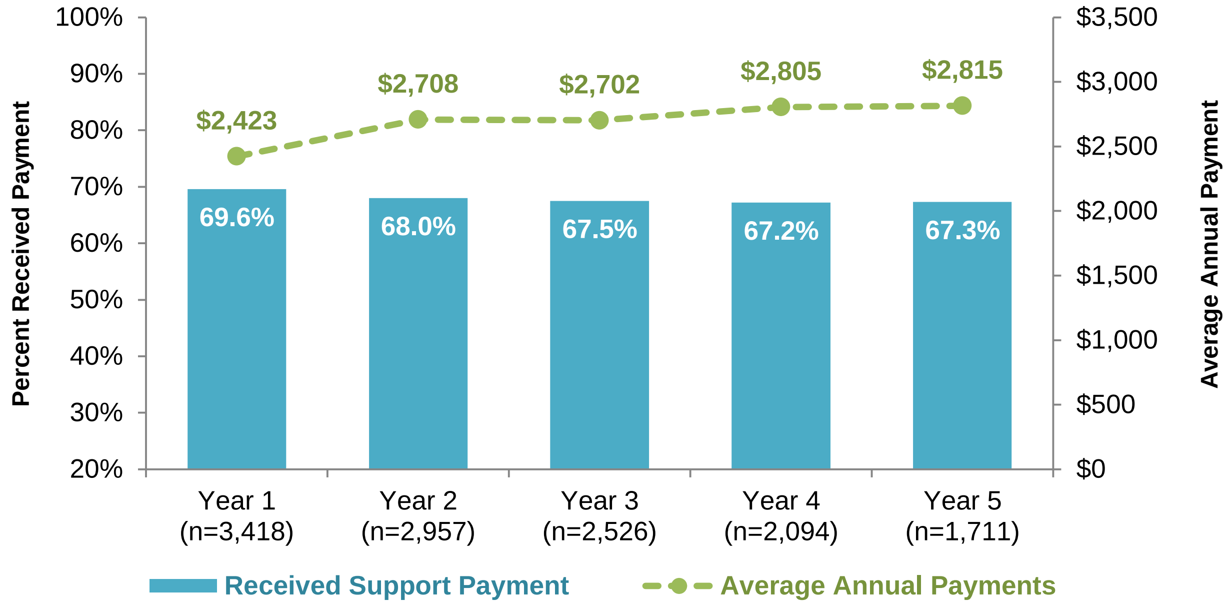
The previous figure does not address two very important questions: 1) What percent of leavers with current support due actually receive a payment and, 2) How much do they receive? While Figure 14 presents the percent of *all* leavers that received a payment, Figure 15 presents the percent of leavers who received a payment, only considering those with current support due. Additionally, we include the average amount of current support received. These results paint a more positive picture of child support enforcement efforts.

Seven out of every ten (69.6%) leavers with current support due received at least one child support payment in the first year after exit. On average, they received roughly $2,400 over the course of that first year. As we might expect based on previous data, the percent that received a payment decreased, though only slightly, over the first five years after exit. Average annual payments, however, increased over time. In the fifth year after exit, about two-thirds (67.3%) of leavers with a current support order received a payment, and on average, they received a total of roughly $2,800 during the year.

Figures 14 and 15 speak to the difficulties in the child support process. It appears that some work is required in the area of child support establishment, especially for these low-income families. While enforcement is certainly important, it appears that for TCA families, especially, establishment is where the real challenge lies. Once the challenge of getting an order established is overcome, the majority of families do receive their payments over time.

Figure 15. Current Child Support Received and Average Annual Payments

Leavers with Current Support Due



Note: Excludes leavers that exited after March 2013. Average annual payments only include leavers who received a current support payment. Payments are standardized to 2014 dollars. Valid percentages are reported.

Findings: Work and Welfare Status

In preceding chapters, we discussed how welfare leavers in Maryland are faring, focusing on subsequent TCA receipt and employment after exit. We showed that approximately half of leavers return to the welfare rolls within five years after they leave. However, we also found that the vast majority of leavers who work in the exit quarter are able to retain employment for six months. Although leavers' earnings are relatively low in the years following their exit, earnings increase over time. Finally, we demonstrated that virtually all leavers rely on various work supports in their transition from welfare to work.

In this chapter, we consider leavers' post-exit employment and welfare receipt together to paint a clearer picture of how leavers navigate life after their cases close. In this analysis, we place each leaver into one of four mutually exclusive categories:

1) **Work:** Employment, no TCA receipt;

2) **Welfare:** TCA receipt, no employment;

3) **Work & Welfare:** Employment and TCA receipt; and

4) **Neither:** No TCA receipt and no employment.

Assignment to each of these categories is based on participation in TCA and employment, so any employment in the first year after exit is sufficient to be placed in an employment category. Likewise, one month of TCA receipt is sufficient to be placed in a TCA category. For leavers in the work and welfare category, employment and TCA receipt need not be concurrent.

What are leavers' work and welfare statuses over time?

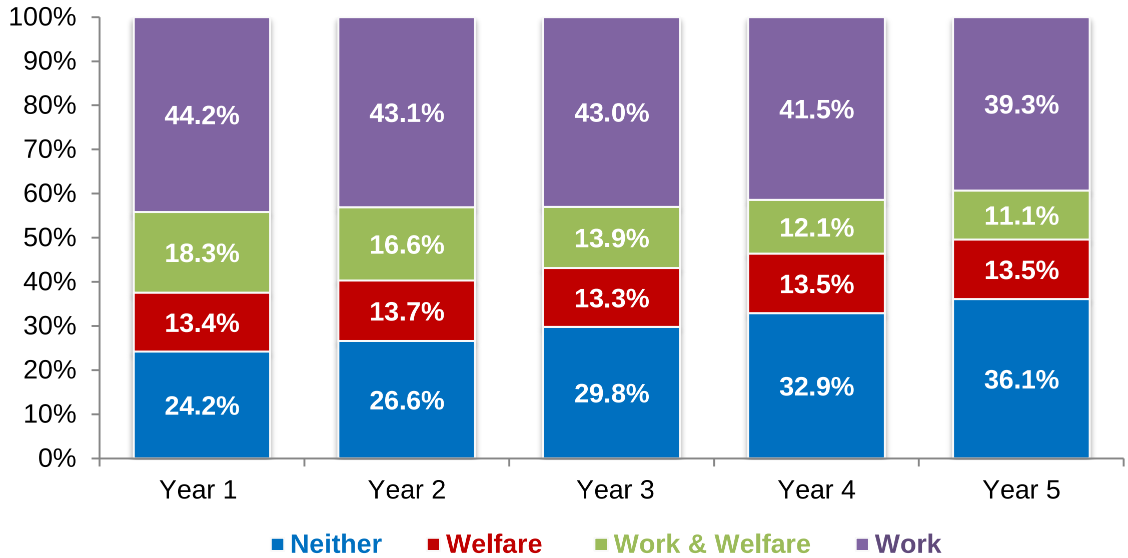
Figure 16 presents leavers' work and welfare statuses for the first five years after exit. Employment without TCA receipt is the most common outcome among leavers in each post-exit year, a result that echoes findings highlighted in previous chapters. In the first year after exit, more than two-fifths (44.2%) of leavers were employed and did not receive cash assistance. Over the course of five years, this percentage slowly decreased to 39.3%. These percentages demonstrate that leavers have a solid connection to the workforce, even five years after they leave welfare.

In the transition from welfare to work, many leavers combine employment and welfare in a given year. In the first year after exit, almost one in five (18.3%) welfare leavers was in the work and welfare category. This percentage steadily decreased over time to only one in ten (11.1%) leavers by five years after exit. The combination of work and welfare was the least common category in the fourth and fifth year after exit, suggesting that this is, in fact, a transitional state for welfare leavers in Maryland.

A less common scenario is to receive only welfare after exit. Very few leavers relied solely on welfare in the first year after exit. In fact, the percent of leavers not working and receiving welfare remained stable over the five-year period, hovering around 13%. This was the least common work and welfare status among welfare leavers in the first three years after exit. It is important to note here that movement among categories is fluid: welfare leavers may transition between categories in each year. Thus, individuals placed in the welfare-only category in the first year may not be the same individuals sorted in the welfare-only category in the third or fifth year.

While most welfare leavers participated in UI-covered employment or cash assistance, a considerable minority was disconnected from both work and welfare. In the first year after exit, just under one-quarter (24.2%) of leavers did not receive cash assistance and was not formally employed. The disconnected population gradually increased over time, and in the fifth year after exit, more than one-third (36.1%) of all welfare leavers was disconnected. This was the only work and welfare category that grew over time. At the end of this chapter, we will investigate this group of leavers in more detail, examining other work supports they may have received while disconnected from both work and welfare.

Figure 16. Work and Welfare Status after Exit



Note: This figure excludes individuals for whom we have no unique identifier (n=113). We also exclude individuals from a follow-up year if the four quarters of employment data are not available for that individual. The number of cases decreases as the number of years since exit increases. Valid percentages are reported.

Does work and welfare status vary by cohort?

Given that we found substantial evidence in previous chapters for cohort differences in both welfare use and employment, we also examine work and welfare status in the first year after exit by cohort. Overall, in Figure 17, we found clear differences between welfare leavers from the mid-2000s and the recession era but very little difference between recession-era leavers and recent leavers.

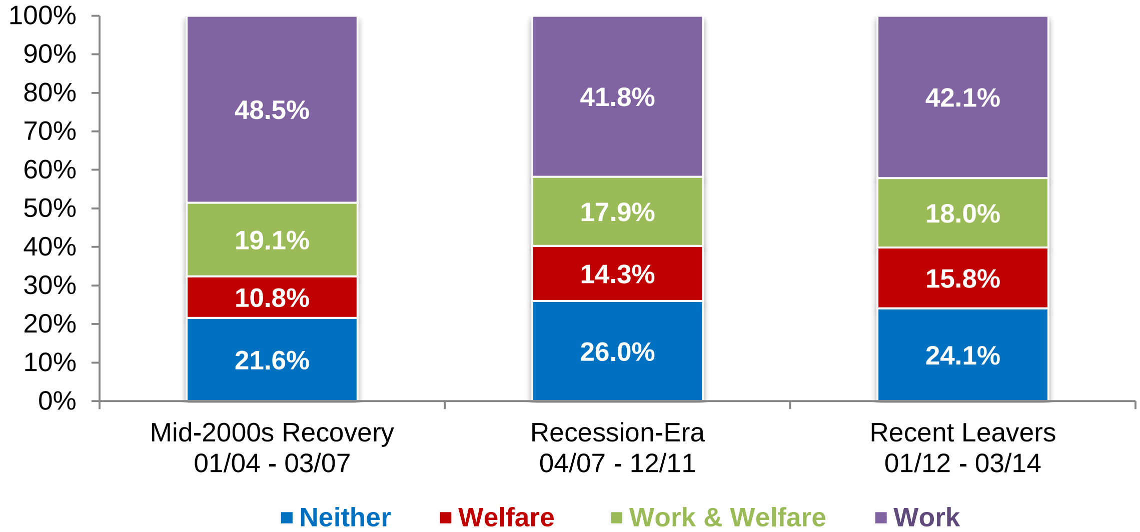
Nearly half (48.5%) of leavers from the mid-2000s recovery cohort were employed and did not receive cash assistance in the first year after exit. One in ten (10.8%) received only cash assistance in the first year after exit, and one in five (19.1%) combined work and welfare. The percentage of disconnected leavers was lowest for this cohort, with one in five (21.6%) leavers neither working nor receiving welfare in the first year after exit.

Compared to the mid-2000s cohort, fewer welfare leavers in the recession-era and recent cohorts were employed in the first year after exit and more utilized welfare. Two in five leavers, for example, were employed and did not receive TCA in the first year after exit for both recession-era leavers (41.8%) and recent leavers (42.1%).

Similarities between these two cohorts are also apparent for the combined work and welfare category. For both the recession-era leavers (17.9%) and recent leavers (18.0%), just over one in six participated in both employment and TCA in the first post-exit year. Similarly, roughly one-quarter of leavers in each of these cohorts was disconnected (26.0% and 24.1%, respectively).

It is clear in Figure 17 that the work and welfare status of mid-2000s recovery cohort is strikingly different from leavers in other cohorts. Overall, these leavers were more connected to employment and less connected to welfare. One explanation is that most families in this cohort left welfare during an economically prosperous time compared to the other cohorts. The employment prospects of leavers in later cohorts, then, were less favorable and they required additional assistance.

Figure 17. Work and Welfare Status in First Post-Exit Year by Cohort***



Note: This figure excludes individuals for whom we have no unique identifier (n=113) and those without a full year of follow-up employment data available. Valid percentages are reported. *p<.05, **p<.01, ***p<.001

Are disconnected leavers really disconnected?

The observed decrease in both employment categories and the increase in disconnection from employment and welfare by cohort is an area of concern for policymakers. This concern about disconnection is warranted, given that disconnected leavers may have limited economic resources and face significant barriers to work (Loprest, 2011; Loprest & Nichols, 2011; Powers, Livermore & Davis, 2013). Although leavers may be formally disconnected from both the workforce and cash assistance, leavers in Maryland are typically connected to various work support programs after exit (Ovwigho, Kolupanowich, & Born, 2009).

In this final section of the chapter, we turn our attention to a closer examination of what it means to be a disconnected welfare leaver in Maryland. For this analysis, we began with the sub-sample of welfare leavers who were disconnected from both employment and TCA in the first year after exit (n=2,105). We then examine whether or not they participated in three state programs: the Food Supplement program

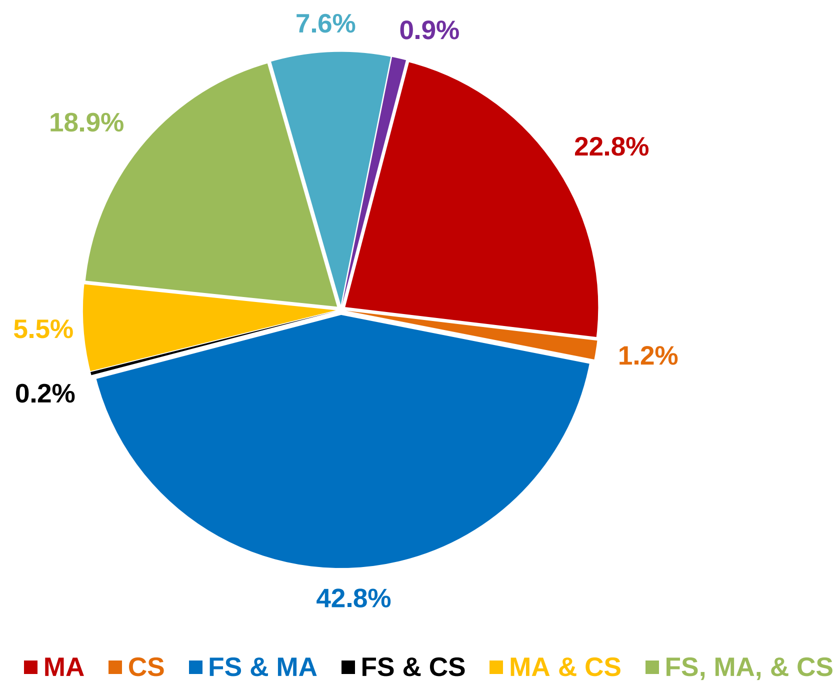
(FS), Medical Assistance (MA), and the public child support system (CS). In Figure 18, we show several combinations of work support receipt for disconnected welfare leavers.

As noted in the previous chapter, the overwhelming majority of welfare leavers receive both FS and MA after exit, and some receive child support payments too. Consistent with this, we find that very few leavers who are disconnected from work and welfare in the first year after exit are truly disconnected (7.6%). Though they may not have been formally employed or received TCA, almost all (92.4%) disconnected leavers received some form of work supports in the year after exit.

The most common combination of work supports utilized by disconnected welfare leavers is FS and MA. Two in five (42.8%) leavers received this combination, and an additional one in five (18.9%) received FS, MA, and CS. Slightly more than one in five (22.8%) leavers received only MA. It was uncommon to find disconnected leavers who received MA and CS (5.5%), only CS (1.2%), or only FS (0.9%). Just a handful (0.2%) of disconnected leavers received a combination of FS and CS in the first year after exit.

Thus, the true rate of disconnection from government assistance is very low for families who leave welfare in Maryland. In fact, even fewer families may be disconnected, as this figure does not account for other possible work supports, such as child care subsidies or Supplemental Security Income. Overall, this figure emphasizes the importance of work supports for families exiting welfare. Even in cases in which they are absent from work and welfare, most are able to access some resources, such as medical care and food assistance.

Figure 18. Work Supports for Disconnected Leavers in First Year after Exit



Note: Work support programs are abbreviated. FS refers to the Food Supplement Program, MA refers to Medical Assistance, and CS refers to child support received through the public child support program.

Conclusions

Given the current economic context in which families are leaving TCA, a discussion of the employment and earnings outcomes after exit is particularly important. In this report, as in previous editions of *Life after Welfare*, we find that clients have strong ties to the labor force. About 70% of leavers work in the two years before they begin receiving TCA, and 70% work in the two years after they exit as well. Most families who leave TCA, then, have worked in the past, and they will work in the future.

During and after the Great Recession, when unemployment in Maryland climbed to 8%, TCA clients were hit particularly hard. Recession-era leavers were much less likely to be employed in the two years after exit than mid-2000s recovery leavers, and recent leavers were only slightly more likely to be employed than recession-era leavers. Both recession-era and recent leavers also earned less in the two years after exit than mid-2000s recovery leavers. Despite the fact that the Great Recession officially ended over five years ago, these findings indicate that TCA clients are still feeling its repercussions.

Some of these effects are likely due to how the recovery has proceeded in Maryland. Although Maryland never reached the high level of economic distress that many other states experienced during the Great Recession, the lack of economic growth in the Mid-Atlantic region and the loss of federal government contracts have impeded the recovery. The jobs that are being created in today's economy tend to be in the service sector, which primarily offers low-skill, low-paying jobs with variable hours. This could explain why recent leavers have comparable or higher employment retention compared to other leavers but have lower average earnings.

Although recent leavers' employment and earnings outcomes are not as positive as one might hope, there are reasons to expect that leavers' prospects might improve in the near future. Beginning on January 1, 2015, the minimum wage in Maryland will rise from $7.25 per hour to $8.00 per hour. It will increase again on July 1, 2015 to $8.25 per hour, meaning that wages for the lowest-paid, non-tipped workers will get an earnings boost of over 10% in less than one year. Furthermore, advocates are again pushing for paid sick leave legislation in 2015, which has the potential to help clients keep the jobs they find even when they or their children become ill (Cadei, 2014).

In addition to minimum wage increases and possible sick-leave legislation, there are actions that the state and its vendors could take to help clients secure stable, well-paying employment. Recent research indicates that targeting particular industries for employment may be beneficial for TCA leavers (Nicoli et al., 2014). In this brief, leavers with exit-quarter employment in promising industries, such as education, nursing homes, and hospitals, were more likely to remain employed and earned more than leavers who were working in the most common industries, such as administrative and support services, general retail, and restaurants. In this report we also find that leavers employed in similar promising industries had higher earnings. By assisting clients in finding employment in such industries, Maryland may be able to aid more families in achieving self-sufficiency.

Ultimately, as the economy improves, welfare leavers will have an easier time finding jobs and will be more likely to earn enough to remain off TCA. With the minimum wage increase on the horizon this process may be hastened. Also, employment strategies that focus on particularly remunerative industries could facilitate families' transitions from welfare to work. After all, policymakers, program managers, legislators, and families all want the same thing: good jobs and lasting independence from welfare.

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Appendix A. Demographic Characteristics of Exiting Payees

	Early Leavers 10/96 – 12/03 (n=9,299)		Total Sample 10/96 – 03/14 (n=19,087)	
Gender* (% female)	95.4%	(8,642)	95.1%	(17,910)
Average Age [Median]	32.8	[30.8]	32.7	[30.2]
Race* **				
African American	73.6%	(6,410)	73.6%	(13,402)
Caucasian	24.0%	(2,087)	23.0%	(4,184)
Other	2.4%	(207)	3.5%	(634)
Marital Status* **				
Married	8.0%	(626)	7.8%	(1,343)
Never Married	72.4%	(5,661)	75.7%	(13,112)
Divorced, Separated, or Widowed	19.6%	(1,531)	16.6%	(2,873)
Education* **				
Less than grade 12	42.0%	(1,871)	36.6%	(4,989)
Finished grade 12	51.9%	(2,308)	57.4%	(7,819)
Additional education after grade 12	6.1%	(272)	6.0%	(815)

Note: Due to missing data for some variables, cell counts may not sum to sample totals. Valid percentages are reported. *p<.05, **p<.01, ***p<.001

Appendix B. Case Characteristics

	Early Leavers 10/96 – 12/03 (n=9,299)	Total Sample 10/96 – 03/14 (n=19,087)
Region*		
Baltimore City	46.2% (4,291)	43.5% (8,287)
Prince George's County	13.1% (1,220)	12.6% (2,402)
Baltimore County	11.7% (1,084)	11.3% (2,160)
Montgomery County	4.5% (413)	4.8% (913)
Anne Arundel County	4.7% (434)	5.7% (1,078)
Metro Region	5.9% (550)	7.0% (1,342)
Southern Region	3.1% (285)	3.3% (638)
Western Region	3.5% (329)	3.8% (724)
Upper Shore Region	4.0% (367)	4.5% (851)
Lower Shore Region	3.3% (306)	3.5% (663)
Average [Median] Assistance Unit Size	2.61 [2]	2.60 [2]
Average [Median] Number of Children	1.74 [1]	1.73 [1]
Average [Median] Age of Youngest Child*	5.73 [4]	5.50 [4]

Note: 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). Due to missing data for some variables, cell counts may not sum to sample 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

Appendix C. Reasons for Case Closure***

	Early Leavers 10/96 – 12/03 (n=9,299)	Total Sample 10/96 – 03/14 (n=19,087)
Work sanction	13.0% (1,205)	20.2% (3,856)
Income above limit	30.1% (2,790)	26.7% (5,083)
Eligibility/verification information not provided	15.4% (1,429)	16.2% (3,096)
Did not reapply	18.4% (1,708)	14.8% (2,814)
All other closing codes	23.2% (2,150)	22.1% (4,220)

Note: All closing codes with single-digit percentages are grouped into the all other closing codes category. The most frequent cited closing codes in this category are ineligible, requested closure, child support sanction, residency, and unknown. Valid percentages are reported. *p<.05, **p<.01, ***p<.001

Appendix D. Welfare History

	Early Leavers 10/96 – 12/03 (n=9,299)		Total Sample 10/96 – 03/14 (n=19,087)	
Length of Exit Spell*				
12 months or fewer	67.2%	(6,242)	75.7%	(14,445)
13 to 24 months	15.1%	(1,407)	12.6%	(2,400)
25 to 36 months	6.1%	(570)	4.4%	(845)
37 to 48 months	3.3%	(311)	2.2%	(426)
49 to 60 months	2.1%	(196)	1.3%	(254)
More than 60 months	6.1%	(568)	3.7%	(712)
Average*** [Median]	17.42	[8]	13.01	[6]
TCA Receipt in the 5 Years Before Exit***				
12 months or fewer	26.2%	(2,434)	37.6%	(7,179)
13 to 24 months	17.9%	(1,665)	21.3%	(4,067)
25 to 36 months	15.5%	(1,436)	13.9%	(2,647)
37 to 48 months	14.2%	(1,316)	10.5%	(2,001)
49 to 60 months	26.3%	(2,443)	16.7%	(3,188)
Average*** [Median]	30.55	[29]	24.43	[19]

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

Appendix E. Recidivism Patterns

	Early Leavers 10/96 – 12/03 (n=9,299)	Total Sample 10/96 – 03/14 (n=19,087)
3 Months Post-Exit		
Did not Return to TCA	86.3% (8,028)	86.1% (16,221)
Returned to TCA	13.7% (1,271)	13.9% (2,623)
6 Months		
Did not Return to TCA	79.7% (7,411)	78.7% (14,627)
Returned to TCA	20.3% (1,888)	21.3% (3,961)
One Year		
Did not Return to TCA	72.5% (6,742)	70.5% (12,720)
Returned to TCA	27.5% (2,557)	29.5% (5,323)
Two Years		
Did not Return to TCA	64.8% (6,024)	62.8% (10,611)
Returned to TCA	35.2% (3,275)	37.2% (6,293)
Three Years		
Did not Return to TCA	60.9% (5,660)	58.4% (9,234)
Returned to TCA	39.1% (3,639)	41.6% (6,584)
Four Years		
Did not Return to TCA	58.0% (5,396)	55.6% (8,248)
Returned to TCA	42.0% (3,903)	44.4% (6,590)
Five Years		
Did not Return to TCA	56.2% (5,222)	53.8% (7,517)
Returned to TCA	43.8% (4,077)	46.2% (6,450)

Note: Follow-up data are available through March 2014. Valid percentages are reported.

APPENDIX F. EMPLOYMENT AND EARNINGS

	Early Leavers 10/96 – 12/03 (n=9,299)		Total Sample 10/96 – 03/14 (n=19,087)	
Worked in two years before spell entry* **	69.9%	(6,492)	70.2%	(13,317)
Average total earnings*** [Median]	$16,416	[$8,896]	$17,993	[$9,636]
Worked in two years after spell exit* **	77.2%	(7,169)	74.1%	(12,447)
Average total earnings*** [Median]	$23,756	[$16,945]	$24,366	[$16,739]

Note: This table excludes individuals for whom we have no unique identifier (n=130). Percent working in the two years after exit excludes individuals who do not have two years of follow-up data. Valid percentages are reported. Wages are standardized to 2014 dollars. *p<.05, **p<.01, ***p<.001

Appendix G. Three-Digit North American Industry Classification (NAICS) Codes

Industry	Code
Administrative & Support	561
Professional & Technical	541
General Retail	452
Outpatient Health Care	621
Restaurants	722
Food & Beverage Retail	445
Education	611
Nursing Homes	623
Government	921
Nonprofits	813

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