Life After Welfare:

Second Interim Report

Prepared by

Christopher Spera
Project Analyst

Catherine E. Born
Principal Investigator

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Welfare & Child Support Research and Training Group
University of Maryland School of Social Work
525 W. Redwood Street
Baltimore, MD 21201
(410) 706-5134

This report was prepared by the Welfare and Child Support 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.

For additional information about the report or the study, please contact Dr. Catherine Born at the School of Social Work (410.706.5134, cborn@ssw02.umaryland.edu). For more information about welfare reform in Maryland, please contact Mr. Richard Larson at the Department of Human Resources (410.767.7150, rlarson@fia.dhr.state.md.us or welfarereformer@prodigy.net).

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Executive Summary

This report is the second in a planned series of papers describing findings from a longitudinal research project, Life After Welfare, being conducted by the University of Maryland School of Social Work with support from its long-time research partner, the Maryland Department of Human Resources.[1] The agency-university research partnership, one of the oldest and most productive in the nation, has been ongoing for nearly 20 years. While the Life After Welfare study is the most ambitious of our many partnership research projects, our state has a long tradition of using study results to shape welfare policies and programs. Much of the empirical backbone of Maryland's approach to welfare reform, the Family Investment Program (FIP), derives from the School's longitudinal (10 year) study of client characteristics and their relationship to patterns of short-term and long-term welfare use (see, for example, Born, 1993; Born & Kunz, 1990, 1992; Caudill & Born, 1997; Kunz & Born, 1996).

Earlier partnership projects permitted Maryland to design a new welfare system based on empirical data about participant characteristics and program use patterns. This positioned the state to begin operating under the new, dramatically different federal block grant rules on the earliest possible date (October 1, 1996). The tradition of agency-university collaboration also permitted us to begin longitudinal study of the effects of welfare reform concurrently with the implementation of the reform. The Life After Welfare research project also began on October 1, 1996.

The fundamental question addressed in this ongoing project is: what is happening to Maryland families under welfare reform? To answer this and subsidiary

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[1]The first report in the series, *Life After Welfare: An Interim Report*, was issued on September 29, 1997.

questions, we are drawing 5% random samples of exiting cases from each month beginning with the first month of reform, October 1996. Cases are profiled at the time of exit and periodic follow up data are gathered over a two year period.[2] Both administrative data and client interviews will be used to obtain information on key topics including: employment, earnings and job type; job retention; returns to welfare; recidivism risk factors; length of subsequent welfare spells; and child welfare impacts, with particular attention to foster care entries among children formerly receiving cash assistance.

The research is underway and our first report providing baseline and early follow-up data on the first nine months samples (n = 1,605) was released in September, 1997. This second report follows the format of the first one, but provides baseline data on the entire first year sample of more than 2,000 families (n=2,156). It also provides considerably more follow-up data, particularly in the areas of recidivism, foster care entries, and post-welfare employment experiences.

Like the first report, today's document does not provide final answers about what happens to Maryland families and children who experience a cash assistance case closing. It is still simply too early to know. However, the report does provide additional information against which the progress and effects of the first year of reform can be assessed and from which program planning guidance may be derived. With these caveats in mind, what are the key findings from today's second Life After Welfare report and how do they compare to those documented in our first report?

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[2]Follow up data collection points are: 3, 6, 12, 18 and 24 months post-exit, with a strong possibility of additional data collection beyond the 24 month point.

Baseline administrative data indicate that the characteristics of sample cases generally reflect the overall TCA caseload, a finding consistent with our first report:

> The typical situation is a two person family, composed of a 30 year old female (96%), African-American (67%), single parent (84%), and her one child (48%) who had been receiving assistance continuously for two year or less (68.5%).

> Few cases among the 2,156 cases left welfare because the agency imposed a full family sanction for non-compliance with work (n = 137 or 6.4%) or child support enforcement (n = 13 or 0.6%).

> The most commonly-recorded administrative case closure reasons are: income above limit (19.1%); not appearing for/completing the eligibility redetermination process (18.8%); failing to provide eligibility information (13.1%); starting work/having higher wages (11.2%); and client requested closure (9.1%). Together these reasons account for about seven in ten (71.3%) of all closures among exiting cases.[3]

> Although the welfare spell that brought cases into our exiting sample tends to be short, calculations of the adult payees lifetime history of cash assistance receipt indicate that many have much longer histories of adult welfare receipt. On average, exiting payees have received cash assistance for 46 months -- slightly less than four years -- during adulthood; half have 32 months or more of receipt.

[3]As discussed in the report, closing code data grossly understate the true incidence of employment among exiting payees; at least half had paid employment in the quarter in which they left the welfare rolls.

The large majority of adults in exiting cases have a demonstrated attachment to the labor force. Seven out of ten clients (n = 1472 or 68.3%) have at least some MABS-reported[4] wages in the quarters preceding their TCA exit. Half of the former TCA payees worked at some point during the quarter in which they exited TCA.

In the new world of time-limited welfare, it is not just recipients ability to get jobs that is of concern, but also their ability to remain employed over time. Today s report includes additional follow up data on this question. One quarter of post-exit employment data is available for 1,605 cases. Two post-exit quarters are available for 1,054 cases and three post-exit quarters are available for 535 cases. In general, the results are encouraging:

Considering all of those who exited before the third quarter of 1997, three out of five payees (n = 927/1605 or 57.8%) worked in at least one of the quarters after their TCA exit.

In the first quarter after they exited, 51% of adults in the October 1996 through June 1997 samples (n = 818 of 1605) worked. Of those with a pre-exit wage history, about two-thirds (n = 704 of 1092 or 64.5%) had earnings in the first quarter after their TCA exit.

Two quarters after exiting TCA slightly more than half of payees in the October 1996 through March 1997 cohorts (n = 560 of 1054 or 53.1%) are working.

[4] MABS refers to the Maryland Automated Benefits System.

Among those with a pre-exit wage history, two-thirds (n = 471 of 722 or 65.2%) worked in the second quarter after leaving the welfare rolls.

Of the 560 adults who worked during the second quarter after their TCA exit, 84.5% worked in both post-exit quarters.

Nine months or three quarters of post-exit employment data for the 535 sample cases which exited between October 1996 and December 1996 indicate that the majority of adults (n = 293 of 535 or 54.8%) are employed in the third post-exit quarter. Among those with a pre-exit wage history, 66.8% (n = 245 of 367) have MABS reported earnings in the third quarter after their TCA exit.

Three-fourths of those who worked in the third post-exit quarter (n = 227 of 293 or 77.5%) had been working steadily since their TCA exit.

Similar to our first report we find that wholesale and retail trade (35.3%), organizational services (23.5%), and personal services (19.3%) are the top three industries where former welfare recipients are finding employment, together accounting for 78.1% of the employers in our sample.

In terms of returns to TCA, our first report indicated that approximately one in five cases had returned to welfare within the first few months of exiting. Additional data now allow us to assess recidivism rates over a longer period. Eleven sample cohorts have reached the three month follow-up point (October 1996 through August 1997; n = 1973), eight have reached the six month follow-up point (October 1996 through May 1997; n = 1420) and three have a full year of follow-up data (October 1996 through

December 1996; n = 535). These data continue to show that the majority of clients are not returning to the welfare rolls:

One in five families (19%) return to TCA within three months of exiting.

The recidivism rate increases only minimally over the next three to nine months suggesting that those who do return tend to do so quickly. At the six month follow up period, 21% of those who exited returned to TCA. By twelve months post-exit, cumulatively about one out of four exiters (23%) have returned to the rolls. Stated another way, three-fourths of those who exited TCA between October 1996 and December 1996 – the first three months of reform -- stayed off welfare for the entire year.

Similar to our first report we find that recidivism rates vary systematically with the administrative case closing reason. Recidivism rates are lowest among those who left because they started work (3.2%) and those who exited because their income was above limit (11.4%). Those who did not complete redetermination/provide eligibility information (20.7%), who requested closure (21.2%) or who received a full family sanction for noncompliance with work or child support requirements (35.3%) have the highest rates of returns to TCA.

Similar to what we found in our first report, recidivists tend to have younger children than non-recidivists. The youngest child in a recidivist household is about 6 months younger than his/her counterpart in a non-recidivist household.

Recidivists tend to have exiting spells about four months shorter (median 23.1 months) than their non-recidivist counterparts (median 26.7 months).

In terms of employment, seven out of ten non-recidivists (70.2%) had a wage history prior to exiting TCA compared with fewer than two-thirds of recidivists (63.1%). Over half of those who did not return to welfare within 90 days of exiting (54.7%) worked during the quarter in which they exited TCA. In contrast, only two of five recidivists (38.1%) worked in the exit quarter.

In terms of the child welfare impacts of Maryland s welfare reform provisions, we continue to find little evidence that welfare reform is increasing foster care usage among children in families who leave cash assistance.

Of 3,467 children in our October 1996 through August 1997 exiting samples, we find that 92 children (2.7%) had been in foster care at some point before their families exited TCA.

After exiting TCA, 15 children (0.4%) from 11 families had at least one foster care placement. Seven of these 15 children have a pre-exit history of abuse and/or neglect investigations and two children had experienced a pre-exit foster care placement.

Today s report does not tell the complete story of what happens to families who leave Temporary Cash Assistance, but a few conclusions seem clear. First, the predictions about the child welfare impacts of welfare reform have not come true with less than one half of one percent of the children studied entering foster care after their families TCA exit. Second, the majority of families leaving cash assistance are doing so voluntarily. Only 7% of case closings are due to imposition of a full family sanction. Third, most adults leaving welfare have thus far been able to obtain and maintain employment and remain off the welfare rolls.

Those leaving cash assistance in the early months are short-term users with labor force attachment, but their lifetime welfare receipt patterns indicate that even the easy cases may be hard. Although the majority of exiting spells are short, many clients have a long history of welfare receipt and may be at high risk of recidivism over time. As for those who have not left, the five year lifetime clock is ticking. From other Maryland studies we know that the long-term cohort will not move as quickly or inexpensively from dependence to independence (see, for example, Caudill and Born, 1997).

In sum, it appears that Maryland s welfare reform program remains on target, but its greatest challenges lie ahead. Interim results also confirm the wisdom of Maryland officials in planning programmatically and financially for the inevitable task of serving the hard-to-serve and in deciding to study the effects of welfare reform over an extended period of time. Today s welfare system is unlike that which preceded it on almost every dimension; knowledge gained from prior studies may or may not have continued utility in the new world of welfare. Only longitudinal data will permit us to truly know the answer to the question of what happens to Maryland families after they leave the welfare rolls.

Introduction

The often rancorous national debate on the pros and cons of welfare reform is now just a footnote for the history books: welfare policy in this country has fundamentally changed and responsibility for program design and outcome monitoring has devolved to states and localities. Today, from coast to coast, the true test of welfare reform is underway. States are using the flexibility afforded them by the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) and companion state legislation to create and operate myriad, highly diverse programs which replace Aid to Families with Dependent Children (AFDC).

Across the country there have been numerous popular press accounts documenting the often dramatic cash assistance caseload declines which have taken place since passage of the federal statute (P.L. 104-193) in 1996. For the most part, however, published data have thus far been minimal and usually specific to a single point in time. Few states have released data describing the characteristics of families at the time of their exit from cash assistance. Likewise, it appears that many states are only now beginning to consider studying why clients are leaving the welfare rolls and what happens to them when they do.

Such state-level research, particularly longitudinal studies, is essential to policy-makers' ability to fairly and factually assess the effects of welfare reform. The changes mandated by P.L. 104-193 are many and major and a number of them (e.g., full family sanctions) have not been tested on a large scale over an extended period of time or been applied to entire caseloads. The truth is that welfare reform of the magnitude being implemented today has never before been attempted in this country. Thus, only time will tell what the impact of this major overhaul will be and only longitudinal research studies can provide the data necessary to determine the effects of reform. Absent longitudinal data, states will be hard-pressed to understand the dynamics of families' post-welfare lives, the phenomenon of recidivism in the new welfare world, and the characteristics of those for whom avoiding the five year lifetime limit on benefit receipt may prove a formidable challenge. Likewise, without longitudinal data, states' ability to identify any needed mid-course program corrections will be limited.

In Maryland, because of a long-standing partnership between the Department of Human Resources (DHR) and the University of Maryland School of Social Work (SSW) whereby SSW research studies have long been used to inform welfare policies in our state, this type of sorely-needed research is already underway. The School's longitudinal study of families exiting cash assistance under welfare reform began concurrently with implementation of the new welfare system in Maryland (October, 1996). Initial findings from this ongoing study were released on September 29, 1997 in a report which provided baseline and very early follow-up data on the first 1600 families who voluntarily or involuntarily exited welfare in the first nine months of welfare reform in Maryland.[1]

Today's document is the second in a planned series of reports on our Life After Welfare research project, the central question of which remains: what happens over time to families who leave cash assistance? This second report follows the format of

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[1]School of Social Work, Life After Welfare: An Interim Report, Baltimore: University of Maryland School of Social Work, September 29, 1997.

the first one, but provides baseline data on the entire first year sample of more than 2,000 families (n=2,156). It also provides considerably more follow-up data, particularly in the areas of recidivism, foster care entries among 3,467 children in the exiting families, and the post-welfare employment experiences of adults who were formerly welfare payees.

Like the first report in the series, today's document does not provide definitive or final answers about what happens over time to Maryland families and children who experience a cash assistance case closing under the state's new welfare system. It is still simply too early to know the answer to that most important question. However, the report does provide our state with additional information against which the progress and effects of the first year of reform can be assessed and from which program planning guidance may be derived.

Methodology

The overarching question that this study continues to address is: what happens over time to Maryland families who voluntarily cease to receive cash assistance benefits (TCA-Temporary Cash Assistance) or who are involuntarily stopped from receiving TCA because of their failure to comply with more stringent requirements related to work participation and child support enforcement. This one broad question subsumes many others. Among them are such issues as:

What are the characteristics of those who leave?

How do those who leave voluntarily differ from those who are terminated?

How many of those who leave return to welfare and what are the patterns of recidivism under the new welfare system?

What are the child welfare impacts of welfare terminations? How is the foster-care system affected by welfare reform?

What types of jobs do exiting adults obtain and what are their rates of job retention?

Today s report, like its predecessor, does not provide the final answers to these questions, but it does provide preliminary answers based now on the first full-year of data. Over time, our study will be able to answer all of these questions and others which are important to all who are concerned with human services in our state, with the well-being of low-income families and with what Schorr (1995) has referred to as "results-based [program] accountability". This chapter describes the revised methodology of our longitudinal study of families exiting TCA and the data upon which today s report, the second in our Life After Welfare series, is based.

Sample

Largely thanks to the foresight of Maryland s elected officials, the Herculean planning efforts of state and local welfare managers and line staff, and our state s long-standing tradition of agency-university welfare research, Maryland was able to expeditiously accept the federal welfare block grant and began operating under the new welfare rules on the earliest date permissible under federal law (October, 1, 1996).[2] As noted, our research efforts also began on that date with selection of the first cases for ongoing study occurring in that month. To insure that our longitudinal study includes a representative sample of cases that exit (or are terminated), we are drawing a 5% random sample of cases which close each month.

Our original design was to draw samples in each of the first 12 months of the Family Investment Program (FIP), Maryland s overall welfare reform program. That is, each month from October 1996 through September 1997, 5% of all TCA cases which closed in that month, regardless of closing reason, were to be selected and tracked over time. However, we have re-evaluated our plan to limit the sample to only those who exited in the first twelve months because the true success of welfare reform will be

[2]The five-year time limit began in Maryland on January 1, 1997.

measured in the out-years when agencies will theoretically have to work with more hard-to-place clients. If our hypothesis that those who exit welfare early will be those with the fewest barriers to self-sufficiency is correct, then limiting our sample to early exiters will limit the generalizability of our results over time. Thus, while today s report only contains data on the samples drawn in the first twelve months of reform, we will continue to draw and track new samples for the indefinite future.

Drawing a random 5% sample of exiting cases each month allows us, in today s report, to have a scientifically valid, statewide representative sample in each of the 12 months, as well as a valid, reliable sample for the whole year. The size of the resulting monthly and year-long samples will also permit us to separately analyze data for each of the larger jurisdictions (Baltimore City, Prince George's County and probably Anne Arundel, Baltimore and Montgomery Counties as well) and prepare separate regional reports for the balance of the state. Sampling from each month also permits us to take into account seasonal fluctuations in TCA exit rates. As can be seen in Table 1, following, all first year samples (October 1996 through September 1997) have been drawn. The monthly sample sizes range from a low of 150 in February to a high of 194 in March; for the entire year the total sample size is 2,156 exiting cases. If the number of monthly case closings continues at the present pace we anticipate having a sample of over 4,000 cases at the end of year two (i.e. September 1998).

Table 1
Exiting Sample Sizes by Month

Month	Sample Size
October 1996	183
November 1996	193
December 1996	159
January 1997	175
February 1997	150
March 1997	194
April 1997	177
May 1997	189
June 1997	185
July 1997	177
August 1997	191
September 1997	183
Total	2156

The questions of interest that the data on these families will be used to address are many and varied and will change and expand over time. Some questions are purely quantitative in nature (e.g., how many adults are employed, in what types of jobs, and for how long) while others are qualitative (e.g., what do adults perceive as the barriers to independence or the ingredients that led to independence). Our study, designed to be carried out in phases, is intended to permit both types of data to be gathered over time, as the following paragraphs illustrate.

Phase I: Baseline Administrative Data

The overall study purpose is to determine what happens to Maryland families in the months and years following their exit from TCA and, in particular, any changes they might experience in such important areas as employment, household composition, and returns to welfare (i.e. recidivism). A necessary prerequisite to understanding these changes over time, however, is a reliable picture of what families were like at the time they exited. That is, an important first step in any longitudinal, evaluation-focused study is to gather baseline data on sample cases when they are selected (Chambers, Wedel, & Rodwell, 1992). To this end, the School of Social Work is gathering and will continue to gather baseline administrative data on exiting families at the time they are selected into the sample. Baseline data are collected from five administrative data systems: 1) Automated Information Management System (AIMS) / Automated Master File (AMF); 2) Client Information System (CIS) /Client Automated Resource and Eligibility System (CARES); 3) Child Support Enforcement System (CSES); 4) Baltimore City Child Support Enforcement Automated System (SHDI); and 5) Maryland Automated Benefits System (MABS). The first two systems contain individual and case-level client characteristics and service utilization data for public assistance and social service programs under the purview of DHR. The second two systems contain individual and case-level client characteristics, case status and financial data pertaining to the state's child support program, while the latter system contains employment and wage data.[3]

[3]We hope to soon incorporate other systems into our study including, but not limited to the State s New Hire Registry.

Collectively, these administrative data provide a rich description of exiting cases and individuals in terms of the following characteristics:

Case composition including number of adults and children, relationship of household head to children, and ages of children.

TCA experience including history of TCA/AFDC receipt, length of exiting spell, and recorded reasons for case closure.

Household head characteristics including gender, racial/ethnic background, age, age at first birth (for female payees), and employment history.

To date, baseline administrative data have been collected for the first twelve monthly samples of exiting cases (October 1996 - September 1997), a total of 2,156 families. Data describing the characteristics of exiting cases at the time of their departure from the cash assistance rolls are presented in the Findings chapter of this report.

Phase II: Follow Up Administrative Data

Most large-scale, nationally-representative longitudinal studies such as the Survey of Income Program Participation (SIPP), the National Longitudinal Study of Youth (NLSY) and the Panel Study of Income Dynamics (PSID), use annual or semiannual follow-up data collection cycles. In the case of welfare reform, however, such an approach does not yield data or results quickly enough to permit their practical use in program refinement or timely assessment of the effects of the new rules on families. Given the magnitude of the reforms and the lack of historical guideposts to predict likely effects, much more frequent data-gathering is needed. Thus, for purposes of the Maryland study, we have begun and will continue to gather administrative follow-up data from all five systems (AIMS/AMF, CIS/CARES, CSES, SHDI and MABS) on all study families at 3 months, 6 months, 12 months, 18 months, and 24 months after their departure from cash assistance. For the majority of the administrative data systems, information are available in real time . However, MABS data are posted quarterly and typically lag at least one quarter behind calendar time.

Information from these systems allows us to answer the following questions about what happens to families over time:

How many household heads have MABS reported earnings after exiting TCA?

What types of industries hire TCA recipients? What types of industries retain former TCA recipients?

What percentage of cases return to TCA after exiting?

What is the profile of cases at high risk of returning to TCA?

How likely are children to be placed in foster care after their families leave TCA?

At the time of this writing, three month follow up data are available for the first eleven months sample cases (n = 1973). Six month post-welfare data are available for the first eight months samples (n = 1420) and twelve month data are presented for the first three months cohorts (n = 535). We will continue to gather administrative follow-up data on these cases - and the still-to-be-drawn samples for October 1997 - September 1998, and perhaps, beyond - at the measuring points indicated previously. Our current plan is to track all of these families for a period of two years, but like the sampling time frame the follow-up window is also likely to be extended.

Phase III: Follow Up Interviews

The administrative data described provide a great deal of information about what happens to families after they leave TCA, especially those who have some type of further involvement with the Department of Human Resources and those who obtain employment. However, as Edin s (1993) in-depth, qualitative studies of welfare families illustrate, administrative data do not provide a complete picture of families lives after welfare. In a study last year of 8,500 recently closed cases in Wisconsin, the University of Wisconsin at Milwaukee found that about 69% were still involved with the public welfare system, but three out of ten could not be found in administrative data systems (DeParle, 1997). Our own state-level welfare research studies have also confirmed that much valuable and programmatically-useful information can only be obtained from interviews with clients themselves (see, for example, Born and Kunz, 1990, 1992; Kunz and Born, 1996). For these and other reasons, Phase III of the exiting study consists of telephone interviews with a random sample of exiting cases. Interview questions will tap into elements of families lives that are not evident from administrative databases.

Among the topics to be covered are such things as how they are able to make ends meet, what enabled them to leave the welfare system, and, in the case of those whose case closures were not long-lived, what brought them back to the welfare agency. It is anticipated that pilot testing of the instrument will begin in the spring of 1998 with full data collection beginning in the summer of 1998.

Findings

The preceding Chapter indicates that, for purposes of our longitudinal study of what happens to Maryland families who experience a cash assistance case closing under welfare reform, we will track at minimum a random sample of at least 4,000 families for a period of not less than two years. The use of scientific sampling methods gives us the needed assurance that cases being studied are representative of the population of exiting cases from which they were drawn. This, in turn, permits us to state with confidence that study results present a reliable portrait of what is happening in our state.

While today s report provides a great deal more follow up data than our first report on exiting cases, readers are cautioned that our longitudinal study of families leaving welfare is still very much a "work in progress". The findings presented in this Chapter provide some information about what happens to families in the first few months after they leave TCA, but do not represent the final answers about their post-welfare lives. Some findings presented will stand the test of time: the characteristics of families exiting or being terminated from assistance will not change, nor will their prior employment and welfare utilization patterns. Other findings though, especially those relating to post-exit employment, earnings, employment stability, household composition and, perhaps, child welfare, may change markedly with the passage of time and the collection of additional longitudinal data.

With these caveats in mind, we present baseline and available follow-up data on the first cohorts of families in our longitudinal study. Baseline data descriptive of families at the time of their exit from TCA are complete and presented for the 2,156 study cases which exited in the first twelve months of FIP (October, 1996 - September, 1997). Follow-up data at the 3 months post-exit measuring point are complete and presented for cases (n = 1,973) which closed during the first eleven months of the program (October 1996 to August 1997), at the 6 months post-exit point for the first eight months cases (n = 1,420; October 1996 to May 1997), and at the 12 months post-exit point for the first three months cases (n = 535; October 1996 to December 1996). Considering the baseline and follow-up data together permits us to describe early findings on the following key questions:

What are the characteristics of exiting cases?

What are payees experiences with the welfare system?

What are payee s experiences with paid employment?

How many former payees have earnings in the quarters after exiting?

What types of industries hire TCA recipients?

What percentage of cases return to TCA after exiting?

What is the profile of cases at high risk of returning to TCA?

How likely are children to be placed in foster care after their families leave TCA?

What are the Characteristics of Exiting Cases?

Because the sample is drawn randomly, the demographic characteristics of sample cases closely resemble those of the universe of closing cases. Though we include a series of "bullets" which present findings on each of the client characteristic variables separately, it is also instructive to consider a thumbnail sketch of the demographics of closing cases included in our sample. Typically, a case which left the Maryland cash assistance rolls during the first year of FIP consists of a two person family, composed of a female (96%), African-American (67%), single parent (84%) and her one child (48%). The mother in an exiting case is about 30 years old and had her first child before the age of 21 (conservatively, 55% of the sample). In the average exiting case, the youngest child is about five and one half years old with one in three cases including a child under the age of three. Specific findings with regard to client and case characteristics are presented in Table 2, on the next page, and are summarized on the pages following the table.

Table 2
Characteristics of Exiting Sample Cases

Characteristic	Exiting Samples 10/96-9/97
Assistance Unit Size *Mean* *Median* *Range*	 2.66 persons 2.00 persons 1 to 9 people
Percent of cases containing one adult	83.9%
Percent of cases containing only one or two children	77.5%
Percent of Child-Only Cases	13.6%
Percent of Female Headed Households	96.2%
Percent of African-American Heads of Household	67.0%
Age of payee *Mean* *Median* *Range*	 31.40 years 30.08 years 18 to 86 years
Estimated Age of Mother at Birth of First Child *Mean* *Median* *Range* Percent of Mothers who gave birth before the age of 18 Percent of mothers who gave birth before the the age of 21	 21.76 years 20.54 years 12 to 57 years 21.7% 54.9%
Age of youngest child in the household *Mean* *Median* *Range* Percent of households with a child under three years of age	 5.65 years 4.37 years 1 month to 18 years 34.9%

Assistance unit sizes range from one to nine people. The average assistance unit size is 2.66; the median and mode are two person assistance units.

The majority of cases (n = 1,809 or 83.9%) include one adult. Two adults are included in less than 3% of closing cases (n = 54 or 2.5%) and 13.6% of assistance units (n = 293) do not include any adults.

Almost half of the cases (n = 1028 or 47.7%) contain one child with another 29.8% (n = 643) including two children.

One factor which may affect the household head s ability to obtain child care and to remain employed is the age of the youngest child in the household. Among the exiting sample, children range in age from one month to 18 years. One out of three households (n = 697 or 34.9%) include a child under the age of three and 9.8% (n =195) include a child under the age of one. In the average case, the youngest child is five and one half years old.

Ninety-six percent (n=1,979) of payees in the exiting sample cases are female. Two-thirds of exiting payees (n = 1342) are African-American; one out of three (n = 609) are Caucasian.

The mean age of payees is 31 years while the median is 30 years. Among sample cases, exiting payees range in age from 18 to 86 years.

As has been found in most samples of former welfare recipients, early childbearing is common among women exiting FIP. At least half of female household heads began childbearing before the age of 21 with at least one in five having their first child before age 18.[4]

Before presenting our findings regarding recorded case closure reasons we must caution readers about the limitations of these data. Reasons for leaving welfare, in truth, are as many and varied as are the life situations of clients. Most administrative data systems, on the other hand, must attempt to capture the complexity and diversity of these reasons in a series of pre-determined codes. Thus, these codes, considered in isolation, may not present an accurate or complete picture of why cases close. To assess the extent to which recorded case closing codes reflect the reality of why clients are exiting TCA we have examined recorded case closing codes, case narratives and the state wages and employment database. Using these multiple sources of data we have found, for example, that although payee started work or has higher earnings is the recorded closing reason in only 11.2% of our sample, official employment data indicate that at least half of all payees were working in the quarter in which they left welfare. Similarly, although client requested closure is the closing reason in 9.1% of our sample, the narratives indicate that in about 16% of these cases the client requested closure because she became employed. At minimum, this multi-method approach indicates that case closing codes understate the true extent of paid employment among those leaving the cash assistance rolls.

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[4]Estimates of age at first birth for female payees were calculated using the payee s date of birth and the date of birth of her oldest child included in the assistance unit. Our calculations may underestimate the age at first birth if the payee has another older child who is not included in the assistance unit.

With these caveats in mind what do the administrative case closing data reveal about why families are exiting TCA?

> The top reasons indicated in the administrative data for exiting TCA are: income above limit (19.1%); not appearing for/completing the eligibility redetermination process (18.8%); failing to provide eligibility information (13.1%); starting work / having higher wages (11.2%); and payee requested closure (9.1%). Together these reasons account for about seven in ten (71.3%) of all closures among our exiting samples.
>
> Relatively few cases left the welfare rolls because they received a full family sanction for noncooperation with child support or work requirements. Among the 2,156 families in our sample, only 7.0% or 150 cases closed because of a full family sanction. The majority of these cases (n = 137) were sanctioned for noncompliance with work requirements.

Table 3, following, presents these data in more detail showing for all sample cases all closing reasons occurring in at least 1% of the cases and their relative frequency of occurrence in the first twelve months of FIP.[5]

Table 3 Administrative Case Closing Reasons for Exiting Sample (10/96-9/97)

Closing Reason	Frequency	Percent of Total Closings
Income Above Limit	409	19.1%
Failed to Re-apply / Complete Redetermination	401	18.8%
Failed to Give Eligibility Information	281	13.1%
Payee Started Work / Has Higher Wages	240	11.2%
Payee Requested Closure	194	9.1%
Work Sanction	137	6.4%
No Dependent Children	91	4.3%
Unknown Residency	79	3.7%
Assistance Unit Has Moved	59	2.8%
Benefits Have Increased (SSI/Pension)	36	1.7%
Local Department Transfer	29	1.4%
Undifferentiated	23	1.1%
Certification Period Expired	21	1.0%
Worker Voided Application	21	1.0%
Other	116	5.4%
Total (missing cases = 19)	2,156	100.0%

[5]We must reiterate that although Table 3 displays official case closings reasons recorded in the administrative data systems for sample cases, there is reason to believe that they understate the proportion of payees leaving welfare for work.

What Are Payee s Experiences with the Welfare System?

It has been hypothesized that families who exit welfare in the first year or so of reform would be those who had not been receiving assistance for extended periods of time. The top section of Table 4, following this discussion, showing the length of the exiting spell for cases in our sample, supports this hypothesis:

> At the time they exited almost half of all families had been receiving assistance for one year or less (n = 989 or 45.9%). Seven out of ten cases had been open continuously for two years or less (n = 1,476 or 68.5%) at the time they exited.
>
> Only one in ten families had been receiving assistance continuously for more than five years.
>
> On average, cases had been open continuously for 26 months at the time they exited TCA. One of two cases had been open for less than 15 months. Exiting spell lengths range from one month to 24 years.

Those familiar with welfare spell dynamics will realize that the length of any one spell does not always provide an accurate measure of whether a family has had an extensive welfare history . It is possible that the spell culminating in the exit that brought a family into the sample may be relatively short, but the family may actually have received welfare for a number of years because of a previous spell or spells. To assess the extent to which cases exiting in the first year of FIP have a long cumulative welfare history, we examined historical data on cash assistance receipt (AFDC and TCA) for all 2,156 payees. The estimate of total time on welfare is calculated by counting all months of cash assistance receipt as an adult. The results of this examination are presented in the bottom half of Table 4. These data show that considering the adult payee s entire welfare history, we find a greater proportion of long-term users in our exiting sample. In fact the average and midpoints for total adult welfare receipt are double the average and midpoints for the exiting spell. Moreover, considering lifetime welfare use, three times as many people have more than five years of welfare receipt:

> Total time on welfare for exiting payees ranges from one month to 27 years. On average, exiting payees have received cash assistance for 46 months -- slightly less than four years -- during adulthood. One out of two has a history of 32 months or more of welfare receipt.

> One out of five payees have a lifetime history of 12 months or less. However, 28.4% have received welfare for more than five years as an adult.

Table 4 Length of Exiting Spell and Extent of Welfare History

	Frequency	Percent	Cumulative Percent
Length of Exiting Spell			
12 months or less	989	45.9%	45.9%
13-24 months	487	22.6%	68.5%
25-36 months	240	11.1%	79.6%
37-48 months	134	6.2%	85.8%
49-60 months	81	3.8%	89.6%
More than 5 years	225	10.4%	100.0%
Mean	25.9 months		
Median	14.7 months		
Standard deviation	31.3 months		
Range	1 month to 24 years		
Total Time on Welfare At Time of Exit			
12 months or less	470	21.8%	21.8%
13-24 months	429	19.9%	41.7%
25-36 months	291	13.5%	55.2%
37-48 months	195	9.0%	64.2%
49-60 months	158	7.3%	71.5%
More than 5 years	613	28.4%	100.0%
Mean	46.0 months		
Median	31.7 months		
Standard deviation	43.6 months		
Range	1 month to 27 years		

What Are Payee s Experiences with Paid Employment?

Given the work requirements and time limits of FIP/TCA, a key question is the extent to which adult TCA recipients can participate in the labor force and earn wages sufficient to support their families. One indicator of clients ability to transition from welfare to work is their past success with paid employment. For the present study we obtained data from the Maryland Automated Benefits System (MABS) on the employment and earnings of payees exiting TCA.[6] These data show that, in brief, the typical payee in an exiting case has some labor force attachment and it had not been a long time since she was last employed:

More than three-fourths of our 2,156 exiting payees (n = 1672 or 77.6%) worked at some point between the first quarter of 1995 and the third quarter of 1997.

Seven out of ten clients (n = 1472 of 2156 or 68.3%) have at least some MABS-reported wages in the seven to eight quarters preceding their TCA exit.

One out of two exiting adults (n = 1102 of 2156 or 51.1%) worked at some point during the quarter in which they exited TCA.

For half of our sample (n = 1,091) their exiting TCA spell began sometime between the first quarter of 1996 and the third quarter of 1997, allowing us to examine their employment history immediately preceding their TCA entry. One third of these adults (n = 380 of 1,091 or 34.8%) worked during the quarter

---

[6]The Maryland Automated Benefits System includes all employers covered by the State Unemployment Insurance law; approximately 93% of the workforce is included in MABS. Independent contractors, sales people who receive a commission only, some agricultural workers, federal government employees, some student interns, most religious organization employees, and self-employed individuals who don't employ any paid employees are not covered.

immediately preceding their TCA entry. Similar percentages worked during the quarter of their TCA entry and the first quarter after they began receiving TCA.

How Many Household Heads have MABS-reported Earnings after Exiting TCA?

The finding that the majority of adult payees exiting TCA have some attachment to the labor force is quite encouraging. However, to what extent does this attachment continue in the quarters after they exit TCA? As discussed in the Methodology section, MABS data tend to lag one to two quarters behind calendar time. At the time of this writing employment data are only complete through the third quarter of 1997; thus, no post-exit employment information is available for cases which exited during the third quarter of 1997 (i.e. the July 1997 through September 1997 cohorts).

For the October 1996 through June 1997 cohorts, the amount of post-exit employment data varies by the quarter in which they exited TCA. Table 5, below, illustrates the number of quarters where data are available.

Table 5 Number of Quarters of Post-Exit Employment Data by Sample Cohort

Sample Cohort	**One Qtr (n = 1605)**	**Two Qtrs (n = 1054)**	**Three Qtrs (n = 535)**
October 1996 (n = 183)			
November 1996 (n = 193)			
December 1996 (n = 159)			
January 1997 (n = 175)			
February 1997 (n = 150)			
March 1997 (n = 194)			
April 1997 (n = 177)			
May 1997 (n = 189)			
June 1997 (n = 185)			

Three post-exit quarters of data are available for the October 1996 through December 1996 cohorts. Those who exited between January and March 1997 have two quarters of post-exit employment data and those who exited between April and June 1997 have one quarter. Examination of these data reveals that the majority of household heads are working after they leave the welfare rolls:[7]

> Considering all who exited before the third quarter of 1997, three out of five adults (n = 927/1605 or 57.8%) worked in at least one quarter after their TCA exit.

[7]The numbers reported here include the 293 child-only cases in our sample. Excluding these cases does not significantly change the results for percentage of household heads working or quarterly earnings.

In the first quarter after they exited, 51% of adults in the October 1996 through June 1997 cohorts (n = 818 of 1605) worked, earning an average of $2384.32 in the quarter.

Of those with a pre-exit wage history, 64.5% (n = 704 of 1092) had MABS reported earnings in the first quarter after their TCA exit.

The six months or two quarters worth of data for the October 1996 through March 1997 cohorts (n = 1,054) show similar employment patterns:

Two quarters after exiting TCA slightly more than half (n = 560 of 1054 or 53.1%) of the adult heads of household are working. In the second quarter after exiting working payees earn an average of $2439.06 in the quarter.

Among those with a pre-exit wage history, two-thirds (n = 471 of 722 or 65.2%) worked in the second quarter after leaving the welfare rolls.

Of the 560 adults who worked during the second quarter after their TCA exit, the vast majority (84.5%; n = 473) worked in <u>both</u> post-exit quarters.

Most welfare-to-work evaluations stop post-program follow up data collection at the six month point. However, the question remains as to whether employment retention rates in the first six months stand the test of time; this question becomes more important in the new time-limited welfare world. Our nine months (i.e. three quarters) of post-exit employment data for adults exiting TCA between October 1996 and December 1996 (n = 535) indicate that the majority of adults are remaining employed:

> In the third quarter following their TCA exits, 54.8% (n = 293 of 535) of former TCA payees are working with average quarterly earnings of $2374.80.

> Among those with a pre-exit wage history, 66.8% (n = 245 of 367) have MABS reported earnings in the third quarter after their TCA exit.

> Three-fourths of those who worked in the third post-exit quarter (n = 227 of 293 or 77.5%) had been working steadily since their TCA exit.

As in our first report, post-exit employment varies in somewhat predictable ways with case closing reason. Considering the nine cohorts (October 1996 through June 1997, n = 1,605) for whom at least one post-exit quarter of data is available we find that:[8]

> Eight out of ten clients whose cases closed because they started work or had higher earnings (n = 161 of 195 or 82.6%) were working in the quarter after their

---

[9]Because these analyses do not include the July through September 1997 samples, the number of cases for any particular closing reason are not the same as the results presented in Table 3.

exit. Two thirds of those whose cases closed because their income was above the TCA limit (n = 205 of 304 or 67.4%) had MABS-reported earnings during the first post-exit quarter.

Fewer than half of those who exited because they did not complete the redetermination process or provide information need to continue eligibility (n = 224 of 488 or 45.9%) worked during the first quarter after their TCA exit. Four out of ten clients who requested closure (n = 61 of 152 or 40.1%) worked during the first post-exit quarter. The lowest incidence of working during the first post-exit quarter was found among clients who received full family sanctions for noncompliance with work or child support requirements. Three out of ten of these clients (n = 29 of 96 or 30.2%) had post-exit earnings.[9]

While the proportions of former TCA clients who are working after they leave welfare is quite encouraging, some may be concerned about the relatively low quarterly earnings figures. Although low wage employment and the problems of the working poor in general should be of concern, readers are cautioned not to assume that these quarterly earnings figures indicate that everyone who is working is making substandard wages. MABS wages are reported on an aggregate, quarterly basis and do not allow us to know if a person is working part-time or full-time, worked during the entire quarter

[10]As will be discussed in the section on recidivism, the lower rates of employment among sanctioned cases can be partially explained by their high rates of returning to TCA. More than a third (n = 41 or 35.3%) of sanctioned families return to TCA within 90 days.

or only a portion of it. Thus, the quarterly earnings reported in MABS and in this report do not necessarily translate to full-time hourly wages.

Where are Exiting Payees Finding Employment?

As the focus of welfare policy has moved from income maintenance to economic self-sufficiency, questions have been raised about the ability of former welfare recipients to obtain and retain jobs which pay enough for them to support their families. A number of studies indicate that, for reasons including low education levels, adult recipients are likely, when they find employment, to do so in low-skill, low-wage sectors (Burtless, 1997; Zill, Moore, Nord, & Steif, 1991). A recent study by the Institute for Women s Policy Research using the U.S. Bureau of the Census Survey of Income and Program Participation (SIPP) shows that welfare mothers jobs tend to be in the lowest-wage women s occupations (i.e. pink collar jobs in service industries such as restaurants, bars, nursing homes, hotels and motels, department stores, and temporary help service firms; Spelter-Roth, et. al., 1995).

To determine the most common types of businesses which hire recipients who exit welfare we grouped employers that payees worked for in the quarters after their TCA exit by Standard Industrial Classification (SIC) codes. For ease of interpretation we present data at the most general (SIC 1, Figure 1) and most specific (SIC 4, Table 6) levels of classification. However, it is noteworthy that when the intermediate SIC 2 codes are used we find that the top three industries hiring former welfare recipients in our sample (business services, eating and drinking places, and health services) are identical to the top three industries identified as those experiencing the most growth in our state (Maryland Department of Human Resources, 1996). Figure 1 displays the most common employers grouped by the most general category (SIC1). Table 6 displays the most common employers grouped by more specific categories (SIC4). Data indicate that:

The most frequent employer type for adults working in the quarter after their TCA exit is wholesale and retail trade accounting for 35.3% (n = 254) of the employers. About half of the wholesale and retail trade included eating and drinking places (n = 59)[10], department stores (n = 40), and supermarkets (n = 30).

The next most common industry was organizational services (n=169), accounting for 23.5% of employers in the sample. Health services (nursing homes, hospitals, and medical offices/clinics) was most common within this classification (n = 56), followed by sole proprietors (n = 21) and social services (n = 16).

The third most common type (n=139) of employer was personal services, accounting for 19.3% of the total. A majority of employers classified as personal services were temporary help/employment agencies (n = 60), hotels/motels (n = 14) and security system services (n = 10).

[10]Eating and drinking places is both a SIC 2 and a SIC 4 level category.

Figure 1: Employment in the Quarter After Exit

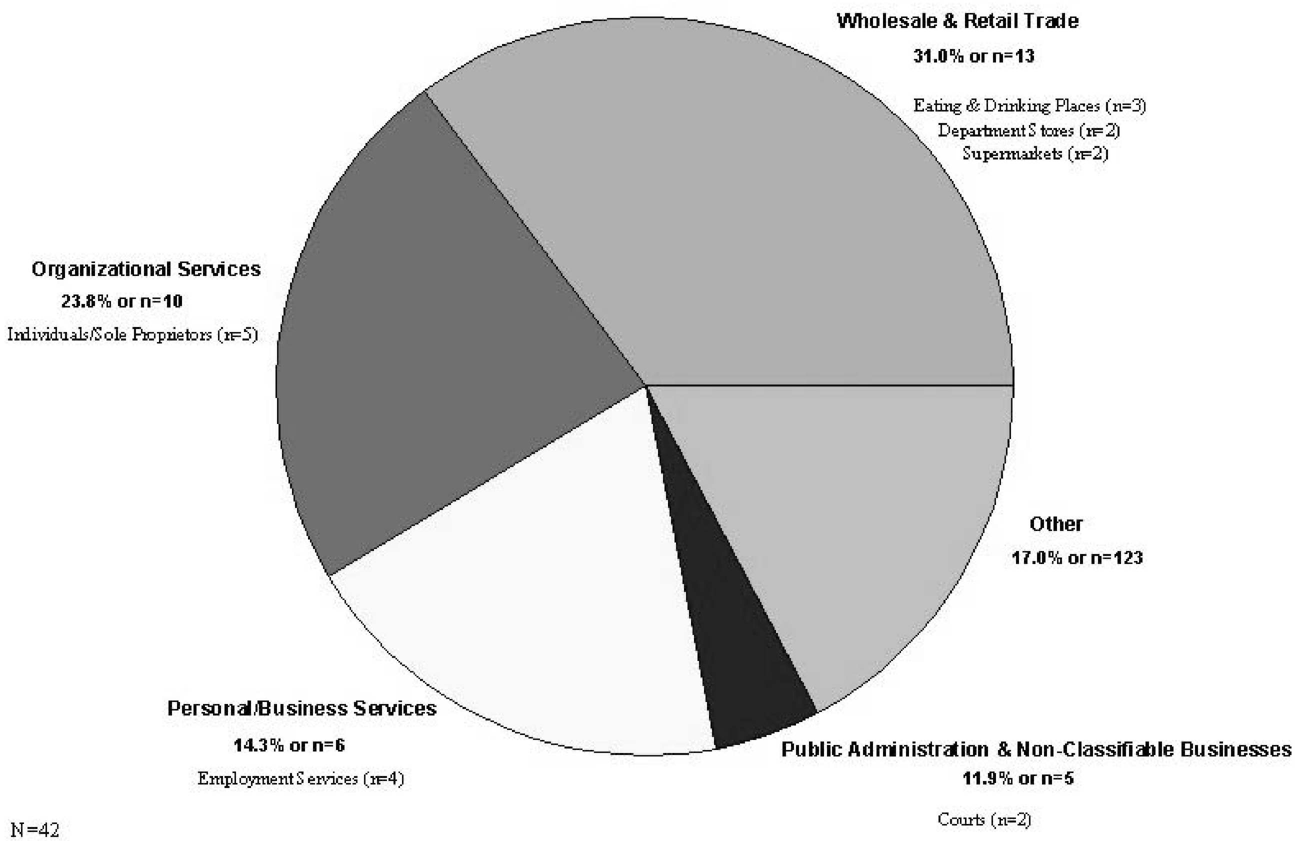


Table 6 Finding Work After Welfare: The Top 25 Employers/Industries in the First Quarter after Exiting

Type of Employer/Industry (SIC4)	Frequency	Percent
Temporary Help / Employment Agencies	60	8.3%
Eating and Drinking Places	59	8.2%
Department Stores	40	5.6%
Grocery Stores/Supermarkets	30	4.2%
Nursing Homes	28	3.9%
Hospitals	21	2.9%
Sole Proprietors	21	2.9%
Groceries and Related Products	18	2.5%
Drug Stores	17	2.4%
Social Services	16	2.2%
Sanitary Services, Commercial	15	2.1%
Hotels & Motels	14	1.9%
Elementary & Secondary Schools	13	1.8%
Food & Kindred Products	12	1.7%
Miscellaneous Food Services	11	1.5%
Security Systems Services	10	1.4%
Colleges & Universities	10	1.4%
Child Day Care Services	9	1.3%
State Government	9	1.3%
Retail Bakeries	8	1.1%
Commercial Banks	8	1.1%
County Government	8	1.1%
Laundry/Cleaning Services	7	1.0%
Medical Offices/Clinics	7	1.0%
Advertising Agencies Hardware Stores Management Services Telephone Communication	6 6 6 6	0.8% 0.8% 0.8% 0.8%

What Percentage of Cases Return to TCA after Exiting?

Although the phenomenon of recidivism or returns to welfare has long been of concern to welfare researchers, advocates, and policy makers, federal time limits on adults receipt of cash assistance now make it critical that we develop a reliable, valid answer to this old conundrum. Estimates of recidivism rates under the old welfare system, AFDC, vary somewhat but consistently show that returns to welfare are common and typically happen quickly after an exit. Weeks (1991), for example, found that 35% of Washington State AFDC recipients who leave cash assistance will return within two years, with the majority returning in the first twelve months. This is consistent with Bane and Ellwood (1994); tabulating 21 years of PSID data they report that 35% of those who leave welfare return for a second spell. Recidivism rates based on monthly data such as that used in our study show even higher rates of welfare returns. Pavetti (1993), for example, finds that 70% of those who leave welfare for at least one month later return. Using a national longitudinal data set, Blank and Ruggles (1994) report somewhat lower rates of recidivism. They find that 20% of welfare exits end in recidivism within 28 months, with the rate of return peaking at five months after exiting. In our current study, monthly administrative data reveal that at least 50% of cases had at least one welfare spell prior to the one that brought them into our Life After Welfare study.

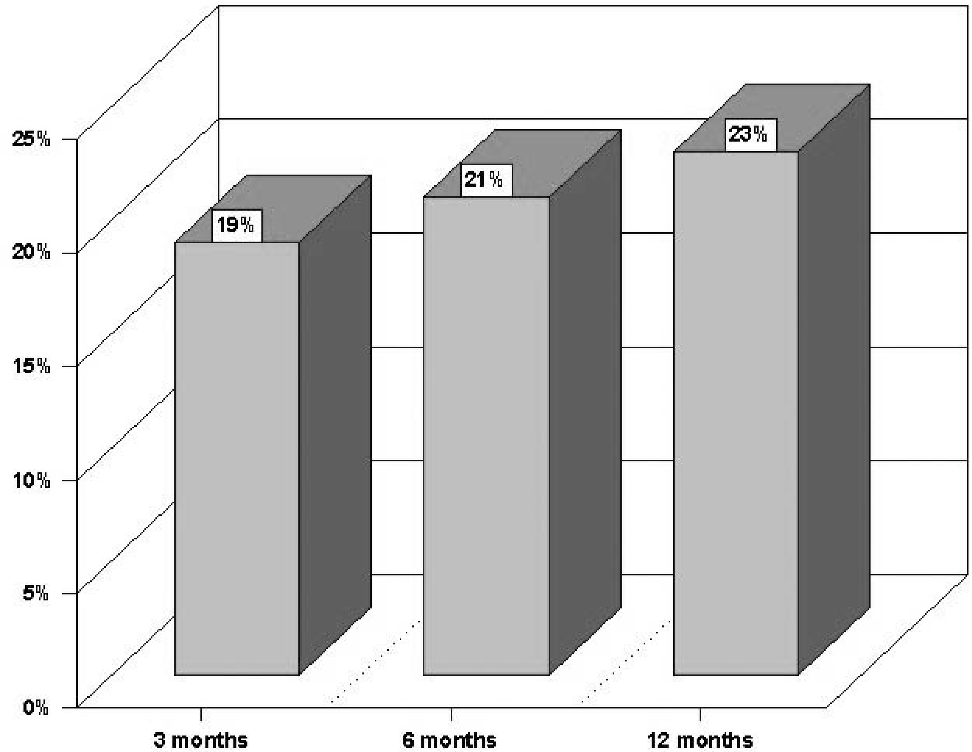
What is unknown is the extent to which recidivism patterns and risk factors observed under the old welfare system will continue to prevail under the new system. New policies emphasizing work, child support, and responsible parenting may produce behavioral changes in clients that will affect their recidivism rates.

To address the critical question of how many families return to TCA, we are gathering administrative data from the CARES and AIMS/AMF systems on the welfare receipt patterns of exiting families. Recidivism data are available at three different follow up points for three different cohorts of cases. For the 1,973 sample families who exited TCA between 10/96 and 8/97, three month follow up data are presented. Six month data are available for the 1,420 families in the 10/96 through 5/97 cohorts. The 535 sample families exiting TCA between 10/96 and 12/96 have reached the 12 month follow up point. Figure 2, on the next page, illustrates the recidivism rates found:

At the three month follow up point, the majority of families who exited TCA (81%) had not returned to the rolls. One in five familes (19%) returned to TCA within three months of exiting.

The recidivism rate increases only minimally over the next three to nine months, suggesting that those who do return tend to do so quickly. At the six month follow up period, 21% of those who exited have returned to TCA. By twelve months post exit, cumulatively about one out of four exiters (23%) have returned to the rolls. Stated another way, three-fourths of those who exited TCA between 10/96 and 12/96 -- the first three months of welfare reform -- stayed off welfare for the entire year.

Figure 2 Returns to the Welfare Rolls



At 3 months, 19% had returned At 6 months, 21% had returned At 12 months, a total of 23% had returned

Recidivism rates vary significantly by closing reason. At the three month follow up point, only 3.2% (n = 7) of those who left because they started work and 11.4% (n = 40) of those who left because their income was above limit had returned to TCA. In constrast, one fifth of those whose cases closed because they did not complete redetermination/provide eligibility information (n = 127) or because the client requested closure (n = 36) returned to TCA within 90 days. These differences are statistically significant at the $p < .001$ level.

Perhaps not surprisingly, the highest recidivism rate was found among those who received a full family sanction for noncompliance with work or child support enforcement requirements. One out of three clients exiting TCA for this reason (n =41 or 35.3%) returned within 90 days. The difference in recidivism rate between sanctioned clients and all others is statistically significant at the $p < .001$ level.

In sum, it appears that the rate of early returns to welfare among sample families is slightly lower than national estimates of recidivism which prevailed under the old system. Recidivism rates also vary with closing reasons in a somewhat predictable fashion. As time goes on the recidivism rate can only increase; however, the literature indicates that the increase may not be too large as most returns to welfare happen fairly quickly. Our finding that the recidivism rate increased by only 4% from the three to twelve month period is consistent with the returns happen quickly trend which generally prevailed under the old welfare system.

What is the Profile of Cases at High Risk of Returning to TCA?

Another important question for ongoing program monitoring and planning is whether there appear to be any household or payee characteristics associated with an increased risk of returning to TCA. Research on recidivism under the AFDC system shows that lack of work experience along with never having married, large numbers of children and disabilities increase a person s risk of recidivism.

In the present study, the multiple follow up points allow us to address the topic of recidivism more fully than previous investigations. Given the complexity of the issue and the wealth of data available, the School of Social Work plans to issue one or more reports specifically addressing recidivism rates, patterns and risk profiles. For today s report analysis of recidivism risk factors is limited to the three month follow up data available for the October 1996 through August 1997 cohorts (the first eleven months of welfare reform). To examine if recidivists differ from nonrecidivists, we compared those who returned to TCA in the first few months after exiting with those who did not reenter the system on ten variables: payee age, payee s estimated age at first birth, payee s racial/ethnic background, TCA assistance unit size, number of children, age of youngest child, length of exiting spell, total time spent on welfare pre-exit (including the exiting spell), pre-exit wage history, and working in the exit quarter. Differences were found between the two groups on four of the ten variables examined: age of youngest child, length of exit spell, pre-exit wage history, and working in the exit quarter. Table 7, below, displays these data.

Table 7
Comparisons between Recidivists and Non-Recidivists

Characteristics	Recidivists	Non-Recidivists	Total
Payee s Age			
Mean	30.9 years	31.6 years	31.4 years
Median	30.0 years	30.0 years	30.0 years
Standard deviation	8.8 years	9.0 years	8.9 years
Range	15 to 64 years	18 to 86 years	15 to 86 years
Payee s Age at First Birth			
Mean	21.1 years	21.7 years	21.7 years
Median	20.1 years	20.6 years	20.6 years
Standard deviation	5.5 years	4.9 years	5.0 years
Range	12 to 42 years	13 to 58 years	12 to 58 years
Payee s Racial/Ethnic Background			
Caucasian	27.5% (92)	31.4% (442)	30.6% (534)
African-American	71.6% (240)	66.1% (931)	67.1% (1171)
Other	0.9% (3)	2.6% (36)	2.2% (39)
Assistance Unit Size			
Mean	2.7 people	2.6 people	2.7 people
Median	2.0 people	2.0 people	2.0 people
Standard deviation	1.2	1.1	1.1
Range	1 to 7 persons	1 to 9 persons	1 to 9 persons
Number of Children			
Mean	1.8 children	1.8 children	1.8 children
Median	2.0 children	1.0 child	2.0 children
Std. Dev.	1.1	1.0	1.0
Range	0 to 6 children	0 to 7 children	0 to 7 children

Characteristics	Recidivists	Non-Recidivists	Total
Age of Youngest Child*			
Mean	5.2 years	5.8 years	5.7 years
Median	4.0 years	4.6 years	4.4 years
Std. Dev.	4.0 years	4.5 years	4.4
Range	<1 to 18 years	<1 to 18 years	<1 to 18 years
Percent less than 3 years	36.0%	33.5%	34.0%
Exit Spell*			
Less than 12 Months	42.8% (145)	41.3% (575)	41.6% (720)
12 - 24 Months	28.9% (98)	25.7% (358)	26.4% (456)
25 - 36 Months	10.9% (37)	11.1% (155)	11.1% (192)
37 - 48 Months	5.3 % (18)	6.6% (92)	6.4% (110)
49 - 60 Months	2.9% (10)	3.9% (54)	3.7% (64)
More than 60 Months	9.1% (31)	11.3% (157)	10.9% (188)
Mean	23.1 months	26.7 months	26.0
Median	15.0 months	14.4 months	14.5
Std. Dev.	25.3 months	33.0 months	31.7
Range	1 month to 12 years	1 month to 24 years	1 month to 24 years
Total Time Spent on Welfare			
Less than 12 Months	20.4% (69)	20.8% (289)	20.7% (358)
12 - 24 Months	20.9% (71)	18.7% (260)	19.1% (331)
25 - 36 Months	14.5% (49)	13.2% (183)	13.4% (232)
37 - 48 Months	7.7% (26)	9.8% (137)	9.4% (163)
49 - 60 Months	8.0% (27)	7.6% (106)	7.7% (133)
More than 60 Months	28.6% (97)	29.9% (416)	29.7% (513)
Mean	43.8 months	48.0 months	47.2
Median	31.5 months	33.9 months	33.3
Std. Dev.	39.5 months	45.0 months	44.0
Range	1 month to 22 years	1 month to 27 years	1 month to 27 years
Percent with a Pre-Exit Wage History**	63.1%	70.2%	68.9%
Percent Working in the Quarter They Exited TCA***	38.1%	54.7%	51.5%

Note: An independent samples t-test was used to determine whether there were differences in means between recidivists and non-recidivists. The Chi-square statistic was used to test categorical data including racial/ethnic group, pre-exit wage history, and working in the exit quarter.

* $p<.05$
** $p<.01$
*** $p<.001$

Payees who returned to cash assistance within 90 days of exit closely resemble those who did not return in terms of their age, age at first birth, racial/ethnic background, TCA assistance unit size, number of children, and total time spent on welfare as an adult prior to and including the exiting spell.

Both recidivists and non-recidivists are, on average, 30 years of age and began childbearing when they were 21.

Seven out of ten recidivists are of African-American heritage, as are two-thirds of the nonrecidivists.

On average assistance units that returned to TCA include two people as do assistance units that did not return.

Recidivists and nonrecidivists generally have one or two children. The median number of children for recidivists is slightly higher than the median for nonrecidivists (two children vs. one child), but this difference is not statistically significant.

Average total time receiving welfare as an adult prior to and including the exiting spell is 44 months for recidivists and 48 months for nonrecidivists. This average difference of four months is not statistically significant.

Four variables appear, at this time, to distinguish those at greatest risk of returning to TCA in the first few months after an exit from those who will not return: age of the youngest child in the household; length of the exiting spell; presence of a pre-exit work history; and probability of working in the exit quarter.

Similar to our first Life After Welfare report, recidivists tend to have younger children than non-recidivists. The average age of the youngest child in a recidivist household is slightly more than five years and the median is four years. In non-recidivist households, the youngest child tends to be approximately 6 months older than his/her recidivist counterpart. This difference is statistically significant at the $p < .05$ level; it was also statistically significant at this level in our first report.

Recidivists tend to have a shorter exiting spell than non-recidivists. On average, those who return to TCA within 90 days have exiting spells of 23 months whereas their non-returning counterparts have exiting spells of 27 months. This difference, although small, is statistically significant at the $p < .05$ level.[11]

In terms of employment behavior, MABS data reveal that recidivists and nonrecidivists differ markedly. Seven out of ten non-recidivists (70.2%) had a

[11]This variable was not statistically significant in our September 1997 report, but the trend was similar: Recidivists did tend to have shorter exit spells than non-recidivists.

wage history <u>prior</u> to exiting TCA compared with fewer than two-thirds of the recidivists (63.1%). This difference is statistically significant at the $p < .01$ level.

Over half of those who did not return to welfare within 90 days of exiting (54.7%) worked during the quarter in which they exited TCA. In contrast, only two of five recidivists (38.1%) worked in the exit quarter. This difference is statistically significant at the $p < .001$ level.

These interim results are intriguing, but it is too early to reach any definite conclusions about recidivism risk factors under the new welfare system. However, we would note that our preliminary findings do show fewer "significant" risk factors than have been identified in studies conducted under the old welfare rules. As noted, recidivism and its associated risk factors is an area we will continue to closely monitor.

How Likely are Children to be Placed in Foster Care after their Families Leave TCA?

Since the beginning of the most recent welfare reform debate, some welfare and child advocates have voiced the prediction that implementing welfare policies such as time limits and full family sanctions will cause an increase in the foster care placement of children in former TANF families. A recent statement by Larner, Terman, and Behrman (1997) is illustrative of the concerns raised:

> Even when AFDC benefits provided a safety net for poor single-parent families, a strong link existed among poverty, reports of child neglect , and rates of placement in foster care. Time limits on assistance may make this situation far worse, exposing children in some destitute unemployed families to neglect, and perhaps resulting in costly and wrenching foster care placements.

Despite these concerns, we are aware of no national or state studies to date that have addressed the question of how many children are placed in foster care after their families leave public assistance. The limited literature on the relationship of foster care and public assistance seems to demonstrate that about half of the children in care come from families who are eligible for or receiving cash assistance,[12] but we can locate no empirical studies which confirm a direct causal link between the two.

We are fortunate that our data do permit us to examine whether, in the new world of welfare, children whose families leave TCA are then coming into the formal foster care system. Specifically, for 3,467 children in our October 1996 through August 1997 exiting samples, we were able to determine the likelihood of their coming into foster care within the first three, six, and in some cases, twelve months, after their families left TCA. We found that 92 children (2.7%) had been in foster care at some point before their families exited TCA. After exiting TCA, 15 children (0.4%) from 11 families had at least one episode of foster care placement.

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[12]See *The Foster Care Crisis and Welfare Reform* (Summer 1995). Public Welfare

Examination of the administrative data and case narratives for these 15 children reveals that the relationship, if any, between their family s exit from cash assistance and their entry into foster care is often complex and not at all clear-cut. The children who came into care range in age from 9 months to 15 years; half are under the age of five. More often than not these children were not strangers to the child welfare system. Seven out of fifteen have a history of neglect or abuse investigations and two had been in foster care at least once before their family exited TCA.

Children who come into care do so relatively soon after their family exits TCA. Four children (26.7%) entered care less than a month after their family exited. Two children (13.3%) entered one month post-exit and one child (6.7%) entered two months after the exit. The majority of children (n = 7 or 46.7%) came into foster care about three months after their family left TCA. Only one child came into care more than three months after the TCA exit.

In all cases the foster care case opening date recorded in the administrative data is after the TCA case closing date, but the closing reasons given for some TCA cases indicate that the foster care placement may have predated the TCA case closing. Specifically, for a third of those who came into care, the TCA case closing reason is that there is no longer an eligible child in the home. The next most common TCA case closing reasons among children who later came into care are redetermination not completed (n = 3), client could not be located (n = 3), and client requested closure (n = 2). In one case the family of a child who came into care exited TCA because a full family sanction for noncompliance with child support had been imposed. However, this family later complied and returned to assistance. After the family began receiving TCA again one of the children was placed in foster care.

The administrative data and case narratives also illustrate that the families of children who come into foster care often face multiple problems including instability, drug involvement, physical or mental disabilities, and domestic violence. The following case vignettes depict typical findings of our analysis of case narratives:[13]

> Aaron K., a fifteen year old young man, lived with his mother and brother in Baltimore City. The family had been receiving cash assistance continuously since the summer of 1991; their case was closed in April 1997 because the household no longer included an eligible child. In Aaron s history there is one prior child neglect investigation; another abuse and neglect investigation began in the month before the family s TCA case closed. Aaron came into a care facility within a month of his family s TCA case closing.
>
> Laura O., age 4, and her one-year-old brother lived with their mother, age 21, in Baltimore County. The family received TCA from the fall of 1995 through July 1997 when their case closed because the family s could not be located. In the case narrative their mother described herself as drug dependent and unable to maintain employment. The children were removed from the home and placed in a foster care home three months after the TCA case closure.
>
> Anna M. is 14 years old. Her two younger sisters, Susan and Marie, are 10 and 11 years old, respectively. They lived in Baltimore City with their 70 year old grandmother who had received TCA to support them since 1995. The family left welfare in October, 1996; six months later, Anna, Susan and Marie were placed in foster care.
>
> Savannah S. is 13 months old. She lived with her mother in Baltimore City. Her mother was pregnant and had been receiving TCA since July of 1996. In October 1996, the client requested that her TCA be closed. Savannah and her mother moved to Harford County and lived with her mother s boyfriend. They later moved to the boyfriend s aunt s house. When the aunt kicked them out the mother went to a hotel and left Savannah with a friend. Savannah was placed in foster care in January of 1997 and her newborn brother joined her in May.

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[13]To protect the confidentiality of clients, names used in these vignettes are not clients real names.

It is not possible to determine from administrative data the extent to which the welfare exit precipitated or caused the foster care placement of the children described in these vignettes. In at least one case it appears that the foster care placement may have actually precipitated the TCA closure.

As these stories illustrate, children in poor families often experience a great deal of family instability. This not only includes formal foster care placements, but also informal family living arrangements. We know of no published empirical data documenting pre-PRWORA relationships between cash assistance exits and foster care entries. However, given that 2.7% of the children in our sample (n = 92) have a pre-exit history of foster care placement and 0.4% or 15 youngsters have a post-exit entrance into care, our data seem to refute the hypothesis that welfare reform would lead to increases in foster care use for many children.

Though it is somewhat reassuring that so few of these 3,467 children have come into foster care since their families left TCA, the School of Social Work will continue to collect data on this critical measure of welfare reform impacts. Future reports will provide information on the more long-term chances of exiting children being placed in foster care. In addition, we plan to combine administrative and interview data to allow us to assess the extent to which sample children are moving among relative caretakers and to use administrative data to examine the pre-PRWORA relationship between welfare exits and foster care entries.

Conclusions

Today s report does not tell the complete story of what happens to families who leave temporary cash assistance in the new world of welfare, but a few conclusions seem clear. First, predictions about the child welfare impacts of welfare reform have not come true with only 15 children of 3,467 studied entering care after their families TCA exit. Second, the majority of families leaving cash assistance are doing so voluntarily. Only 7% of case closings are due to imposition of a full family sanction. Third, most families exiting the welfare system are able to maintain employment and stay off the rolls.

While there is still evidence that those leaving cash assistance in the early months are the short-term users with labor force attachment, our analysis of exiters adult lifetime welfare receipt patterns indicate that even the easy cases may be hard. That is, although the majority of exiting spells are short, many clients have a long history of welfare receipt and may be at high risk of recidivism over time. In addition, for long-term users, those less likely to have left welfare in FIP s first year, the five year lifetime clock continues to tick, as legislators and program administrators are aware. From other Maryland welfare studies we know that, as a whole, the long-term cohort will not move as quickly or inexpensively from dependence to independence (see, for example, Caudill and Born, 1997).

In sum, it appears that Maryland s welfare reform program remains on target, but that its greatest challenges lie ahead. The interim results confirm the wisdom of Maryland s elected and appointed officials in planning both programmatically and financially for the inevitable task of serving the hard-to-serve and in deciding to study the effects of welfare reform from the beginning and over an extended period of time. Today s welfare system is unlike that which preceded it on almost every dimension and, for that reason, knowledge gained from prior studies may or may not have continued utility in the new world of welfare. Only time and the continued collection and reporting of longitudinal data will permit us to truly know the answer to the question of what happens to Maryland families after they leave the welfare rolls.

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