

LIFE AFTER WELFARE: BALTIMORE CITY

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The 2011 update to Maryland's landmark longitudinal study of welfare leavers, *Life after Welfare*, revealed that even in the toughest economic climate, most families who receive cash assistance do so temporarily, most welfare exits are still permanent, and work effort among cash assistance customers remains relatively high, both before and after receiving assistance (Born, Saunders, Williamson, and Logan, 2011).

Nonetheless, there are challenges. Compared with Pre-Recession leavers, those who exited welfare in Maryland during or after the Great Recession received more months of assistance before making their exit, tended to have lower employment rates both before and after their welfare spell, and were slightly more likely to return to benefits. All around the state, program managers and public leaders strive to find interventions that will offset the loss of resources and jobs in their communities. In a diverse state like

Maryland, the approach varies by location.

The *Life after Welfare* study uses a random sample of welfare recipients from every jurisdiction within the state to provide an accurate portrayal of how leavers are faring throughout the state. In order to develop a more local perspective, however, we need to examine the data by region.

Resources are limited everywhere, and the distribution of resources can be complicated. Certain trends, such as changes in family composition of welfare recipients or changes in the work and welfare outcomes of welfare leavers, may alter the types of resources individual jurisdictions need in order to be successful. In general, statewide averages are necessary and useful for policy changes, particularly because states are required to report their performance to the federal government. Statewide averages, however, are heavily influenced by larger jurisdictions. In order to develop programs and initiatives that are relevant throughout the state, it is important to understand regional variation.

Thus, this report provides many of the same types of analyses found in the full *Life after Welfare* report, but specifically for Baltimore City. This study is issued at a time of ongoing economic fragility and turmoil for families, state, local, and national governments and, indeed, the entire world. In the United States, unemployment and the number of Americans looking for work remain at high levels, consumer confidence is quite low, income inequality is rising, growth is proceeding at a snail's pace at best, and the number of Americans applying for Supplemental Nutrition Assistance (formerly Food Stamps) has reached record high levels. Therefore, to capture changes in outcomes of welfare leavers likely due to the turmoil of the Great Recession, many analyses will separate leavers by cohorts. Specifically, we look at the following cohorts: 1) Pre-Recession leavers, those who left between October 1996 and November 2007; 2) Recession leavers, cases closing between December 2007 and June 2009; and 3) Post-Recession leavers, welfare exits between July 2009 and March 2011.

Baltimore City Characteristics¹

Baltimore City is a diverse city, and not just racially. As a resurrected rust belt city, Baltimore's major employers today are cutting-edge universities and hospitals (Maryland DLLR, 2012). Ironically, only three-quarters of its adult residents have finished high school, and it ranks fourth in the nation for HIV/AIDS cases (CDC, 2010). Further, despite its location in one of the wealthiest states in the country, one out of five (21.3%) residents live in poverty. Thus, it is perhaps not surprising that although Baltimore City's residents represent only 10% of the state's total population, it is home to nearly half of the state's entire welfare caseload. For this reason, the outcomes of welfare recipients and leavers in Baltimore City have been of particular interest and concern to policymakers and program managers, and why successes and struggles

¹ Data obtained from U.S. Census Bureau State and County QuickFacts website:
<http://quickfacts.census.gov/qfd/states/24/24510.html>.

in Baltimore City have sometimes served as a proxy for the state as a whole.

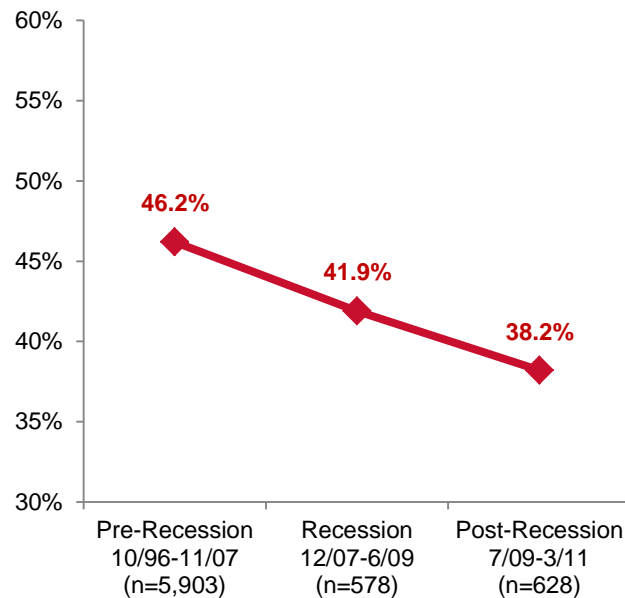
However, in recent years, the concentration of poverty (and welfare cases) in Baltimore City has begun to dissipate. In accordance with a national trend, poverty has increased faster in the surrounding suburban regions than within Baltimore City itself, and likewise Baltimore's share of the welfare caseload has declined over the past decade from 57.5% in June 2002 to 44.2% in June 2012.² So while outcomes in Baltimore still have an overwhelming influence on statewide outcomes, it is important to consider Baltimore City separately, and how welfare and employment outcomes of recent welfare leavers in Baltimore differ from those who left over a decade ago. We begin with a description of the average Baltimore City welfare leaver and her case.

Characteristics of Welfare Leavers

The sample of welfare leavers that make up the *Life after Welfare* study is limited to those who have had at least one exit from welfare in Maryland, and within this sample, Baltimore City cases make up 45.0% (n=7,109), or just less than half of all the cases. When the sample is separated into cohorts, it is clear from Figure 1, that just as the proportion of welfare cases in Baltimore City has declined over time, the proportion of welfare leavers has also dropped, from 46.2% in the Pre-Recession cohort to 38.2% in the Post-Recession cohort.

² Percentages are calculated using the number of TCA Cases Paid in each month, in Baltimore City versus the state total found in FIA Statistical Reports available on the Maryland Department of Human Resources website:
[http://www.dhr.state.md.us/documents/Data%20and%20Reports/FIA/Statistical%20Reports/COUNTIES%20\(1996%20-%202005\)/pdfbaltcity.pdf](http://www.dhr.state.md.us/documents/Data%20and%20Reports/FIA/Statistical%20Reports/COUNTIES%20(1996%20-%202005)/pdfbaltcity.pdf).

Figure 1. Baltimore City: Percent of Total Statewide Exiting Cases



As presented in Table 1, most caseheads of exiting cases in Baltimore City are female (95.5%) and, on average, are in their early 30s (mean=32.54). Compared to welfare leavers in the state as a whole, Baltimore City leavers are more likely to have never married (83.3% vs. 75.0%), more likely to be African American (90.2% vs. 74.0%), and less likely to have finished high school (51.5% vs. 61.4%). Overall, the average demographic profile of leavers in Baltimore City has not notably changed over time.

At the time of exit, welfare cases in Baltimore City typically had between two and three people in the assistance unit (mean=2.58) as presented in Table 2. More than half (56.8%) of exiting cases were single-parent cases that are required to participate in a work-related activity as a condition of benefit receipt. Compared to the other regions around the state, child-only (16.3%) and two-parent cases (2.3%) are less common in Baltimore City.

Table 1. Baltimore City: Demographic Characteristics of Welfare Leavers

	% Female	Mean Age	% African American	Never Married	% HS Degree or Higher
Baltimore City (n=7,109)	95.5%	32.54	90.2%	83.3%	51.5%
Pre-Recession (n=5,903)	95.7%	32.71	90.1%	82.7%	50.5%
Recession (n=578)	95.8%	31.94	91.9%	88.1%	56.7%
Post-Recession (n=628)	92.8%	31.48	90.1%	84.3%	52.3%
Maryland (n=15,818)	95.2%	32.77	74.0%	75.0%	61.4%

Note: Valid percentages are reported.

Table 2. Baltimore City: Case Characteristics of Exiting Cases

	Mean Case Size	% Single-Parent	% Child-Only	% Two-Parent
Baltimore City (n=7,109)	2.58	56.8%	16.3%	2.3%
Pre-Recession (n=5,903)	2.60	-	-	-
Recession (n=578)	2.59	55.3%	15.5%	1.4%
Post-Recession (n=628)	2.45	58.1%	17.0%	3.2%
Maryland (n=15,818)	2.60	49.2%	18.8%	3.8%

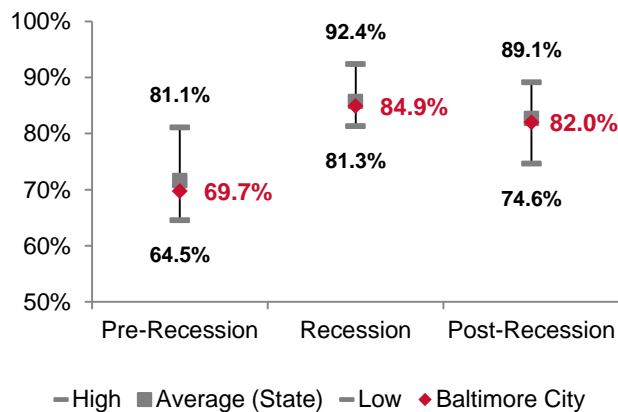
Note: We present caseload designations for the last two cohorts (n=1,206 in Baltimore City; n=3,012 in the State) since the data are not available prior to February 2004 and coding changed in October 2007. Valid percentages are reported.

Pre-Exit Welfare History

The welfare history of leavers is an important indicator to consider as context for various welfare outcomes. We use two measures of welfare history, the first being the number of months of *continuous* benefits received in the welfare spell leading up to the exit that brought the case into our sample. The second is the total number of months of welfare benefits received in Maryland over the previous five years, whether consecutive or not.

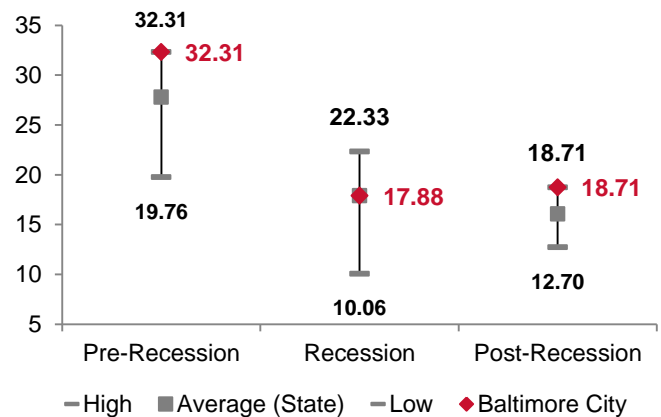
Overall, the majority of families in Baltimore City had a welfare spell of 12 months or less leading up to the closure of the case, as did most families around the state. Over time, the percent of cases with short exiting spells increased; that is, it is more common to have short spells of cash assistance today than in the early years of welfare reform. In Baltimore City, specifically, families receiving 12 months or less of consecutive benefits increased by 15 percentage points from the Pre-Recession to the Recession cohorts (from 69.7% to 84.9%). Still, we suspect the economic downturn had an effect on the length of welfare spells. As seen in Figure 2, the percent of cases with an exiting spell of 12 months or less in Baltimore City was only 82.0% in the Post-Recession cohort versus 84.9% in the Recession cohort.

Figure 2. Baltimore City: Percent of Cases with an Exiting Spell of 12 Months or Less



The second measure of welfare history is the total number of months of cash benefits accumulated over the previous 60 months, or 5 years, leading up to the welfare exit. Figure 3 presents this average for each cohort of leavers and for those in Baltimore City relative to other locales around the state. Overall, welfare histories in Baltimore City are approximately half of what they used to be in the early years of welfare reform, with an average of about 32 months in the Pre-Recession cohort versus approximately 18 months in the Recession and Post-Recession cohorts. Still, in the Post-Recession cohort, Baltimore City has the longest average welfare history. This is not necessarily negative, but rather a reflection of regional differences in caseloads. Our recent profile of the welfare caseload in Baltimore City compared to the rest of the state revealed that the cases in Baltimore City include more long-term cases than elsewhere in the state (Williamson, Saunders, and Born, 2010). So, it is encouraging that they are also closing some of the state's oldest welfare cases.

Figure 3. Baltimore City: Average Number of Months of Cash Assistance in Previous Five Years***



Note: Figures with the 'High' and 'Low' markers represent the Maryland counties with highest and lowest average or percent of cases with that particular indicator. For example, in Figure 2, the 'High' marker represents the county with the highest percent of cases with an exiting spell of 12 months or less. Valid percentages are reported. *p<.05 **p<.01 ***p<.001

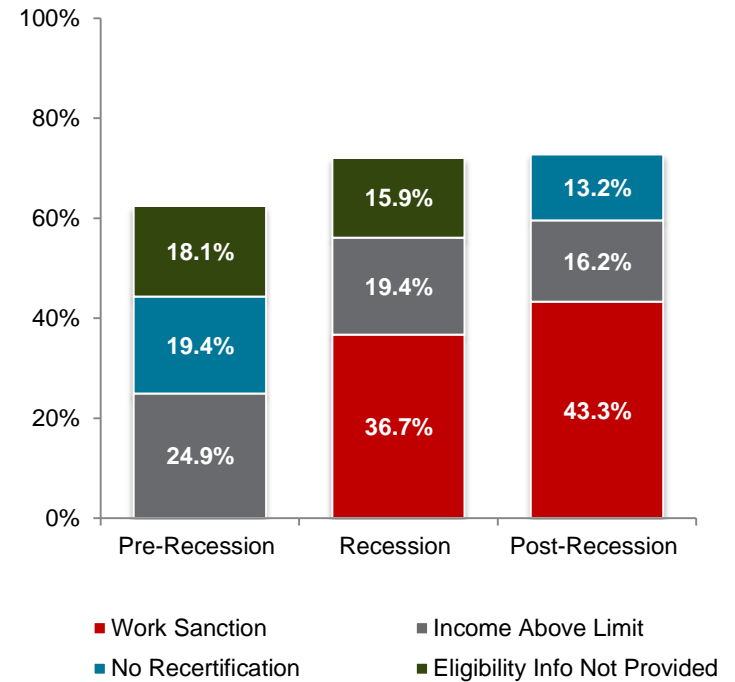
Reason for Case Closure

As presented in Figure 4, Baltimore City had a dramatic increase in work sanctions³ during the Recession and Post-Recession cohorts, compared with the Pre-Recession cohort. In the Recession cohort, work sanctions were not even among the top three recorded closure codes among leavers in our study (red bars), but by the Post-Recession cohort, more than two out of five leavers (43.3%) exited due to a work sanction. At the same time, there has been a marked decrease in the proportion of leavers who experienced case closure due to having income above the eligibility standards. Before the recession, one out of four (24.9%) leavers had a case closure because of an increase in income, compared to less than one in five closures (16.2%) in the Post-Recession period.

Overall, in the Post-Recession cohort, Baltimore City has the highest proportion of work sanctions and the lowest proportion of leavers with a closure for income above the eligibility threshold in the state. Previous research has shown that sanctions often result in returns to welfare and eventual compliance with work requirements (Ovwigbo, Kolupanowich, and Born, 2010). Thus, Baltimore’s high work sanctioning rate and longer average welfare histories are likely correlated, but it is difficult to interpret the meaning of the correlation without more information and further research. For instance, we do not know what proportion of the sanctioned cases are first-time sanctions versus repeat sanctions, or how long it takes, on average, for cases that are repeatedly sanctioned to eventually make a lasting exit from welfare. It is also important to keep in mind that at the time of the welfare exit, most of Baltimore City’s leavers were required to participate in a work-related activity. It is possible, and even likely, that some cases include individuals and caseheads who have undocumented barriers

to work, and these barriers might not come to the attention of a caseworker until after a sanction is imposed.

Figure 4. Baltimore City: Top 3 Closing Codes***



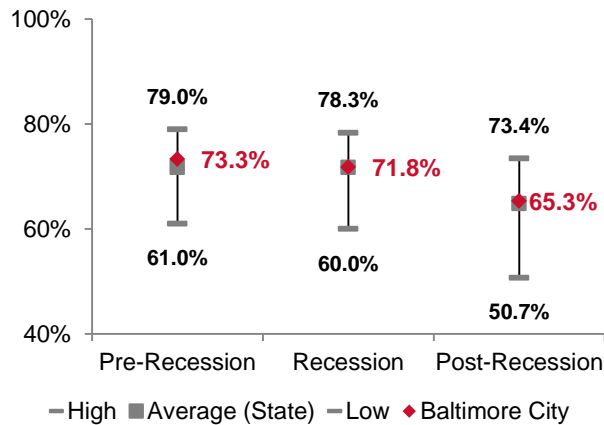
Note: Valid percentages reported. *p<.05 **p<.01 ***p<.001

³ In Maryland, work sanctions are imposed for noncompliance with work-related activities and are full-family sanctions which require compliance before the family can again begin receiving cash benefits.

Pre-Exit Employment

We examine the work history of welfare leavers, in the eight quarters (two years) leading up to the exit in Figure 5. Most leavers in Baltimore City worked in a Maryland Unemployment Insurance-covered job at some point in the eight quarters preceding their welfare exit. Baltimore City ranks about average compared with other locations around the state, which is somewhat surprising given the higher rate of work-eligible cases and the higher rate of work sanctioning in Baltimore City. Overall, approximately seven out of ten caseheads were employed in any given cohort, though there is some decline in employment that coincides with the recession (from 73.3% to 65.3%).

Figure 5. Baltimore City: Percent Working in the Two Years before Exit



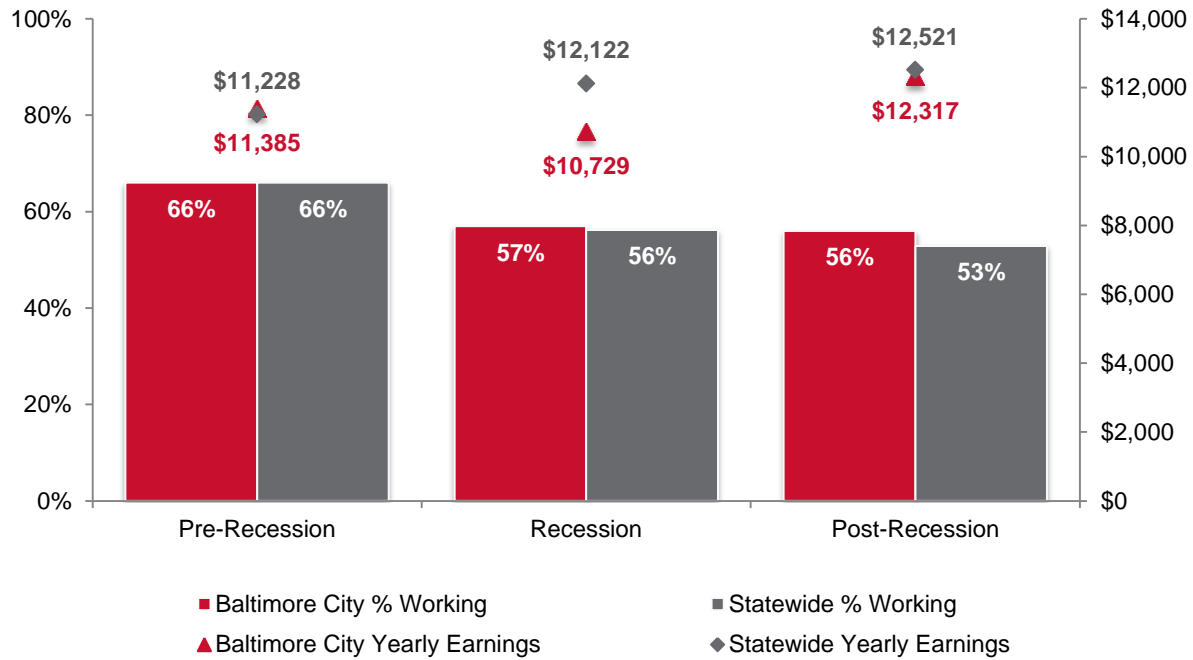
Note: Valid percentages are reported.

Post-Exit Employment

The trend in employment observed in the years leading up to the exit continues throughout the first year after the exit as well. That is, the percent of leavers employed during the first year after their exit is lower among those who left during and after the recession than among those who left before the recession. As presented in Figure 6, the percent of Baltimore City caseheads who were employed at any point during the first year after their welfare exit drops from two-thirds (66%) among Pre-Recession leavers to just over half (56%) among Post-Recession leavers. This employment trend is mirrored in the statewide average as well.

Average earnings among Baltimore City caseheads who were employed were slightly lower among Recession leavers (mean=\$10,729) than among Pre-Recession leavers (mean=\$11,385), and then highest among the smaller group of those who were employed in the Post-Recession years (mean=\$12,317). The dip in earnings for Recession leavers was specific to Baltimore City and not observed in the statewide average.

Figure 6. Baltimore City: Percent Working and Average Earnings in Year after Exit

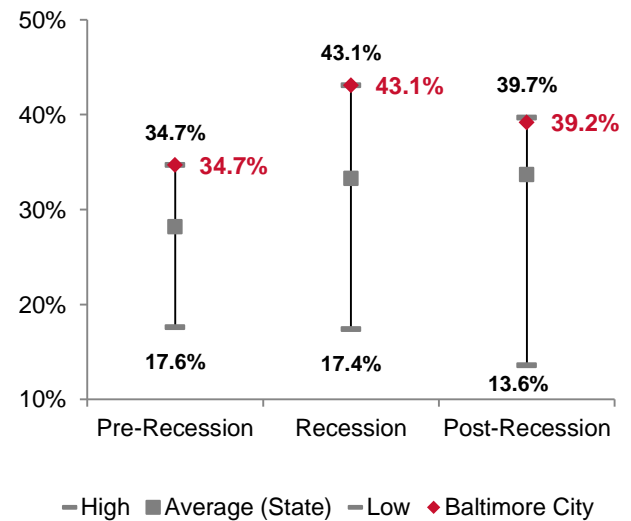


Note: Valid percentages are reported.

Returns to Welfare

As presented in Figure 7, Baltimore City has the highest rate of returns to cash assistance in the state. About one-third (34.7%) of Pre-Recession leavers returned to welfare within one year of their exits. This figure increased by nearly 10 percentage points among the Recession leavers (43.1%), but declined among the Post-Recession leavers (39.2%). The increase in the percent of leavers who returned to welfare between the Pre-Recession cohort and the Recession cohort mirrors the dramatic increase in the use of work sanctions during this time as presented in Figure 4.

Figure 7. Baltimore City: Percent of Caseheads Returning to Cash Assistance within One Year



Note: One-year follow-up data are not available for leavers in April 2010 and after. Valid percentages are reported.

Disconnection from Welfare and Work

Thus far we have learned that Post-Recession welfare leavers in Baltimore City were less likely to become employed in their first year after exiting welfare than their Pre-Recession counterparts and more likely to return to welfare. But there is also a group of leavers who do not become employed and do not return to welfare. We refer to these leavers as disconnected, though we know from other research that many of them receive other benefits such as Food Supplement or Medicaid, some of them move out of state or become deceased, and still others begin receiving a disability-related benefit such as Supplemental Security Income (SSI) (Ovwigo, Kolupanowich, and Saunders, 2009). Still, the measure is important because it helps us more fully understand the range of outcomes for welfare leavers in our state.

As presented in Figure 8, the proportion of leavers in Baltimore City who are disconnected for the duration of the first year after their exit is higher in the Post-Recession cohort (25.4%) than either the Pre-Recession (21.9%) or Recession (22.0%) cohorts. Baltimore City consistently has the lowest or one of the lowest rates of disconnection in the state. This is due to the fact that leavers in Baltimore City are either employed after their exit, they return to welfare, as evidenced by the higher

recidivism rates, or they combine both employment and TCA receipt through the year in order to make ends meet. Few families in Baltimore City remain disconnected from services.

Figure 8. Baltimore City: Percent of Caseheads Disconnected Through the First Year after Exit***



Note: One-year follow-up data are not available for leavers in April 2010 and after. Valid percentages are reported.

Summary: Baltimore City

This brief reviewed the demographic and case characteristics of Baltimore City welfare leavers, their welfare and employment histories, and their post-exit welfare and work experiences. We learn that Baltimore City leavers are more likely to have work-eligible cases, meaning they are subject to work requirements at the time of their exit. Yet, we do not observe significantly higher employment rates among Baltimore City leavers. Further, we see higher recidivism rates and more frequent use of the full-family work sanction. Finally, compared with leavers from elsewhere around the state, Baltimore City welfare leavers are least likely to become disconnected from work and

welfare in the first year after their exit, suggesting that they are likely to come into contact with the local department of social services again in the future or they found self-sufficient employment. More research is needed to understand how sanctioning and recidivism are linked in Baltimore City, and whether there is anything that might increase the likelihood for more permanent exits. One approach that has shown some promise is the use of comprehensive assessments early on in a welfare spell, such as the Online Work Readiness Assessment that is currently being implemented throughout the state.

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