LIFE AFTER WELFARE: MONTGOMERY COUNTY

CORRENE SAUNDERS, PhD, LETITIA LOGAN PASSARELLA, & CATHERINE E. BORN, PhD

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 among 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 Montgomery 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.

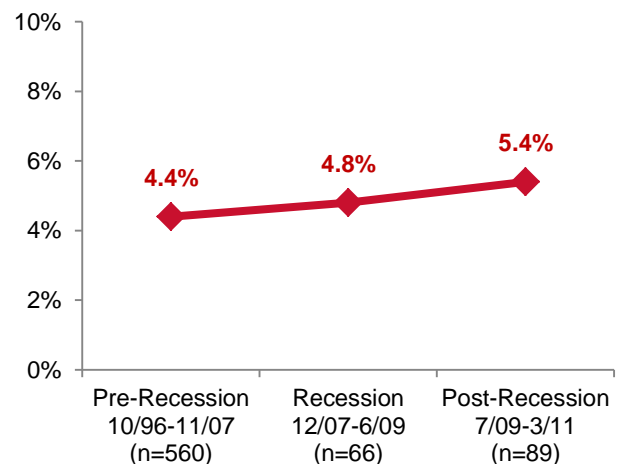## Montgomery County Characteristics[1]

Montgomery County is located adjacent to Washington D.C., and is the most densely populated county in the state. In just 497 square miles of land area, there are an estimated 989,794 people, accounting for 17% of the entire Maryland population. The county is racially diverse, with 64% Caucasian residents, 18% African American, and 14% Asian American. Including all races, nearly one in five (18%) report a Hispanic or Latino origin. As such, Montgomery County has among the highest Asian and Hispanic populations in the state. Montgomery County also has a very well educated population, as nearly all (91%) of its residents aged 25 or older have achieved a high school education level and more than half (56%) have a bachelor's degree or

higher. Median household income in Montgomery County is very high, averaging $93,373 between 2006 and 2010, landing Montgomery County among the top twenty highest-income counties in the entire country. Accordingly, the poverty rate for Montgomery County is 6.0%, which is lower than the statewide average. The top employers in Montgomery County span a range of industries, including large retail stores and supermarkets, banks, and medical centers. Unique to Montgomery are large firms providing research, staffing, and technical consultation services for federal agencies, including Booz Allen Hamilton, Westat, and Lockheed Martin (Maryland DLLR, 2012).

Characteristics of Welfare Leavers

Montgomery County welfare leavers make up less than five percent (4.5%, n=715) of our total sample of welfare leavers, which is much lower than its share of the general population (approximately 17 percent). As presented in Figure 1, the proportion of welfare leavers from Montgomery County relative to other places around the state has slightly increased over time. Among leavers in the Post-Recession cohort, Montgomery County leavers represented just over five percent (5.4%), versus closer to four percent (4.4%) among the Pre-Recession cohort.

Figure 1. Montgomery County: Percent of Total Statewide Exiting Cases

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[1] Data obtained from U.S. Census Bureau State and County QuickFacts website: http://quickfacts.census.gov/qfd/states/24/24031.html.

Table 1 presents the demographic characteristics of welfare leavers in Montgomery County: an African American (64.0%) female (95.2%) in her mid-30's (mean=33.85). In a notable departure from average characteristics of welfare leavers statewide, Montgomery County leavers are more likely to have been married (65.9% never married, versus 75.0% overall across the state) and are much more likely to have at least a high school education level (76.2% versus 61.4%). There are no substantial changes in the demographic characteristics of Montgomery County welfare leavers over time, except that the percent of leavers who are African American is higher among the Recession leavers (73.4%) than either the Pre-Recession (63.5%) or Post-Recession (59.5%) cohorts.

In terms of case characteristics, Table 2 reveals that welfare leavers in Montgomery County have average case sizes (mean=2.70 individuals) similar to the statewide average (mean=2.60), and just over two-fifths (40.3%) of leavers are single-parent cases. Approximately one in five (20.8%) exiting cases is child-only, and approximately five percent (4.5%) are two-parent cases. Over time, we see a slight decrease in average case size, most likely due to the increase in child-only cases, from 16.9% in the Recession cohort to 23.6% in the Post-Recession cohort.

Table 1. Montgomery County: Demographic Characteristics of Welfare Leavers

	% Female	Mean Age	% African American	Never Married	% HS Degree or Higher
Montgomery County (n=715)	**95.2%**	**33.85**	**64.0%**	**65.9%**	**76.2%**
Pre-Recession (n=560)	95.1%	33.59	63.5%	65.3%	74.5%
Recession (n=66)	95.5%	35.44	73.4%	67.7%	85.2%
Post-Recession (n=89)	95.5%	34.29	59.5%	68.2%	76.3%
Maryland (n=15,818)	**95.2%**	**32.77**	**74.0%**	**75.0%**	**61.4%**

Note: Valid percentages are reported.

**Table 2. Montgomery County: Case Characteristics of Exiting Cases**

	Mean Assistance Unit Size	% Single-Parent	% Child-Only	% Two-Parent
Montgomery County (n=715)	**2.70**	**40.3%**	**20.8%**	**4.5%**
Pre-Recession (n=560)	2.74	-	-	-
Recession (n=66)	2.59	41.5%	16.9%	3.1%
Post-Recession (n=89)	2.53	39.3%	23.6%	5.6%
Maryland (n=15,818)	**2.60**	**49.2%**	**18.8%**	**3.8%**

Note: We present caseload designations for the last two cohorts (n=155 in Montgomery 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 welfare spell leading up to their exit. Most families across the state experienced exiting spells of 12 months or less. Montgomery County had the highest percent of leavers (92.4%) who exited welfare after an exit spell of 12 months or less during the Recession period. Families in the other two cohorts with welfare spells of 12 months or less were right at the statewide average.

Figure 2. Montgomery County: Percent of Cases with an Exiting Spell of 12 Months or Less
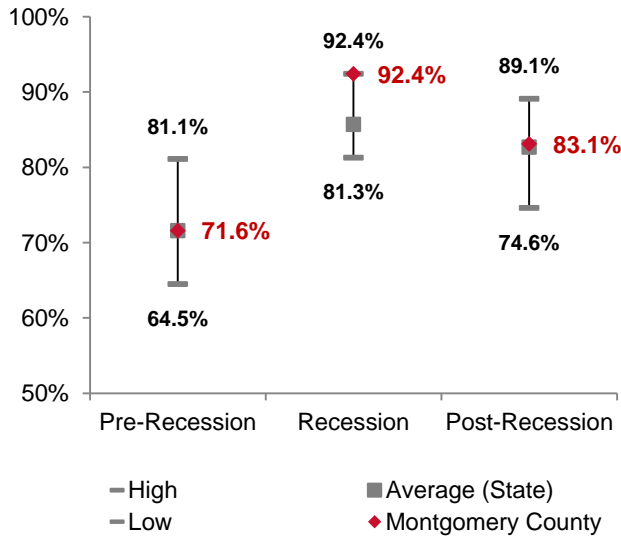
The second measure, depicted in Figure 3, is the average number of months of cash assistance benefits received by the casehead in the previous five years (or 60 months), regardless of whether those months were consecutive or not. As shown, in Montgomery County, the average number of months of cash assistance in the previous five years was below the state average in every cohort. Further, average welfare histories have decreased by almost half over time. In the Pre-Recession cohort, the average welfare leaver in Montgomery County received cash assistance for approximately 22 out of the previous 60 months. Among leavers in the Recession cohort, the average welfare history was only 10 months out of the previous 60, the shortest in the state. There is a small increase in the average number of months of previous cash assistance between the Recession and Post-Recession cohorts, from 10 to 13 months, but it still remains low relative to the rest of the state.

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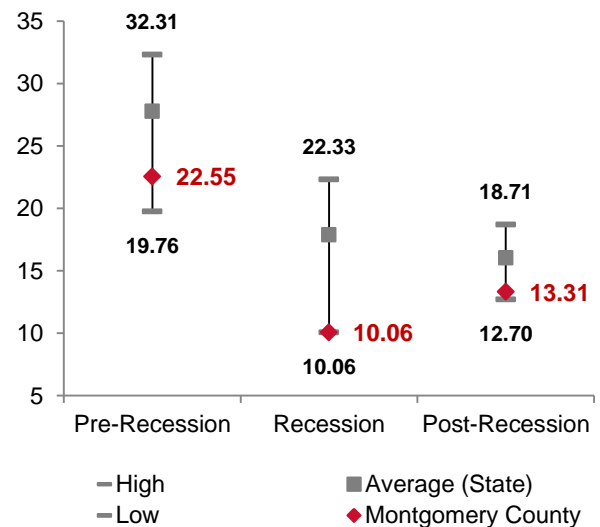
Note: Figures with the 'High' and 'Low' markers represent the Maryland counties with highest and lowest average or percent of cases with that particular indicator. For example, in Figure 2, the 'High' marker represents the county with the highest percent of cases with an exiting spell of 12 months or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

Reason for Case Closure

Figure 4 presents the three most common administrative closure codes that are recorded for Montgomery County welfare leavers. Compared to the statewide average, Montgomery County leavers are more likely to have a case closed due to having income above the eligibility threshold—generally from a newly obtained job—in the Pre-Recession cohort (34.8% vs. 28.6%, not depicted). Over time, full-family work sanctions replace income above limit as the most common reason for case closure; by the Post-Recession cohort, income above limit is just as common in Montgomery County as it was on average around the state (about 3 out of 10 exits, 27.0%). In fact, the increase in work sanctions happened more quickly in Montgomery County than in other places around the state. Among leavers in the Pre-Recession cohort, sanctions accounted for approximately 14% of exits (not depicted), which is about on par with the state average. By the Recession cohort, Montgomery County stood out as having one of the highest work sanction rates in the state, with more than one out of three (36.4%) cases receiving a work sanction. The frequency of work sanctions then levels out, so that by the Post-Recession cohort, work sanctions still represent approximately one out of three exits (34.8%) which is close to the statewide average (31.1%, not depicted).

Pre-Exit Employment

Figure 5 presents the percent of leavers in each cohort who had a quarterly wage record, indicating employment in a Maryland job covered by Unemployment Insurance (UI), at some point during the two years prior to the exit. Overall, employment rates in Maryland UI-covered jobs are relatively lower in Montgomery County when compared to the statewide average, in each cohort. Pre-exit employment rates also decline over time in Montgomery County, from two out three (66.1%) leavers with recent UI employment in the Pre-Recession

Figure 4. Montgomery County: Top 3 Closing Codes
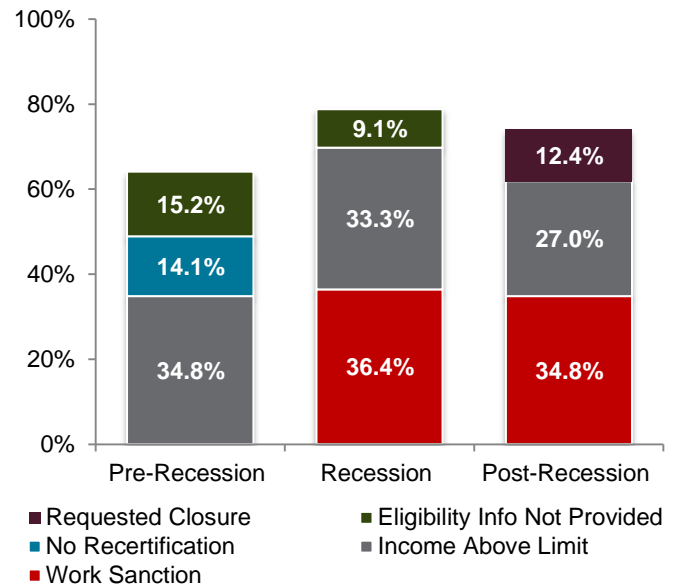
Note: Valid percentages are reported.

cohort, to three out of five (60.0%) in the Recession cohort, and just fewer than three out of five (57.8%) in the Post-Recession cohort. This is perhaps a surprising finding, given the higher education and lower unemployment rate in Montgomery County relative to other places in the state. There are at least two potential explanations, though more information is needed to determine the validity of either. The employment data available for this study is limited to UI-covered jobs in Maryland. Most non-civilian employment is excluded, as is employment outside of Maryland. Thus, to the extent that Montgomery County welfare leavers are more likely to be employed with the military, or in Washington, D.C., employment rates presented in this report will be under-estimates. Another possible explanation has to do with income inequality. Montgomery County is one of the most populous, highest-income, and most highly educated counties in the state. Residents who do not have at least some college education or a trade may find it especially difficult to find employment in Montgomery County, more so than in other places around the state.

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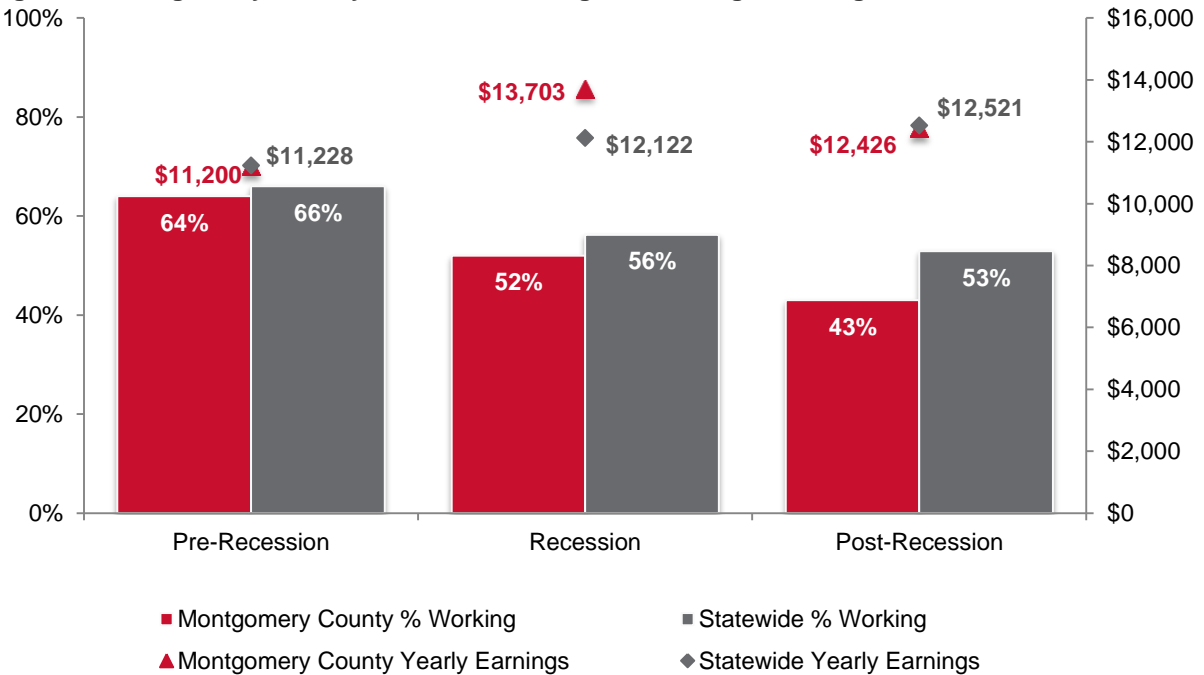

Note: Valid percentages are reported.

Post-Exit Employment

Employment trends before and during the exit quarter mainly continued through the first year after exit, as presented in Figure 6. That is, Montgomery County leavers continued to be less likely to be employed than the average welfare leaver across the state. Also, employment rates decline steadily and more dramatically (relative to the state average) across the three cohorts. Among those who are employed, earnings are about on par with other employed welfare leavers across the state (on average). Overall, approximately three out of five (64%) Pre-Recession leavers, half (52%) of Recession leavers, and two out of five (43%) Post-Recession leavers have UI earnings in the year after exiting. Average earnings for those who are employed ranged from $11,200 in the Pre-Recession cohort to $13,703 in the Recession cohort. Earnings among the working Post-Recession caseheads declined by more than $1,000 from the Recession cohort average to $12,426.

Figure 6. Montgomery County: Percent Working and Average Earnings in Year after Exit

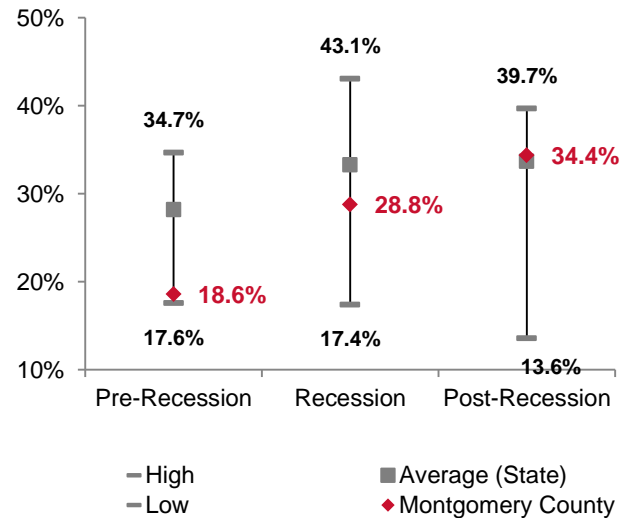Note: Valid percentages are reported.

Returns to Welfare

Figure 7 presents the percent of welfare leavers in Montgomery County that returned to welfare within one year, relative to the highest, lowest, and average rates found around the state. Returns to cash assistance in Maryland vary widely by region, but on average, they are less common in the Pre-Recession era than either the Recession or Post-Recession years. In Montgomery County this trend is particularly visible, as there is a steady increase from a very low recidivism rate in the Pre-Recession cohort (18.6%), to a moderate but still lower than average recidivism rate in the Recession cohort (28.8%), to a higher recidivism rate that was on par with the state average in the Post-Recession cohort (34.4%). The steady increase is interesting because in other places around the state, increases in recidivism tend to mirror increases in work sanctions but not so in Montgomery County. Between the Recession and Post-Recession cohorts, the percent of exits attributed to a full-family work sanction actually decreased but the percent of those returning to welfare within the first year increased. Further review of cases that returned to may yield important information about the circumstances of caseheads who return, and whether the reasons for return vary by place.

Disconnection from Welfare and Work

The final analysis examines the percent of welfare leavers who, for the duration of the first year after their welfare exit, have no recorded wages from a Maryland UI-covered job or any additional months of TCA 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 (SSI) (Ovwigho, Kolupanowich, and Saunders, 2009). Still, the measure is important because it helps us more fully understand the range of outcomes for welfare leavers.
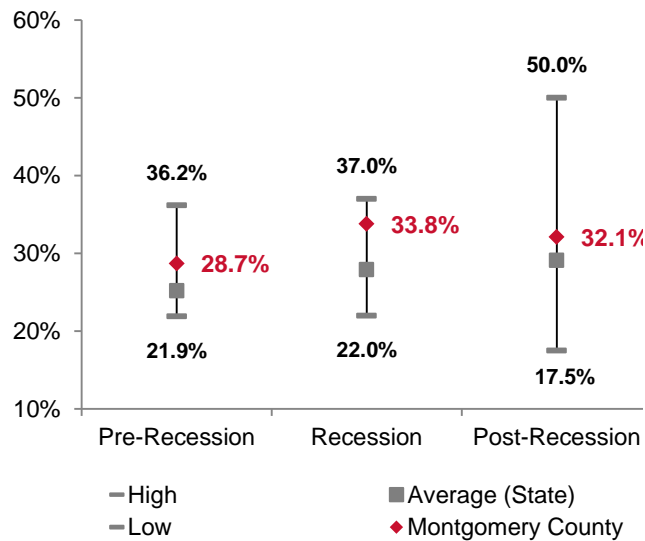
Figure 7. Montgomery County: Percent of Caseheads Returning to Cash Assistance within One Year

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

As presented in Figure 8, Montgomery County leavers are somewhat more likely than the typical Maryland welfare leaver to become disconnected for the duration of their first year after exit. This is not entirely surprising, as the county shares a border with Washington, D.C., making work or moves outside the state easier than in some other places around the state. In each cohort, approximately three out of ten leavers became disconnected (28.7%, 33.8%, and 32.1%). This consistency, however, masks variation in the cohort-specific outcomes for welfare leavers. Of the two main post-exit outcomes we reviewed in this brief—employment and recidivism—we found clear patterns of a steady decline among employment and a steady increase in recidivism. Based on these findings, we can infer that Pre-Recession leavers were more likely to be employed and less likely to return to welfare and Post-Recession leavers were more likely to return to welfare and less likely to be employed, although both cohorts have the same rate of disconnection from both work and welfare.

Figure 8. Montgomery County: 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: Montgomery County

The findings presented in this brief reveal that even in a highly educated, diverse, and high-income county like Montgomery County, welfare leavers feel the effects of the Great Recession. Despite few changes in the characteristics of leavers over time, we see declines in employment, increases in work sanctioning and recidivism (though not necessarily in tandem), and, for the most part, average earnings among those who do become employed. Although Montgomery County does not have a particularly large share of the state's welfare caseload, it is unique in the diversity of its caseload and is among only a handful of places around the state where nearly eight out of ten leavers have achieved at least a high school education. These factors make it a prime location to pilot new approaches for case management, particularly new approaches to workforce development. Finally, the decoupling of work sanctions and recidivism in Montgomery County make it a unique place to closely examine the circumstances surrounding leavers' returns to welfare.

References

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