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LAUREN A. HALL, MA
Research Analyst

LISA THIEBAUD NICOLI, PHD
Project Director

LETITIA LOGAN PASSARELLA, MPP
Research Director

PUBLIC POLICY RESEARCH

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For additional information about the report or the study, please contact Dr. Lisa Nicoli (410.706.2763; lnicoli@ssw.umaryland.edu) or Ms. Letitia Logan Passarella (410.706.2479; llogan@ssw.umaryland.edu) at the School of Social Work. Please visit our website, www.familywelfare.umaryland.edu, for additional copies of this and our other reports.

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EXECUTIVE SUMMARY

For nearly 20 years, Maryland has been at the forefront in studying the lives of welfare leavers, providing timely, empirical data in the *Life after Welfare* series. This annual report has provided a clear picture of who leaves welfare and their experiences when they leave. In particular, we have documented welfare leavers' strong connections to the labor market both before and after welfare.

However, the earnings prospects for welfare leavers—and many working- and middle-class families—are weakening. Low-skill and part-time employment, common among welfare recipients, provides only meager earnings. Even families with an adult working full-time at the minimum wage do not earn enough to be above the poverty line for a family of three. This economic climate makes helping clients achieve self-sufficiency particularly difficult.

We consider this context as we describe the characteristics and outcomes of 10,778 families who left Temporary Cash Assistance (TCA), Maryland's welfare program, between January 2004 and March 2015. Specifically, this report analyzes three cohorts of welfare leavers and presents their employment and welfare outcomes as well as their utilization of other work supports after leaving TCA. Cohorts are consistent with periods of cash assistance caseload increases and decreases:

1. Mid-2000s recovery—leavers who exited during the recovery from the 2001 recession in a period of caseload decline between January 2004 and March 2007;
2. Recession-era—leavers who exited around the time of the Great Recession during a period of caseload growth between April 2007 and December 2011; and
3. Recent leavers—those who exited most recently during a period of caseload decline between January 2012 and March 2015.

Key findings from this report are presented below:

The demographic profile of welfare leavers remains consistent over time.

- TCA leavers are typically African American (73.4%) women (94.5%) in their early 30s (average age = 32.6) who have never been married (78.5%) and have received a high school diploma (66.4%).

Contrary to stereotypes about long-term use, families have short welfare spells.

- The majority (84.0%) of welfare leavers received cash assistance for 12 or fewer consecutive months before exit, and spells[1] lasted nine months, on average.

If families return to cash assistance, they are most likely to return within the first two years after exit.

- Three out of 10 (31.5%) families return to TCA within one year after exit, and two out of five (40.2%) return within two years. Five years after exiting welfare, half (50.9%) of all families have returned.

The use of work sanctions—the most common reason for case closure—increased across cohorts.

- During the mid-2000s one fifth (20.3%) of TCA cases closed because of a work sanction. During the recession era, this increased to more than one fourth (27.2%) of cases, and in recent years, one third (34.3%) of cases closed because of a work sanction.

[1] A TCA spell is defined as the number of consecutive months between TCA application and case closure.

Welfare leavers are no strangers to work: they have strong ties to the labor market both before and after welfare.

- Seven out of 10 welfare leavers are employed at some point in the two years before their TCA spells begin (68.1%) and in the two years after exit (67.1%). As time goes on, however, employment participation decreases from 59% in the first year after exit to 48% in the fifth year after exit.

Compared to recession-era leavers, recent leavers are more likely to be working but earn less.

- Recent leavers were slightly more likely than recession-era leavers to work in the two years after exit (66.3% vs. 64.6%).

- During this time, however, recent leavers earned $19,154, on average, which is $3,300 less than recession-era leavers.

Leavers are largely employed in industries with low earnings.

- Leavers are most likely to be employed in industries such as administrative and support services (12.5%), professional and technical services (9.5%), general retail (8.1%), outpatient health care (8.1%), and restaurants (7.9%).
- Aside from outpatient health care, average quarterly earnings for these industries range from $2,200 to $3,900 in the quarter after exit.

The majority of leavers who are employed at exit are able to retain employment for at least six months.

- Across all cohorts, more than four in five leavers who were employed at exit were able to retain employment for three months. Seven out of every 10 leavers who worked at exit were able to retain employment for six months.

Disconnection from employment and TCA has increased over time. However, most of these families are connected to work supports.

- In the first year after exit, one in four (26.8%) leavers is disconnected from both employment and welfare. By the fifth year after exit, two in five (39.4%) leavers are disconnected.
- Only a small percentage (7.0%) of leavers are truly disconnected from employment, TCA, the Food Supplement Program, Medical Assistance/MCHP, and child support during the first year after exit.

Throughout this report, we show that the characteristics and experiences of welfare leavers remain largely consistent over time. One distinct finding, though, is that earnings are considerably lower for the most recent leavers. Since these low earnings make leavers' transitions to self-sufficiency more difficult, policymakers may wish to consider new strategies to address this critical challenge. It may be particularly important, for example, to take advantage of opportunities to engage clients in education and skill development that can open the doors to higher-paying employment.

Introduction

It has been nearly 20 years since the Temporary Assistance for Needy Families (TANF) program was created. Aside from the Deficit Reduction Act (DRA) of 2005, which reauthorized the program and tightened work requirements, the program has remained largely the same since its inception. As Congress currently considers reauthorization, they are turning to empirical research as they discuss how to improve the program (Center on Budget and Policy Priorities, 2015).

TANF is largely known for its work-first approach, which engages adults in work activities designed to promote immediate job placement. Although the July 2015 discussion draft of the TANF reauthorization bill does not alter this basic aspect of the program, it does propose a number of changes, including new performance measures.[2] These proposed changes, relying, in part, on findings from empirical research, provide some insight into the shape TANF may take in the near future.

A consistent criticism of the program has been that the work participation rate (WPR), TANF's only performance measure, is flawed. The chief argument is that it only captures a client's engagement in a federally-approved work activity. Some activities that count toward the WPR, such as volunteering or child care, may not provide clients with skills or experience that may lead to future employment and exit from welfare.

Rather than focusing on clients' engagement in activities, the proposed performance measures in the draft bill concentrate on clients' outcomes. The emphasis would shift to measureable employment and earnings outcomes after exit, such as the percentage of former recipients who are employed in the second quarter after exit.[3] Using performance measures based on actual employment and earnings, rather than participation in an activity, would encourage TANF programs to focus on proven employment strategies, such as certification programs and sector-based training.

For many states, there is little research to determine what reasonable standards for new performance measures would be. Maryland, however, is not in this position. Through its longtime research partnership with the University of Maryland School of Social Work, Maryland has a wealth of information on realistic expectations for employment and earnings after exit. Every year since 1996, the legislatively-mandated *Life after Welfare* report has been submitted to the Maryland General Assembly and has tracked the employment and cash assistance experiences of families who leave welfare.

To provide policymakers and program managers with the most relevant information, this report presents information on the characteristics and post-welfare outcomes of 10,778 Maryland families who left TCA for at least one full month between January 2004 and March 2015. Specifically, we analyze three cohorts of welfare leavers based on caseload trends that reflect changes in the economy: (a) leavers who exited during the recovery from the 2001 recession in a period of caseload decline between January 2004 and March 2007; (b) leavers who exited around the time of the Great Recession, during a period of caseload growth between April 2007 and December 2011; and (c) leavers who exited most recently during a period of caseload decline between January 2012 and March 2015.

[2] Available on the U.S. House of Representatives Committee on Ways and Means website: http://waysandmeans.house.gov/wp-content/uploads/2015/07/JDG_705_xml.pdf

[3] For a review of specific proposed performance measures, please see: http://www.clasp.org/resources-and-publications/publication-1/Comments-on-Proposed-TANF-Outcome-Measures-FINAL.pdf

To examine differences over time, we use these three cohorts to address the following research questions:

1. What are the demographic and case characteristics of leavers?

2. What are the reasons cases closed?

3. How many families return to welfare, and when do they return?

4. What are the short- and long-term employment patterns and earnings of leavers after they exit welfare?

5. What work supports do families utilize after they exit welfare?

METHODS

This chapter describes the methodological approach for the *Life after Welfare* study. We provide information about sample selection, data sources, and data analysis techniques.

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.

Since the first welfare leavers report was released in 1997, we have made two substantial changes to the sample. First, in April 2012, we refined the definition of a closed welfare case to exclude cases that closed and reopened within one month. Leavers with welfare cases that fit this description are referred to as churners. For these leavers, the case closure is temporary and typically caused by missing an agency appointment, failing to submit required paperwork by a certain deadline, or some similar issue (Born, Ovwigho, & Cordero, 2002). Once the issue has been resolved, the case is reopened, usually without any loss of benefits for the month.

Given that churners have unique characteristics (Born, Ovwigho, & Cordero, 2002), we have excluded them from *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.

Second, as was done with the 2014 *Life after Welfare* study, the period we examine in this update is shorter than in many of our other *Life after Welfare* reports. Before 2014, we included all cases from our monthly samples, back to October 1996. However, 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 those who left after the Great Recession. Our current sample includes more recent leavers, specifically those whose cases closed between January 2004 and March 2015 (n=10,778), excluding churners. We focus on three cohorts of leavers during this time period, defined by increases and decreases in the caseload as shown in Figure 1. The cohorts are as follows:

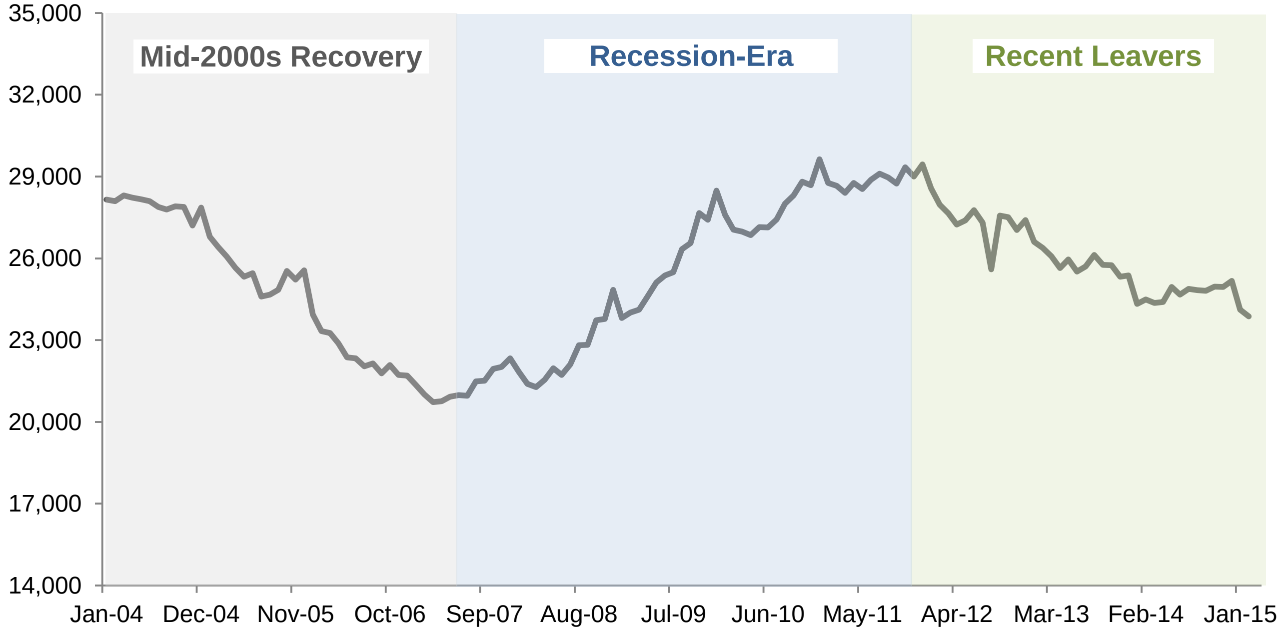
1. Mid-2000s Recovery (n=2,977)—leavers who exited during the recovery from the 2001 recession in a period of caseload decline between January 2004 and March 2007;

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

3. Recent Leavers (n=3,468)—leavers who exited most recently during a period of caseload decline between January 2012 and March 2015.

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 2015



Note: Data retrieved 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). 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, CARES provides individual-and case-level program participation data for cash assistance (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 and consequently, are not represented in our employment data. Additionally, informal jobs—for example, those with dollars earned "off the books" or "under the table"—are not covered. Though all data sources have their limitations, empirical studies suggest that UI earnings are actually preferred to other types of data in understanding the economic well-being of welfare recipients (Kornfeld & Bloom, 1999; Wallace & Haveman, 2007).

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 (17.2%) is over four times greater than the national average (3.8%).[4] Out-of-state employment is particularly common among residents of two very populous jurisdictions (Montgomery County, 29.0%, and Prince George's County, 42.1%), which have the 5th and 3rd largest welfare caseloads in the state, and out-of-state employment is also common among residents of two smaller jurisdictions (Cecil, 29.6%, and Charles, 33.9%, 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.

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

In this report, we utilize univariate statistics based on a random sample of case closures to describe welfare leavers and their cases. When appropriate, we use ANOVA to compare averages across cohorts. To compare categorical variables across cohorts, we utilize Pearson's chi-square statistic.

[4] Data obtained from U.S. Census Bureau website: http://www.factfinder.census.gov using the 2011-2013 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 first chapter, we present the demographic and case characteristics for the sample of 10,778 welfare leavers. Most analyses are presented by cohort as well as for the total sample. We begin with the demographic characteristics of exiting payees and then discuss various characteristics associated with their closed welfare cases. Demographic and case characteristics for payees who left before January 2004 are presented in Appendices A through C.

What are the demographic characteristics of payees?

Table 1 shows that the demographic profile of welfare leavers in Maryland is stable across cohorts, with significant differences observed only for race and education. Generally, the typical welfare leaver is an African American (73.4%) woman (94.5%) in her early 30s (average age = 32.6 years) who has never been married (78.5%). It is likely that she attained only her high school diploma or the equivalent (60.3%).

The percent of welfare leavers who are African American, Caucasian, or some other race differs significantly between cohorts. During the mid-2000s recovery, for example, more than three fourths (76.5%) of leavers were African American, a percentage that decreased during the recession era (71.6%). For both Caucasian leavers and leavers of other races, however, there was an increase. The percent of Caucasian leavers increased from the mid-2000s to the recession era (20.3% to 23.5%), as did the percent of leavers of other races (3.2% to 4.9%).

When examining the most recent cohort of leavers, there is another shift in racial composition. The percent that were African American increased slightly to 72.8%, and the percent that are Caucasian decreased slightly to 22.0%, both beginning to approach pre-recession percentages. The percent that were some other race, however, increased yet again with the most recent cohort (5.1%).

Similarly, educational attainment increased in each cohort. The percentage of welfare leavers who had less than a high school education significantly decreased across cohorts, from more than one third (36.6%) of leavers in the mid-2000s to only three in 10 (30.3%) for the most recent cohort. Consequently, the percent who completed only through grade 12 increased by nearly four percentage points between the mid-2000s and recent years (58.0% vs. 61.9%). The percent of leavers who had additional education beyond grade 12 also increased (5.4% in mid-2000s to 7.9% for recent leavers). The increase in educational attainment is also a finding also supported by annual analyses of recipient cases (Nicoli & O'Donnell, 2015) and the general trend of rising education in Maryland as a whole (Bowie, 2015).

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 - 03/15 (n=3,468)		Total Sample 01/04 - 03/15 (n=10,778)	
Gender *% female*	95.3%	(2,836)	94.6%	(4,097)	93.9%	(3,257)	94.5%	(10,190)
Average Age [Median]	32.7	[29.8]	32.7	[29.3]	32.3	[29.4]	32.6	[29.4]
Race* **								
African American	76.5%	(2,224)	71.6%	(3,014)	72.8%	(2,438)	73.4%	(7,676)
Caucasian	20.3%	(589)	23.5%	(991)	22.0%	(738)	22.2%	(2,318)
Other	3.2%	(93)	4.9%	(205)	5.1%	(172)	4.5%	(470)
Marital Status								
Married	7.4%	(212)	7.8%	(328)	7.3%	(246)	7.5%	(786)
Never Married	78.5%	(2,263)	77.7%	(3,273)	79.4%	(2,682)	78.5%	(8,218)
Divorced, Separated, or Widowed	14.2%	(408)	14.5%	(609)	13.3%	(448)	14.0%	(1,465)
Education* **								
Less than grade 12	36.6%	(1,007)	34.2%	(1,381)	30.3%	(1,005)	33.5%	(3,393)
Finished grade 12	58.0%	(1,597)	60.6%	(2,449)	61.9%	(2,054)	60.3%	(6,100)
Additional education after grade 12	5.4%	(150)	5.2%	(211)	7.9%	(261)	6.1%	(622)

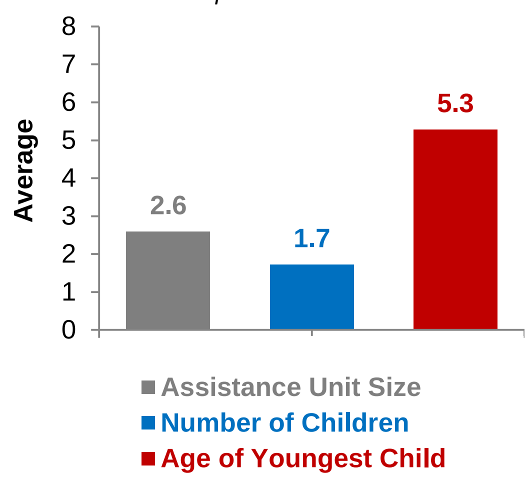
Note: Due to missing data for some variables, cell counts may not sum to cohort totals. Valid percentages are reported. *p<.05, **p<.01, ***p<.001

What are the characteristics of cases?

Figure 2 shows the average size of the assistance unit, the average number of children living within the household, and the average age of the youngest child living in the household. The assistance unit represents the number of individuals in the household that receive cash assistance. Similar to previous editions *of Life after Welfare*, the average case has about three people on it, two of whom are children, and the youngest child living in the house is approximately five years of age. These characteristics are not shown by cohort, because there have been virtually no changes in these characteristics over time.

Figure 2. Case Characteristics

Total Sample: 01/04-03/15



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.

There have been some changes, however, in the regions in which welfare leavers reside. As shown in Table 2, the percent of leavers in Baltimore City decreased over time. During the mid-2000s, for example, 46.1% of leavers were from Baltimore City. This decreased to 39.5% during the recession era and decreased again to 37.5% for the most recent leavers in the sample. While most other regions experienced varying patterns over time, Baltimore City was the only jurisdiction with a steady decrease. This decrease in the percent of individuals leaving welfare in Baltimore City is a reflection of the decrease in the percent of TCA recipients who reside in Baltimore City.

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 - 03/15		01/04 - 03/15	
	(n=2,977)		(n=4,333)		(n=3,468)		(n=10,778)	
Region* **								
Baltimore City	46.1%	(1,373)	39.5%	(1,709)	37.5%	(1,296)	40.7%	(4,378)
Prince George's County	11.5%	(343)	12.7%	(551)	10.9%	(378)	11.8%	(1,272)
Baltimore County	11.0%	(326)	10.5%	(455)	12.1%	(419)	11.1%	(1,200)
Montgomery County	4.3%	(129)	4.9%	(211)	6.2%	(216)	5.2%	(556)
Anne Arundel County	6.1%	(183)	6.9%	(297)	6.4%	(222)	6.5%	(702)
Metro Region Carroll, Harford, Howard, & Frederick Counties	7.0%	(208)	8.6%	(371)	8.4%	(290)	8.1%	(869)
Southern Region Calvert, Charles, & St. Mary's Counties	3.0%	(89)	3.9%	(167)	4.1%	(141)	3.7%	(397)
Western Region Garrett, Allegany, & Washington Counties	2.9%	(87)	4.5%	(195)	4.9%	(169)	4.2%	(451)
Upper Shore Region Cecil, Kent, Queen Anne's, Caroline, Talbot, & Dorchester Counties	4.8%	(143)	4.6%	(201)	5.9%	(204)	5.1%	(548)
Lower Shore Region Worcester, Wicomico, & Somerset Counties	3.2%	(96)	4.0%	(174)	3.6%	(125)	3.7%	(395)

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 caseload designations of leavers?

To better manage TCA cases, Maryland utilizes a system to group similar cases together. Cases are identified as one of eleven case types, defined by a hierarchical algorithm. These cases can also be classified into two general categories: work-eligible and work-exempt cases. Because this system was revised in October 2007, comparable data for leavers who exited before then are not available. As a result, Table 3 provides the caseload designations for recent leavers and most of the recession-era leavers but excludes leavers from the mid-2000s recovery.

As Table 3 shows, the majority (64.8%) of cases that leave welfare are work-eligible; that is, they have adults on the case that are required to participate in work activities. For the entire sample, nearly half (48.1%) of cases are single-parent cases, and approximately one in 10 (9.5%) are cases where the payee has earnings, but not enough to be ineligible for cash benefits. In fact, work-eligible cases remained virtually the same between cohorts, with only small increases or decreases between the recession era and recent years.

On the other hand, there are notable changes in the work-exempt caseload between the recession-era and recent cohorts. While the percent of the caseload that is work-exempt remains about 35% in both cohorts, the type of work-exempt cases has changed. The percent of child-only cases (cases in which only the child is a recipient of TCA) decreased between the recession-era (18.6%) and recent leavers cohorts (14.9%). However, long-term disabled cases increased by nearly three percentage points (5.3% to 8.1%). The remainder of work-exempt cases stayed largely the same over time.

Table 3. Caseload Designations***

	Recession-Era		Recent Leavers		Total Sample	
	10/07 - 12/11 (n=3,934)		01/12 - 03/15 (n=3,468)		10/07 - 03/15 (n=7,402)	
Work-Eligible Cases	**64.2%**	**(2,527)**	**65.4%**	**(2,264)**	**64.8%**	**(4,791)**
Single-Parent Cases	48.4%	(1,904)	47.7%	(1,653)	48.1%	(3,557)
Earnings Cases	9.0%	(353)	10.0%	(347)	9.5%	(700)
Short-term Disabled	1.2%	(47)	1.5%	(51)	1.3%	(98)
Legal Immigrant	0.6%	(24)	1.2%	(43)	0.9%	(67)
Domestic Violence	1.0%	(39)	1.0%	(34)	1.0%	(73)
Two-Parent Cases	4.1%	(160)	3.9%	(136)	4.0%	(296)
Work-Exempt Cases	**35.8%**	**(1,407)**	**34.6%**	**(1,200)**	**35.2%**	**(2,607)**
Child-Only	18.6%	(731)	14.9%	(516)	16.9%	(1,247)
Child under One	9.9%	(390)	9.5%	(328)	9.7%	(718)
Long-term Disabled	5.3%	(208)	8.1%	(279)	6.6%	(487)
Caring for Disabled Family Member	1.1%	(44)	1.4%	(50)	1.3%	(94)
Needy Caretaker Relative	0.9%	(34)	0.8%	(27)	0.8%	(61)

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?

Another case management tool employed in Maryland is the systematic classification of cases that close. When families' TCA cases close, they are assigned case closure reasons in the administrative database by caseworkers. Though these are subject to human error, they offer a unique perspective into the lives of TCA families and the reasons they leave welfare. In Figure 3, we present the top four case closure reasons for each cohort as well as a category that combines the other reasons.

For the entire sample, work sanctions (27.6%) are the most common reason for case closure. If determined to be work-eligible, adults receiving TCA must comply with work activity requirements. If they fail to comply, they may be sanctioned, and their TCA cases close until compliance is met.

The second most common reason for case closure is income above limit (23.2%). Clients who obtain employment may become ineligible for cash assistance if their income reaches the maximum allowable amount for their families. If income reaches this limit, their cases will be closed. Assuming they are the only group that leaves welfare for work underestimates the true number of adults who do, in fact, leave welfare for work. An analysis of UI-wage data and administrative case closure codes in Maryland showed that more than half of clients had earnings, while less than 30% had their case close because of income above limit (Ovwhigo, Tracy, & Born, 2004). Some adults who leave for work, for instance, may choose to not reapply for benefits, as did one in 10 (11.0%) leavers in this sample.

The third most common reason for case closure among welfare leavers is not providing eligibility or verification information that is required to receive benefits. TCA clients must routinely submit documentation requested by caseworkers to prove they are eligible for benefits. When clients forget to turn in required documentation or miss appointments, their cases are closed. About one in six (17.0%) cases closed for this reason.

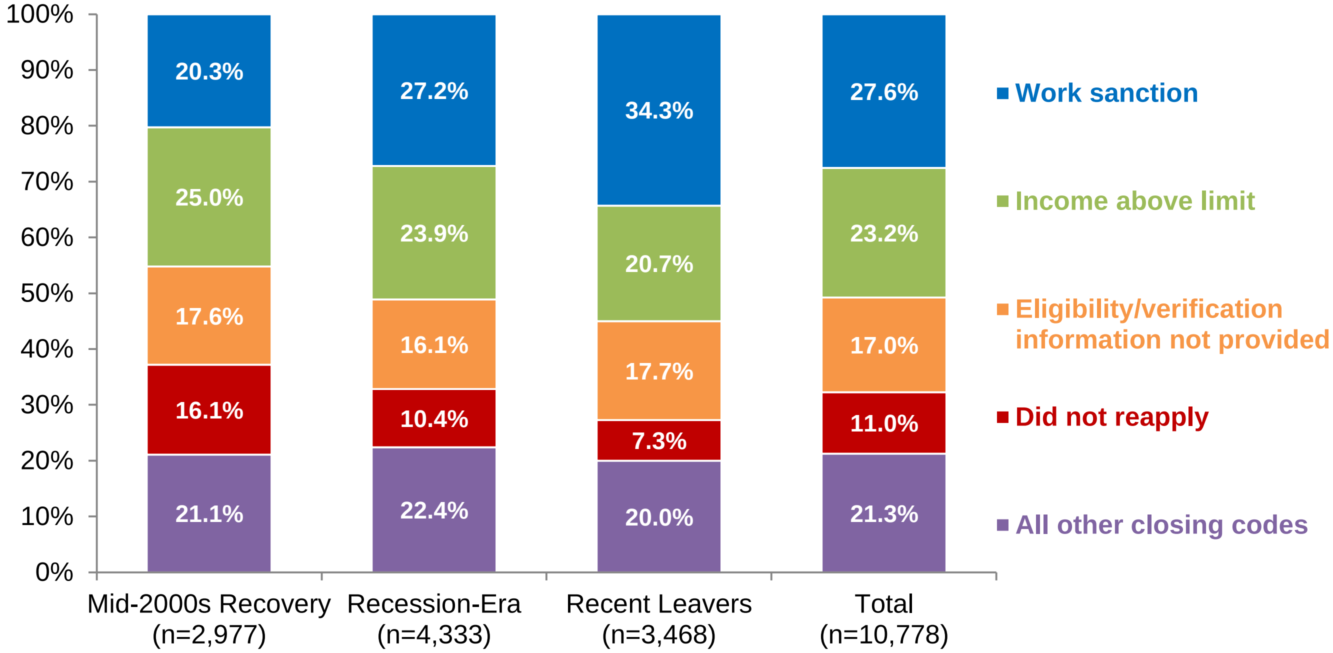
Across cohorts, the percent of cases that closed due to a work sanction increased considerably from one in five (20.3%) cases during the mid-2000s to more than one in four (27.2%) during the recession era. In recent years, one out of every three (34.3%) cases closed due to a work sanction. This increase in work sanctions has also been documented in our annual report on case closures (Gleason & Passarella, 2015). Although work sanctions are used to prompt compliance, longitudinal research shows that sanctioning has a negative effect on clients. In fact, compared to non-sanctioned clients, clients who receive a full-family sanction experience significantly lower earnings, even a year after receiving the sanction (Fording, Schram, & Soss, 2013).

As work sanctions increased over time, the percent of cases that closed due to income above limit decreased. This was the closure reason cited most often (25.0%) for the mid-2000s cohort. Leavers during this time exited into a strong and healthy economy with opportunities for gainful employment, though many of those employment opportunities were in low-skill, low-wage sectors (Strawn, 2010). Unfortunately, employment prospects were grimmer for leavers in the recession-era and recent cohorts. Consequently, closures due to income above limit decreased to 23.9% and 20.7%, respectively.

The percent of payees who did not reapply for benefits also declined over time. During the mid-2000s one out of every six (16.1%) cases closed because the payee did not reapply. This decreased nearly six percentage points to only one in 10 (10.4%) cases during the recession era and declined again to 7.3% for recent leavers.

While there are changes in the three aforementioned case closure reasons, the remaining reasons, including eligibility/verification information not provided and all other reasons, remained relatively stable over time. At any given point, approximately one in six cases closed due to missing eligibility or verification information, and about one in five cases closed for some other reason.

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

In this chapter, we provide information about families' histories with the TCA program as well as their returns to the program after exit. Specifically, we present data on the length of their TCA spells, the number of months of receipt in the previous five years, and finally, their recidivism patterns over time, for each cohort as well as the entire sample. Information on early leavers' TCA history and recidivism patterns is available in Appendices D and E.

What are leavers' histories with the welfare program?

Table 4 shows two different measures of welfare history. First, it shows the length of the TCA spell, which is the number of consecutive months a family received welfare before leaving. Second, it shows the total number of months of TCA receipt in the previous five years. In addition to reporting average and median months, each of these measures is presented categorically.

As Table 4 shows, the overwhelming majority (84.0%) of welfare leavers had a TCA spell of 12 or fewer months at the time their cases closed. Only one in 10 (10.1%) had a TCA spell of 13 to 24 months. Very few (5.9%) had a spell spanning two years or more. This finding is common: in fact, this is a trend we see in the *Life after Welfare* series. It is also generally true across cohorts, although leavers during the recession era had slightly longer welfare spells (9.25 months) than mid-2000s leavers (8.86 months) or recent leavers (7.89 months). In Maryland, families overwhelmingly receive TCA for short periods of time, a pattern that is consistent with the spirit of welfare reform and contrary to stereotypes of recipients.

Even though families often have short TCA spells, their previous history with the program is more heterogeneous. Leavers from the mid-2000s and recent cohorts had very similar histories, but leavers from the recession-era cohort had uniquely short histories. Just over two in five leavers had a year or less of total TCA receipt in the previous five years for both the mid-2000s cohort (43.6%) and the recent cohort (45.0%). An additional two in five leavers had between one and three years of previous TCA receipt (39.3% and 38.7%, respectively). A minority had more than three years of TCA receipt in the previous five years (17.2% and 16.3%, respectively).

The recession-era cohort, on the other hand, had an increase in leavers with relatively short TCA histories. On average, leavers in this cohort had approximately three fewer months of previous receipt compared to the other two cohorts (17 months vs. 20 months). Additionally, more than half (53.2%) received TCA for one year or less. This data reflects the use of TCA as part of the safety net during economically challenging times.

Table 4. Welfare History

	Mid-2000s Recovery		Recession-Era		Recent Leavers		Total Sample	
	01/04 - 03/07		04/07 - 12/11		01/12 - 03/15		01/04 - 03/15	
	(n=2,977)		(n=4,333)		(n=3,468)		(n=10,778)	
Length of TCA Spell*								
12 months or fewer	83.0%	(2,471)	83.2%	(3,603)	85.9%	(2,978)	84.0%	(9,052)
13 to 24 months	11.2%	(334)	10.5%	(455)	8.6%	(298)	10.1%	(1,087)
25 to 36 months	3.0%	(89)	2.7%	(119)	2.5%	(86)	2.7%	(294)
37 to 48 months	1.2%	(37)	1.2%	(51)	1.1%	(38)	1.2%	(126)
49 to 60 months	0.4%	(13)	0.7%	(31)	0.6%	(22)	0.6%	(66)
61 + months	1.1%	(33)	1.7%	(74)	1.3%	(46)	1.4%	(153)
Average*** [Median]	8.86	[5]	9.25	[5]	7.89	[4]	8.70	[5]
TCA Receipt in the 5 Years Before Exit***								
12 months or fewer	43.6%	(1,298)	53.2%	(2,304)	45.0%	(1,562)	47.9%	(5,164)
13 to 24 months	23.6%	(702)	24.9%	(1,079)	25.1%	(870)	24.6%	(2,651)
25 to 36 months	15.7%	(466)	9.7%	(422)	13.6%	(471)	12.6%	(1,359)
37 to 48 months	9.0%	(267)	5.1%	(222)	8.0%	(277)	7.1%	(766)
49 to 60 months	8.2%	(244)	7.1%	(306)	8.3%	(288)	7.8%	(838)
Average*** [Median]	20.38	[15]	17.06	[12]	19.64	[14]	18.81	[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

What percent of leavers return to welfare?

Welfare, as we have shown, is often a short-term solution for families. The goal is to quickly move recipients into jobs that will allow them to support their families without cash assistance. For some families, this is certainly attainable. Other families, however, ultimately return to cash assistance for various reasons.

Previous research has shown that there are certain factors that make some families more likely to return than others. In particular, families headed by African American women, women without a high school diploma, women with younger children, and women who received a work sanction are more likely to return to TCA than their respective counterparts (Hall, Nicoli, & Passarella, 2014; Passarella, Hall, & Born; 2013).

One of the primary reasons former recipients return to TCA is because of the multitude of barriers they face in their complex lives. A great deal of research has documented these barriers: physical and mental impairments, reliance on weak social networks, logistical barriers such as child care, housing, and transportation, and human capital deficits, all of which make securing gainful employment more difficult (Alfred & Martin, 2007; Bloom, Loprest & Zedlewski, 2011; Cheng, 2010; Cook, 2011; Loprest & Nichols, 2011; Ovwigho, Saunders, & Born, 2005; Williamson, Saunders, & Born, 2011).

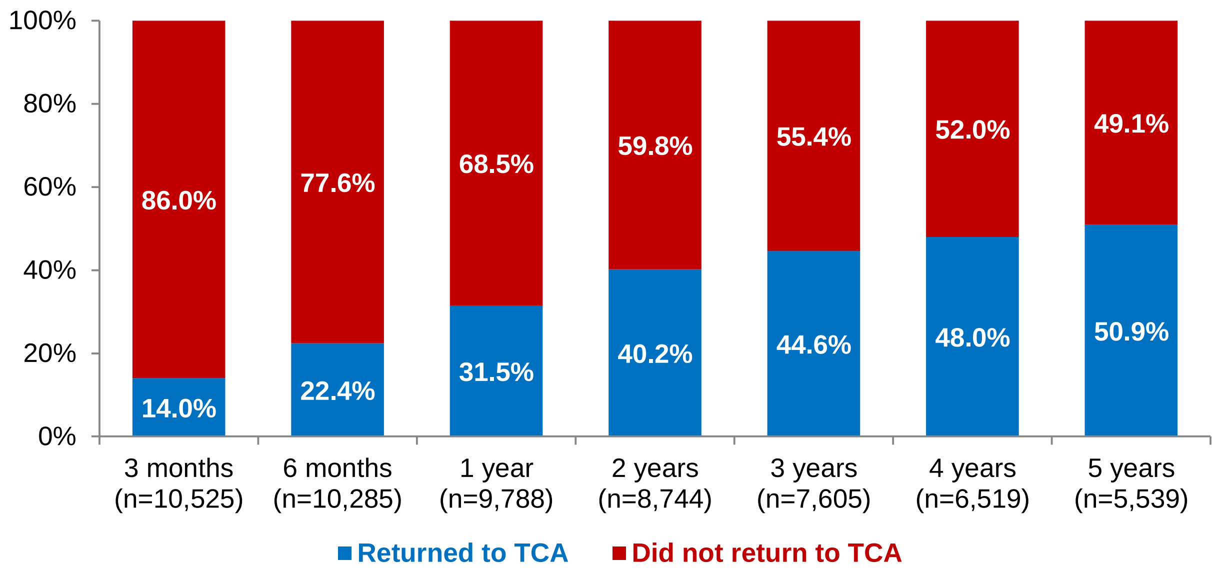
A second main reason former recipients return is because of the limited job opportunities available that offer earnings suitable for remaining off welfare. In a labor market plagued with volatile work schedules and low earnings, it is not surprising that some families continue to struggle financially even while working (Wu, 2010). Many leavers are employed in low-skill sectors such as the service industry (Strawn, 2010), which is known for its inflexibility and low wages. Jobs with little security, low wages, irregular hours, and no benefits leave families struggling to maintain their households (Lein, 2013) and may not enable them to remain off the welfare rolls.

Aside from substandard employment and barriers, some former recipients return to TCA because they receive a work sanction. It is expected that adults who are sanctioned will comply with requirements, and their families will return to the rolls. As shown in the previous chapter, leavers are increasingly likely to receive a work sanction, which certainly affects the recidivism rate.

Keeping this context in mind, we present cumulative recidivism rates for all leavers in the sample in Figure 4. As shown, half (50.9%) of all families who leave welfare in Maryland return within five years. In previous editions of the *Life after Welfare* report, this five-year percentage was much lower because it included adults who left in the years following welfare reform, during an economically prosperous time. Indeed, five-year recidivism for those leavers is 43.8% (Appendix E), a difference of seven percentage points.

Figure 4 also shows that most families who return do so within one year of exit. Within six months, more than one in five (22.4%) leavers will return and by the first year, three in 10 (31.5%) leavers return. Cumulatively, two in five (40.2%) leavers return within two years. These findings are consistent with previous research conducted in Maryland (Born, Ovwhigo, & Cordero, 2002; Passarella, Hall, & Born, 2013).

Figure 4. Cumulative TCA Recidivism Rates



Does recidivism vary by cohort?

In Table 5, we examine the percent of leavers that return within 3, 6, and 12 months by cohort. We largely find that there are no differences among recession-era leavers and recent leavers, and we observe only small differences between mid-2000s leavers and recession-era leavers. Differences among cohorts were statistically significant only for six-month recidivism.

Across cohorts, approximately one out of seven leavers returned within three months (13.6%, mid-2000s recovery; 14.7% recession-era; 13.6%, recent leavers). At six months, one in five (20.7%) leavers in the mid-2000s cohort returned and 23.1% returned for the recession-era and recent cohorts, a difference of a couple percentage points. An identical pattern is observed at 12 months. Three in 10 (29.8%) leavers in the mid-2000s cohort returned within 12 months. For both the recession-era and recent cohorts, however, nearly one in three (32.2%) leavers returned within 12 months. These findings suggest that while first-year recidivism increased slightly during the recession era, early recidivism patterns have remained stable for several years.

Table 5. Recidivism by Cohort

	Mid-2000s Recovery 01/04 - 03/07 (n=2,977)	Recession-Era 04/07 - 12/11 (n=4,333)	Recent Leavers 01/12 - 03/15 (n=3,468)	Total Sample 01/04 - 03/15 (n=10,778)
3 Months Post-Exit				
Returned to TCA	13.6% (405)	14.7% (635)	13.6% (438)	14.0% (1,478)
Did not return	86.4% (2,572)	85.3% (3,698)	86.4% (2,777)	86.0% (9,047)
6 Months*				
Returned to TCA	20.7% (615)	23.1% (1,001)	23.1% (688)	22.4% (2,304)
Did not return	79.3% (2,362)	76.9% (3,332)	76.9% (2,287)	77.6% (7,981)
12 Months				
Returned to TCA	29.8% (886)	32.2% (1,397)	32.2% (797)	31.5% (3,080)
Did not return	70.2% (2,091)	67.8% (2,936)	67.8% (1,681)	68.5% (6,708)

Note: Follow-up data are available through March 2015, 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

One goal of the welfare program is to ensure that families are able to remain self-sufficient upon exiting welfare. Indeed, welfare reform was partially based on the premise that clients simply needed help finding employment. It was thought that any attachment to the labor market—regardless of earnings—would put them on the path to self-sufficiency. Recent research, however, suggests that Maryland welfare leavers do not experience an increase in earnings over time. Rather, many have inconsistent and unstable employment patterns, and the majority has low earnings (Nicoli, 2015). Maryland is not alone in this struggle: across the nation, only marginal improvements in the financial well-being of the poor were made after welfare reform, mostly due to the economic gains of the 1990s (Bane, 2009).

In this chapter, we gauge how well families are doing after welfare based on their employment and earnings after exit. To begin, we examine leavers' employment and earnings in the years before their welfare spells and also examine several post-welfare employment and earnings measures. Specifically, we look at short-term employment and earnings, employment retention, the industries in which leavers are employed, and long-term employment and earnings outcomes. All employment analyses include employment covered under Maryland Unemployment Insurance as described in the methods chapter. For reference, select employment analyses are presented in Appendix F for earlier leavers (October 1996 to December 2003).

What are leavers' employment histories and employment outcomes?

As shown in Figure 5, the majority of welfare leavers in the sample were employed at some point in the two years before their welfare spells (68.1%) and in the two years after their exits from welfare (67.1%). This is consistent with each previous *Life after Welfare*[5] report, suggesting that welfare recipients are willing and able to work.

Figure 5 also shows that leavers' employment experiences are heavily influenced by changes in the economy. Leavers who exited during the mid-2000s, a time of economic growth, had the highest pre- and post-employment. Seven out of 10 (72.1%) leavers during this time worked at some point in the two years prior to their cash assistance spells, and seven out of 10 (71.0%) also worked after exit.

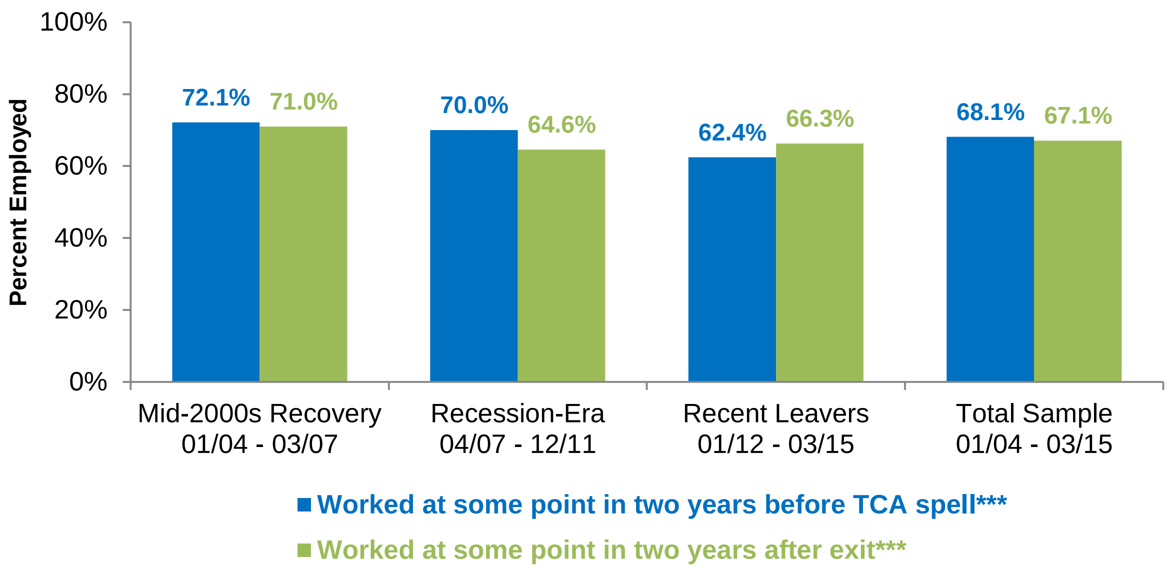
For recession-era leavers, the picture is less positive. Although seven in 10 (70.0%) worked in the two years before receiving assistance, under two thirds (64.6%) worked in the two years after exit. Compared to mid-2000s leavers, this is a considerable difference in the percent that worked in the two years after exit (71.0 vs. 64.6%). High unemployment plagued the entire country, and while Maryland wasn't hit particularly hard, many families still suffered from the effects. It is to be expected, then, that recession-era leavers were less likely to secure employment after exit.

Unfortunately, the effects of the Great Recession persisted for several years, which helps explain why recent leavers have the lowest pre-welfare employment of all three cohorts. Only three in five (62.4%) leavers in the most recent cohort worked in the two years before their cash assistance spells. Their post-welfare employment, however, is more positive. In fact, two thirds (66.3%) of leavers in the recent cohort were employed in the two years after exit, a higher percentage than leavers in the recession-era cohort. While there is still

[5] The employment findings presented here are slightly lower than last year's *Life after Welfare* report. The decrease reflects the lack of available out-of-state data and is not necessarily a true decrease.

room for improvement, it is worth noting that recent leavers are the only cohort that experienced marked employment gains from pre-welfare to post-welfare (62.4% to 66.3%). This suggests that recent leavers have been able to take advantage of the improving economy.

Figure 5. Percent Employed before TCA Spell and after Exit



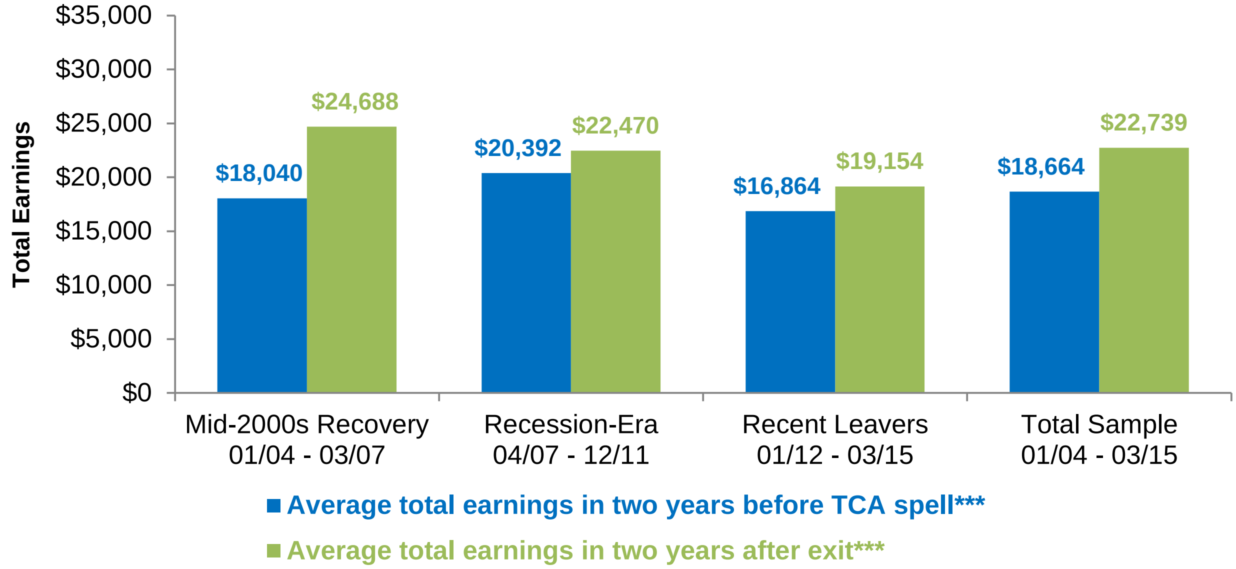
Note: Employment data for the two years after TCA is only available for leavers up through March 2013.Therefore, the percent who worked in the two years after TCA spell excludes leavers from April 2013 forward. This figure also excludes individuals for whom we have no unique identifier (n=123). Valid percentages are reported. *p<.05, **p<.01, ***p<.001

Although labor force attachment is considered a success, having a job does not necessarily translate into earnings that enable a family to remain self-sufficient. To examine whether leavers earn self-sufficient wages, we review total earnings in the two years before their cash assistance spells begin and total earnings in the two years after exit in Figure 6.

Similar to employment, recent leavers have the lowest pre-welfare earnings ($16,864) of all three cohorts. Mid-2000s leavers who were employed in the two years before entering cash assistance earned $18,040, on average. This is lower than the average pre-welfare earnings of leavers during the recession era ($20,392), who had the highest earnings in the two years before their TCA spell.

In general, we expect pre-welfare earnings to be lower than post-welfare earnings, given that the life event precipitating their TCA entry, such as loss of employment, is captured in pre-welfare earnings. However, post-welfare earnings are still a bit discouraging. Mid-2000s leavers earned $24,688 in the two years after exit, on average, gaining approximately $6,650 over their pre-welfare earnings. Recession-era leavers earned an average of $22,470 in the two years after exit, which is lower than the mid-2000s cohort and only about $2,000 higher than their pre-welfare earnings. Finally, recent leavers had the lowest post-welfare earnings, with an average of $19,154 in the two years after exit. Their post-welfare earnings were also just $2,300 more than their pre-welfare earnings.

Figure 6. Total Earnings before TCA Spell Entry and after Exit



Note: Earnings data for the two years after TCA is only available for leavers up through March 2013. Therefore, the average total earnings in the two years after TCA spell exclude leavers from April 2013 forward and those who were not employed. 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. This figure also excludes individuals for whom we have no unique identifier (n=123). Valid percentages are reported. *p<.05, **p<.01, ***p<.001

In which industries are leavers employed after exit?

In Table 6, we provide the 10 most common industries in which leavers work in the quarter immediately after exit. This ranking is based on the industries in which leavers were employed in the first quarter after their TCA exits. Industries were identified using the three-digit North American Industry Classification System (NAICS) codes.

For the total sample, the most common industries were administrative and support services (12.5%), professional and technical services (9.5%), general retail (8.1%), outpatient health care (8.1%), and restaurants (7.9%). Industries that are less common, but still within the top 10, include food and beverage retail (4.8%), education (4.6%), nursing homes (4.5%), government (3.3%), and nonprofits (3.1%). These 10 industries employed two thirds (66.4%) of all leavers.

Upon close examination of industries across cohorts, some general trends are clear. First, employment in four industries—professional and technical services, general retail, government, and restaurants—increased between the mid-2000s and recent cohorts. The professional and technical services industry experienced the largest growth. In the mid-2000s, 7.7% of leavers were employed in this industry with a slight increase during the recession era (8.8%). In recent years, the percent of leavers employed in the professional and technical services industry increased considerably to 12.3%. In fact, this was the most common industry in which recent leavers worked.

Two other industries—administrative and support services and outpatient health care—were less likely to employ welfare leavers across cohorts. During the mid-2000s, one in every seven (14.6%) leavers was employed in the administrative and support services industry, the most common industry among leavers during that time.

During the recession era, this percentage decreased to 11.1% and in recent years, increased slightly to 12.2%. Outpatient health care also experienced a decrease across cohorts (mid-2000s, 8.8%; recession-era, 8.2%; recent leavers, 7.1%). This decrease, however, is less substantial than what is observed for administrative and support services. Once the most common industry among welfare leavers, by far, administrative and support services is on par with the professional and technical services industry among recent leavers.

In recent years, welfare leavers have been less likely to be employed in industries such as education, nursing homes, and nonprofits, compared to previous years. This is discouraging, given that these are some of the promising industries that offer better earnings opportunities and employment-retention prospects (Nicoli, Passarella, & Born, 2014). As employment in these industries decreased, employment in general retail and restaurants has increased. These two industries are often associated with volatile work schedules and low earnings, which make it difficult for families to remain self-sufficient (Ben-Ishai, 2015).

Industry Descriptions

Administrative & Support

(NAICS=561)

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

(NAICS=541)

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

General Retail

(NAICS=452)

Department stores and other general merchandise stores.

Outpatient Health Care

(NAICS=621)

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

Restaurants

(NAICS=722)

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

Food & Beverage Retail

(NAICS=445)

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

Education

(NAICS=611)

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

Nursing Homes

(NAICS=623)

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

.

Government

(NAICS=921)

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

Nonprofits

(NAICS=813)

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

In Table 7, we examine the average earnings of leavers in the first quarter after exit by industry and cohort. Average quarterly earnings for the total sample ranged widely from $2,257 for restaurants[6] to $6,770 for government. Additionally, earnings by industry generally increased between the mid-2000s and recession-era cohorts, while earnings decreased for most industries between the recession-era and recent cohorts.

Leavers employed in government took the hardest hit, losing an average of nearly $2,400 in quarterly earnings between the mid-2000s ($7,745) and recent years ($5,375). Leavers in professional and technical services also experienced a loss of about $900 between the mid-2000s ($4,186) and recent years ($3,257). For each of these industries, the loss was most pronounced between the recession era and recent years. Losses in average quarterly earnings are also evident in general retail, outpatient health care, and food and beverage retail.

Although quarterly earnings decreased across cohorts for many industries, there are some industries in which wages either increased or remained stable. Average earnings for administrative and support services, nursing homes, and nonprofits remained somewhat stable, with only minimal gains or losses between the mid-2000s cohort and the recent cohort. Furthermore, restaurants and education both experienced an increase of close to $700 in average quarterly earnings across cohorts.

Taken together, Table 6 and Table 7 show that employment and earnings prospects for current leavers are dismal. Employment opportunities in some of the highest paying industries, such as outpatient health care, education, and nursing homes, are decreasing while employment in low-paying industries, such as restaurants and general retail, is increasing. Moreover, earnings across the top 10 industries have decreased between the mid-2000s and recent years. This finding is consistent with Figure 6, which shows that total earnings for recent leavers are much lower than the other cohorts. Unfortunately, the occupations that are adding the most jobs in the national economy are experiencing wage declines, and these declines largely affect the lowest-paid workers (National Employment Law Project, 2015). This decrease in earnings presents a challenge to the welfare program's efficacy: if families cannot earn enough to support their families, they will be more likely to turn to cash assistance again in the future.

[6] Restaurant earnings include only data available in the UI database; consequently, additional earnings such as tips are not included in this average.

Table 6. Top 10 Industries 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 – 12/14 (n=1,267)	**Total Sample** 01/04 – 12/14 (n=4,421)
Administrative & Support	14.6%	11.1%	12.2%	12.5%
Professional & Technical	7.7%	8.8%	12.3%	9.5%
General Retail	6.5%	9.2%	8.2%	8.1%
Outpatient Health Care	8.8%	8.2%	7.1%	8.1%
Restaurants	6.7%	8.5%	8.3%	7.9%
Food & Beverage Retail	4.7%	4.7%	4.8%	4.8%
Education	4.6%	5.2%	3.7%	4.6%
Nursing Homes	4.9%	5.1%	3.1%	4.5%
Government	2.7%	3.7%	3.6%	3.3%
Nonprofits	3.2%	3.2%	2.8%	3.1%

Note: Employment data for the first quarter after exit is only available for leavers up through December 2014. This table excludes individuals for whom we have no unique identifier (n=123). Valid percentages are reported. *p<.05, **p<.01, ***p<.001

Table 7. Average Earnings for Leavers in Top 10 Industries
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 – 12/14 (n=1,267)	**Total Sample** 01/04 – 12/14 (n=4,421)
Administrative & Support	$3,214	$3,557	$3,209	$3,336
Professional & Technical	$4,186	$4,263	$3,257	$3,871
General Retail	$2,828	$2,677	$2,396	$2,632
Outpatient Health Care	$4,963	$4,999	$4,682	$4,907
Restaurants	$1,749	$2,436	$2,436	$2,257
Food & Beverage Retail	$2,974	$2,952	$2,730	$2,894
Education	$4,716	$6,454	$5,365	$5,667
Nursing Homes	$4,685	$4,920	$4,577	$4,773
Government	$7,745	$7,174	$5,375	$6,770
Nonprofits	$5,406	$5,200	$5,449	$5,330

Note: Employment data for the first quarter after exit is only available for leavers up through December 2014. This table excludes individuals for whom we have no unique identifier (n=123). 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 2015 dollars.

For how long do leavers retain employment?

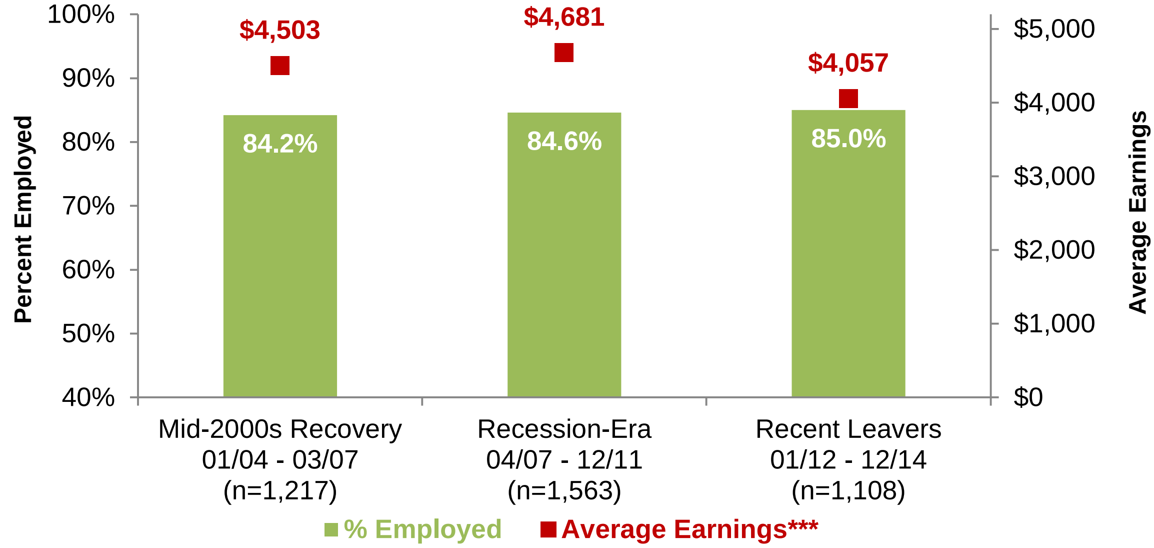
Program administrators are increasingly concerned with not just whether welfare leavers are employed after exit, but whether they are able to *stay* employed after exit. The concern with employment retention is obvious: if leavers are able to stay employed, then they may be less likely to return to cash assistance. To that end, we present figures on the employment retention of welfare leavers after their exit. In Figures 7 and 8, specifically, we present three-month and six-month employment-retention rates for welfare leavers who were employed in the exit quarter and their earnings during these time periods.

Three-month retention begins with leavers who were employed in the quarter in which they exited cash assistance. If those leavers continue to be employed in the following quarter, they have retained employment for three months. To be clear, in order to have retained employment for three months, the leavers need to be employed at some point in the exit quarter and quarter after exit; they may not have been employed for the entire quarter or may have even switched employers. Six-month retention is similarly measured. In this analysis, only leavers who were employed in the exit quarter and the two quarters after exit are considered to have retained employment for six months.

As shown in Figure 7, three-month employment retention remained stable across all three cohorts. About 85% of leavers who were employed during the exit quarter were also employed in the quarter after exit. Though there is some variation in earnings during the quarter after exit, they, too, are surprisingly stable over time. Leavers who were employed in the exit quarter and quarter after exit earned, on average, between $4,000 and $4,700 in the quarter after exit. Recent leavers have the lowest quarterly earnings, however, earning just $4,057.

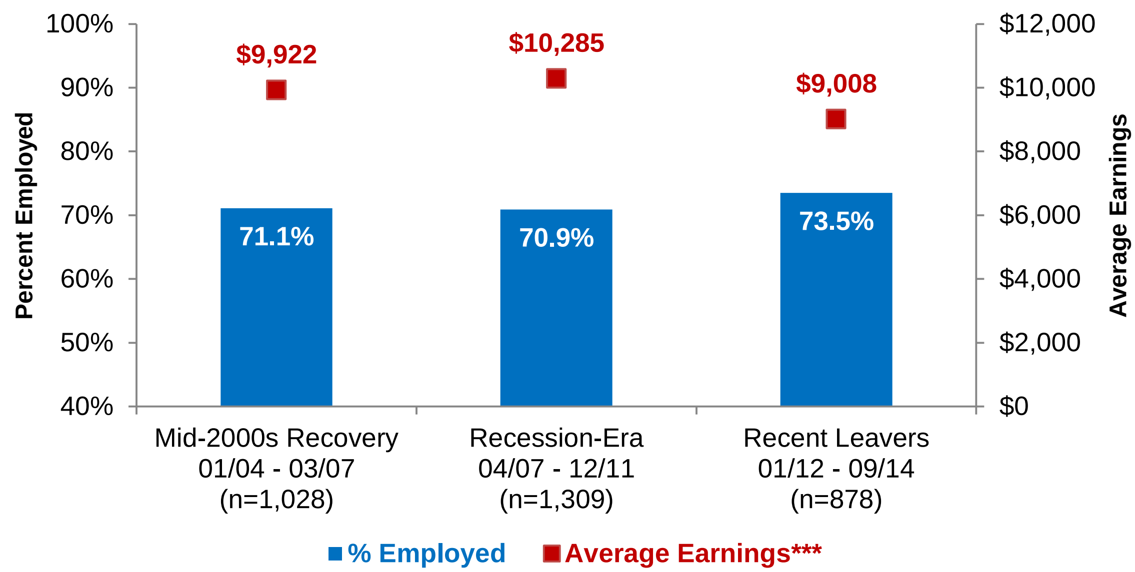
Six-month employment retention was also fairly steady across cohorts. At least seven out of every 10 leavers who were employed in the exit quarter were also employed in the first two quarters after exit. Though six-month retention is lower than three-month retention, it is encouraging to see that recent leavers had the highest six-month retention rates (73.5%). Average earnings, for those six months, however, were again lowest for the most recent cohort ($9,008) compared to the mid-2000s cohort ($9,922) and recession-era cohort ($10,285).

Figure 7. Three-Month Employment Retention and Average Earnings



Note: This figure excludes individuals for whom we have no unique identifier (n=123) and individuals who did not have a full quarter of follow-up data available. 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 2015 dollars. *p<.05, **p<.01, ***p<.001

Figure 8. Six-Month Employment Retention and Average Earnings



Note: This figure excludes individuals for whom we have no unique identifier (n=123) and individuals who did not have a full two quarters of follow-up data available. 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 2015 dollars. *p<.05, **p<.01, ***p<.001

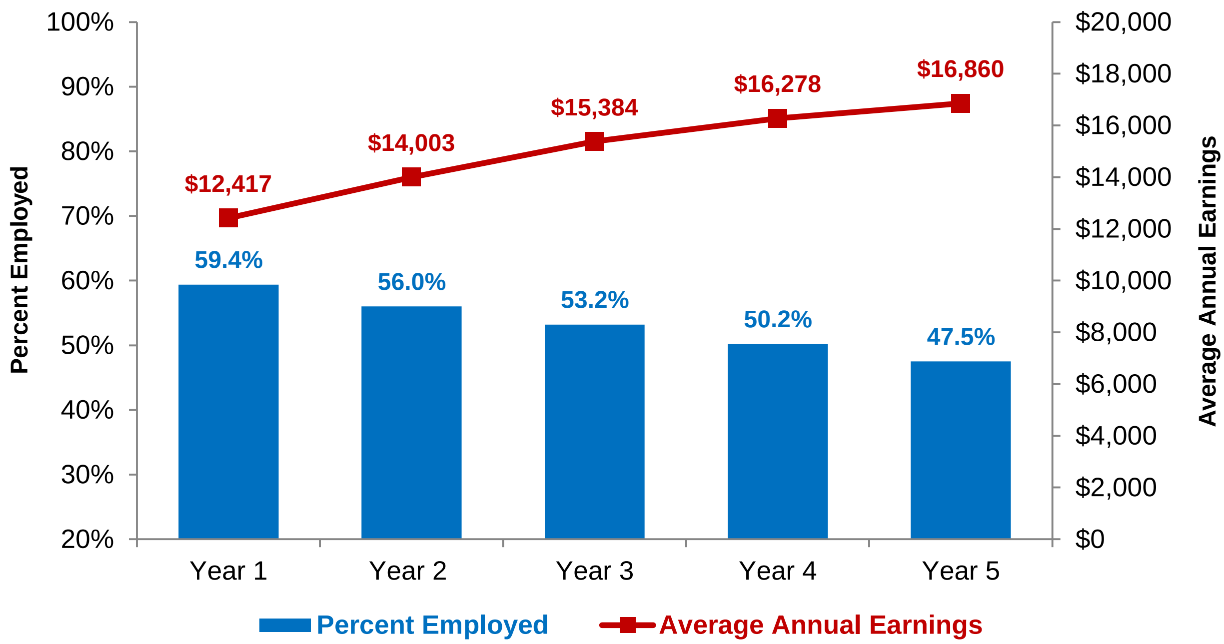
What are leavers' long-term employment outcomes?

In this chapter, we have largely focused on the short-term employment outcomes of welfare leavers. In this final section, we consider two long-term outcomes. Specifically, we focus on the five years after exit and show annual and quarterly earnings and employment.

In Figure 9, we show the percent of leavers who were employed in each year after exit as well as their corresponding earnings for each year. To be clear, this figure represents any leaver who was employed at any point in each of the follow-up years. As shown, employment decreases over time, and earnings increase. In the first year after exit, three out of five (59.4%) leavers were employed and earned, on average, $12,417 during the year. By the fifth year after exit, just under half (47.5%) of all leavers were employed, and they earned an average of $16,860 during the year, an increase of 36% in earnings over five years.

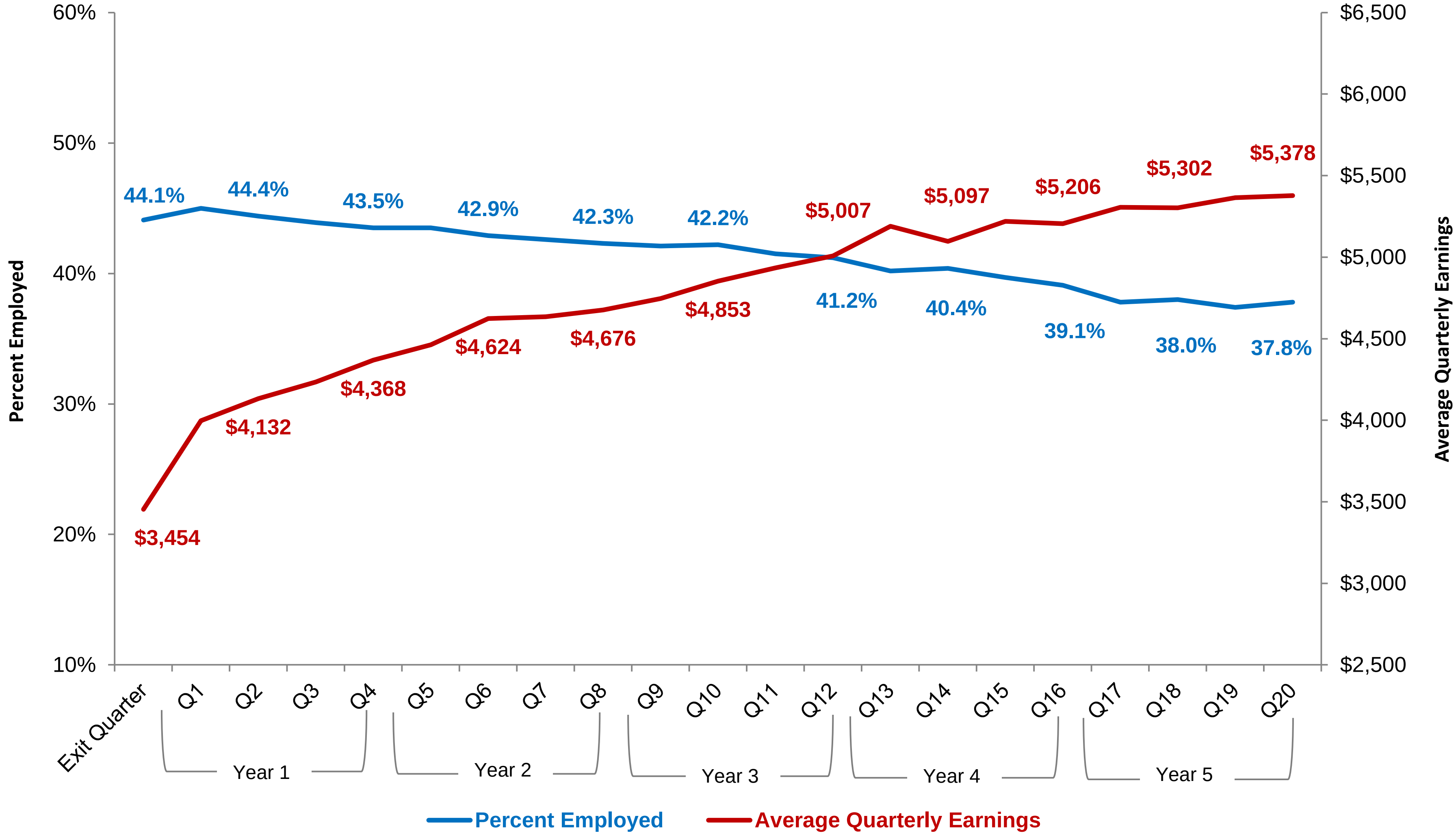
In Figure 10, we present similar findings in a different format. Although annual earnings are more intuitive, quarterly data can offer unique insights. Figure 10, then, presents quarterly employment and earnings for five years after exit. Similar to Figure 9, the percent of welfare leavers who are employed in each quarter after exit decreases over time. In the exit quarter, just over two in five (44.1%) leavers are employed. By the 20th quarter, or five years, after exit, only 37.8% of all leavers in the sample are employed, a decrease of approximately six percentage points. On the other hand, quarterly earnings increased over time. In the exit quarter, employed leavers earned, on average, $3,454. In the 20th quarter, average earnings for employed leavers were $5,378, an increase of 56% over five years.

Figure 9. Annual Employment and Average Annual Earnings



Note: This figure excludes individuals for whom we have no unique identifier (n=123). Post-exit earnings exclude individuals who were not working that year. Valid percentages are reported. Wages are standardized to 2015 dollars. *p<.05, **p<.01, ***p<.001

Figure 10. Quarterly Employment and Average Quarterly Earnings



Note: This figure excludes individuals for whom we have no unique identifier (n=123). 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 2015 dollars.

As shown in the previous chapter, most adults work after they leave cash assistance. However, earnings immediately after exit are often low, requiring many families to rely on other public support systems to smooth their transition from welfare. In Maryland, several programs are available to assist families in this transition. In this chapter, we discuss families' use of three major programs: the Food Supplement Program (Maryland's version of the federal Supplemental Nutrition Assistance Program), Medical Assistance/Maryland's Children Health Insurance Program, and the public child support program.[7]

What are the Food Supplement Program participation patterns?

Figure 11 shows the percent of Maryland welfare leavers who participated in the Food Supplement Program[8] (FSP) in the years following their exit. Predictably, the vast majority (84.0%) of leavers still participate in the Food Supplement Program in the first year after exit. Though participation rates decline in the second year after exit, just fewer than three out of four (73.4%) leavers still receive this work support. Participation rates fall only a few percentage points in the third year after exit (69.7%), and after three years, participation rates remain relatively stable (67.7% and 67.0% in the fourth and fifth years, respectively).

These high participation rates are expected for many reasons. First, families receive FSP when on cash assistance, and most are guaranteed transitional FSP benefits for at least the first five months after they leave welfare (Maryland Department of Human Resources, 2002). Second, many families return to cash assistance within the first few years after exit, up to 45% within three years of exit. Families who return are captured in the FSP participation rates since they are automatically approved for the benefit once they are receiving TCA again.[9]

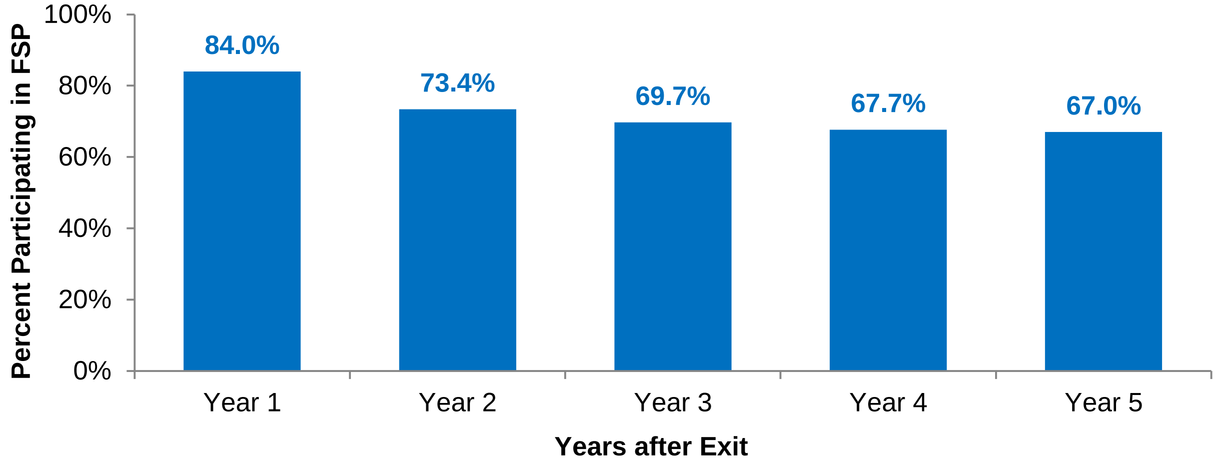
Third, these high participation rates are a reflection of substantial outreach efforts conducted in Maryland in recent years. And, lastly, the participation rates are partly a result of the increased uptake of FSP benefits during the Great Recession. As families lost jobs, they were increasingly likely turn to the state for food assistance. Between federal fiscal years 2007 and 2012, in fact, FSP participation rates increased 118% in Maryland (Maryland Hunger Solutions, n.d.). These participation rates are a testament to how important this program is for some of Maryland's most vulnerable families.

[7] Data on other major work support programs, such as the Child Care Development Fund, Supplemental Security Income, and Earned Income Tax Credit are not included in this report.

[8] For more information about the Food Supplement Program, please visit the Maryland Department of Human Resources website: http://www.dhr.state.md.us/blog/?page_id=5514

[9] Including families that return inflates FSP participation percentages. This finding is based on the authors' separate analysis of FSP participation excluding families that returned to TCA.

Figure 11. Food Supplement Program Participation Rates



Does Food Supplement Program participation vary by cohort?

To expand on the discussion of the Food Supplement Program, we present participation rates for 1-3 months, 4-6 months, and 7-12 months after exit by cohort in Table 8. Across cohorts, leavers are more likely to participate in this crucial program. Participation in the first year after exit is substantially lower in the mid-2000s recovery cohort than in the other two cohorts. Approximately seven in 10 (72.2%) leavers from this cohort received FSP in the first 1-3 months after exit, while nearly four in five (78.8%) leavers from the recession-era cohort and most (84.9%) of the recent leavers received it. The same pattern is evident in the 4-6 months after exit as well as the 7-12 months after exit. Recent leavers certainly used this program more than the other two cohorts.

Table 8. Food Supplement Program Participation Rates by Cohort

	Mid-2000s Recovery 01/04 - 03/07 (n=2,977)		**Recession-Era** 04/07 - 12/11 (n=4,333)		**Recent Leavers** 01/12 - 03/15 (n=3,468)		**Total Sample** 01/04 - 03/15 (n=10,778)	
Months 1-3***	72.2%	(2,149)	78.8%	(3,413)	84.9%	(2,730)	78.8%	(8,292)
Months 4-6***	68.3%	(2,033)	76.5%	(3,316)	82.0%	(2,440)	75.2%	(7,789)
Months 7-12***	63.5%	(1,891)	73.8%	(3,199)	80.1%	(1,984)	72.3%	(7,074)

Note: Follow-up data are available through March 2015, so 3-month, 6-month, and 12-month data are unavailable for some leavers in the recent year cohort. Valid percentages are reported. *p<.05, **p<.01, ***p<.001

What are the Medical Assistance participation patterns?

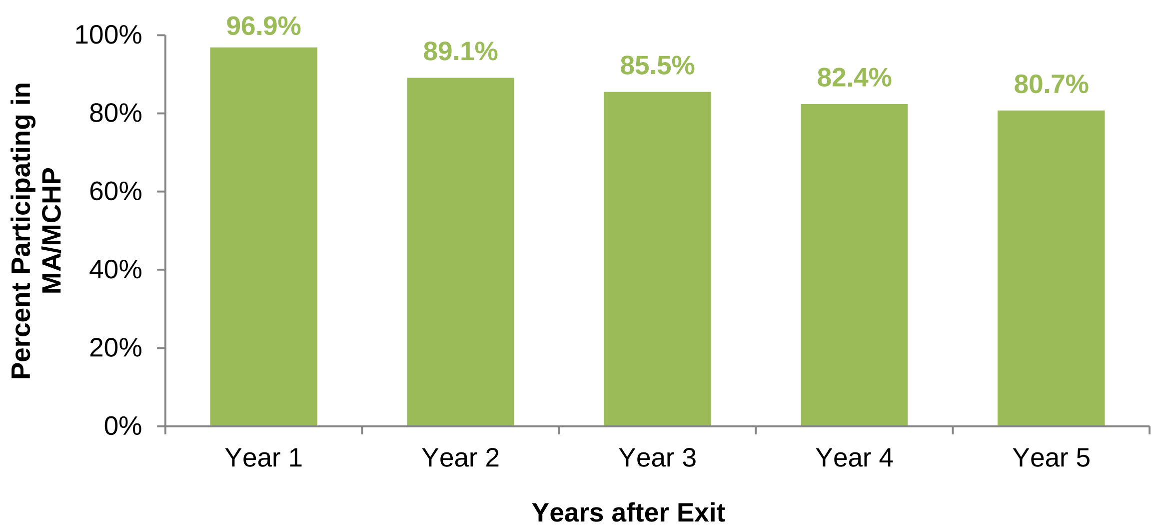
Maryland's medical assistance (MA)[10] program and children's health insurance program (MCHP) utilize federal and state funds to provide essential health coverage to low-income parents and children. In Maryland, this program is vital to children's health, serving one out of every three (32.6%) children in the state (American Academy of Pediatrics, 2015). All low-income families approved for cash assistance benefits are automatically enrolled in the program (Maryland Department of Health and Mental Hygiene, 2012).

In Figure 12, we present the percentage of welfare leavers with at least one person on the case receiving MA in the years after exit. Similar to FSP, MA can be provided as a transitional benefit for up to a year after families leave welfare (Maryland Department of Human Resources, 2008). Furthermore, families that return to TCA are automatically approved for MA/MCHP and begin receiving it again.[11] It is not alarming then, that virtually all (96.9%) families that leave cash assistance in Maryland have at least one case member that receives MA in the first year after exit. In the second year after exit, this percentage decreases to nine in 10 (89.1%). By the fifth year after exit, four of every five (80.7%) families who exited are still receiving MA benefits. Due to the recent passage of the Patient Protection and Affordable Care Act, we expect that high rates of participation in the medical assistance program will continue.

[10] For more information about this program, please visit the Maryland Department of Human Resources website: http://www.dhr.state.md.us/blog/?p=96#medi

[11] Including families that return inflates MA/MCHP participation percentages. This finding is based on the authors' separate analysis of MA/MCHP participation excluding families that returned to TCA.

Figure 12. Medical Assistance/MCHP Participation Rates



Note: Represents any case member in the assistance unit that received MA/MCHP.

Does Medical Assistance participation vary by cohort?

Table 9 shows the percent of payees, children, and any member on the cash assistance case who participated in Medical Assistance/MCHP in 1-3 months, 4-6 months, and 7-12 months after exit. These percentages are shown for each cohort. Overall, approximately 90% to 96% of children and any case member received MA benefits in each cohort and in each time period.

Payees' participation, on the other hand, increases over time. The pattern here is similar to what we observe for FSP participation. Participation in MA is lowest for the mid-2000s recovery cohort. Just over four fifths (82.9%) of mid-2000s payees received MA benefits in the first few months after their exit from cash assistance. Throughout the first year after exit, participation decreased to 79.9% in the 4-6 months after exit and 76.0% in the 7-12 months after exit. During the recession era, approximately four out of five payees participated in the program for the entire first year after exit (81.9% to 84.2%). Recent payees had the highest participation, with very little change throughout the first year (85.3% to 88.0%) Higher levels of participation among recession-era and recent leavers reflect recent efforts to increase health insurance coverage at the state and federal levels.

Table 9. Medical Assistance/MCHP Participation Rates by Cohort

	Mid-2000s Recovery 01/04 - 03/07 (n=2,977)		Recession-Era 04/07 - 12/11 (n=4,333)		Recent Leavers 01/12 - 03/15 (n=3,468)		Total Sample 01/04 - 03/15 (n=10,778)	
Months 1-3								
Payee***	82.9%	(2,469)	84.2%	(3,647)	88.0%	(2,829)	85.0%	(8,945)
Any Child	92.1%	(2,741)	92.4%	(4,004)	93.4%	(3,004)	92.6%	(9,749)
Any Case Member	95.2%	(2,835)	95.4%	(4,135)	95.9%	(3,083)	95.5%	(10,053)
Months 4-6								
Payee***	79.9%	(2,379)	82.3%	(3,564)	85.7%	(2,549)	82.6%	(8,492)
Any Child*	90.3%	(2,687)	91.2%	(3,950)	92.1%	(2,740)	91.2%	(9,377)
Any Case Member	93.2%	(2,775)	94.1%	(4,079)	94.6%	(2,813)	94.0%	(9,667)
Months 7-12								
Payee***	76.0%	(2,264)	81.9%	(3,547)	85.3%	(2,113)	81.0%	(7,924)
Any Child*	89.7%	(2,670)	90.9%	(3,940)	91.8%	(2,275)	90.8%	(8,885)
Any Case Member*	92.9%	(2,765)	94.1%	(4,078)	94.4%	(2,339)	93.8%	(9,182)

Note: Follow-up data are available through March 2015, 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 cash assistance?

The final work support we discuss in this chapter is child support received from the public child support program.[12] As a condition of TCA receipt, families must cooperate with the child support enforcement agency. Cooperation includes establishing paternity and pursuing a support order, which is the legal financial obligation of the noncustodial parent.

In Maryland and many other states, cooperation also includes signing over child support payments to the state while the family receives TCA. The child support collected while the family is receiving cash assistance is retained by the state to reimburse the federal and state governments for cash benefits paid to the family. If an adult is uncooperative with these requirements, the family faces the total loss of their TCA grant. Under rare circumstances, the requirement to cooperate with child support can be waived. In Maryland, these cases typically involve the potential for physical or emotional harm to the parent or child (Hall, Passarella, & Nicoli, 2015).

In each publication of *Life after Welfare,* we drive home the point that child support is an indispensable work support for families who leave welfare. This is a finding worth repeating year after year because child support, when received, accounts for approximately 40 percent of a poor family's income, on average (Sorensen, 2010).

Furthermore, it helps clients remain off welfare after exit. In Maryland, half of women who both have an order for current support and receive child support after exit are able to remain off welfare (Hall & Passarella, 2015). Some support, even if nominal or inconsistent, can also play an important role in ensuring families do not have to obtain cash assistance benefits (Hall & Passarella, 2015, Huang, Kunz, & Garfinkel, 2002; Miller, Farrell, Cancian, & Meyer, 2005).

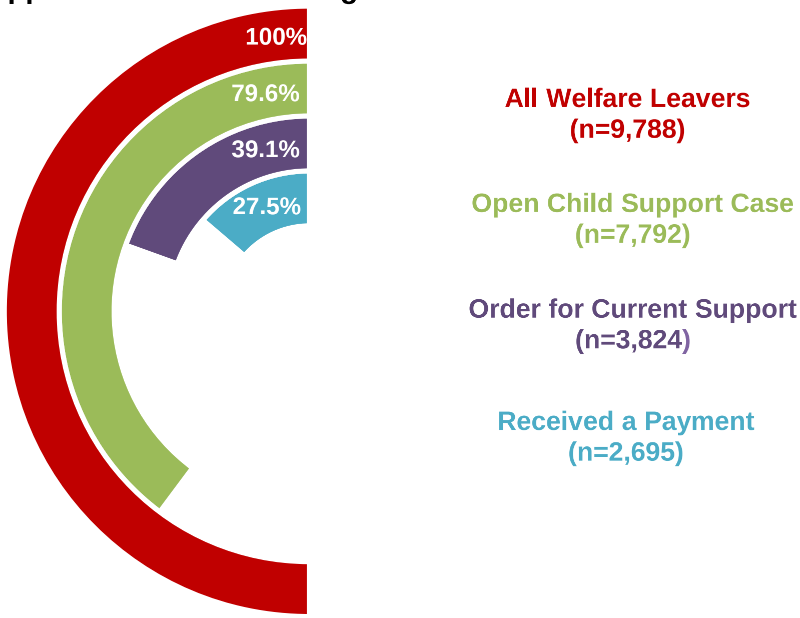
For all leavers in the sample, Figure 13 displays the child support case status during the first year after exit. Four out of every five (79.6%) leavers have an open child support case. Because child support is not an appropriate work support to pursue for all families, it is not surprising that *all* leavers do not have an open case. Some families, for example, may include both parents on the TCA grant. Other reasons for not having an open child support case include challenges to paternity establishment or a good cause waiver for not pursuing child support. Out of all welfare leavers, two in five (39.1%) have an order for current support established within the first year after exit, and more than one in four (27.5%) actually receive a payment within that first year.

What are patterns of support establishment and payments after exit?

In Figure 14, the percent of all welfare leavers with current support due and the percent who received a payment are presented for each of the five years after exit. Though percentages in this figure are lower than might be desired, the results reveal a stable pattern, indicating the child support program is able to reliably serve low-income families each year. In the first year after exit, two in five (39.1%) leavers are owed current support, and more than one in four (27.5%) receive a payment. Each year, the percent with current support due and the percent with a payment decreases by less than one percentage point. By the fifth year after exit, slightly less than two in five (36.1%) leavers still have an order for current support, and one in four (24.7%) receive a payment. These findings are consistent both across cohorts and with previous *Life after Welfare* reports.

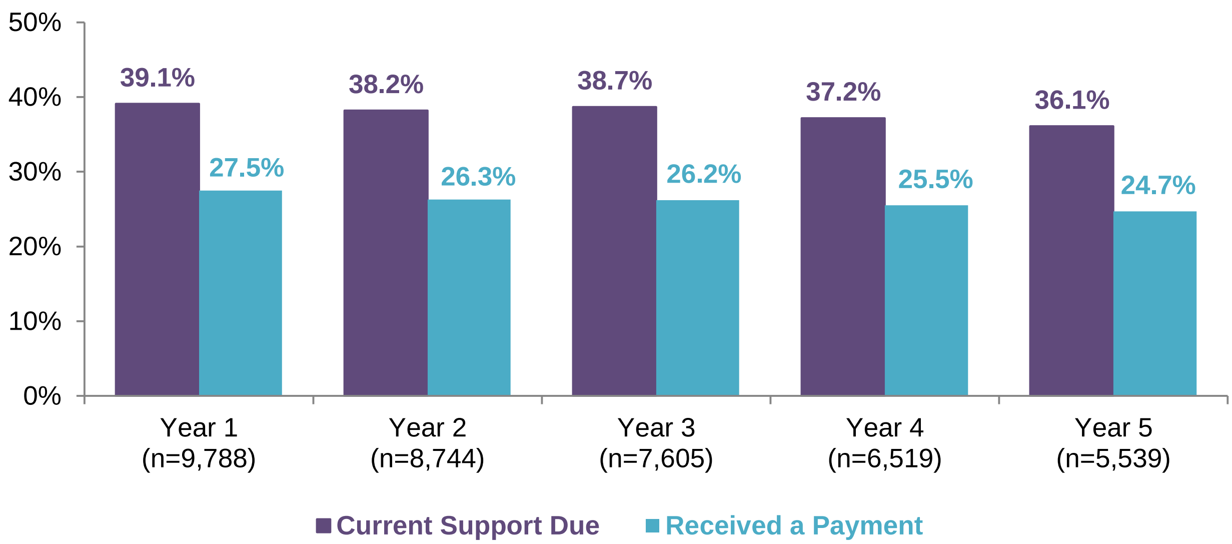
[12] For more information about Maryland's child support program, please visit the Maryland Department of Human Resources website: http://www.dhr.state.md.us/blog/?page_id=10276

Figure 13. Child Support Case Status during First Year after Exit



Note: Includes only sample members for whom one full year of child support data is available (n=9,788). Valid percentages are reported.

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

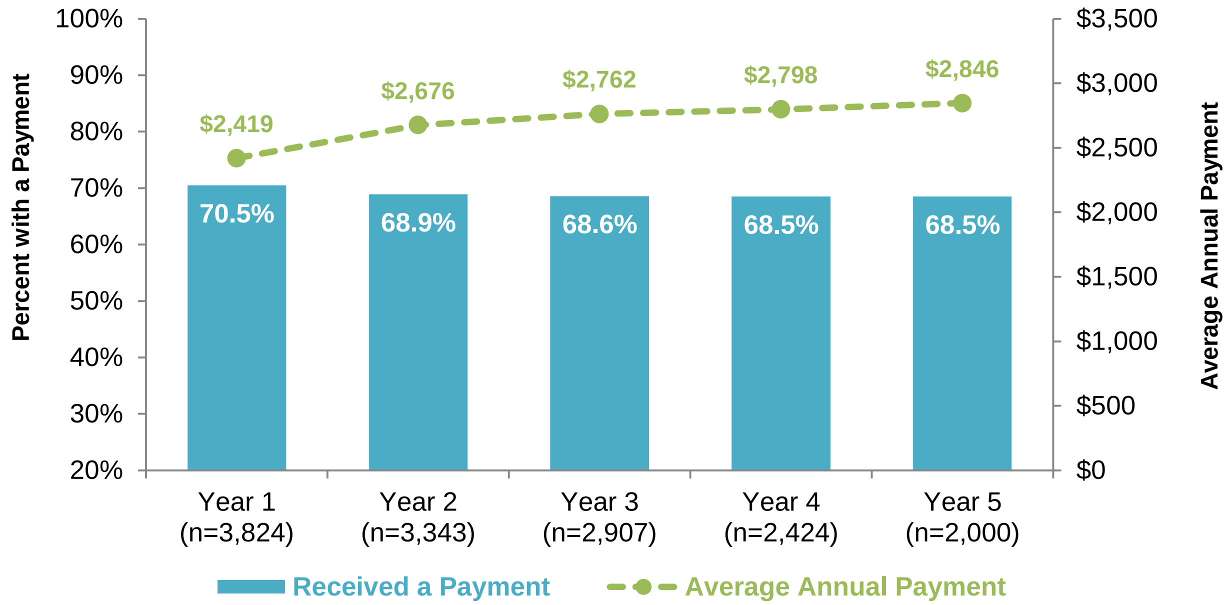


Note: Available follow-up data varies by exit date and excludes leavers that exited after March 2014. Valid percentages are reported.

While Figure 14 presents the percent of all leavers who receive a child support payment after exit, it does not show the percent of leavers who had current support due *and* received a payment. In Figure 15, we address this question and also provide the average annual amount families receive after they leave cash assistance.

Figure 15 is especially encouraging. It shows that in each year after an exit from cash assistance, seven out of every 10 leavers who are owed current support actually receive a payment. Over the first five years after exit, the percentage who receives child support decreases only two percentage points, from 70.5% in the first year after exit to 68.5% in the fifth year after exit. Conversely, the average amount of child support that families receive increases each year after exit. In the first year after exit, families with current support due who receive a payment collect a total of approximately $2,400, on average. By the fifth year after exit, average annual payments exceed $2,800.

Figure 15. Current Child Support Received and Average Annual Payments
Leavers with Current Support Due



Note: Excludes leavers that exited after March 2014. Average annual payments only include leavers who received a current support payment. Payments are standardized to 2015 dollars. Valid percentages are reported.

Findings: Work and Welfare Status

In each of the previous chapters we addressed the outcomes of TCA leavers and provided information about welfare use, employment and earnings patterns, and utilization of work supports after exit. In this chapter, we consider how leavers combine work and welfare after exit. In this analysis, each leaver is placed 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. **Disconnected:** No TCA receipt and no employment.

Assignment to each of these categories is based on participation in TCA and employment, so any employment recorded in the UI-wage data during 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 must both be present in the year, but need not be concurrent.

What are leavers' work and welfare statuses over time?

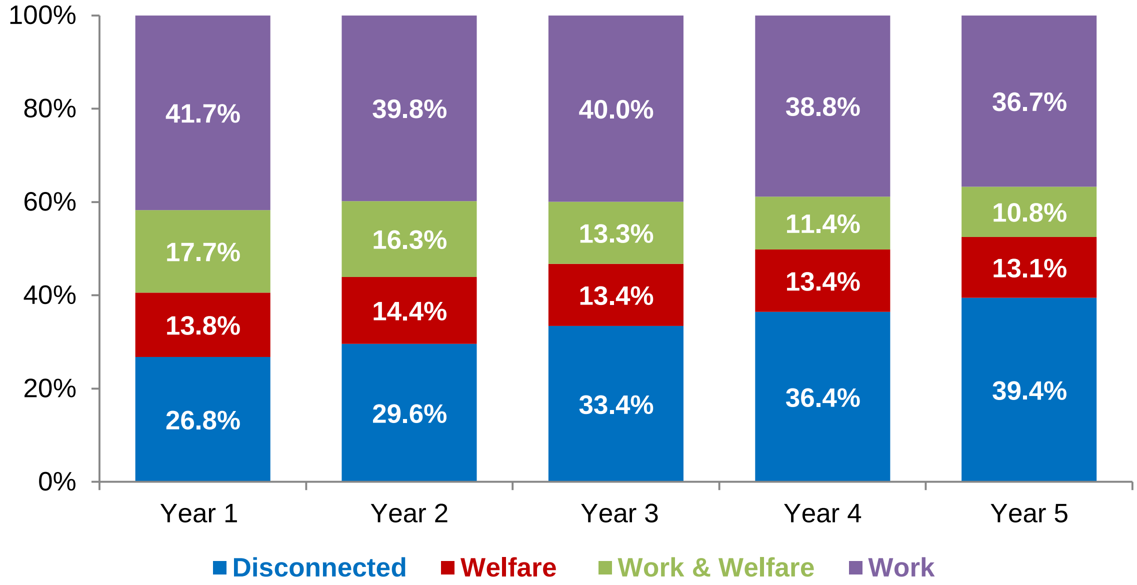
Figure 16 presents the work and welfare status of all leavers in the sample over time. During the first few years after exit, employment without welfare is the most common category. In the first year after exit, two in five (41.7%) leavers only work and do not receive welfare. Over time, however, this decreases slightly, and in the fifth year after exit, employment alone is no longer the most common category (36.7%).

Additionally, the percent of leavers who work and also receive welfare after exit decreases over time. In the first year after exit, just over one in six (17.7%) leavers both work and receive welfare, decreasing to just one in 10 (10.8%) in the fifth year after exit. Figure 16 also shows that only receiving welfare is uncommon after exit. In fact, just 13% to 14% of leavers solely receive welfare in each year after exit.

The percent that are disconnected from both employment and welfare, however, increases substantially. In the first year after exit, just over one in four (26.8%) leavers is disconnected from both work and welfare. By the third year after exit, this increases to one in three (33.4%), and in the fifth year after exit, the disconnected group becomes the most common category with two out of every five (39.4%) leavers. Though leavers are disconnected from employment and cash assistance, there are other work supports to which they can be connected. We explore some of these at the end of this chapter.

Findings from a recent brief that examined each of these work and welfare categories show that movement among these categories is fluid (Nicoli & Passarella, 2014). If a leaver is in the welfare only category in the first year after exit, for example, she is unlikely to remain in that category for every year after exit. Similarly, a leaver who is disconnected in the first year after exit may not be disconnected in future years. Leavers who were solely employed, however, are likely to continue working.

Figure 16. Work and Welfare Status after Exit



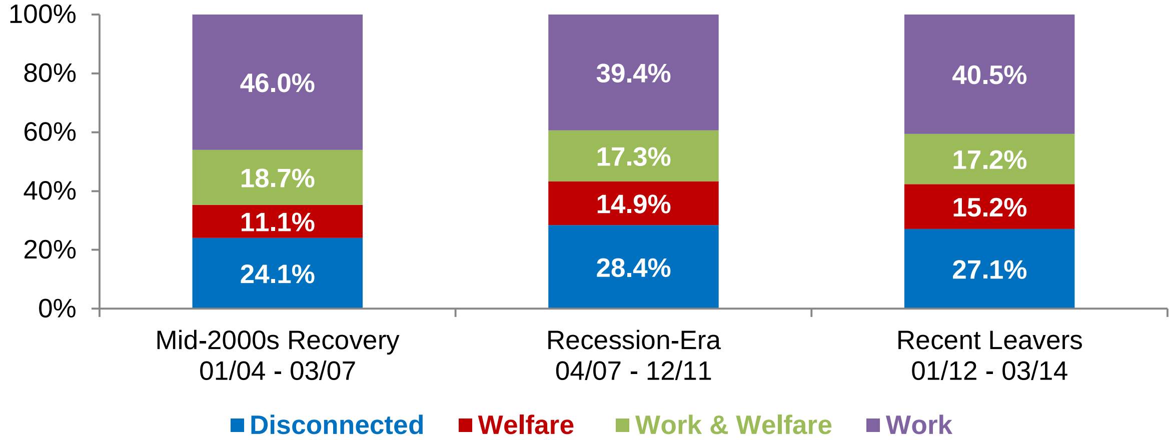
Note: This figure excludes individuals for whom we have no unique identifier (n=123). We also exclude individuals from a follow-up year if the four quarters of employment data are not available for that individual. The number of cases decreases as the number of years since exit increases. Valid percentages are reported.

Does work and welfare status vary by cohort?

To expand on the previous analysis, Figure 17 examines work and welfare status in the first year after exit for leavers in each cohort. Across cohorts, employment alone has become less common while welfare alone has become more common, although it remains the smallest category. Given the labor market conditions in the last 15 years, this is to be expected. In the mid-2000s, 46.0% of leavers in the sample only worked in the first year after exit, and 18.7% combined work and welfare. During the recession era, the percent only working decreased to 39.4%, a difference of nearly seven percentage points. The percent of leavers who combined work with welfare also decreased (17.3%), though marginally. In the most recent cohort, the percent of leavers who were only employed remained virtually the same (40.5%), as did the percent who combined work and welfare (17.2%). On the other hand, the percent of leavers in the welfare-only category in the first year after exit steadily rose in each cohort (mid-2000s recovery, 11.1%; recession-era, 14.9%; recent leavers, 15.2%).

These findings—decreasing work and increasing welfare use—are consistent with other findings produced with Maryland data. A study that also used Maryland administrative data found that welfare recipients are more likely to rely on work alone during a period of healthy employment growth, such as what was experienced in the late 1990s and early 2000s (Herbst & Stevens, 2010). Furthermore, an increase in the unemployment rate is associated with an increase in the probability of not working and solely receiving welfare. These findings, coupled with Figure 17, demonstrate the relationship between economic trends and leavers' work and welfare decisions after exit.

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=123) 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?

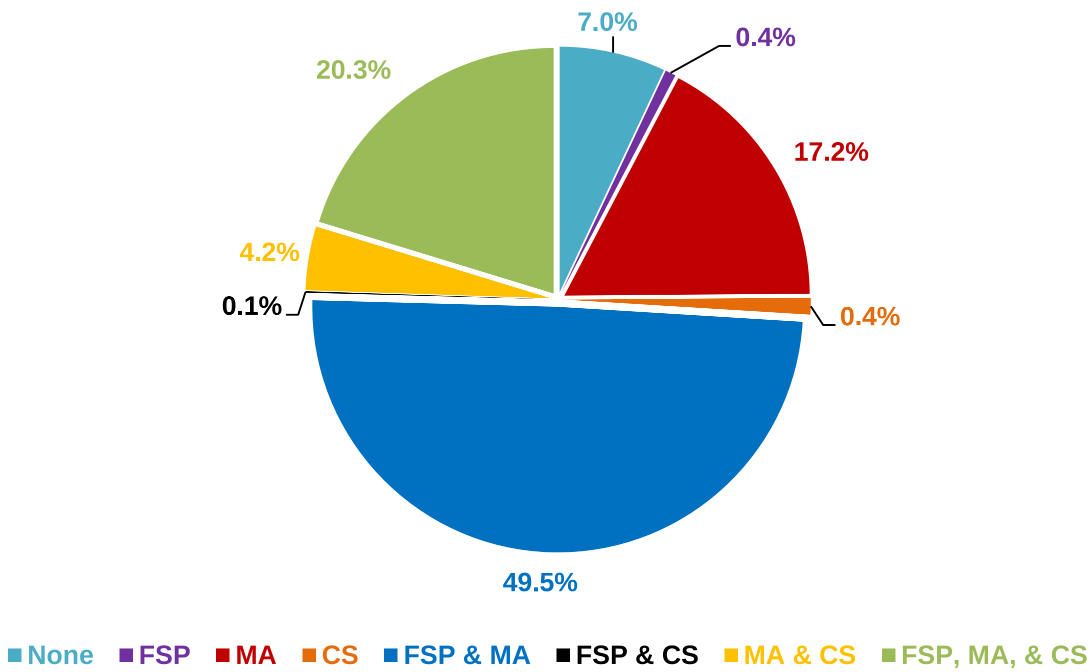
In this chapter we have defined disconnection as not being employed in a UI-covered job and not receiving TCA benefits. This group, which makes up over one fourth of all leavers in the first year after exit, is especially vulnerable. They often lack economic resources and have substantial barriers such as limited education, physical and mental health problems, and histories of domestic violence or substance abuse (Blank & Kovak, 2009; Loprest & Nichols, 2011; Powers, Livermore, & Davis, 2013).

As we showed in the previous chapter, though, there are other work supports that leavers receive after exiting from welfare. In Maryland and in other states, families who leave welfare generally have lower rates of disconnection when transitional benefits such as Supplemental Security Insurance (Gleason, Nicoli, & Passarella, 2015), medical assistance, child support, and food supplement benefits are included (Cancian, Han, & Noyes, 2014; Hall, Nicoli, & Passarella, 2014; Ovwigho, Kolupanowich, & Born, 2009). In this final section, we examine disconnected leavers' participation in three other support programs: the Food Supplement Program (FSP), Medical Assistance (MA), and the public child support program (CS). Combinations of work support receipt are shown in Figure 18.

When considering participation in other work support programs, the true rate of disconnection in the first year after leaving welfare is extremely low (7.0%). Half (49.5%) of disconnected leavers receive both FSP and MA in the first year after exit, and an additional one fifth (20.3%) receive FSP, MA, and CS. Another one in five leavers receives either MA only (17.2%) or a combination of MA and CS (4.2%). Finally, less than one percent receives only FSP (0.4%), only CS (0.4%), or a combination of FSP and CS (0.1%).

Certainly, families who are disconnected from cash support are a sub-population of leavers with whom to be concerned. After all, the percent of single, low-income mothers who are disconnected from employment and means-tested cash benefits has increased substantially since welfare reform (Loprest & Nichols, 2011). However, as Figure 18 shows, families who are disconnected from cash benefits and employment are often receiving other forms of support. In addition to these work supports, they may be receiving SSI or private support from family, friends, or nonprofits, as many disconnected families do (Hetling, Kwon, & Mahn, 2014).

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



Note: Work support programs are abbreviated. FSP refers to the Food Supplement Program, MA refers to Medical Assistance, and CS refers to child support received through the public child support program. This figure excludes leavers without one year of follow-up data.

Conclusions

Throughout this report, we have presented findings that are, in some respects, encouraging. Recent leavers, for example, are more likely to be employed in the first two years after exit than those who left during the Great Recession. Furthermore, many leavers who worked at exit retained employment for at least six months.

On the other hand, some findings in this report show that Maryland families who leave welfare sometimes struggle to earn enough to cover their basic needs. Recent leavers, for example, earned $5,500 less than mid-2000s leavers in the two years after exit. In light of a recent draft bill in Congress on reforming TANF, it is now an opportune time to consider policies that will effectively improve the lives of Maryland's families for the long term.

Currently, TANF favors quick employment rather than encouraging post-secondary education and fostering skills that could lead to higher-paying jobs and careers. Unfortunately, the notion from welfare reform that any job is a good job does not hold true anymore. In fact, recent research on earnings show that only about 10% of Maryland leavers experience increasing earnings after exit (Nicoli, 2015). When families leave welfare and are unable to make ends meet even while working, they are more likely to seek assistance again and return to welfare.

Fortunately, Maryland policymakers have taken steps to increase wages for low-income workers. In 2014, the Maryland General Assembly passed a new law that gradually increases the minimum wage to $10.10 per hour by 2018 (Dresser, 2014). While raising the minimum wage certainly has immediate economic benefits that improve both working citizens' lives and the economy, it alone does not translate into the long-term earnings increases that are needed to help families remain self-sufficient (Neumark, 2009).

Additionally, welfare clients will be able to take advantage of new opportunities in the workforce system. Investments in human capital, such as education and training, will be more accessible to TANF clients as a result of the Workforce Innovation and Opportunity Act (WIOA) passed in 2014. This legislation reauthorized federal workforce programs for the first time in over 15 years and strengthened the relationship between state welfare and workforce agencies. Within the workforce system, TANF clients will be prioritized for services along with other vulnerable populations (Cielinski & Socolow, 2015).

Certainly, devoting resources to programs with a human capital focus should produce a lasting effect on welfare leavers' wages. More specifically, focusing on programs and vendors that offer post-secondary education may increase skill formation and strengthen earnings over time. In addition to post-secondary education, quality training programs that allow clients to gain employable skills may be especially beneficial.

With the renewed partnership between the welfare and workforce systems, welfare leavers, who often work in low-wage, low-skill industries, may be able to acquire the skills and training they need to leave welfare permanently. Clients should be more likely to both work *and* engage in education or training activities. Ultimately, this combination may lead to higher earnings over time as well as the self-sufficiency that families desire.

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Appendix A. Demographic Characteristics of Exiting Payees

	Early Leavers 10/96 – 12/03 (n=9,299)		All Leavers 10/96 – 03/15 (n=20,077)	
Gender *% female*	95.4%	(8,642)	95.0%	(18,832)
Average Age [Median]	32.8	[30.8]	32.7	[30.1]
Race				
African American	73.6%	(6,410)	73.5%	(14,086)
Caucasian	24.0%	(2,087)	23.0%	(4,405)
Other	2.4%	(207)	3.5%	(677)
Marital Status				
Married	8.0%	(626)	7.7%	(1,412)
Never Married	72.4%	(5,661)	75.9%	(13,879)
Divorced, Separated, or Widowed	19.6%	(1,531)	16.4%	(2,996)
Education				
Less than grade 12	42.0%	(1,871)	36.1%	(5,264)
Finished grade 12	51.9%	(2,308)	57.7%	(8,408)
Additional education after grade 12	6.1%	(272)	6.1%	(894)

Note: Due to missing data for some variables, cell counts may not sum to sample totals. Valid percentages are reported.

Appendix B. Case Characteristics

	Early Leavers 10/96 – 12/03 (n=9,299)		All Leavers 10/96 – 03/15 (n=20,077)	
Region				
Baltimore City	46.2%	(4,291)	43.2%	(8,669)
Prince George's County	13.1%	(1,220)	12.4%	(2,492)
Baltimore County	11.7%	(1,084)	11.4%	(2,284)
Montgomery County	4.5%	(413)	4.8%	(969)
Anne Arundel County	4.7%	(434)	5.7%	(1,136)
Metro Region	5.9%	(550)	7.1%	(1,419)
Southern Region	3.1%	(285)	3.4%	(682)
Western Region	3.5%	(329)	3.9%	(780)
Upper Shore Region	4.0%	(367)	4.6%	(915)
Lower Shore Region	3.3%	(306)	3.5%	(701)
Average [Median] Assistance Unit Size	2.6	[2]	2.6	[2]
Average [Median] Number of Children	1.7	[1]	1.7	[1]
Average [Median] Age of Youngest Child	5.7	[4]	5.5	[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). 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.

Appendix C. Reasons for Case Closure

	Early Leavers 10/96 – 12/03 (n=9,299)		All Leavers 10/96 – 03/15 (n=20,077)	
Work sanction	13.0%	(1,205)	20.8%	(4,177)
Income above limit	30.1%	(2,790)	26.3%	(5,285)
Eligibility/verification information not provided	15.4%	(1,429)	16.3%	(3,262)
Did not reapply	18.4%	(1,708)	14.4%	(2,892)
All other closing codes	23.2%	(2,150)	22.1%	(4,443)

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.

Appendix D. Welfare History

	Early Leavers 10/96 – 12/03 (n=9,299)		All Leavers 10/96 – 03/15 (n=20,077)	
Length of Exit Spell				
12 months or fewer	67.2%	(6,242)	76.2%	(15,294)
13 to 24 months	15.1%	(1,407)	12.4%	(2,494)
25 to 36 months	6.1%	(570)	4.3%	(864)
37 to 48 months	3.3%	(311)	2.2%	(437)
49 to 60 months	2.1%	(196)	1.3%	(262)
More than 60 months	6.1%	(568)	3.6%	(721)
Average [Median]	17.42	[8]	12.74	[6]
TCA Receipt in the 5 Years Before Exit				
12 months or fewer	26.2%	(2,434)	37.9%	(7,598)
13 to 24 months	17.9%	(1,665)	21.5%	(4,316)
25 to 36 months	15.5%	(1,436)	13.9%	(2,795)
37 to 48 months	14.2%	(1,316)	10.4%	(2,082)
49 to 60 months	26.3%	(2,443)	16.3%	(3,281)
Average [Median]	30.55	[29]	24.25	[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.

Appendix E. Recidivism Patterns

	Early Leavers 10/96 – 12/03 (n=9,299)		All Leavers 10/96 – 03/15 (n=20,077)	
Three Months	13.7%	(1,271)	13.9%	(2,749)
Six Months	20.3%	(1,888)	21.4%	(4,192)
One Year	27.5%	(2,557)	29.5%	(5,637)
Two Years	35.2%	(3,275)	37.6%	(6,790)
Three Years	39.1%	(3,639)	41.6%	(7,031)
Four Years	42.0%	(3,903)	44.5%	(7,035)
Five Years	43.8%	(4,077)	46.5%	(6,895)

Note: Follow-up data are available through March 2015, so 3-month, 6-month, and 12-month data are unavailable for some leavers. Valid percentages are reported.

Appendix F. Employment and Earnings

	Early Leavers 10/96 – 12/03 (n=9,299)		All Leavers 10/96 – 03/15 (n=20,077)	
Worked in two years before spell entry	70.0%	(6,387)	69.0%	(13,367)
Average total earnings [Median]	$15,963	[$8,592]	$17,399	[$9,166]
Worked in two years after spell exit	73.6%	(6,834)	70.5%	(12,633)
Average total earnings [Median]	$22,154	[$15,482]	$22,423	[$14,942]

Note: This table excludes individuals for whom we have no unique identifier (n=140). 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 2015 dollars.

UNIVERSITY of MARYLAND
SCHOOL OF SOCIAL WORK
RUTH YOUNG CENTER
FOR FAMILIES & CHILDREN

525 W. Redwood Street
Baltimore, MD 21201
410-706-2479
www.familywelfare.umaryland.edu