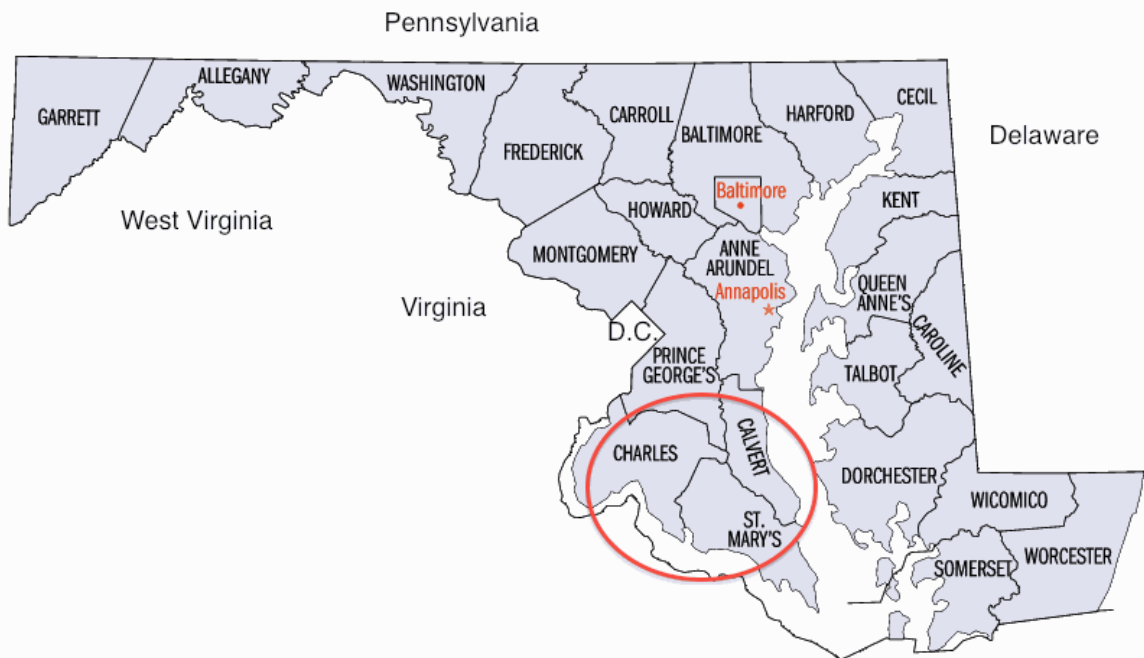


LIFE AFTER WELFARE: SOUTHERN REGION

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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 the Southern region of the state. 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.

Southern Region Characteristics¹

The Southern region consists of three counties in the southern portion of the state, west of the Chesapeake Bay: Calvert, Charles, and St. Mary's Counties. The region is within commuting distance to Washington, D.C. and northern Virginia, and as such, is home to some of the largest government contractors for defense manufacturing, research, and consulting. There is also a large nuclear plant in the region, several large hospitals, and several large retail employers (e.g., Wal-Mart, Lowe's, franchise restaurants, etc.).

¹ Charles: <http://quickfacts.census.gov/qfd/states/24/24017.html>;
 St. Mary's: <http://quickfacts.census.gov/qfd/states/24/24037.html>;
 Calvert: <http://quickfacts.census.gov/qfd/states/24/24009.html>.

Charles County is the most populous of the three counties, with nearly 150,000 residents. The other two counties have approximately 100,000 residents and together the region accounts for approximately six percent of the state's total population. Charles County is also more racially diverse (51% Caucasian) than either Calvert (81.7% Caucasian) or St. Mary's County (79.2%). Adult residents aged 25 and older in the region are slightly more likely than a typical Maryland adult to have at least a high school education (ranging from 89.8% in St. Mary's County to 92.1% in Calvert County, compared to 87.8% across the state) and nearly three in ten also have at least a bachelor's degree. The poverty rate is relatively lower than the state (9%), ranging from 4.6% in Calvert County to 7.3% in St. Mary's County.

Characteristics of Welfare Leavers

This brief presents information about a sample of welfare leavers (n=510) in the Southern region who left welfare for at least one month between October 1996 and March 2011. As presented in Figure 1, welfare leavers from the Southern Region made up approximately three percent of the state's leavers in the Pre-Recession cohort, and four percent of leavers in the Recession (4.3%) and Post-Recession (3.8%) cohorts.

Figure 1. Southern Region: Percent of Total Statewide Exiting Cases

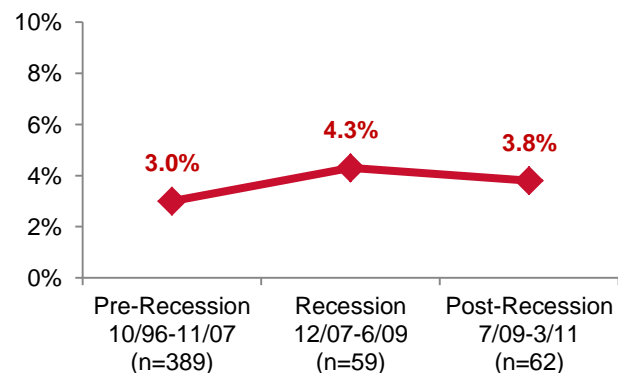


Table 1 presents demographic characteristics of welfare leavers in the Southern region. In this region, a typical welfare leaver is female, (95.7%) in her early thirties (mean=33.10 years), has never married (69.2%), and has earned at least a high school degree (65.4%). Over time, caseheads in the Southern region were less likely to be African American (from 56.5% in the Pre-Recession cohort to 47.5% of leavers in the Post-Recession cohort) and also more likely to have a high school diploma (from 65.7% to 71.2%). However, the Recession cohort of leavers is substantially less likely to have completed at least a high school education (57.7%) than either the Pre-Recession (65.7%) or Post-Recession (71.2%) leavers.

In addition to individual characteristics of the casehead, we also examine the size and type

of case, presented in Table 2. Overall, leavers in the Southern region had an average case size of between two and three people (mean=2.53 vs. 2.60 statewide). Slightly more than one-third (36.4%) of the cases are single-parent cases, subject to work requirements. There are substantially fewer single-parent cases in the Southern region than in the state (36.4% vs. 49.2%). Approximately one in five Southern region leavers (20.7%) have child-only cases at the time of their exit, and the proportion of child-only cases is slightly higher in the Post-Recession cohort (22.6%) than in the Recession cohort (18.6%). Two-parent cases are much more common among Recession leavers (8.5%) than Post-Recession leavers (1.6%).

Table 1. Southern Region: Demographic Characteristics of Welfare Leavers

	% Female	Mean Age	% African American	Never Married	% HS Degree or Higher
Southern Region (n=510)	95.7%	33.10	54.0%	69.2%	65.4%
Pre-Recession (n=389)	95.9%	32.93	56.5%	69.1%	65.7%
Recession (n=59)	94.9%	32.76	44.6%	68.4%	57.7%
Post-Recession (n=62)	95.2%	34.48	47.5%	70.5%	71.2%
Maryland (n=15,818)	95.2%	32.77	74.0%	75.0%	61.4%

Note: Valid percentages are reported.

Table 2. Southern Region: Case Characteristics of Exiting Cases

	Mean Case Size	% Single-Parent	% Child-Only	% Two-Parent
Southern Region (n=510)	2.53	36.4%	20.7%	5.0%
Pre-Recession (n=389)	2.55	-	-	-
Recession (n=59)	2.58	37.3%	18.6%	8.5%
Post-Recession (n=62)	2.40	35.5%	22.6%	1.6%
Maryland (n=15,818)	2.60	49.2%	18.8%	3.8%

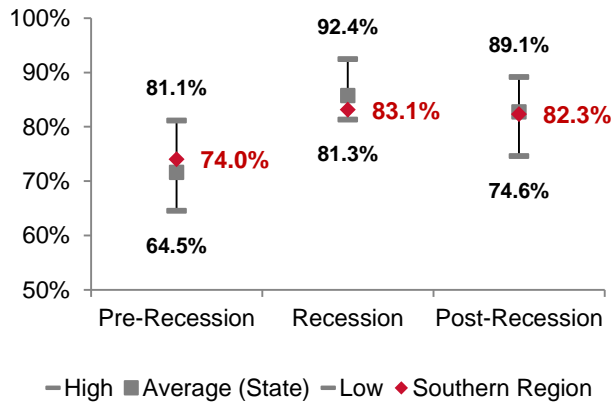
Note: We present caseload designations for the last two cohorts (n=121 in Southern region; n=3,012 in the State) since the data are not available prior to February 2004 and coding changed in October 2007. Valid percentages are reported.

Pre-Exit Welfare History

In this section we discuss two measures of welfare history for our sample of welfare leavers in the Southern region. The first, depicted in Figure 2, is the percent of leavers whose exit spell lasted for 12 consecutive months or less, which are considered short welfare spells.

As shown, approximately eight out of ten leavers in this region have a relatively short exit spell of 12 months or less, though short welfare spells are more common in the latter cohorts (83.1% and 82.3%) than in the Pre-Recession cohort (74.0%). These rates of short spells are very similar to the statewide percentage.

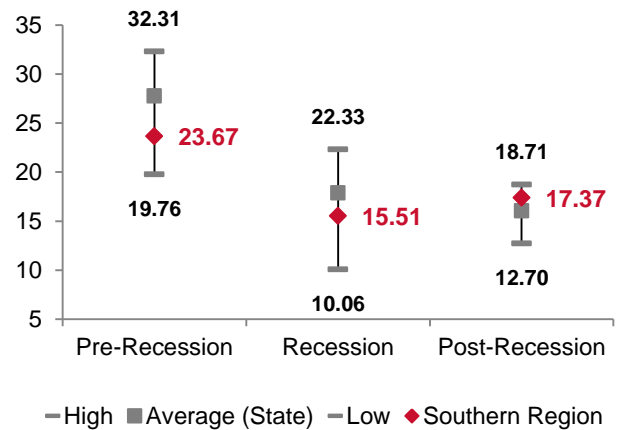
Figure 2. Southern Region: Percent of Cases with an Exiting Spell of 12 Months or Less



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.

The second measure gives us a more comprehensive view of leavers' past welfare use in Maryland. Rather than considering a single spell, we examine the total number of months of cash assistance received in Maryland during the previous 60 months, or five years. In the Pre-Recession period, welfare leavers in the Southern region received an average of about 24 months of benefits, not necessarily consecutively, in the months leading up to the exit that brought them into our sample. Historical welfare use became less common over time, in the Southern region and across the state. Among Recession leavers, the average leaver received benefits in Maryland for only 15 months out of the previous 60, and among Post-Recession leavers, the average was 17 months.

Figure 3. Southern Region: Average Number of Months of Cash Assistance in Previous Five Years***



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

Reason for Case Closure

Having reviewed the average characteristics of welfare leavers and their cases in the Southern region, as well as their previous welfare receipt in Maryland, we now turn to an analysis of closure codes to understand why the particular cases in our sample closed. Codes are selected from a pre-determined list to indicate the primary reason why the closure occurred and sometimes also to trigger automated actions (for instance, a full-family sanction). Figure 4 presents the top three most frequently recorded closure codes in the Southern region across the cohorts in our study.

As presented, approximately two out of five cases in the Pre-Recession and Post-Recession cohorts were closed because the family's income was higher than the eligibility limit, and one in three closed due to this reason in the Recession cohort. The second most commonly recorded closure code in each of the three cohorts indicated that recertification, which is required at set intervals after an initial approval for benefits, was not completed. In the Pre-Recession and

Recession cohorts, this reason code is recorded in approximately one in seven cases (14.4% and 15.3%, respectively). It is somewhat less commonly used in the Post-Recession cohort, accounting for closer to one in ten closures (12.9%).

The third most common administrative closure code was different for each cohort. In the Pre-Recession cohort, approximately one in ten cases (10.5%) was closed because eligibility information was not provided to the caseworker. During the Recession cohort, the third most common closure code was "Requested Closure," accounting for 13.6% of closures. Finally, in the Post-Recession cohort, the third most common reason for closure was "Not Eligible" (12.9% of cases). Noticeably absent from the top three closure codes across all three cohorts is "Work Sanction," a code that indicates a full-family sanction for noncompliance with work requirements. In most other locales around the state, work sanctions are in the top three reasons for closure in at least one, if not all, cohorts.

Figure 4. Southern Region: Top 3 Closing Codes***

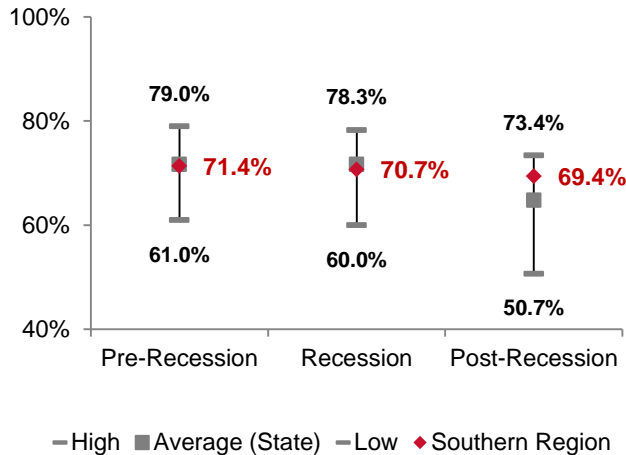


Note: Valid percentages are reported. *p<.05, **p<.01, ***p<.001

Pre-Exit Employment

In this section we review the employment history of welfare leavers in the Southern region. Specifically, we present the percent of leavers with reported earnings in a Maryland job covered by Unemployment Insurance (UI) during the eight quarters (two years) prior to the exit quarter. Figure 5 shows that in each cohort, approximately seven out of ten welfare leavers in the Southern region had reported earnings at some point during the eight quarters, or two years, prior to their exit quarter. This is about on par with the Maryland average, and shows that welfare leavers are not strangers to the workforce.

Figure 5. Southern Region: Percent Working in the Two Years before Exit



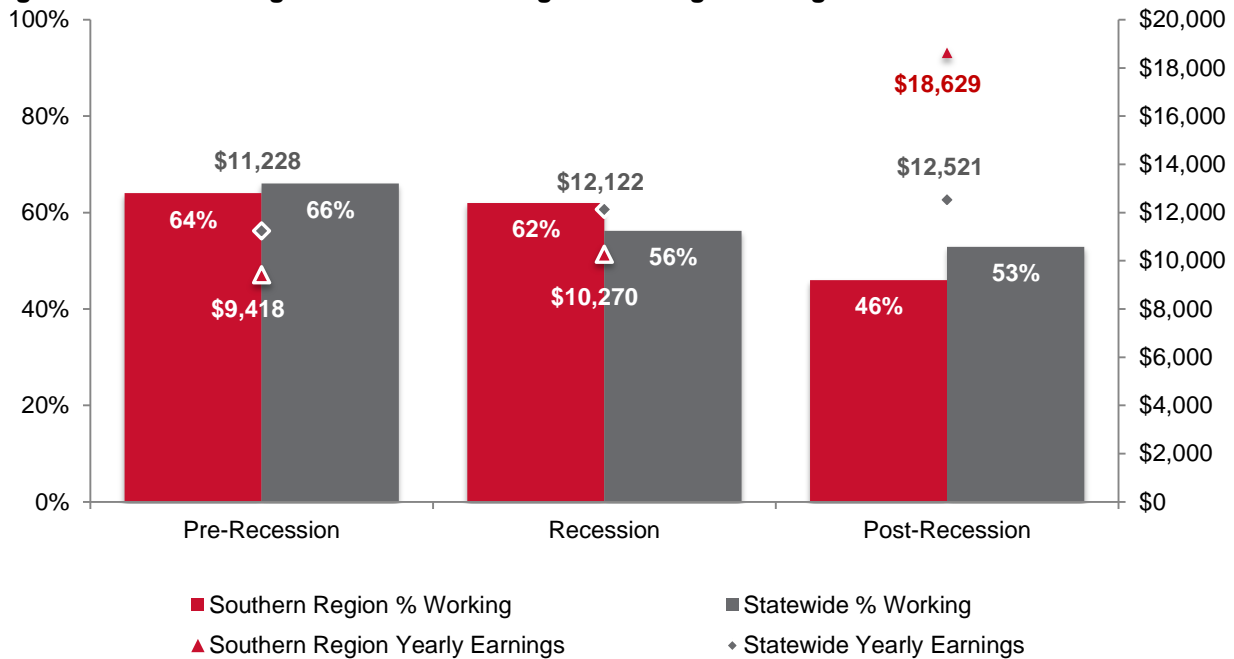
Note: Valid percentages are reported. *p<.05, **p<.01, ***p<.001

Post-Exit Employment

In this section on employment, Figure 6 presents the percent of Southern region leavers who are employed at any point during the first year after their welfare exit and their average total earnings for the entire year. Figure 6 shows that in the Pre-Recession cohort, nearly two out of three (64%) leavers were employed in the first post-exit year, and average earnings for the year were less than the statewide average, at \$9,418 vs. \$11,228 for the state. Among the three out of five (62%) Recession leavers who were employed in the year after their exit, average earnings were slightly higher, though still less than the statewide average (\$10,270 vs. \$12,122). Finally, in the Post-Recession cohort, less than half (46%) of leavers in the Southern region became employed in their first follow-up year. This is less than the statewide employment rate (53%) for welfare leavers in this cohort, and substantially less than the employment rates for the other two cohorts.

The small sample size is an issue for measuring average earnings, making the mean more sensitive to outliers. The median earnings among those who were employed in this cohort was \$8,677, considerably less than the mean value of \$18,629 and more in line with earnings reported among leavers in the other two cohorts for this region. The proximity of the counties in the Southern Region to Washington, D.C. may also underestimate the employment and earnings of leavers in this region. That is, the presented employment and earnings figures only represent employment in Maryland, therefore any employment in Washington, D.C. is not included in these figures.

Figure 6. Southern Region: Percent Working and Average Earnings in Year after Exit

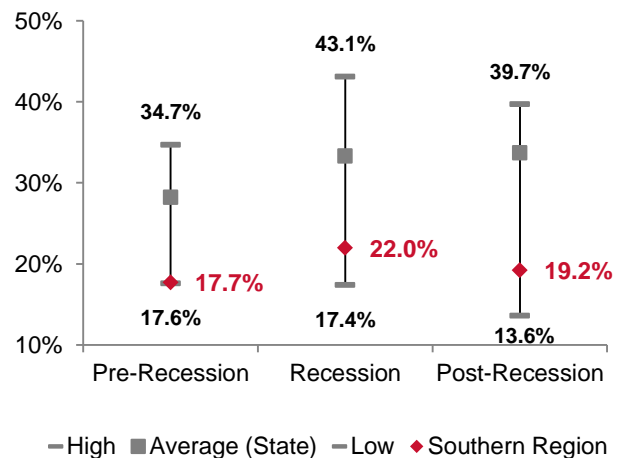


Note: Valid percentages are reported.

Returns to Welfare

Another important post-exit outcome is whether or not a welfare leaver returns for additional cash assistance within the first year after their exit. Figure 7 shows that leavers in the Southern region are substantially less likely to return to welfare than an average leaver in Maryland. In fact, in each cohort, recidivism rates in the Southern region are among the lowest in the state, ranging from 17.7% in the Pre-Recession cohort to 22.0% in the Recession cohort. This means that even during the recession years, when recidivism might have been most likely, approximately four out of five leavers in the Southern region remain off cash assistance for an entire year following their exit.

Figure 7. Southern Region: 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.

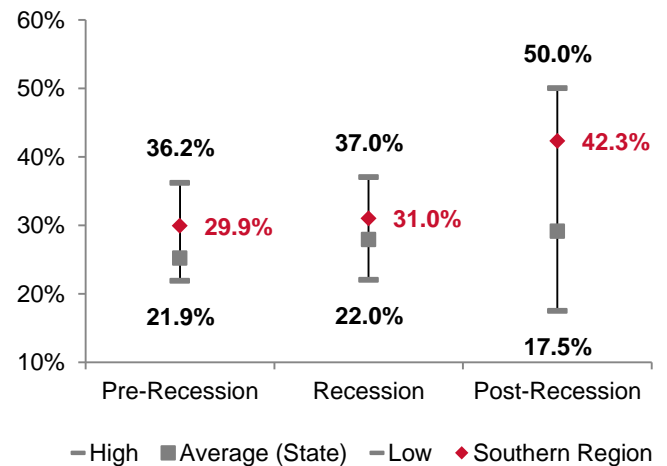
Disconnection from Welfare and Work

Our 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 welfare 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) (Ovwigbo, 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, disconnection among Southern region leavers is relatively common, compared with the rest of the state. In the Pre-Recession and Recession cohorts, about three in ten leavers were disconnected from work and welfare in Maryland for the duration of their first post-exit year (29.9% and 31.0%, respectively). In the Post-Recession cohort, disconnection is even more common. Approximately two out of five (42.3%) caseheads who exited welfare during

the Post-Recession period remained off cash assistance and had no reported UI earnings in Maryland for the first year after their exit. Again, the rate of disconnection may be overstated if there is any employment among leavers in neighboring Washington, D.C., which is not accounted for in this brief.

Figure 8. Southern Region: 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. *p<.05, **p<.01, ***p<.001

Summary: Southern Region

Overall, the findings in this brief show remarkable stability in the characteristics and outcomes of welfare leavers in the Southern region over time. Most leavers in this region have had UI earnings in the past, exit from relatively short welfare spells, and, at least on average, are not long-term dependent recipients. Perhaps the most surprising finding is the relatively infrequent use of work

sanctioning in this region, and the high proportion of cases in each cohort that closed because of income being above the eligibility limit. This is born out in the post-exit analyses, as well. Of the two most popular outcomes for a welfare exit, leavers in the Southern region are more likely to become employed and less likely to return to welfare than an average leaver across the state.

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