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Life after Welfare: Western 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

Western 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.

Western Region Characteristics[1]

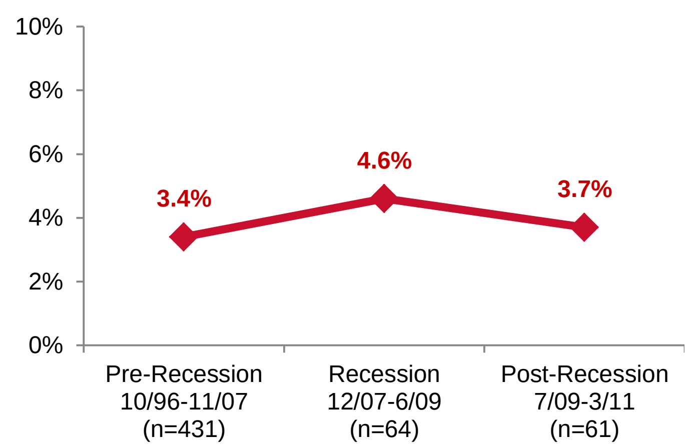
The Western region of Maryland includes three counties that share a southern border with West Virginia and a northern border with Pennsylvania. The Allegheny Mountain range, part of the Appalachian Mountain range, runs through the western-most portion of the region. Major employers in the region include several large manufacturing facilities, a ski resort, farming, and several large financial and consulting firms (Maryland DLLR, 2012). Washington County is the most populous of the three counties, with nearly 150,000 residents. Altogether, the region has approximately 250,000 residents, just over four percent of the state's population.

Half of the region's residents are female, and the majority is Caucasian (ranging from 85.6% in Washington County to 97.8% in Garrett County). Approximately 85% of adults 25 and older have at least a high school education, which is a little lower than the statewide average (87.8%), and fewer than one in five adults in each of the three jurisdictions has a college degree (ranging from 15.9% in Allegany County to 19.0% in Washington County). More than one in ten people in this region are in poverty in the Western Region, with poverty rates ranging from 11.2% in Washington County to 14.9% in Allegany County.

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, Western region cases make up 3.2% (n=510) of all the cases. When the sample is separated into cohorts, it is clear that the proportion of cases located in the Western Region is somewhat higher during the months of the Great Recession (4.6%) than either before (3.4%) or after (3.7%) the Recession (see Figure 1).

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



As presented in Table 1, caseheads who exited welfare in the Western region are similar to the average leaver in Maryland in terms of gender, age, and high school achievement. However, they are much less likely to be African American (16.1% vs. 74.0%) and more likely to have been married (56.9% had never married, vs. 75.0% statewide).

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

The profile of a typical welfare leaver in the Western region has changed over time. Compared with leavers who exited in the Pre-Recession period, Recession leavers were slightly less likely to be female (92.2% vs. 93.9%), older (mean=34.93 vs. 31.54), less likely to be African American (11.5% vs. 15.9%), less likely to have never married (48.3% vs. 56.5%), and less likely to have a high school education (59.6% vs. 62.2%). In the Post-Recession cohort, leavers in this region appear more like their Pre-Recession counterparts: a higher proportion of females (95.1%), younger (32.62), more likely to be African American (21.7%), a higher proportion of never-married caseheads (68.3%), and more likely to have completed a high school education (68.4%).

In addition to individual characteristics, we also examine characteristics of the welfare case that closed in Table 2. Western region exiting cases include, on average, between two and three people. They are less likely to be single-parent cases (35.2% vs. 49.2%), and more likely to be child-only (24.8% vs. 18.8%) cases. However, there are some important differences between the Recession and Post-Recession cohorts of leavers.

Compared with Recession leavers, Post-Recession leavers in the Western region are substantially more likely to have exited from a single-parent case (42.6% vs. 28.1%) and, likewise, are much less likely to have child-only cases (18.0% vs. 31.3%) or two-parent cases (0.0% vs. 4.7%). As with the trends in individual characteristics, the Post-Recession leavers in the Western region appear more like a traditional Maryland welfare leaver than the Recession leavers. This suggests that families who had not traditionally reached out to (or qualified for) cash assistance in the past were compelled to apply for benefits during the Great Recession. The fact that we observe the shift in demographic and case characteristics only within the Recession cohort of leavers also suggests that the changes were short-term, and that these families exited relatively quickly.

Table 1. Western Region: Demographic Characteristics of Welfare Leavers

	% Female	Mean Age	% African American	Never Married	% HS Degree or Higher
Western Region (n=556)	**93.8%**	**32.05**	**16.1%**	**56.9%**	**62.8%**
Pre-Recession (n=431)	93.9%	31.54	15.9%	56.5%	62.2%
Recession (n=64)	92.2%	34.93	11.5%	48.3%	59.6%
Post-Recession (n=61)	95.1%	32.62	21.7%	68.3%	68.4%
Maryland (n=15,818)	**95.2%**	**32.77**	**74.0%**	**75.0%**	**61.4%**

Note: Valid percentages are reported.

Table 2. Western Region: Case Characteristics of Exiting Cases

	Mean Assistance Unit Size	% Single-Parent	% Child-Only	% Two-Parent
Western Region (n=556)	**2.58**	**35.2%**	**24.8%**	**2.4%**
Pre-Recession (n=431)	2.61	-	-	-
Recession (n=64)	2.64	28.1%	31.3%	4.7%
Post-Recession (n=61)	2.30	42.6%	18.0%	0.0%
Maryland (n=15,818)	**2.60**	**49.2%**	**18.8%**	**3.8%**

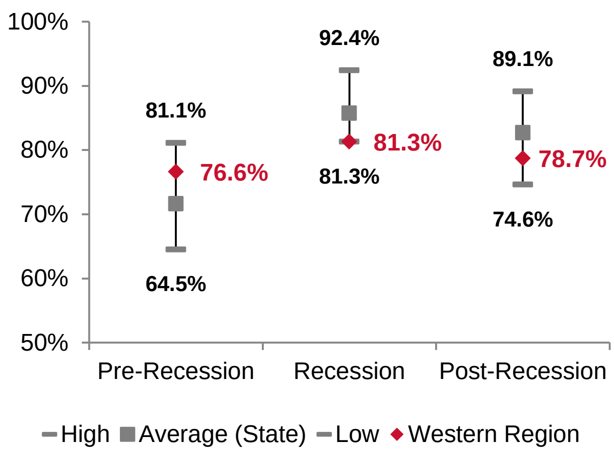
Note: We present caseload designations for the last two cohorts (n=125 in Western region; n=3,012 in the State) since the data are not available prior to February 2004 and coding changed in October 2007. Valid percentages are reported.

Pre-Exit Welfare History

In this section we review leavers' past receipt of cash assistance in Maryland, beginning with the length of the exiting spell. Figure 2 shows that approximately eight out of ten leavers had an exit spell that lasted 12 or fewer *consecutive* months, in each cohort.

Among Pre-Recession leavers in the Western Region, 76.6% have a welfare spell that lasted a year or less, and this is slightly more than the statewide average. In the Recession and Post-Recession cohorts, short welfare spells (lasting 12 months or less) are more common in many locales around the state, so even though eight out of ten Western region leavers in both of these cohorts continue to have short exiting spells (81.3% and 78.7%, respectively), this is below average compared to the rest of the state.

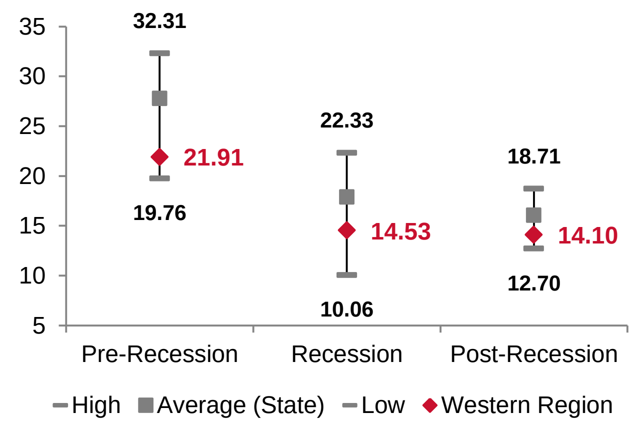
Figure 2. Western Region: Percent of Cases with an Exiting Spell of 12 Months or Less



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. *p<.05 **p<.01 ***p<.001

Our second measure of welfare history is the average number of months of cash assistance received in the previous five years (or 60 months), including all months of assistance, not just consecutive spells. Figure 3, following this discussion, shows that in each cohort, Western region leavers have a shorter welfare history than average Maryland leavers. In the Pre-Recession cohort, Western region leavers received an average of 21.91 months of assistance at any point in the previous 60 months. In both the Recession and Post-Recession cohorts, average welfare history is only 14 months out of the previous 60 (mean=14.53 and 14.10 months, respectively). Thus, even though Western region leavers are slightly less likely to have a short spell of continuous cash assistance benefits leading up to their exit, there doesn't seem to be a corresponding effect on total welfare use over longer periods of time. In fact, at least on this measure, Western region leavers seem to have been less dependent on welfare benefits than average leavers from across the state.

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



Note: *p<.05, **p<.01, ***p<.001

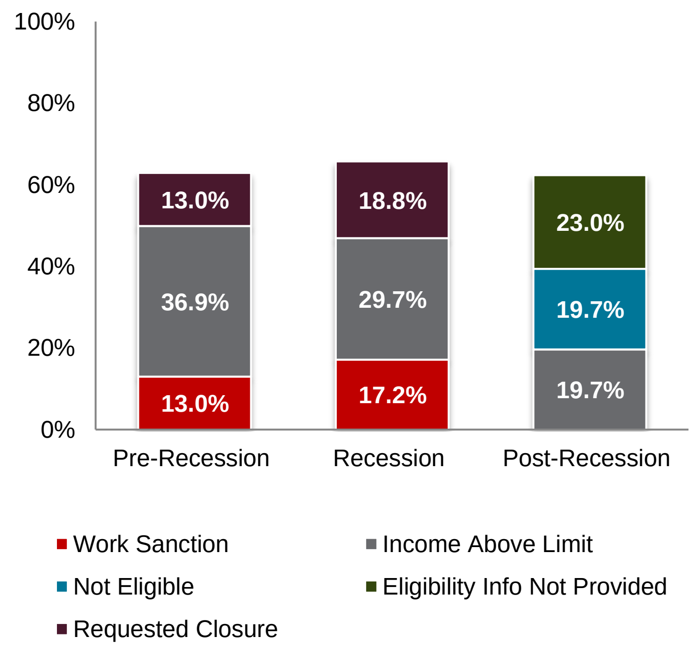
Reason for Case Closure

One of the more interesting pieces of data that help us to understand the context and situation of welfare leavers in Maryland is the reason for case closure. There are many reasons why a welfare case can close, and some closures are more likely to be long-term or permanent closures (e.g., having an increase in income) than others (e.g., forgetting to turn in paperwork). In the administrative database, a reason code is selected from a pre-determined list to mark the primary reason for case closure. Figure 4 presents the top three most frequently recorded closure codes in the Western region across the cohorts in our study.

As presented, the reasons for case closure were most alike between the Pre-Recession and Recession cohorts. In both of these cohorts, the most common reason for closure was "Income Above Limit," which accounted for 36.9% of closures in the Pre-Recession period and 29.7% of closures in the Recession months. The other two most commonly recorded reasons for closure were "Work Sanction" (a full-family sanction for noncompliance with work requirements) and "Requested Closure." In the Pre-Recession cohort, each of these reasons accounted for 13.0% of closures. In the Recession cohort, closures due to sanctions and requests for closure were more common, and accounted for closer to one in five closures (17.2% and 18.8%, respectively).

Closures in the Post-Recession cohort were coded quite differently from the earlier cohorts. Instead of "Income Above Limit," the most common reason for closure was "Eligibility Information Not Provided." This code was recorded in 23.0% of closures. "Income Above Limit" was still among the top three reasons for closure, but accounted for less than one in five closures (19.7%), as did the code "Not Eligible" (19.7%).

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

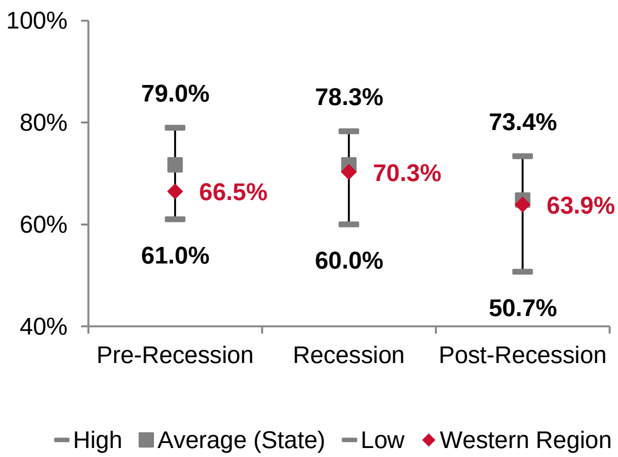


Note: Valid percentages are reported. *p<.05, **p<.01, ***p<.001

Pre-Exit Employment

In this section we review leavers' past employment as reported by reported quarterly earnings in a Maryland job covered by Unemployment Insurance (UI) in the previous eight calendar quarters (or two years) before the welfare exit. Figure 5 shows that in each cohort, between six and seven out of ten leavers had employment in Maryland at some point in the previous two years. Compared with leavers who exited during the Pre-Recession months, Recession leavers are slightly more likely to have had previous employment (70.3% vs. 66.5%) and Post-Recession leavers are least likely to have had previous employment (63.9%).

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



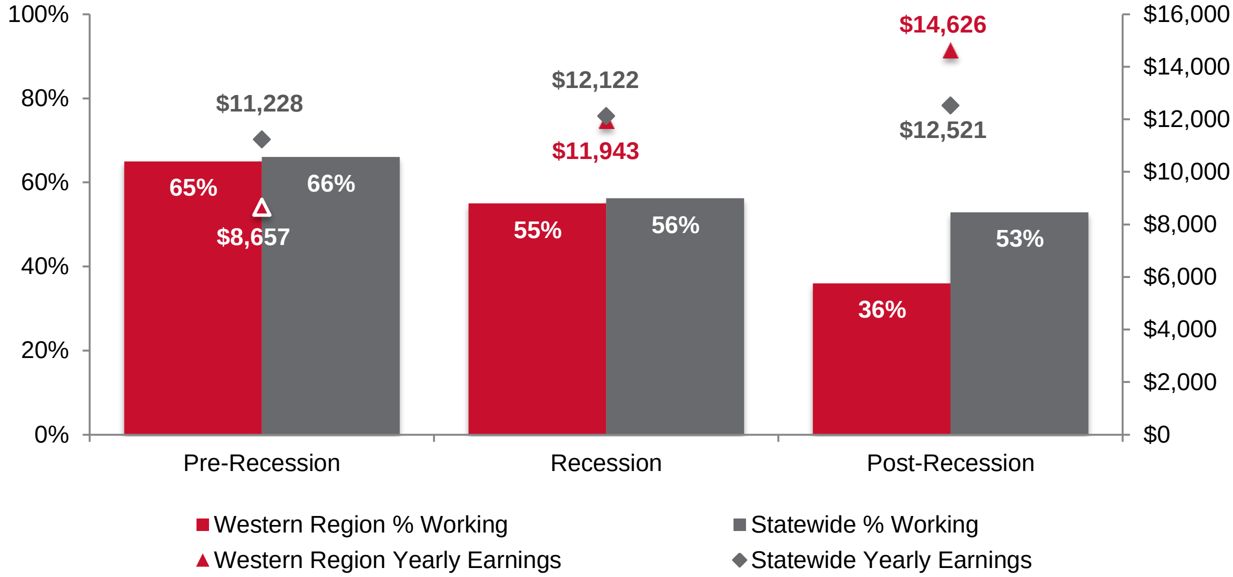
Note: Valid percentages are reported.

Post-Exit Employment

Figure 6 provides leavers' employment during the first year after the exit quarter. Employment rates substantially decline over time in the Western region, even compared to similar declines observed around the state. The bars depict the employment rate and show a decline from 65% among leavers who exited in the Pre-Recession cohort, to 55% among Recession leavers, to just 36% for Post-Recession leavers. Average annual earnings among those who were employed increased steadily over time, from $8,657 in the Pre-Recession cohort to $11,943 among Recession leavers and nearly $15,000 among Post-Recession leavers.

However, the sample size is relatively small in the Western region, especially when we limit our findings to clients employed with a full year of available follow-up data. In small samples, the mean value is particularly sensitive to outliers (those that earned a particularly large amount). As a comparison, we examined the median value of earnings, which is a "midpoint" measure less sensitive to outliers. Median earnings are $5,926 for Pre-Recession leavers, $5,934 for Recession leavers, and $4,951 for Post-Recession leavers. According to this measure, earnings among Western Region leavers are relatively stagnant between the first two cohorts and substantially lower for Post-Recession leavers.

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

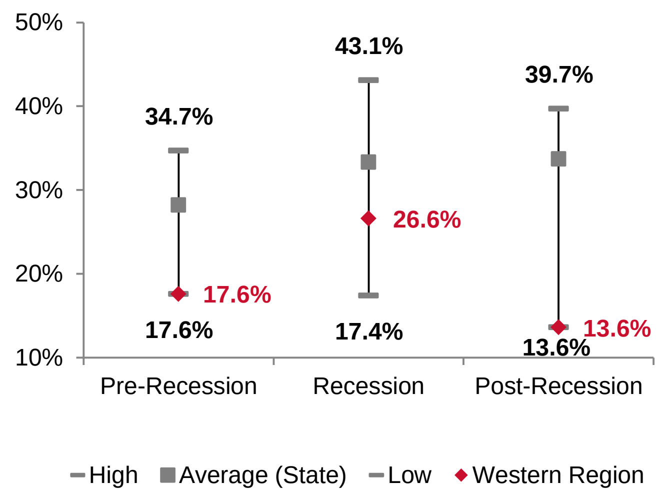


Note: Valid percentages are reported.

Returns to Welfare

In this section we examine another possible outcome for welfare leavers, returns to cash assistance. Figure 7 shows that Western region leavers are substantially less likely to return to welfare within the first year after their exit, compared to the average welfare leaver in Maryland. In fact, in both the Pre-Recession (17.6%) and Post-Recession (13.6%) cohorts, recidivism was lower in the Western region than anywhere in the state. Recidivism is more common among Recession leavers, as approximately one in four (26.6%) leavers returned within the first year after exiting. This is still less than the statewide average, but certainly stands out for the Western region.

Figure 7. Western Region: Percent of Caseheads Returning to Cash Assistance within One Year



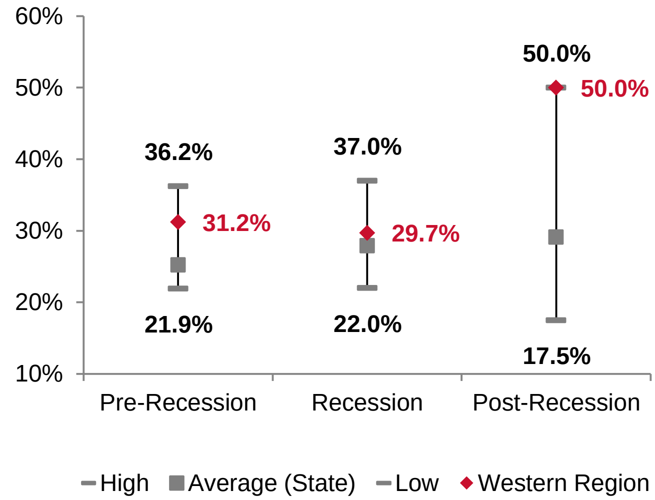
Note: One-year follow-up data are not available for leavers in April 2010 and after. Valid percentages are reported.

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 cash 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 (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 in our state.

Figure 8 shows that disconnection occurs for about three in ten leavers in the Western Region, in both the Pre-Recession (31.2%) and Recession cohorts (29.7%). Disconnection among Post-Recession leavers is substantially more common (50.0%). This uptick in disconnection after the Recession is not observed, on average, around the state and is an interesting trend that merits further examination and perhaps a longer follow-up period. However, readers should keep in mind the small sample size in the Western region and that there are only 61 caseheads in the Post-Recession cohort.

Figure 8. Western 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: Western Region

The findings presented in this chapter reveal a region that seemed to have a very different caseload during the Recession months than either before or after, and one that was hit especially hard in terms of post-exit employment. Specifically, we find that leavers who exited during the Recession months are more likely to have been child-only cases, and therefore, less likely to be subject to regular work requirements. Caseheads in the Recession cohort are also less likely to have at least a high school education. While we see a return to more a traditional case and casehead profile among leavers in the Post-Recession months, we do not see a corresponding return to Pre-Recession rates of post-exit employment. Only one in three leavers became employed in the first year after exiting, compared with nearly twice that in the Pre-Recession cohort. Despite the lower employment rate among Post-Recession leavers, recidivism rates are very low, resulting in a much higher rate of disconnection from both work and welfare. While we know from previous research that disconnected leavers often receive other benefits, it would be particularly interesting to follow-up on the disconnected leavers in the Western region to understand more fully the circumstances of their exits in the Post-Recession era and the reasons for their disconnection from both work and welfare.

References

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