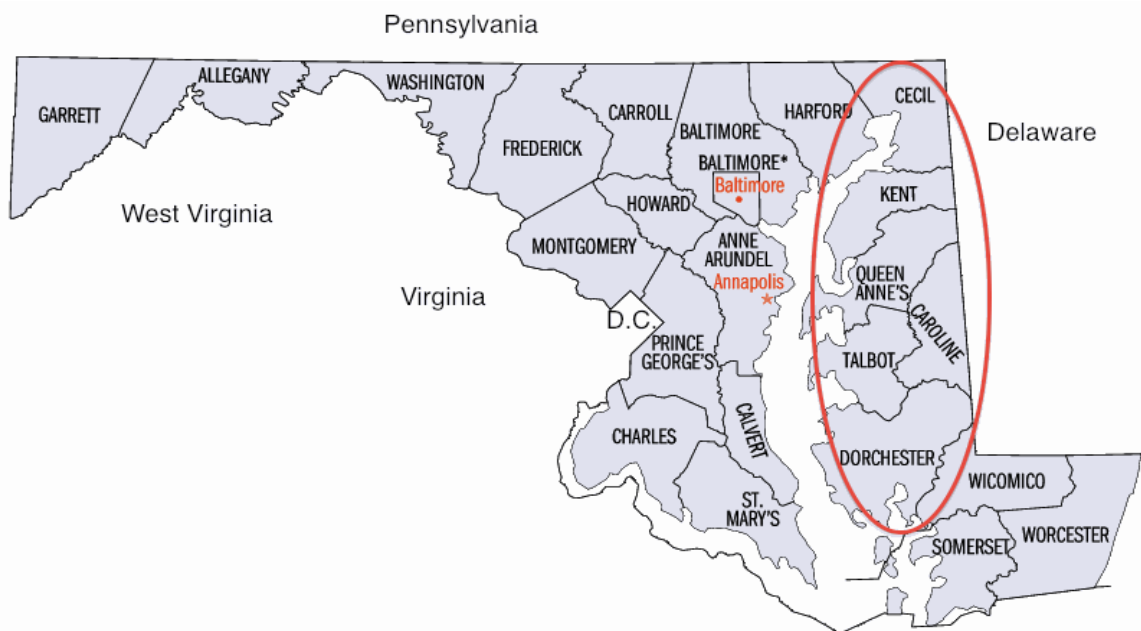


## LIFE AFTER WELFARE: UPPER SHORE REGION

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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 Upper Shore region in 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.

### Upper Shore Region Characteristics<sup>1</sup>

The Upper Shore region lies to the east of the state and includes Caroline, Cecil, Dorchester, Kent, Queen Anne's, and Talbot Counties. It is bordered by Pennsylvania, Delaware, and the Chesapeake Bay. Approximately 270,000 people reside in this region, accounting for nearly five percent of the entire state population (approximately 5.8 million). A mix of industries that includes farming and manufacturing, as well as retail shopping outlets, large hotels and resorts, and restaurants support the region. There is also a college in Kent County (Washington College) that is a major employer for the region, as well as several large hospitals throughout (Maryland DLLR, 2012).

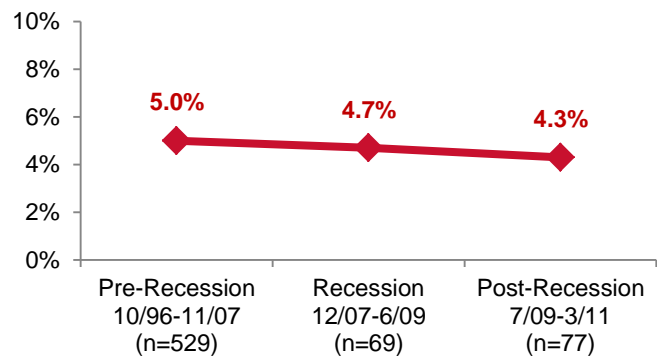
Approximately half of the residents are female and the majority is Caucasian

(ranging from 68.7% in Dorchester County to 89.8% in Queen Anne's County). Over four-fifths of adults over the age of 25 have obtained at least their high school diploma, though the attainment of a bachelor's degree or higher varies across the region. In the central counties of Kent, Queen Anne's, and Talbot, at least three out of ten adults had attained a bachelor's degree or higher (30.2%, 29.6%, and 39.7%, respectively). In the remaining three counties, four-year college education was less common, ranging from 15.2% in Caroline County and 16.5% in Dorchester County, to 20.9% in Cecil County. As of 2011, the poverty rate for the counties in the Upper Shore region ranged from 7.5% in Queen Anne's County to 15.5% in Dorchester County, which is on par with the national average but high compared to other locations in Maryland.

### 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, Upper Shore cases make up 4.3% (n=675). When the sample is separated into cohorts, as in Figure 1, we can see that the proportion of welfare leavers from the Upper Shore region has declined slightly over time, from 5.0% of the state's welfare leavers during the Pre-Recession cohort to 4.3% in the Post-Recession cohort.

**Figure 1. Upper Shore Region: Percent of Total Statewide Exiting Cases**



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

Table 1 presents demographic information about welfare leavers in the Upper Shore region. The typical payee is a female in her early thirties. Only two of five leavers are African American, and most have never married. About three of five payees have achieved a high school level of education.

There are some shifts in the demographic profile of a typical payee between the Pre-Recession and Recession cohorts, hinting that those who exited welfare during the Great Recession did not fit the typical profile in this region. For instance, during the Recession, leavers are less likely to be female (87.0% vs. 93.9%), slightly older (mean=34.09 vs. 32.66), less likely to be African American (34.3% vs. 44.7%), and more likely to have never married (68.2% vs. 61.6%). In the Post-Recession cohort there is a trend reversing back to Pre-Recession averages, except in education. While the percent of leavers with a high school education remained relatively stable between the first two cohorts (about 60%), there is a notable increase to 66.7% in the Post-Recession cohort.

In terms of case characteristics, Upper Shore leavers are similar to the statewide average

in the size of the case (mean=2.55 vs. 2.60) and in the percent of child-only (22.2% vs. 18.8%) and two-parent (4.9% vs. 3.8%) cases. Leavers from the Upper Shore are less likely to have a single-parent case compared to the statewide average (40.3% versus 49.2%), particularly in the Post-Recession period. In fact, between the Recession and Post-Recession period, the percent of single-parent cases among Upper Shore welfare leavers dropped from 44.8% to 36.4%. The decline in the percent of single-parent cases is particularly notable, and although not depicted, further analyses indicated that it coincided with increases in the percent of exiting cases being coded with disabilities and caring for an infant (both of which are considered work-exempt cases, compared to single-parent cases that are subject to work requirements).

In contrast, the percent of two-parent cases increased from 3.0% among Recession leavers to 6.5% of leavers in the Post-Recession cohort. The higher rate hints that these cases which entered welfare during the Great Recession are perhaps able to exit more quickly than others during the Post-Recession period.

**Table 1. Upper Shore Region: Demographic Characteristics of Welfare Leavers**

|                            | % Female     | Mean Age     | % African American | Never Married | % HS Degree or Higher |
|----------------------------|--------------|--------------|--------------------|---------------|-----------------------|
| <b>Upper Shore (n=675)</b> | <b>93.3%</b> | <b>32.59</b> | <b>42.7%</b>       | <b>62.5%</b>  | <b>60.4%</b>          |
| Pre-Recession (n=529)      | 93.9%        | 32.66        | 44.7%              | 61.6%         | 59.4%                 |
| Recession (n=69)           | 87.0%        | 34.09        | 34.3%              | 68.2%         | 60.0%                 |
| Post-Recession (n=77)      | 94.8%        | 30.82        | 36.8%              | 63.6%         | 66.7%                 |
| <b>Maryland (n=15,818)</b> | <b>95.2%</b> | <b>32.77</b> | <b>74.0%</b>       | <b>75.0%</b>  | <b>61.4%</b>          |

**Note:** Valid percentages are reported.

**Table 2. Upper Shore Region: Case Characteristics of Exiting Cases**

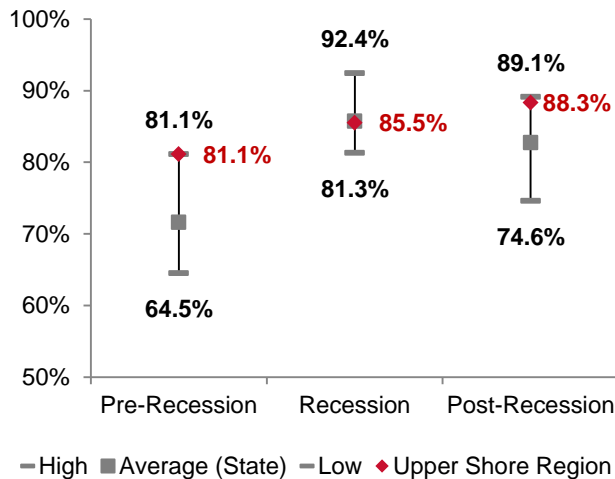
|                            | Mean Case Size | % Single-Parent | % Child-Only | % Two-Parent |
|----------------------------|----------------|-----------------|--------------|--------------|
| <b>Upper Shore (n=675)</b> | <b>2.55</b>    | <b>40.3%</b>    | <b>22.2%</b> | <b>4.9%</b>  |
| Pre-Recession (n=529)      | 2.51           | -               | -            | -            |
| Recession (n=69)           | 2.61           | 44.8%           | 26.9%        | 3.0%         |
| Post-Recession (n=77)      | 2.77           | 36.4%           | 18.2%        | 6.5%         |
| <b>Maryland (n=15,818)</b> | <b>2.60</b>    | <b>49.2%</b>    | <b>18.8%</b> | <b>3.8%</b>  |

**Note:** We present caseload designations for the last two cohorts (n=146 in Upper Shore; 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 consecutive months of welfare benefits in the single welfare spell leading up to their exit. This is a relatively short welfare spell and helps us to understand what proportion of leavers is using the assistance as a temporary support. Similar to other regions and large jurisdictions, most families in the Upper Shore region experienced exiting spells of 12 months or less. However, in the Pre-Recession period, short spells are especially common in the Upper Shore region (81.1%). Over time, the percent of leavers exiting from spells of 12 months or less increased steadily, to 85.5% of leavers in the Recession period and 88.3% during the Post-Recession period.

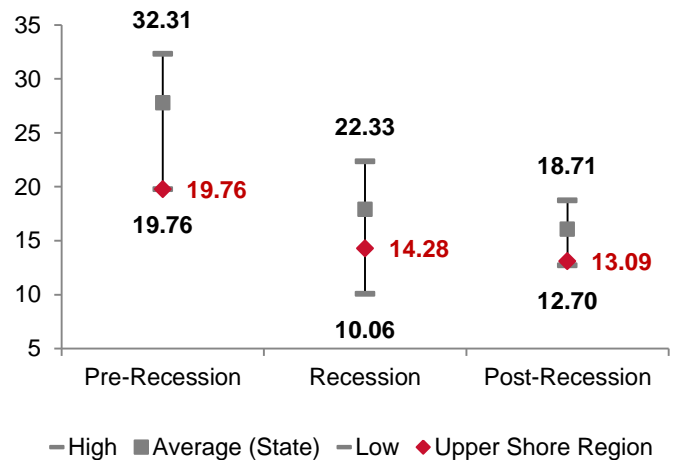
**Figure 2. Upper Shore Region: Percent of Cases with an Exiting Spell of 12 Months or Less**



**Note:** Figures with the 'High' and 'Low' markers represent the 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, 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 are consecutive or not. This provides a more long-term look at welfare history, rather than at a single exiting spell. As shown, in the Upper Shore region, the average number of months of cash assistance in the previous five years was below the state average in every cohort. In fact, in the Pre-Recession cohort, Upper Shore leavers have the shortest welfare histories of anywhere across the state (mean=19.76 months), and welfare histories have shortened over time, on average. Among the Recession cohort of leavers, the average welfare leaver has received 14.28 months of assistance out of the previous 60 and among the Post-Recession cohort, the average is only 13.09 months of assistance.

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

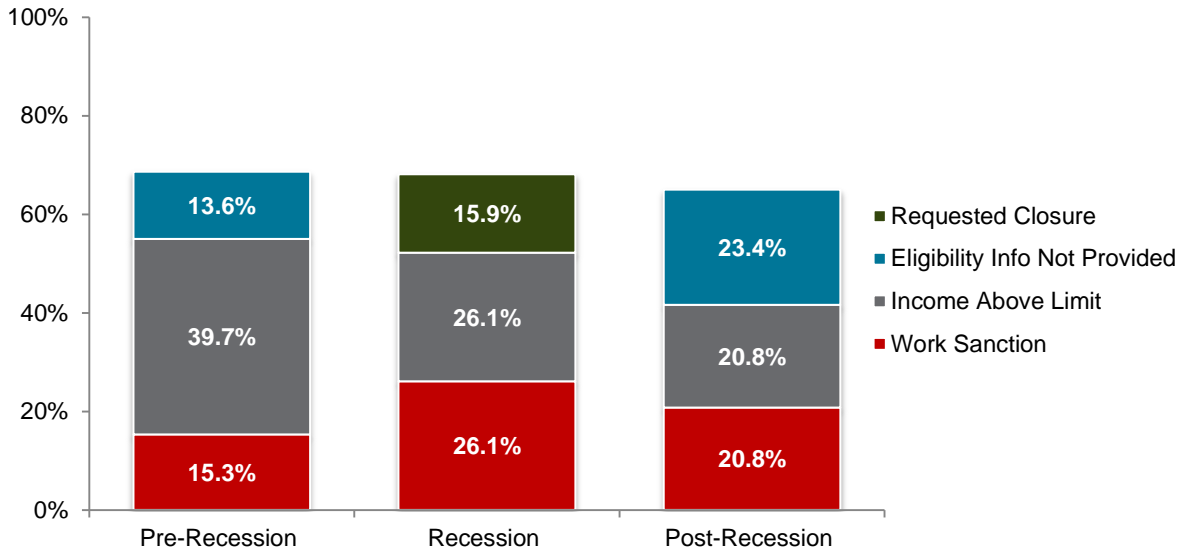


### Reason for Case Closure

Figure 4, below, presents the three most common administrative closure codes that were recorded for Upper Shore welfare leavers, by cohort. We find that like many other places around the state, there was a substantial increase in work sanctions between the Pre-Recession (15.3%) and Recession (26.1%) cohorts. In the Upper Shore region, the use of work sanctions then leveled out, representing only 20.8% of exits in the Post-Recession cohort. At the same time, there is a notable increase in the use of

the closure code for “eligibility information not provided.” This closure code accounts for approximately one in ten closures during the Pre-Recession (13.6%) and Recession cohorts (8.7%, not depicted because it was not one of the top three closing codes), but more than two in ten closures (23.4%) during the Post-Recession cohort. In fact, by the Post-Recession cohort, most exits occur for one of three reasons: work sanction (20.8%); “income above limit” (20.8%); or “eligibility information not provided” (23.4%).

**Figure 4. Upper Shore Region: Top 3 Closing Codes**



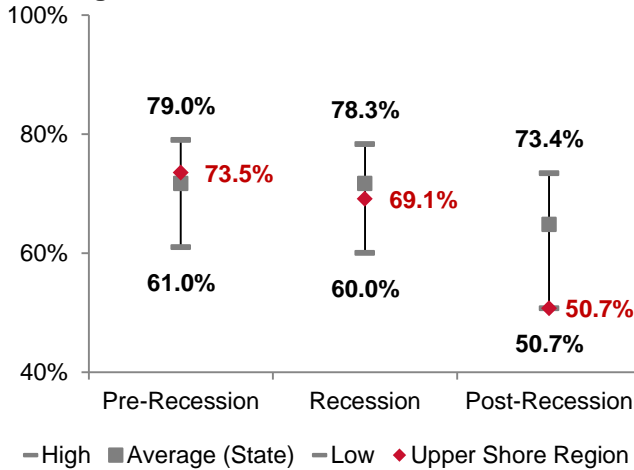
**Note:** Valid percentages are reported.

### Pre-Exit Employment

In this section we examine the work history of welfare leavers, in the eight quarters (two years) leading up to the exit. As depicted in Figure 5, the percent of leavers from the Upper Shore region with recent employment in a Maryland job covered by Unemployment Insurance (UI) drops significantly over time. As with most other jurisdictions across the state, there is a slight decline between the first two cohorts in the percent of leavers with previous employment, from 73.5% in the Pre-Recession cohort to 69.1% in the Recession cohort. But in the Post-Recession cohort, Upper Shore leavers are least likely of any leavers across the state to have had recent UI-covered employment in Maryland. Only half (50.7%) of leavers had UI earnings in the preceding eight quarters.

Due to the proximity to other states, however, it is possible that these employment figures understate the employment participation of these women. That is, this data only accounts for employment in Maryland, and any out-of-state employment is excluded.

**Figure 5. Upper Shore Region: Percent Working in the Two Years before Exit**

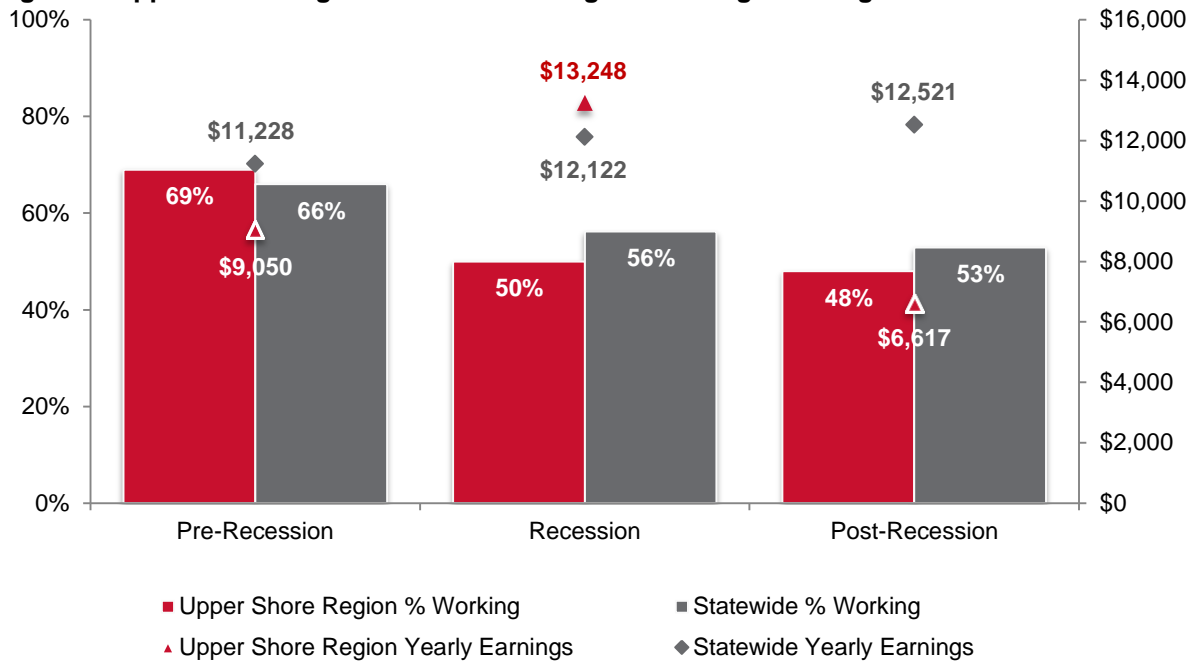


**Note:** Valid percentages are reported.

### Post-Exit Employment

Figure 6 shows the percent of Upper Shore welfare leavers who became employed in a Maryland UI-covered job at any point in the year after their welfare exit and their average earnings. As shown by the bars in Figure 6, post-exit employment is less common after the recession than before, both in the Upper Shore and around the state. In the Pre-Recession cohort, seven out of ten (69%) leavers became employed in their first post-exit year, compared with 50% of leavers in the Recession cohort and 48% in the Post-Recession cohort. Among those who became employed, earnings vary unpredictably over time. In the Pre-Recession period, leavers who became employed earned an average of \$9,050 for the year. During the Recession, those who became employed earned substantially more, averaging \$13,248 for the year. However, in the Post-Recession period, when only 48% of leavers became employed in their first year after exiting welfare, average earnings were only \$6,617. These findings give us a context for our next analysis, the percent of leavers who return to welfare in the year after exiting.

**Figure 6. Upper Shore Region: Percent Working and Average Earnings in Year after Exit**

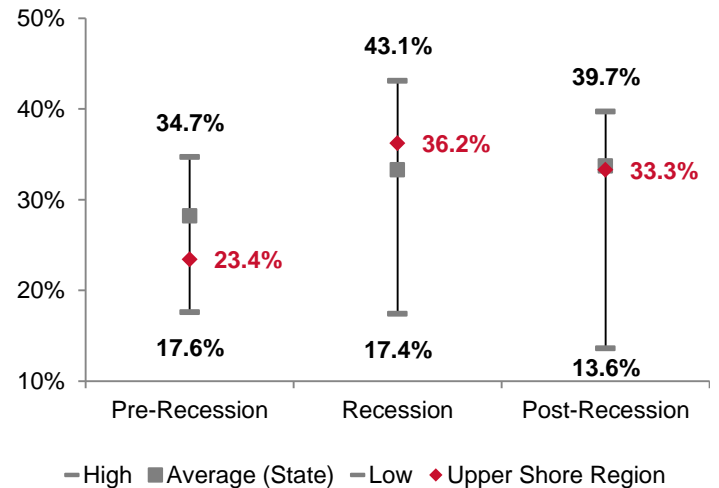


**Note:** Valid percentages are reported.

### Returns to Welfare

Figure 7 provides information about returns to welfare within the first post-exit year, by cohort. In the Pre-Recession cohort, Upper Shore leavers are somewhat less likely than others across the state to return to benefits in the first year (23.4% vs. 28.2%). During the recession, however, returns to welfare became more common among Upper Shore leavers and around the state. Specifically, in the Recession and Post-Recession cohorts, about one-third of leavers in the Upper Shore region return to welfare for additional benefits in the first year after exiting (36.2% and 33.3%, respectively).

**Figure 7. Upper Shore 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.

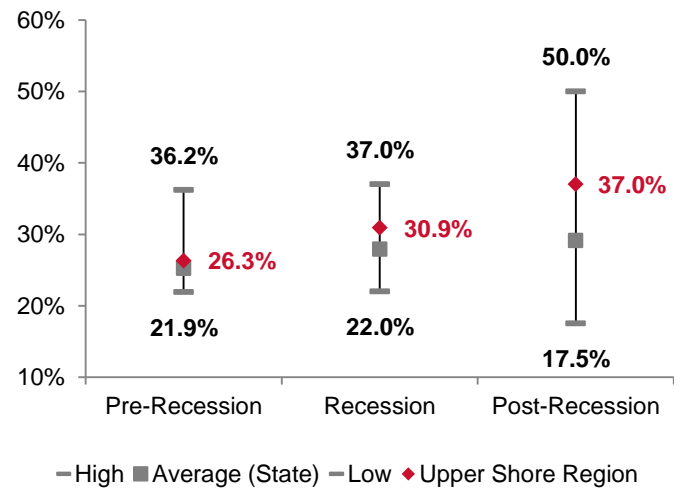
### Disconnection from Welfare and Work

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.

Overall, Upper Shore leavers are slightly more likely than the typical Maryland welfare leaver to become disconnected from welfare and work for the duration of their first year after exiting. Results are presented in Figure 8. Among leavers in the Pre-Recession cohort, approximately one in four leavers (26.3%) became disconnected, which is about equal to the average across the state. In the Recession cohort, disconnection is more common (30.9%) for Upper Shore

leavers, relative both to the statewide average for the Recession cohort and to their Pre-Recession counterparts. Disconnection is most common in the Post-Recession cohort, when nearly two in five (37.0%) leavers become disconnected.

**Figure 8. Upper Shore 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.



## **Summary: Upper Shore Region**

Overall, the findings in this brief reveal a region of the state that has been hit particularly hard by the Great Recession. Pre-Recession indicators from the Upper Shore region show some of the state's shortest welfare histories, average to high employment rates, and low recidivism and disconnection rates. Despite only small shifts in payee demographics and case characteristics, Recession and especially Post-Recession leavers are among the least likely in the state to be employed and are more likely to return to welfare or become disconnected in the first year after their exit. More research is needed on leavers as well as current welfare recipients in this region to help us to understand the full picture of what the needs are and what to expect going forward.

One trend that is important to keep in mind is that the percent of single-parent cases among Upper Shore welfare leavers decreased substantially between the Recession and Post-Recession cohorts, to one of the lowest in the state (36.4%). This is worth looking into further, to determine why so many cases are being coded as work-exempt. As mentioned, a brief analysis indicates that there is an increase in the percent of leavers being coded as disabled. This could partially explain the lower post-exit employment rates and higher post-exit disconnection rates, if payees are moving from welfare to Social Security disability benefits. However, if this reflects an increase in disabilities or other barriers to employment among the current welfare caseload, there could be some new or additional challenges for caseworkers.

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