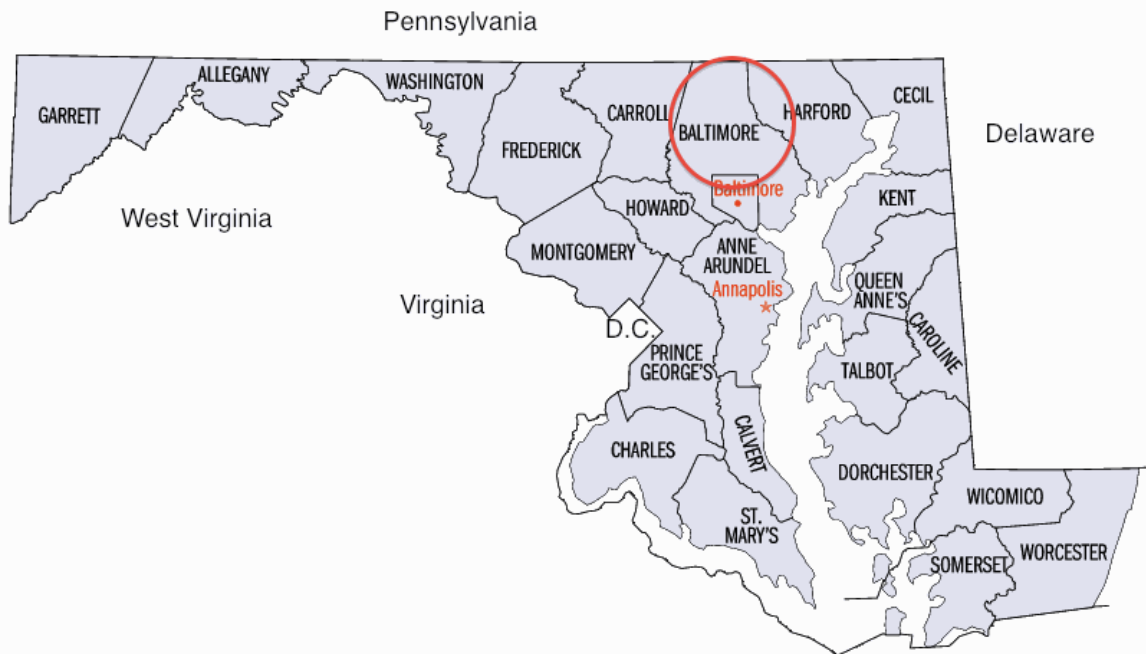February 2014

Life after Welfare: Baltimore County

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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

County. 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 County Characteristics[1]

Baltimore County is located in the north central area of Maryland and bends around most of the perimeter of Baltimore City. The estimated population in 2011 was over 800,000, accounting for nearly 14% of the state's total population. Just over half (52.1%) of its residents are female, approximately two-thirds (65.4%) are Caucasian, and more than one-quarter (26.8%) are African American. Nearly nine in ten (88.8%) adults ages 25 and older have achieved at least a high school education level, and more than one in three (35.2%) have achieved a bachelor's degree or higher. The overall poverty rate is slightly lower than the statewide average, at 8.1% versus 8.6%. Major employers in Baltimore County include two large utility companies, Comcast and Baltimore Gas and Electric (BGE), as well as several large retail companies (i.e., Home Depot, Wal-Mart, Target, supermarkets, etc.) common to suburban areas (Maryland DLLR, 2012). An

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[1] Data obtained from U.S. Census Bureau State and County QuickFacts website: http://quickfacts.census.gov/qfd/states/24/24005.html.

analysis of Baltimore County's job outlook through 2018 predicts growth in job openings for cashiers, customer service representatives, health professionals, engineers, mechanics, and financial experts (Maryland DLLR, 2011).

Characteristics of Welfare Leavers

Baltimore County welfare leavers make up approximately 11% of Maryland's total sample of welfare leavers, which is slightly lower than expected given its share of the general population (approximately 14%). Further, as presented in Figure 1, the proportion of welfare leavers from Baltimore County relative to other regions around the state declined over time. Among leavers in the Post-Recession cohort, Baltimore County leavers represented less than ten percent (9.7%), down from 11.5% of Pre-Recession leavers.

Some demographic and case characteristics are unique to Baltimore County welfare leavers, relative to the state average. Table 1 highlights a typical welfare leaver in the county who, though still a 33-year-old female, on average, is less likely to be African American (60.9% vs. 74.0%), less likely to have never married (70.5% vs. 75.0%), and more likely to have at least a high school education (69.7% vs. 61.4%), compared with a typical welfare leaver in Maryland.

Figure 1. Baltimore County: Percent of Total Statewide Exiting Cases
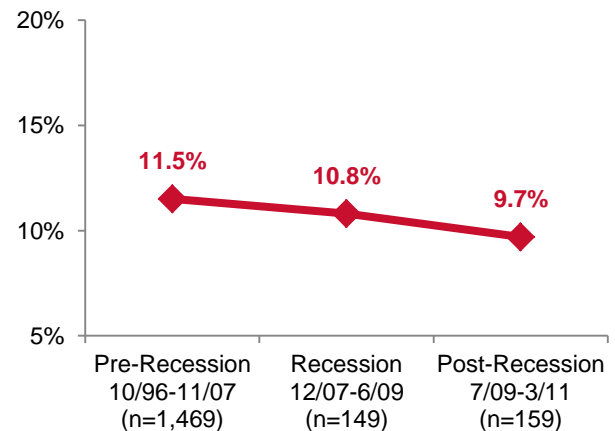
Examining the cohort-specific characteristics of welfare leavers in Baltimore County, there are a few changes worth noting. One potentially important change is that the Post-Recession cohort of leavers is substantially more likely to have achieved a high school education. Specifically, nearly eight in ten (78.5%) leavers in the Post-Recession cohort have at least a high school education, compared with only seven in ten in both the Pre-Recession and Recession cohorts (68.0% and 70.5%, respectively).

In terms of case characteristics, Table 2 reveals that welfare leavers in Baltimore County have average assistance unit sizes (mean=2.55 individuals) similar to the statewide average (mean=2.60), and less than half (46.3%) of leavers have single-parent case designations. Approximately one

in five (19.5%) exiting cases is a child-only case, and about five percent (4.9%) are two-parent cases. Over time, we see a slight increase in average case size, most likely due to the increase in two-parent families, from 3.4% of leavers in the Recession cohort to 6.3% of leavers in the Post-Recession cohort. Importantly, we also see that in the Recession cohort, single-parent cases represented only two in five (39.9%) leavers, compared with half (52.5%) of Post-Recession leavers. Since single-parent cases are those that are most likely to have employment as the immediate goal, rather than remedial education or rehabilitation, for example, it is likely that the case management approach and post-exit expectations differ between the Recession and Post-Recession time periods.

Table 1. Baltimore County: Demographic Characteristics of Welfare Leavers

	% Female	Mean Age	% African American	% Never Married	% HS Degree or Higher
Baltimore County (n=1,777)	**96.0%**	**32.95**	**60.9%**	**70.5%**	**69.7%**
Pre-Recession (n=1,469)	96.2%	32.93	61.1%	70.0%	68.0%
Recession (n=149)	94.0%	33.41	64.1%	74.3%	70.5%
Post-Recession (n=159)	96.2%	32.73	56.5%	71.5%	78.5%
Maryland (n=15,818)	**95.2%**	**32.77**	**74.0%**	**75.0%**	**61.4%**

Note: Valid percentages are reported.

Table 2. Baltimore County: Case Characteristics of Exiting Cases

|	Mean Case Size	% Single-Parent	% Child-Only	% Two-Parent
Baltimore County (n=1,777)	**2.55**	**46.3%**	**19.5%**	**4.9%**
Pre-Recession (n=1,469)	2.53	-	-	-
Recession (n=149)	2.63	39.9%	22.3%	3.4%
Post-Recession (n=159)	2.67	52.2%	17.0%	6.3%
Maryland (n=15,818)	**2.60**	**49.2%**	**18.8%**	**3.8%**

Note: We present caseload designations for the last two cohorts (n=308 in Baltimore County; 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

We examine two measures of welfare history. The first, depicted in Figure 2, is the percent of leavers who received 12 or fewer months of *consecutive* welfare benefits in the single welfare spell leading up to their exit. As shown, short welfare spells are more common in the Recession and Post-Recession cohorts than in the Pre-Recession cohort in Baltimore County and elsewhere around the state. In Baltimore County, approximately seven in ten (73.0%) leavers in the Pre-Recession cohort had spells of 12 or fewer consecutive months, which is on par with the statewide average. Among leavers who exited during the Recession and Post-Recession years, nearly nine in ten (87.2% and 86.2%, respectively) had spells of 12 or fewer months.

The second measure, depicted in Figure 3, is the average number of months of cash assistance benefits received by the casehead in the previous five years, regardless of whether those months were consecutive or not. As shown, Baltimore County leavers tend to have shorter overall welfare histories relative to the statewide average in all three cohorts. Further, welfare use has declined over time in Baltimore County, so the average leaver who exited during the Post-Recession period received about half the number of months of cash assistance benefits as their Pre-Recession counterparts (14.33 months versus 25.75 months).

Figure 2. Baltimore County: Percent of Cases with an Exiting Spell of 12 Months or Less
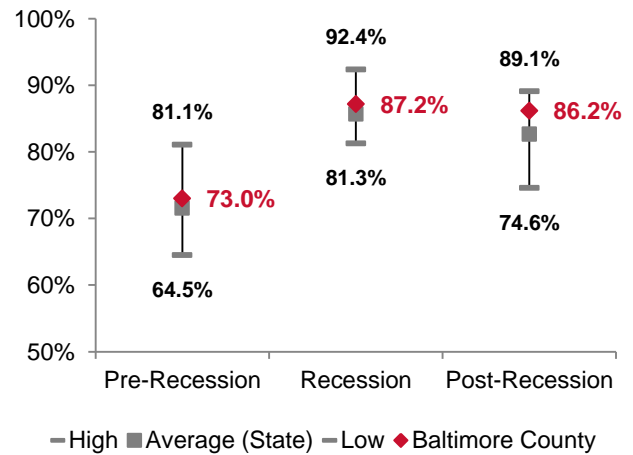
Note: Figures with the 'High' and 'Low' markers represent the Maryland counties with highest and lowest average or percent of cases with that particular indicator. For example, in Figure 2, the 'High' marker represents the county with the highest percent of cases with an exiting spell of 12 months or less. Valid percentages are reported.
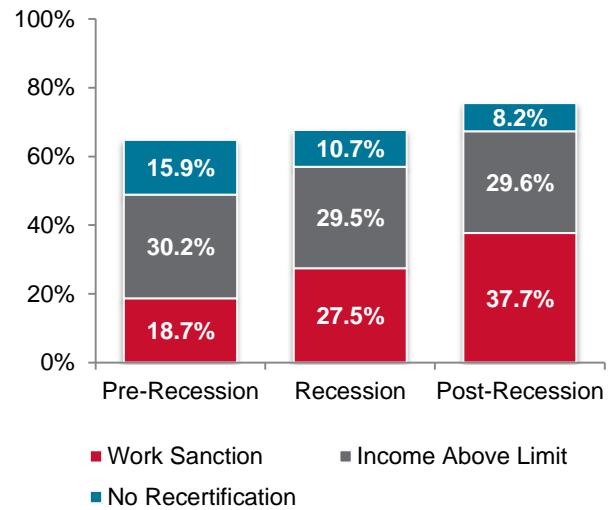
Figure 3. Baltimore County: Average Number of Months of Cash Assistance in Previous Five Years
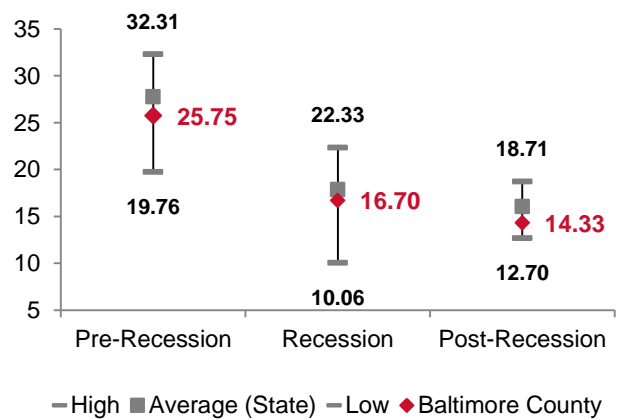
Reason for Case Closure

Figure 4 presents the three most commonly recorded administrative closure codes among the Baltimore County leavers in our sample by cohort. Contrary to the average trend statewide, there is no substantive decline in the percentage of cases closing due to income above the eligibility threshold. In each cohort, this closure code was recorded for three in ten closures (gray bars). In another departure from the statewide trends, Baltimore County is one of a minority of places where full-family work sanctions ranked among the top three closure codes in the Pre-Recession cohort. Further, work sanctions accounted for nearly one in five (18.7%) closures, the highest in the state for the Pre-Recession cohort. Thus, given that Baltimore County has been applying and coding sanctions since the early years of welfare reform, it is not surprising that by the Post-Recession cohort, Baltimore County maintained one of the highest sanctioning rates (37.7%), second only to Baltimore City.

Pre-Exit Employment

We examine the percent of Baltimore County leavers who had a Maryland job covered by Unemployment Insurance (UI) at some point in the two years prior to the exit quarter in Figure 5. About seven in ten leavers were employed in the two years leading up to their exit. In the Pre-Recession cohort, 73.6% of leavers had recent employment, which is on par with the statewide average. Leavers who exited during the recession had one of the highest employment rates (76.4%) of any jurisdiction. This could be due to the fact that existing welfare recipients were able to keep working and move toward a welfare exit despite the economic impact of the recession, or there were more brand new welfare entrants during the Recession cohort, who were coming to the welfare program from a job that they recently lost. The same may be true for the Post-Recession cohort; employment remains relatively high, at 70.3%, despite a decline in the statewide average to about 65%.

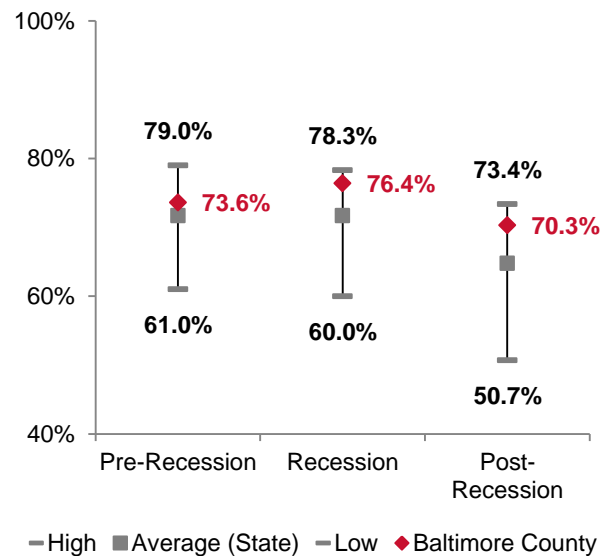**Figure 4. Baltimore County: Top 3 Closure Codes**

Note: 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. Valid percentages are reported.

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

Post-Exit Employment

Figure 6 shows that Baltimore County's employment participation remains above the statewide average as it did in the years before the welfare exits, but the rate declines over time, as is true elsewhere in the state. Overall, seven in ten (69%) Pre-Recession leavers were employed in their first post-exit year, compared with less than six in ten leavers in the Recession and Post-Recession cohorts (59% and 53%, respectively).

Among those who were employed, average yearly earnings are also above the statewide average, with each cohort earning at least $1,800, on average, more that the statewide average. Earnings among working Baltimore County clients increased from an average of about $13,000 among Pre-Recession leavers to about $16,000, on average, among Recession leavers. There was a decline in earnings among Post-Recession leavers to about $14,400; this decline in earnings was not experienced at the statewide level, however.

Figure 6. Baltimore County: Percent Working and Average Earnings in Year after Exit
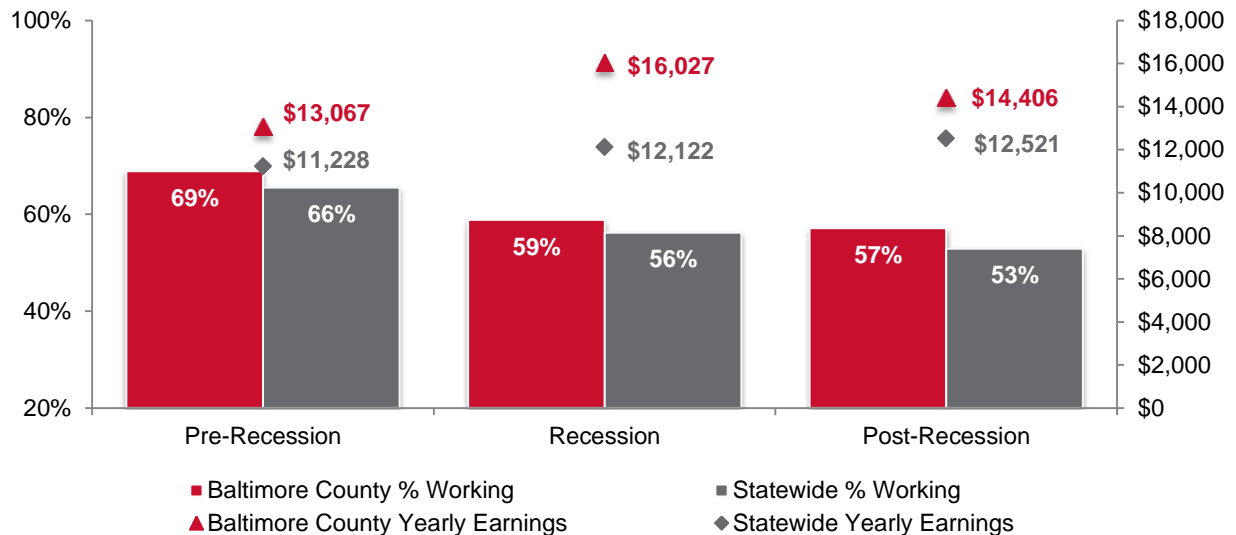
Note: Valid percentages are reported.

Returns to Welfare

Figure 7 presents the percent of welfare leavers that returned to welfare within one year of exiting. Returns to welfare in Maryland vary widely by region, but on average, they were less common in the Pre-Recession era than either the Recession or Post-Recession years.

Interestingly, in Baltimore County, the recidivism rate did not increase between the Pre-Recession and Recession cohorts, but remained at approximately 25% (25.5% and

24.8%, respectively). Among those who exited in the Post-Recession cohort, however, recidivism of Baltimore County leavers reached nearly two in five (39.7%), the highest in the state. In the context of our previous findings, this is not entirely surprising but it may be worthy of further examination. That is, we have already seen that Post-Recession leavers in Baltimore County were more educated, more likely to have two-parent and single-parent cases, more likely to have recent employment, less

likely to have recent welfare history, and more likely to have exited with a full-family sanction than their Pre-Recession and Recession counterparts. One interpretation of these findings is that the Post-Recession cohort included more individuals who had never expected to be a recipient of cash assistance and were unfamiliar with the program rules. Perhaps they misunderstood or were unwilling to comply with the work requirements, received a work sanction, and then returned to the office for clarification and to have their benefits reinstated after curing the sanction. Again, further examination is needed to more fully understand how the high sanctioning and recidivism findings are related, and what implications there are for policy and program management.

Disconnection from Welfare and Work

The final analysis examines the percent of leavers who, for the first year after their exit, have no employment or any additional months of assistance benefits in Maryland. 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 (Ovwigho, Kolupanowich, and Saunders, 2009). The measure shows the range of outcomes for welfare leavers.

Among leavers in the Pre-Recession cohort, one in four leavers (24.0%) became disconnected, which was similar to the average across the state. In the Recession cohort, disconnection was more common (31.8%) for Baltimore County leavers, relative both to the statewide average for the Recession cohort and to their Pre-Recession counterparts. Finally, in the Post-Recession cohort, fewer than one in five (17.5%) leavers became disconnected, the lowest rate of disconnection in the state. Based on our previous findings, we can infer that the
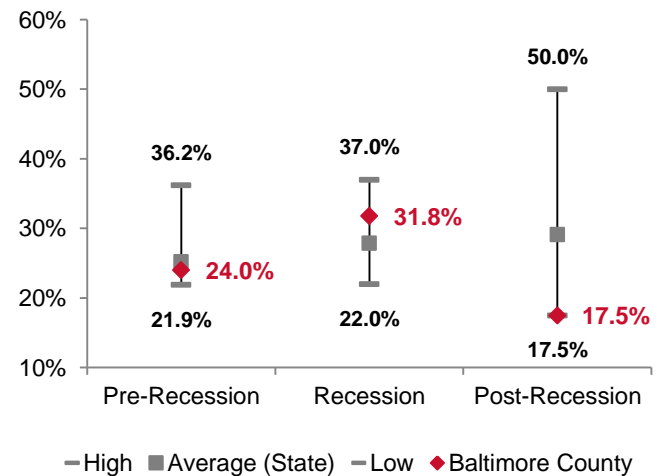
Figure 7. Baltimore County: Percent of Caseheads Returning to Cash Assistance within One Year

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

drop in disconnection is directly related to the increase in welfare recidivism among Post-Recession leavers, rather than a dramatic increase in employment.

Figure 8. Baltimore County: Percent of Caseheads Disconnected in 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 County

The findings have revealed a diverse caseload of leavers in Baltimore County, and one that has changed over time. In terms of characteristics, we find diversity in race, family composition, and education. This diversity often results in Baltimore County leavers matching the statewide average for many indicators, despite the fact that the county represents only about ten percent of leavers in the state. There are differences as well: Baltimore County leavers have slightly shorter welfare histories than typical leavers around the state and are slightly more likely to have worked prior to their welfare exit. One of the most interesting trends is how different the leavers in the Post-Recession cohort are from those who exited in the Pre-Recession or Recession eras. To review, Post-Recession leavers are more likely to be Caucasian, more likely to have at least a high school education, and more likely to have two-parent or single-parent cases versus child-only cases. They have the shortest welfare histories and the highest sanctioning rate, and within one year of exit, they are more likely to return to welfare and the least likely to become disconnected.

Although further examination is needed to understand the implications of these changes, taken together they portray an increase in families who were self-sufficient and, perhaps reluctantly, ended up on welfare after being hit hard by the Great Recession. The high work sanctioning rate and subsequent high recidivism rate may indicate that families are unfamiliar with the work requirements to receive welfare. It will be interesting to note whether these families learn how to navigate the requirements of the program and avoid further sanctions, continue to be sanctioned and return, or hopefully, make a successful exit from the caseload once the economy hits a stronger note in its thus-far sluggish recovery.

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