

# LIFE AFTER WELFARE

## 2016 ANNUAL UPDATE

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## EXECUTIVE SUMMARY

It has been 20 years since the U.S. Congress passed welfare reform, and throughout these two decades, Maryland has provided cash assistance to families whose incomes do not meet their basic needs. In this way, the Temporary Cash Assistance program (TCA, Maryland's welfare program) provides a valuable service to vulnerable families. For most families, however, this is a short-term solution to the challenges of living in poverty.

The annual report series, *Life after Welfare*, examines outcomes of families who left cash assistance. The series focuses on families' characteristics, employment and earnings outcomes, and the receipt of other public benefits. The 2016 update includes a sample of 11,737 families who left the TCA program between January 2004 and March 2016. We examine trends over time by separating these families' case closures into three cohorts: (1) Mid-2000s Recovery—a declining caseload between January 2004 and March 2007; (2) Great Recession Era—an increasing caseload between April 2007 and December 2011; and (3) Great Recession Recovery—a declining caseload between January 2012 and March 2016.

Overall, the findings listed below indicate that families are doing better than they were when they came onto the TCA program, but they struggle to maintain independence from cash assistance. Also, families who left TCA during the recovery from the Great Recession are not faring as well as those who left during the recovery from the 2001 recession.

### Case Characteristics

*The typical family who left the TCA program was composed of three people who received TCA benefits for a short period of time before their cases closed.*

- Most cases had one adult (78.2%) and one (50.4%) or two (26.9%) children.

- Nearly three in four (72.3%) families received TCA for two years or less during the five years before exit.
- Half of families' cases closed because of work sanctions (28.2%) or because their incomes were above the eligibility threshold (23.2%). Nearly three in 10 (27.5%) families' cases closed because they did not submit required paperwork.

### Adult Demographics

*The typical adult in a family who left TCA was an African American woman in her early 30s who had never been married. However, recipient adults and non-recipient payees differed on several characteristics.*

- Although the typical adult was an African American (72.2%) woman (91.1%), non-recipient payees (the head of the household on a child-only case) were more likely to be Hispanic, compared to adults who were included in the calculation of the TCA benefit (11.1% vs. 2.6%).
- Three in every four (76.7%) adults had never been married. However, non-recipient payees were more likely than recipient adults to be married or previously married (38.4% vs. 20.7%).
- The average age of adults was about 33 years old, but non-recipient payees were considerably older than recipient adults (45 years old vs. 30 years old).

### Short-term Employment Outcomes among Recipient Adults

*Compared to the Mid-2000s Recovery cohort, employment participation after exit was lower for adults who exited in the other two cohorts, but earnings were similar.*

- In the year after families exited the TCA program, 69% of adults in the Mid-2000s Recovery cohort were employed, but only 59% and 62% of adults were employed in the Great Recession Era

and Great Recession Recovery cohorts, respectively.

- Median annual earnings were about \$8,100 for the first recovery cohort and about \$7,800 for the second. Earnings were lowest among the Great Recession Era adults (\$7,585).

### **Employment Retention among Recipient Adults**

*Less than half (45.9%) of adults were employed when they exited the TCA program, but many of them remained employed for two quarters (six months).*

- In each of the three cohorts, about seven in 10 adults who were employed in the exit quarter maintained employment in the two subsequent quarters after exit.
- Total median earnings during the two subsequent quarters were about \$8,200 in the Mid-2000s Recovery cohort, but declined to about \$7,500 in the Great Recession Recovery cohort.

### **Employment by Industry among Recipient Adults**

*Adults were typically employed in low-paying industries, and this has become more common over time.*

- Almost half (45.5%) of adults employed in the quarter after exit were working in industries with median quarterly earnings under \$3,000, including administrative and support services, restaurants, professional and technical services, general retail, and food and beverage retail. The percentage of adults employed in all but one of these industries has increased over time.
- Only one in five (20.3%) adults employed in the quarter after exit was working in higher-paying industries,

such as outpatient healthcare, nursing homes, education, nonprofits, and government. Median earnings ranged between \$4,000 and \$5,800, but employment participation in all but one of these industries has fallen over time.

### **Long-term Employment among Recipient Adults**

*Although the percentage of adults with employment declined in each of the five years after exit, median earnings increased.*

- Just over three in five (62.9%) adults worked during the year after exit. By the fifth year after exit, only half (51.6%) were working.
- Median annual earnings among employed adults increased by 51% between the first year after exit (\$7,845) and the fifth year after exit (\$11,872).

### **Subsequent Program Participation**

*Although TCA participation remained low for five years after exit, the majority of families received of Food Supplement (FS) and Medical Assistance (MA) benefits.*

- Half (50.3%) of all families returned to the TCA program for additional months of receipt within five years of exit. Less than one in three (31.3%) families received TCA benefits in the first year after exit, declining to less than one quarter (23.0%) in the fifth year after exit.
- Nearly all (96.6%) families received MA benefits in the first year after exit, and the majority (80.6%) received MA in the fifth year. Similarly, more than four in five (83.3%) families received FS benefits in the first year after exit, and two in three (67.1%) received those benefits in the fifth year.

## INTRODUCTION

The Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) was signed into law on August 22, 1996, thereby replacing Aid to Families with Dependent Children with Temporary Assistance for Needy Families (TANF). Because this year is the 20<sup>th</sup> anniversary of PRWORA's passage, there have been many articles, reports, and podcasts focused on what we know about welfare. While these pieces have provoked a national discussion about the effects of welfare reform, they do not provide the detailed information about families who receive assistance that is necessary for impactful policy change. Fortunately, Maryland has documented trends and outcomes of families receiving Temporary Cash Assistance (TCA, Maryland's TANF program) on an annual basis. In keeping with discussions of this milestone, however, we begin this report with a brief summary of 20 years of welfare reform in Maryland.

### 20 Years Later: What Has Changed?

As to be expected with any program, some aspects of TCA have changed over the last two decades. In particular, caseloads declined dramatically in Maryland. At the outset of welfare reform, the TCA program served just under 70,000 families; within three years of reform, caseloads decreased by more than 50% (Maryland Department of Human Resources, n.d.). In March 2007, the TCA caseload reached its lowest point, serving about 21,000 families. This decline was mainly spurred by two factors: (1) the program's work-first philosophy, which encouraged adults to find employment quickly, and (2) a strong economy with many low-wage, low-skill jobs that were easily obtained by TCA recipients (Lower-Basch & Greenberg, 2009).

The steep caseload drop led to two major changes to the TCA program. First, there was a shift in the type of family served by the program. Since many recipients left TCA due to work, there were fewer families composed of a mother and her children. Instead, a growing percentage of families receiving benefits were child-only cases, increasing from about 15% of the 1996 caseload to 23% in 1998 and about 33% of the caseload thereafter (Hetling, Saunders, & Born, 2005; Hall & Passarella, 2016).<sup>1</sup>

Second, TCA funds were reallocated to other priorities as the number of families requiring assistance declined. In 2001, 80% of TCA funds were spent on cash assistance benefits, work readiness programs, and child care subsidies, compared to only 31% in 2014 (Schott, Pavetti, & Floyd, 2015). About one quarter of TCA funds were reallocated for the Earned Income Tax Credit (EITC), however, as another way to encourage employment among low-income families.

Throughout these two decades, Maryland has made other policy decisions that support vulnerable families. First, Maryland ensured that the cash assistance benefit rises with the cost of living. Although the benefit level for cash assistance has declined in nearly every state, Maryland's benefit amount has *increased* by 12% (Stanley, Floyd, & Hill, 2016). This is due to a Maryland statute that is part of the state's welfare reform legislation requiring the combined TCA and Supplemental Nutrition Assistance Program (SNAP) benefit to equal 61% of the state's minimum living level (Md. Human Services Code, 2016). While the benefit amount is still low relative to the cost of living, this is a notable policy

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<sup>1</sup> On child-only cases, only the children are included in the calculation of the cash assistance grant. Examples of these cases include grandparents who are caring for their grandchildren but do not need

assistance for themselves, or parents who receive Supplemental Security Income for themselves, but still need support for their children.



decision that positively impacts low-income families.

Additionally, a recent change to the TCA program—an increase in the caseload—allowed Maryland to demonstrate its support for vulnerable families during the most recent economic recession. State TANF programs varied in their response to increased need throughout the Great Recession and the years of its lingering effects. Nationally, TANF caseloads only began to increase seven months after the official start of the recession, and they grew by 16% (Pavetti, 2013). Unlike the national trend, Maryland's caseload began to increase a few months before the recession's official start and rose by more than 40%, serving many low-income families affected by high unemployment. With the improving economy, the caseload began to decline again in 2012.

### **20 Years Later: What is the Same?**

Even with the changes in the TCA caseload size, family composition, and funding since 1996, there are some characteristics that remain stable. The typical adult recipient is still an African American woman in her early 30s who has never been married and has one or two children (U.S. Department of Health & Human Services, 2004; Hall, Nicoli, & Passarella, 2015). The majority of recipients continue to reside in three jurisdictions: Baltimore City, Baltimore County, and Prince George's County (Born, Charlesworth, & Hyde, 2000; Hall & Passarella, 2016).

Among families who left the TCA program, just under half worked in the quarter in which they exited, earning low wages in industries such as restaurants, retail, and temporary employment agencies (Welfare and Child Support Research and Training Unit, 1997; Hall et al., 2015). Furthermore, about one in five families who exited the TCA program returned for additional assistance within three to six months, suggesting that some families struggle to maintain self-sufficiency. Moreover, many

families still required other public benefits for food and medical needs after exiting TCA (Gleason, Nicoli, & Passarella, 2016; Hall et al., 2015).

The stability of these outcomes—low wages, returns to welfare, and receipt of additional benefits—suggests that TCA *alone* cannot effectively lift families out of poverty or adequately provide skills that lead to stable employment. Still, this program is a vital resource. The TCA program gives vulnerable families cash assistance to support them through a period of crisis and allows children to be cared for in their own homes or with relatives.

At this 20<sup>th</sup> anniversary of welfare reform, we continue the legislatively mandated *Life after Welfare* series in order to provide policymakers and program managers with information about families who exited the TCA program. Specifically, this update focuses on a sample of 11,737 families who exited the program between January 2004 and March 2016. We explore the outcomes of these families through the lens of three different cohorts affected by the economy:

1. Mid-2000s Recovery (n=2,973)—families who exited during the recovery from the 2001 recession, resulting in a caseload decline of 26% between January 2004 and March 2007;
2. Great Recession Era (n=4,333)—families who exited around the time of the Great Recession, when the caseload grew by 42% between April 2007 and December 2011; and
3. Great Recession Recovery (n=4,431)—families who exited during the recovery from the Great Recession, leading to a 26% caseload decline between January 2012 and March 2016.

The report is separated into five chapters: (1) characteristics of cases that closed; (2) characteristics of adults; (3) employment and earnings of adult recipients; (4) child support receipt after exit; and (5) receipt of other public benefits after exit.

## METHODS

This chapter describes the methodological approach for the 2016 update to the *Life after Welfare* study. We provide information about sample selection, data sources, and data analysis techniques.

### Sample

Beginning in October 1996, the first month of welfare reform in Maryland, we have drawn a 5% random sample of all Temporary Cash Assistance (TCA) cases that closed each month. We have made three substantial changes to the sample since the first report in this series was released in 1997.

First, in April 2012, we refined the definition of a closed welfare case to exclude cases that closed and reopened within one month. Leavers with welfare cases that fit this description are referred to as churners. For these leavers, the case closure is temporary and typically caused by missing an agency appointment, failing to submit required paperwork by a certain deadline, or some similar issue (Born, Ovwigho, & Cordero, 2002). Once the issue has been resolved, the case is reopened, usually without any loss of benefits for the month.

Given that churners have unique characteristics (Born et al., 2002), we have excluded them from all *Life after Welfare* analyses for more than a decade. The recent change in the sample selection does not affect earlier analytic sample sizes or previously reported results. In short, we used to exclude churners after they had been drawn into the sample, but we now exclude them from the population from which sample cases are drawn.

Second, the period we examine in this update is shorter than in many of the other *Life after Welfare* reports. Before 2014, we included all cases from the monthly samples, back to October 1996. However, those who left welfare in the years

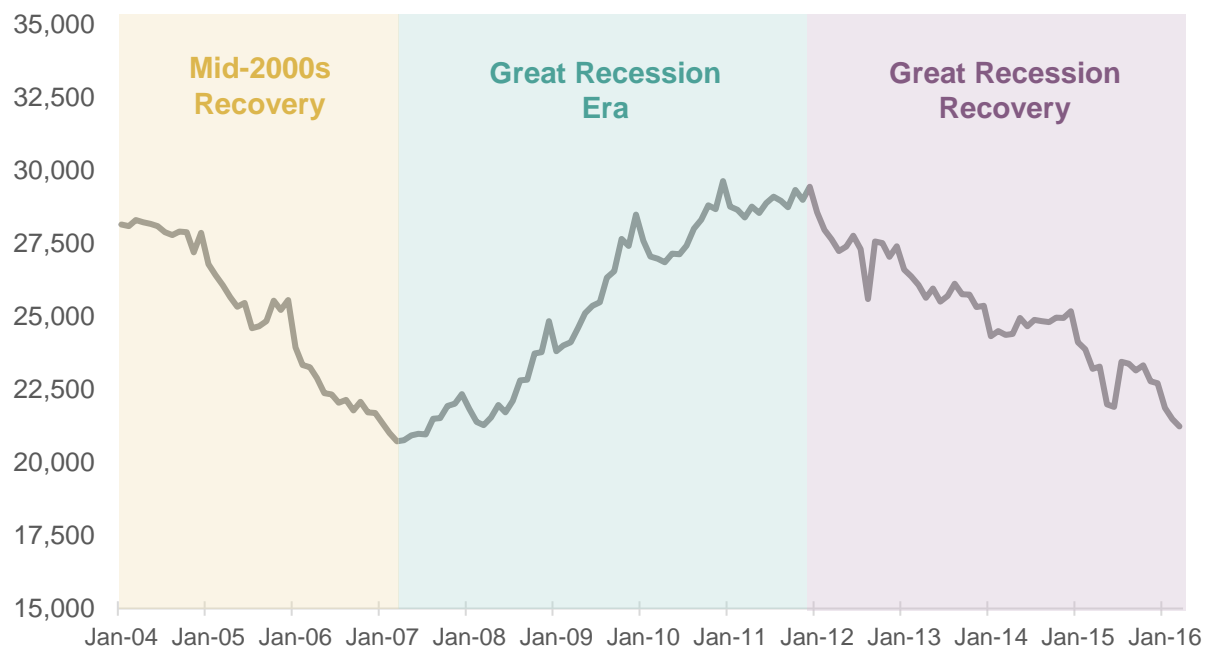
immediately following the implementation of PRWORA faced a very different economic context than those who left after the Great Recession. The sample for this report includes more recent leavers, specifically those whose cases closed between January 2004 and March 2016 ( $n=11,737$ ). We focus on three cohorts of leavers during this time period, defined by increases and decreases in the caseload, as shown in Figure 1. The cohorts are as follows:

1. Mid-2000s Recovery ( $n=2,973$ )—families who exited during the recovery from the 2001 recession, resulting in a caseload decline of 26% between January 2004 and March 2007;
2. Great Recession Era ( $n=4,333$ )—families who exited around the time of the Great Recession when the caseload grew by 42% between April 2007 and December 2011; and
3. Great Recession Recovery ( $n=4,431$ )—families who exited during the recovery from the Great Recession, leading to a 26% caseload decline between January 2012 and March 2016.

The third change to the sample is new to this 2016 update. Prior *Life after Welfare* reports have focused solely on the payee of a TCA case—their demographic characteristics and their employment histories and outcomes. The payee is the head of a household who receives the TCA benefit on behalf of the members of the TCA case. However, focusing on the payee obscures two important components of a TCA case: other adult recipients and non-recipient payees.

Other adult recipients can include a spouse or the other parent of the children. As recipients, these adults are held to the same work participation requirements as a payee who is included in the cash assistance benefit amount. These adult recipients,

**Figure 1. Number of TCA Cases, January 2004 through March 2016**



**Note:** Data retrieved from statistical reports provided by the Maryland Department of Human Resources, Family Investment Administration: <http://dhr.maryland.gov/business-center/documents/>

whether they are payees or not, receive interventions designed to encourage independence from cash assistance, including assignment to a work activity such as job training, job search, or work experience. If any of the adult recipients do not comply with work requirements, then the family is subject to a sanction, resulting in the loss of benefits for all recipients on the case until the adult complies. Hence, we consider the characteristics and employment of these other adult recipients an important factor in a family's pathway to self-sufficiency. Therefore, we now include these individuals in all demographic and employment analyses.

As the head of the household, a payee receives the cash assistance benefit on behalf of all TCA recipients in the household, but that does not mean the

payee is necessarily a recipient. For example, when a grandmother is caring for her grandchild, and only the child needs assistance, then the cash assistance benefit is only calculated for the child. Since this grandmother is not included in the benefit calculation, she is not considered a recipient and is not subject to the work participation requirements of adult recipients. Including these adults in employment analyses does not provide a true picture of the family who is targeted for workforce interventions through the TCA program. Therefore, we exclude non-recipient payees from employment analyses.<sup>2</sup> **Due to these sample changes, comparisons with employment findings from prior *Life after Welfare* reports are not possible.**

<sup>2</sup> The exception to this exclusion is the disconnection analyses in which we are trying to gauge a family's

connection to an income source after exiting from the TCA program.

## **Sample Exclusions**

There are multiple reasons that sampled cases and individuals are excluded from some analyses. This section provides the most common reasons for exclusions. First, some information may be missing from the administrative data we use for analyses such as the reason for case closure or the educational attainment of an adult recipient. In these instances, valid percentages are provided to account for the missing data. Second, any adult recipient with missing identifying information is excluded from all employment analyses as we are unable to obtain their employment information (n=8). Adult recipients who were under the age of 16 in the year before they began receiving TCA as a payee are excluded from employment analyses prior to welfare receipt (n=20); however, they are included in all other employment analyses. Lastly, the sample size is reduced as we examine outcomes after exit because we only have data through March 2016. For example, cases that exited between April 2015 and March 2016 will be excluded from all analyses that examine one year or more after exit, because they do not have one year of follow-up data. Similarly, the sample size is reduced as we examine outcomes in the two to five years after exit.

## **Data Sources**

Study findings are based on analyses of administrative data retrieved from computerized management information systems maintained by the State of Maryland. Demographic and program participation data were extracted from the Client Automated Resources and Eligibility System (CARES). Employment and earnings data were obtained from the Maryland Automated Benefits System (MABS). Information on employers, which is used to determine the industries in which leavers are employed, is also provided by MABS. Finally, child support data were obtained from the Child Support Enforcement System (CSES).

## **CARES**

CARES became the statewide automated data system for certain DHR programs in March 1998. Similar to its predecessor, CARES provides individual-and case-level program participation data for cash assistance (TCA), the Food Supplement Program (formerly known as Food Stamps), Medical Assistance, and other services. Demographic data are available, as well as information about the type of program, application and disposition (denial or closure), date for each service episode, and codes indicating the relationship of each individual to the head of the assistance unit (the payee).

## **MABS**

Data on quarterly employment and earnings come from the MABS system, which includes data from all employers covered by the state's Unemployment Insurance (UI) law and the unemployment compensation for federal employees (UCFE) program. Together, these account for approximately 91% of all Maryland civilian employment. Independent contractors, commission-only salespeople, some farm workers, members of the military, most employees of religious organizations, and self-employed individuals are not covered by the law and consequently, are not represented in our employment data. Additionally, informal jobs—for example, those with dollars earned *off the books* or *under the table*—are not covered. Though all data sources have their limitations, empirical studies suggest that UI earnings are actually preferred to other types of data in understanding the economic well-being of welfare recipients (Kornfeld & Bloom, 1999; Wallace & Haveman, 2007).

The MABS system only tracks employment in Maryland. The state shares borders with Delaware, Pennsylvania, Virginia, West Virginia, and the District of Columbia, and out-of-state employment is common. The rate of out-of-state employment by Maryland residents (17.3%) is over four times greater

than the national average (3.8%).<sup>3</sup> Among welfare clients in the state, however, out-of-state employment is less common, and analyses indicate that we obtain accurate statewide employment estimates even when excluding out-of-state data. However, we may underestimate employment participation at the jurisdictional level. Out-of-state employment is particularly common among two populous jurisdictions, Prince George's County (42.1%) and Montgomery County (29.0%), which have the 3rd and 5th largest welfare caseloads in the state. It is also high in two less-populated jurisdictions, Charles County (34.2%) and Cecil County (30.8%). These four jurisdictions may be especially affected by the exclusion of out-of-state employment data.

Finally, because UI earnings data are reported on an aggregated, quarterly basis, we do not know, for any given quarter, how much of that time period the individual was employed (i.e., how many months, weeks or hours). Thus, it is not possible to compute or infer hourly wages or weekly or monthly salary from these data. It is also important to remember that the earnings figures reported do not necessarily equal total household income; we have no information on earnings of other household members, if

any, or data about any other income (e.g. Supplemental Security Income).

## **CSES**

CSES has been the statewide automated information management system for Maryland's public child support program since March 1998. CSES contains identifying information and demographic data on children, noncustodial parents, and custodial parents receiving services from the IV-D<sup>4</sup> agency. Data on child support cases and court orders, including paternity status and payment receipt are also available. CSES supports the intake, establishment, location, and enforcement functions of the Child Support Enforcement Administration.

## **Data Analysis**

In this report, we utilize univariate statistics based on a random sample of case closures to describe welfare leavers and their cases. When appropriate, we use analysis of variance (ANOVA) to compare averages across cohorts. To compare categorical variables across cohorts, we utilize Pearson's chi-square statistic.

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<sup>3</sup> Data obtained from U.S. Census Bureau website: <http://www.factfinder.census.gov> using the 2011-2013 American Community Survey 3-Year Estimates for Sex of Workers by Place of Work—State and County Level (B08007).

<sup>4</sup> The public child support program is authorized under Title IV-D of the Social Security Act and is often referred to as the IV-D program.

## CASE CHARACTERISTICS

This first findings chapter explores the characteristics of the 11,737 sampled cases that exited the TCA program between January 2004 and March 2016. Some of these characteristics have remained stable over time, such as the number of adult and child recipients on a case as well as the age of the youngest recipient child. Other characteristics have changed, such as where families reside, the number of months families received benefits, and the reasons families' cases closed.

One consistent characteristic of the TCA caseload is that most recipients are children. Figure 2 shows that two in every three (66.3%) recipients on these closed cases were children. The TCA program primarily helps children by providing cash assistance benefits to their parents or to their relatives to ensure that children can reside with family members, when necessary.

**Figure 2. Recipients of Exiting Cases**  
*January 2004 to March 2016*  
(*n=11,737 cases*)

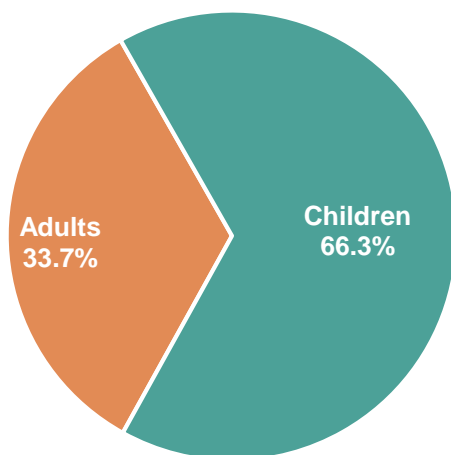


Table 1 provides more information about the families whose TCA cases closed, including the total number of recipients as well as the number of child and adult recipients on each case. On average, there are about three recipients per case that exited the TCA program. This is consistent with the average household size across the country (U.S. Census, 1960-2015). Nearly three in five (56.1%) cases had one or two recipients, and about two in five (43.8%) cases had three or more recipients.

The majority (77.3%) of families who exited the TCA program had one or two recipient children. There were a few (3.5%) cases that did not have any recipient children because the mother was expecting a child or the child was receiving payments from an adoption, foster care, or Supplemental Security Income (Maryland Department of Human Resources, 2008a). One in five (19.2%) cases had three or more children. The average age of the youngest child was five years old. In fact, almost half (47.0%) of all cases that exited the TCA program had a child under the age of three, suggesting that child care may be necessary for the family to achieve and maintain self-sufficiency.

### Age of Recipient Children among exiting cases

47% of cases had a child under the age of 3.

The average age of the youngest child was 5.

Additionally, about four in every five (78.2%) cases had a single recipient adult, and about 5% of cases had two or more recipient adults. Just under one in

every five (17.2%) cases did not have a recipient adult. Cases without a recipient adult are known as child-only cases. In these cases, the TCA benefit is calculated only for the children, but the adult head of household (the payee) receives the benefit on behalf of the recipient children.

**Table 1. Number of Recipients per Case**  
January 2004 to March 2016  
(n=11,737 cases)

	Percent	Count
<b>Total Number of Recipients</b>		
1 recipient	14.8%	(1,741)
2 recipients	41.3%	(4,845)
3 or more recipients	43.8%	(5,139)
Average [median]	2.6	[2]
<b>Number of Child Recipients</b>		
No children	3.5%	(410)
1 child	50.4%	(5,911)
2 children	26.9%	(3,153)
3 or more children	19.2%	(2,254)
Average [median]	1.7	[1]
<b>Number of Adult Recipients</b>		
No adults	17.2%	(2,017)
1 adult	78.2%	(9,176)
2 or more adults	4.6%	(535)
Average [median]	.87	[1]

## Residence of Families on Exiting Cases

The majority of families who exited the TCA program resided in one of five jurisdictions: Baltimore City and Prince George's, Baltimore, Anne Arundel, and Montgomery counties. In fact, 75% of all families who exited the program resided in one of these five jurisdictions, according to Table 2. While this has been fairly consistent across the three cohorts, Baltimore City has had a declining percentage of families leaving welfare. Nearly half (46.1%) of families in the Mid-2000s Recovery cohort resided in Baltimore City, compared to just under two in five (37.3%) families in the Great Recession Recovery cohort. A slight decline also occurred in Prince George's County between the two recovery cohorts (from 11.5% to 10.4%). The percentage of families leaving the TCA program increased in all other jurisdictions and regions between the Mid-2000s Recovery and Great Recession Recovery cohorts. In fact, the percentage of families residing in the five regions—Metro, Southern, Western, Upper Shore, and Lower Shore—increased from 21% to 27% between those two cohorts.

**Table 2: Residence by Cohort\*\*\***

	Mid-2000s Recovery <i>Jan.2004 to Mar.2007</i> (n=2,973)	Great Recession Era <i>Apr.2007 to Dec.2011</i> (n=4,333)	Great Recession Recovery <i>Jan.2012 to Mar.2016</i> (n=4,431)	Total Sample <i>Jan.2004 to Mar.2016</i> (n=11,737)
<b>Baltimore City</b>	46.1%	39.5%	37.3%	40.3%
<b>Prince George's County</b>	11.5%	12.7%	10.4%	11.6%
<b>Baltimore County</b>	11.0%	10.5%	12.4%	11.3%
<b>Anne Arundel County</b>	6.2%	6.9%	6.4%	6.5%
<b>Montgomery County</b>	4.3%	4.9%	6.4%	5.3%
<b>Metro MD Region</b>	7.0%	8.6%	8.0%	8.0%
<b>Southern MD Region</b>	3.0%	3.9%	4.1%	3.7%
<b>Western MD Region</b>	2.9%	4.5%	5.2%	4.3%
<b>Upper Shore Region</b>	4.8%	4.6%	5.7%	5.1%
<b>Lower Shore Region</b>	3.2%	4.0%	3.9%	3.8%

**Note:** The counties included in each of the five regions are: *Metro MD* includes Carroll, Harford, Howard, & Frederick counties; *Southern MD* includes Calvert, Charles, & St. Mary's counties; *Western MD* includes Garrett, Allegany, & Washington counties; *Upper Shore* includes Cecil, Kent, Queen Anne's, Caroline, Talbot, & Dorchester counties; and *Lower Shore* includes Worcester, Wicomico, & Somerset counties.

## Previous Welfare Receipt

A common misconception is that families who receive cash assistance benefits do so for long periods of time and without any breaks in that receipt. Table 3 provides evidence to the contrary by presenting the number of consecutive months families received TCA benefits before exiting the program, also referred to as a TCA spell.

Most families have very short TCA spells. In fact, a large majority—more than four in five (84.2%)—of families received TCA benefits for 12 consecutive months or less before their exit. Another 10% received benefits for 13 to 24 consecutive months, and less than 10% had a spell lasting for more than 24 consecutive months. On average, families had a TCA spell of about nine months. This level of receipt was fairly consistent across all cohorts.

Some families cycle on and off the TCA program. Families may exit the program when adults obtain jobs, but the adults may not be able to maintain employment, and families subsequently return to the program. Other families may return after they comply with program rules or they complete necessary paperwork. Whatever the reasons, some families find themselves in need of additional assistance.

Consecutive months of receipt does not capture the cyclical pattern of benefit receipt, so we also provide the cumulative number of months families received benefits

in Table 3. In the five years before exit, about half (47.7%) of families received cash assistance benefits for 12 months or less, and another quarter (24.6%) received benefits for 13 to 24 months. On average, families received benefits for 19 months in the previous five years, which is about 10 more months than their consecutive receipt. This suggests that some families had two or three spells of welfare receipt in a five-year period.

There were small differences in cumulative TCA receipt across cohorts, mainly between the two recovery cohorts and the recession cohort. Specifically, receipt among families in the Great Recession Recovery cohort mirrored the receipt from families in the Mid-2000s Recovery cohort. Families in these two cohorts had a few more months of receipt in the previous five years than those in the Great Recession Era cohort. This difference is likely due to the nature of recessions, where families who tend to be self-sufficient may have found themselves in need during periods of high unemployment. These newer families were less likely to have previous welfare receipt, thereby lowering the average number of months of benefit receipt in the Great Recession Era cohort. Regardless of these small cohort differences, the information in Table 3 points to the fact that families do not remain on the TCA program for long periods of time. In fact, families tend to use the program as intended—a short-term benefit in times of crisis as they find their way back into the workforce.



**Table 3: Previous Welfare Receipt by Cohort**

	<b>Mid-2000s Recovery</b> <i>Jan.2004 to Mar.2007</i> (n=2,973)	<b>Great Recession Era</b> <i>Apr.2007 to Dec.2011</i> (n=4,333)	<b>Great Recession Recovery</b> <i>Jan.2012 to Mar.2016</i> (n=4,431)	<b>Total Sample</b> <i>Jan.2004 to Mar.2016</i> (n=11,737)
<b>TCA Spell**</b>				
<b>Consecutive Months</b>				
12 months or fewer	83.0%	83.2%	86.0%	84.2%
13 to 24 months	11.2%	10.5%	8.6%	10.0%
25 to 36 months	3.0%	2.7%	2.3%	2.7%
37 to 48 months	1.2%	1.2%	1.1%	1.2%
49 to 60 months	0.4%	0.7%	0.7%	0.6%
More than 60 months	1.1%	1.7%	1.3%	1.4%
Average*** [Median]	8.8 [5]	9.3 [5]	7.9 [4]	8.6 [5]
<b>5 Years before Exit***</b>				
<b>Cumulative Months</b>				
12 months or fewer	43.7%	53.2%	44.9%	47.7%
13 to 24 months	23.6%	24.9%	24.9%	24.6%
25 to 36 months	15.7%	9.7%	13.6%	12.7%
37 to 48 months	8.9%	5.1%	8.1%	7.2%
49 to 60 months	8.1%	7.1%	8.5%	7.9%
Average*** [Median]	20.4 [15]	17.1 [12]	19.7 [14]	18.9 [13]

**Note:** The TCA spell is calculated as the difference (in months) between the exit month and the month of the most recent TCA application. \*p<.05, \*\*p<.01, \*\*\*p>.001.

### Reason for Case Closure

When families exit the TCA program, caseworkers document the reasons for the case closure from a list of codes. These codes provide an accurate closure reason for program administrative purposes, but they may not fully represent the reasons that families left the program. Nonetheless, these closure reasons do provide some context about the circumstances of families at the time of case closure. For instance, a work sanction means that the recipient adult on the case was unable or unwilling to fully comply with work activity requirements. Similarly, a closure due to income above limit suggests that the adult recipient obtained employment or received a child support payment, and that income exceeded the eligibility threshold for the TCA program.

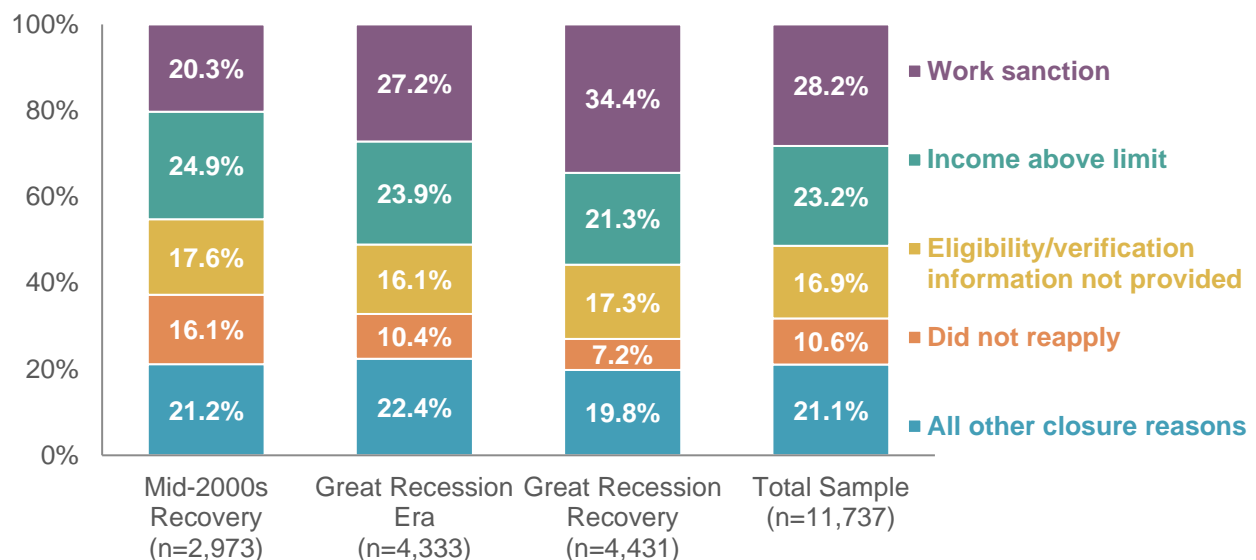
Work sanctions and income above limit closures are the two most common closure reasons, but work sanctions have increased substantially over time while income above limit closures have declined slightly. Among families who exited the TCA program in the Mid-2000s Recovery cohort, one in five (20.3%) of their cases were closed due to a work sanction, compared to one in three (34.4%) cases in the Great Recession Recovery cohort. This increase coincides with the 2008 implementation of the Deficit Reduction Act (DRA) of 2005, which limited the activities states could use for work participation and increased the paperwork necessary to document participation (Parrott et al., 2007).

The percentage of families with a closure for income above limit declined slightly across cohorts. One quarter (24.9%) of families in the Mid-2000s Recovery cohort closed due to income above the eligibility threshold, decreasing to 21% of families in the Great Recession Recovery cohort. Interestingly, income above limit closures were the most common closure reason among the Mid-2000s Recovery cohort, prior to DRA implementation.

The next two most common reasons, both of which involve submitting paperwork, were used to close more than one quarter of families' cases. Less than one in five (16.9%) families had their cases closed

because they did not provide paperwork related to their eligibility or other verification information. This closure reason has remained relatively stable across the cohorts. Additionally, one in 10 (10.6%) families left the TCA program because they did not reapply to continue receiving their benefits. The use of this reason has declined over time. In the Mid-2000s Recovery cohort, 16% of families did not reapply, and only 7% did not reapply in the Great Recession Recovery cohort. About 20% of families in each cohort closed for less commonly used reasons, such as ineligibility, requested closure, child support sanctions, and residency issues.

**Figure 3. Case Closure Reasons by Cohort\*\*\***



**Note:** All closure reasons used in less than 10% of cases are grouped into the *all other closing codes* category. The most frequently cited closure reasons in this category are ineligible (8% of total sample), requested closure (6% of total sample), child support sanction (3% of total sample), and residency issues (2% of total sample). Data may be missing for some cases; valid percentages are reported. \*p<.05, \*\*p<.01, \*\*\*p>.001.

## DEMOGRAPHIC CHARACTERISTICS OF ADULTS

The TCA program targets adult recipients with services that are intended to encourage employment. Mainly, recipient adults must participate in work-related activities, such as on-the-job training, work experience, or job search, that aim to provide adults with the opportunity or skills to become employed. However, not all adults in the program must participate in these activities. The TCA program also includes adults who receive a cash assistance benefit on behalf of children on the case, but the adults are not included in the calculation of the TCA benefit. These types of cases are referred to as *child-only* cases. These cases may include grandparents who are caring for their grandchild or parents who receive Supplemental Security Income. These individuals are non-recipient payees, and they do not have to participate in a work-related activity.

This chapter provides information on the demographic characteristics of all adults whose TCA cases closed between January 2004 and March 2016. Additionally, we examine how the demographic profile of non-recipient payees and recipient adults differ. We begin with Figure 4, which

provides the percentage of recipient adults and non-recipient payees.

### Recipient Adult

*An adult who receives the TCA benefit and is either the payee (head of household) on the case, the payee's spouse, or the other parent of the children on the case.*

### Non-Recipient Payee

*An adult who is considered the head of the household and receives the TCA benefit on behalf of children in the household.*

There were 12,300 adults associated with the 11,737 case closures in the sample, and most were recipients. According to Figure 4, more than four in five (83.2%; n=10,230)

adults received the cash assistance benefit. Among these recipient adults, most (94.5%) were the payee or the head of the household on the case. There were a few (5.5%) cases, however, that had another recipient adult on the case. In these instances, the case was composed of at least two adults: the payee and their spouse or the other parent of the children on the case. One in six (16.8%; n=2,070) adults who left the TCA program was a non-recipient payee. These adults were the head of the household on a child-only case and received a cash assistance benefit on behalf of the children in their care.

**Figure 4. Adults on TCA Case Closures**  
January 2004 to March 2016 (n=12,300)

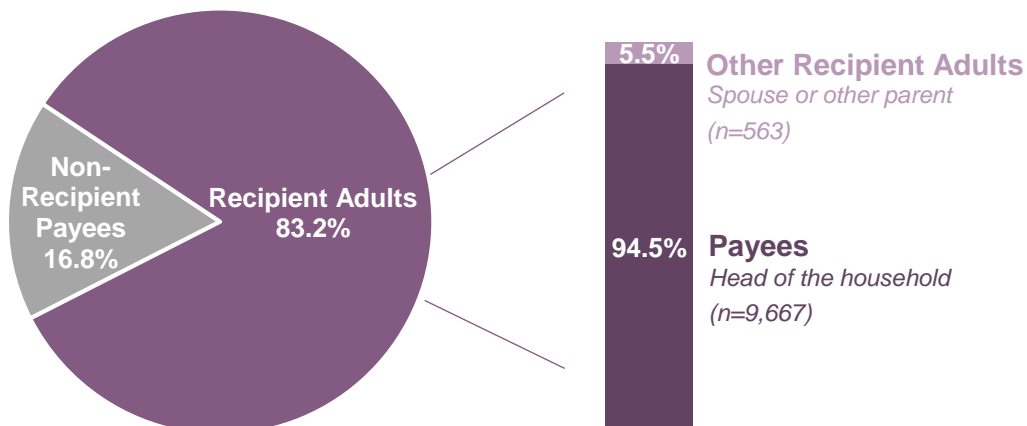


Table 4 shows that the demographic profile of an adult who left the TCA program has not changed much over time. Adults were African American (72.2%) women (91.1%) in their early 30s (average age is 33 years) who had never been married (76.7%). While this general profile remained consistent over time, there were some small shifts between cohorts. For example, the percentage of adults who were men increased slightly from 7% in the Mid-2000s Recovery cohort to 10% in the Great Recession Recovery

cohort. Similarly, the percentage of adults who were Caucasian or Hispanic increased over time, while the percentage who were African American declined. Among adults in the Mid-2000s Recovery cohort, 19% were Caucasian and 2% were Hispanic; these percentages increased to 23% and 4%, respectively, in the Great Recession Recovery cohort. The percentage of African American adults decreased from 78% to 71% between these two cohorts.

**Table 4. Demographic Characteristics of Adults by Cohort**

*Non-recipient payees & recipient adults*

	<b>Mid-2000s Recovery</b> <i>Jan.2004 to Mar.2007 (n=3,071)</i>	<b>Great Recession Era</b> <i>Apr.2007 to Dec.2011 (n=4,560)</i>	<b>Great Recession Recovery</b> <i>Jan.2012 to Mar.2016 (n=4,669)</i>	<b>Total Sample</b> <i>Jan.2004 to Mar.2016 (n=12,300)</i>
<b>Gender***</b>				
Female	92.8%	91.0%	90.1%	91.1%
Male	7.2%	9.0%	9.9%	8.9%
<b>Race/Ethnicity***</b>				
African American^	78.1%	70.0%	70.9%	72.2%
Caucasian^	18.7%	24.2%	22.9%	22.5%
Hispanic	2.4%	4.1%	4.4%	3.8%
Other^	0.8%	1.8%	1.8%	1.5%
<b>Marital Status</b>				
Never Married	77.0%	75.7%	77.4%	76.7%
Married	9.1%	10.3%	10.0%	9.9%
Previously Married	13.9%	14.0%	12.6%	13.4%
<b>Age***</b>				
Under 20	6.1%	6.2%	3.1%	5.0%
20-25	30.3%	30.3%	29.9%	30.1%
26-30	17.0%	18.9%	21.9%	19.6%
31-35	12.8%	11.8%	15.6%	13.5%
36 & older	33.8%	32.9%	29.4%	31.8%
Average [Median]	32.7 [29.8]	32.8 [29.4]	32.6 [29.7]	32.7 [29.6]
<b>Educational Attainment***</b>				
No High School Diploma	36.3%	34.3%	30.5%	33.4%
Completed High School#	58.2%	60.5%	61.5%	60.3%
Education after High School	5.5%	5.2%	8.0%	6.3%

**Note:** ^ Non-Hispanic. \*p<.05, \*\*p<.01, \*\*\*p>.001. # General Education Development Program (GED) certificates are included in high school completion rates

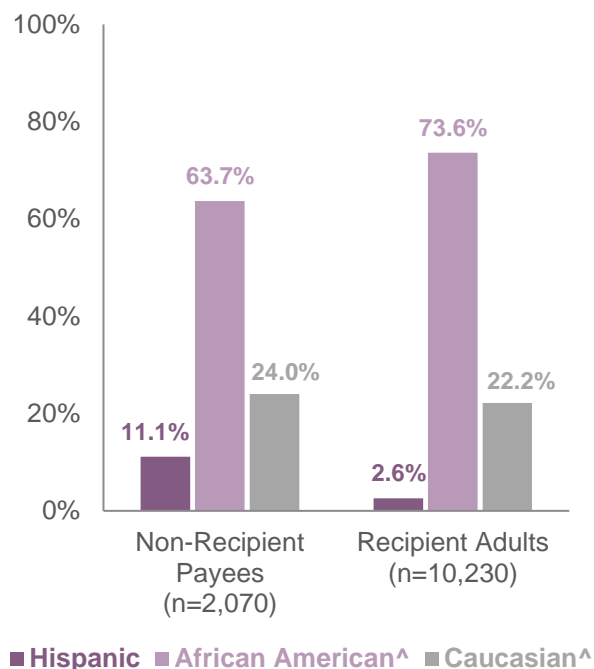
Another characteristic that has changed over time is educational attainment. In general, one third (33.4%) of adults in the TCA program had not completed high school, but this decreased from 36% in the Mid-2000s Recovery cohort to 31% in the Great Recession Recovery cohort. The percentage who completed high school has therefore increased, from 64% to 70% between these two cohorts, with a two percentage point increase in those with education beyond high school (5.5% to 8.0%). This increase in educational attainment is most likely due to the increases among the general population in Maryland (Maryland Governor's Office for Children, 2015). Nonetheless, increases in educational attainment are associated with improved employment and earnings outcomes (Kena et al., 2016).

Even though the general profile of adults has been relatively consistent over time, there are some clear demographic differences between non-recipient payees and recipient adults. In particular, there are three characteristics where these two groups diverge: race and ethnicity, marital status, and age. The next three figures compare non-recipient payees with recipient adults on these characteristics.

Unsurprisingly, the race and ethnicity of recipient adults mirrors the general TCA population since they represent the majority of adults in the program. Non-recipient payees were much more likely to be Hispanic. Figure 5 shows that non-recipient payees were about four times more likely to be Hispanic than a recipient adult. The

percentages of Hispanic adults among both groups was relatively small, but they represented 11% of non-recipient payees and only 3% of recipient adults. This difference is mainly due to the citizenship status of the adult. Children who are citizens of the United States are eligible for TANF benefits even if their parents are ineligible for the benefits (Nicoli, Passarella, & Born, 2014a).

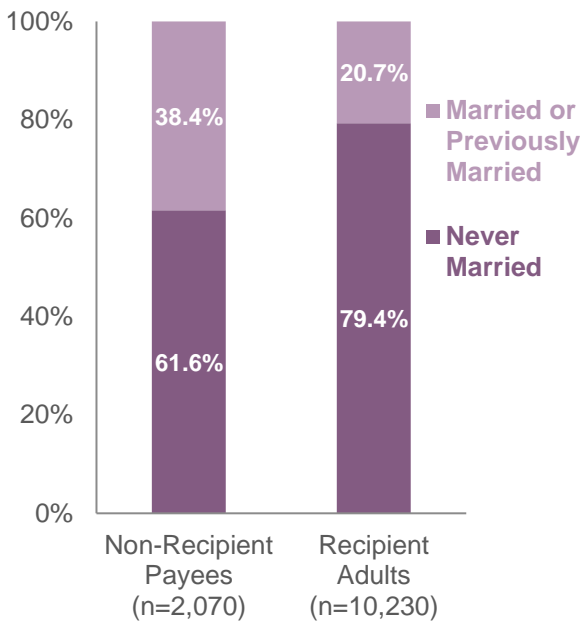
**Figure 5. Race and Ethnicity by Recipient Status<sup>\*\*\*</sup>**



**Note:** <sup>^</sup> Non-Hispanic. \*p<.05, \*\*p<.01, \*\*\*p>.001.

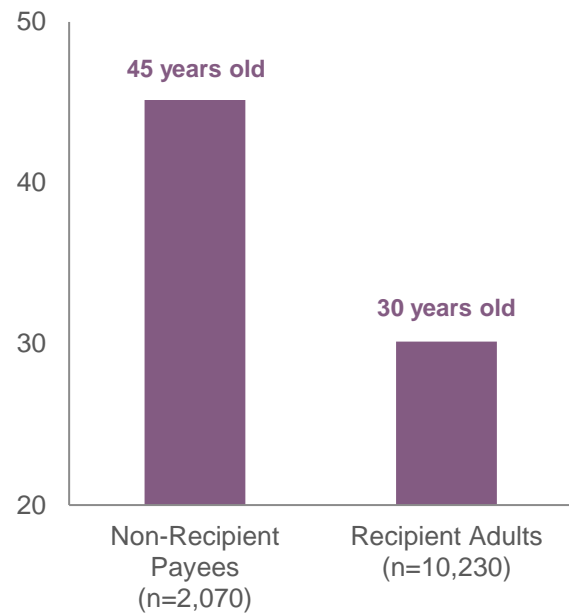
Again, similar to the general demographic profile of adults who exited the TCA program, the majority of recipient adults had never been married. However, this was less common among non-recipient adults. Among all adults, 77% had never been married, which is quite similar to the percentage of recipient adults who had never been married (79.4%). Although many (61.6%) non-recipient payees had also never been married, nearly two in five (38.4%) were married at the time of exit or were previously married. Only one in five (20.7%) recipient payees were married or had been previously married.

**Figure 6. Marital Status by Recipient Status\*\*\***



Lastly, there was a substantial difference between these two groups of adults in terms of age. On average, all adults were about 33 years old. The age of recipient adults was very similar; they were 30 years old, on average. Conversely, non-recipient adults were 45 years old, on average, a 15-year difference. This can be partially explained by the relatives who are caring for children on child-only cases. Although some non-recipient payees are parents, those who are grandparents are likely increasing the average age of adults in this group.

**Figure 7. Average Age by Recipient Status\*\*\***



## EMPLOYMENT & EARNINGS

A fundamental aspect of the TCA program is helping adults obtain employment, so that those earnings will reduce or eliminate the need for the TCA benefit. In fact, adults who receive the cash assistance benefit must participate in activities designed to encourage work. However, this may be difficult for many of these adults to achieve. In previous research, we found that during the five years after exit from Maryland's TCA program, only one in five adults maintained three or four quarters of employment in each year, and less than one in 10 had earnings above the federal poverty line for a family of three in each of those years (Nicoli, 2015). Essentially, sustained employment with livable wages is difficult to attain among those who exit the program.

There is some good news on the horizon. Nationally, household incomes increased by about 5% between 2014 and 2015 (Procter, Semega, & Kollar, 2016). This is the first increase since the beginning of the Great Recession in 2007. Most importantly, low-income individuals also benefited from this recent growth. In fact, the income among households at the bottom 20<sup>th</sup> percentile grew by about 6%, resulting in a decline in the poverty rate (Procter et al., 2016). Nonetheless, this is only one year of growth, and those at the bottom of the income distribution are still earning less than they did in 2007.

This chapter examines the employment and earnings outcomes of adult recipients who exited the TCA program. In particular, we examine short- and long-term employment participation in a Maryland job covered by Unemployment Insurance as well as median earnings during those periods. Additionally, we provide analyses of employment retention and the industry in which adults worked after they exited from the program.

Employment analyses only include adults who were receiving TCA benefits, because these are the individuals who the TCA program targets for employment interventions. This is different from prior *Life after Welfare* reports in two ways: (1) prior reports included non-recipient payees in the employment analyses, and (2) prior reports excluded adult recipients who were not the payee on the case (i.e., spouses and other parents) from employment analyses. The employment analyses included in this current report concentrate on families who are expected to have an adult join the workforce in order to encourage independence from the TCA program. These analyses will provide a more nuanced picture of these adults and their ability to obtain and maintain self-sufficiency.

### Notes for Employment Analyses

Employment analyses in this 2016 update cannot be compared to prior *Life after Welfare* reports because the 2016 analyses only include adult recipients. Prior reports also included non-recipient payees, such as a grandmother caring for her grandchild.

Only employment covered by Unemployment Insurance in the state of Maryland is included. Please refer to the methods chapter for more details.

Median earnings represent the middle point that divides the income distribution of employed adult recipients into halves. One half of the distribution has earnings at or below the middle amount, and the other half has earnings at or above that amount.

All earnings have been standardized to 2016 dollars.



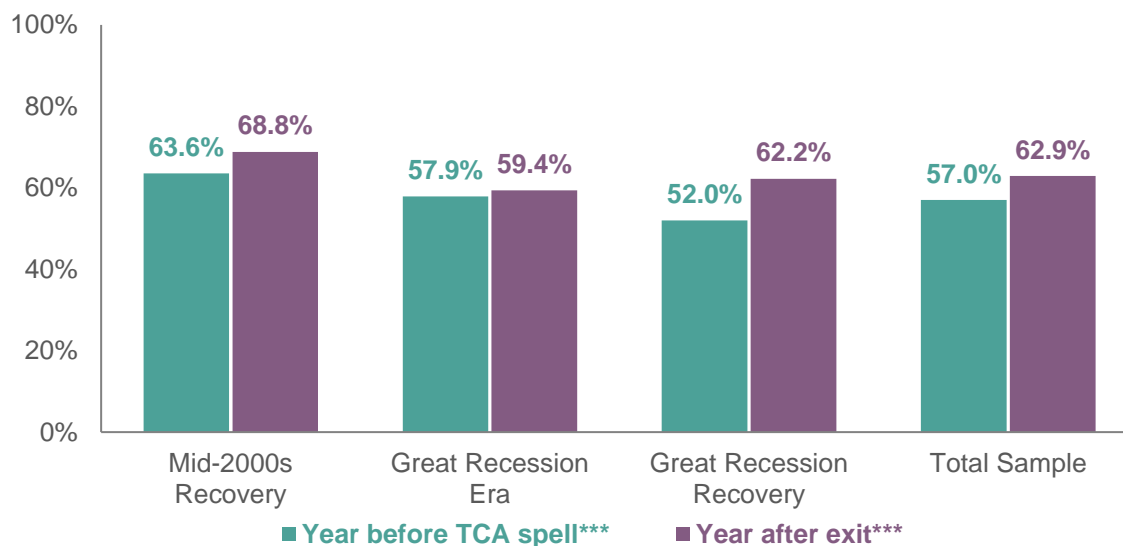
## Short-term Employment and Earnings

Although most of this chapter focuses on employment and earnings after families have exited the TCA program, these first two analyses include information on employment and earnings in the year before families received TCA benefits as well as the year after they exited from the program. The TCA spell represents the consecutive months a family received cash assistance benefits before their exit from the TCA program; examining employment in the year before that TCA spell allows us to see how families were faring before they came onto the program.<sup>5</sup> Generally, we would expect there to be lower employment and earnings because this likely covers the period in which families experienced events that precipitated their need for benefits—loss of a job, decrease in hours or hourly wage, or the birth of a new baby. Examining the year after families exited allows us to see

whether families have overcome this event and are able to work towards self-sufficiency.

Employment participation in the year before the TCA spell has declined over time, as shown in Figure 8, indicating that loss of employment may have become a more common reason for requiring assistance. More than three in five (63.6%) adults in the Mid-2000s Recovery cohort worked at some point in the year before they began receiving TCA benefits, compared to just over half (52.0%) among the Great Recession Recovery cohort. Although the families in the latter cohort exited during the recovery from the Great Recession, the year leading up to their benefit receipt could have been at a time when families were still feeling the effects of job loss, long-term unemployment, and involuntary part-time employment (Center for Budget and Policy Priorities, 2016).

**Figure 8. Percent Employed in the Year before TCA Spell and after Exit by Cohort**  
*Among adult recipients*



**Note:** Refer to the methods chapter for sample exclusions. Valid percentages are reported. \* $p < .05$ , \*\* $p < .01$ , \*\*\* $p > .001$ .

<sup>5</sup> It is possible that families had prior TCA spells, but these analyses focus on the spell that led to the exit included in this sample of case closures.



Compared to employment participation in the year before the TCA spell, the year after exit has a larger percentage of employed adults. For instance, more than two in three (68.8%) adults in the Mid-2000s Recovery cohort were employed in the year after their exit, which is an increase of five percentage points from the year before their TCA spell (63.6%). Adults in the Great Recession Era cohort had a small increase in employment participation (from 57.9% to 59.4%), but those in the Great Recession Recovery cohort experienced a 10 percentage point increase. Employment participation increased from 52% in the year before the spell to 62% in the year after exit. This level of growth in employment is certainly a positive sign for recovery, but it is still not back up to the pre-recession levels of the Mid-2000s Recovery cohort.

Figure 9 reveals that earnings among adults employed before their TCA spell and after their exits from TCA were very low.<sup>6</sup> In the year before the TCA spell, employed adults earned a median of \$4,840. In the year after exit, annual earnings increased substantially, but were still below \$10,000 (\$7,845). The 2016 poverty threshold for a three-person family—the average number of recipients on a TCA case—is \$20,160 (HHS Poverty Guidelines, 2016). These median earnings both before and after a family's

TCA receipt were well below the poverty threshold, suggesting that many of these families faced difficulties in their efforts to maintain self-sufficiency.

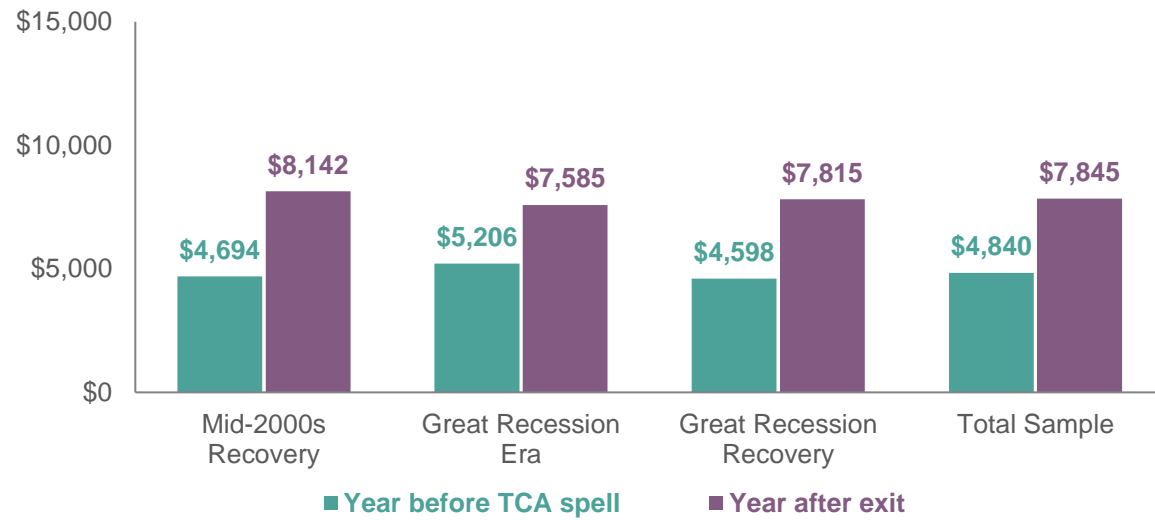
Although low, the earnings of employed adults in each of the three cohorts increased between the year before TCA receipt and the year after exit. The earnings of adults in the Great Recession Era cohort increased by 46% from about \$5,200 to \$7,600. Interestingly, the two recovery cohorts have similar patterns of growth. Earnings in both the Mid-2000s Recovery and Great Recession Recovery cohorts increased by 73% and 70%, respectively. The earnings in these two recovery cohorts were below \$5,000 in the year before the TCA spell, while those during the recession-era were higher (\$5,206). This finding is reversed in the year after exit, when the median earnings of adults in the two recovery cohorts were higher than those among recession-era adults. Even still, earnings after exit in the Great Recession Recovery cohort remained below the earnings in the Mid-2000s Recovery cohort (\$7,815 vs. \$8,142). These findings support the fact that families on the lower end of the income spectrum are now benefiting from the effects of the recovery of the Great Recession, similar to those who benefited from the 2001 recession recovery.

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<sup>6</sup> These earnings are median annual earnings, in contrast to prior *Life after Welfare* reports that included average two-year earnings. For this reason, in addition to other changes discussed at the

beginning of the chapter, these findings cannot be compared with prior *Life after Welfare* reports.

**Figure 9. Median Annual Earnings in the Year before TCA Spell and after Exit by Cohort**  
*Among employed adult recipients*



**Note:** Earnings are shown only for adult recipients employed during the specified time periods. Refer to the methods chapter for sample exclusions.

## Employment Retention

One indication of self-sufficiency is the ability for an individual to remain employed. If adults maintain full-time employment, then they are less likely to need TCA benefits, leading to independence from the program. One factor to keep in mind, however, is that earnings do not need to be very high to render families ineligible for benefits. For example, in federal fiscal year 2016, any monthly income above \$636 after a 20% disregard, would deem a three-person family ineligible to begin receiving TCA benefits (Maryland Department of Human Resources, 2008b, 2016). Therefore, an adult with two children who was working full-time at the minimum wage would likely be ineligible for TCA benefits, but if the adult was only working part-time, then the family may be eligible for benefits.<sup>7</sup>

### Employment Retention Analyses

*Three-month employment retention* estimates the percentage of adults who were employed in both the exit quarter and the first quarter after exit.

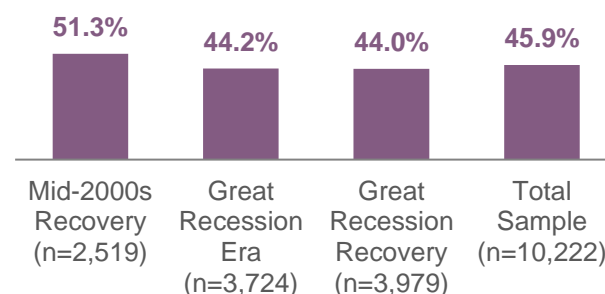
*Six-month employment retention* estimates the percentage of adults who were employed in the exit quarter and each of the two quarters after exit.

**Note:** Data used for employment participation does not include information about the number of hours, weeks, or months that an individual worked during the quarter. Therefore, employment retention analyses provide an estimate of employment. Estimates of six-month employment retention, for example, can include individuals who were employed for six consecutive months or for a single month in each of the two quarters.

To begin, we show the percentage of adults who were employed when they exited the TCA program in Figure 10. This percentage decreased over time. Half (51.3%) of the adults in the Mid-2000s Recovery cohort were employed when they exited, and only 44% of adults in both the Great Recession Era and Great Recession Recovery cohorts were employed at exit. The employment retention analyses at three and six months are based only on these individuals who were employed at exit.

**Figure 10. Percent Employed in the Exit Quarter by Cohort\*\*\***

*Among adult recipients*



**Note:** Refer to the methods chapter for sample exclusions. Valid percentages are reported. \* $p < .05$ , \*\* $p < .01$ , \*\*\* $p > .001$ .

<sup>7</sup> At the minimum wage of \$8.25 per hour, which was effective through March 2016 (the last month cases were included in the sample), individuals working 40 hours per week would earn \$1,429 each month, and

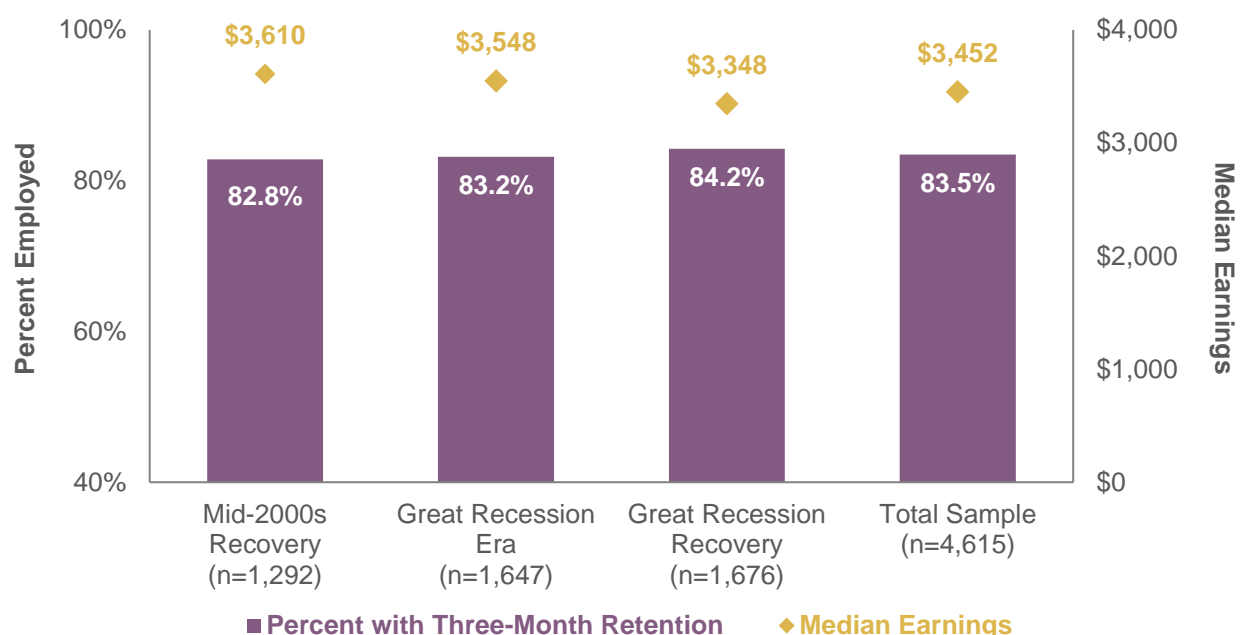
individuals working 20 hours per week would earn \$714 each month.

Three-month employment retention, shown in Figure 11, estimates the percentage of adults who were employed in both the exit quarter and the first quarter after exit. Additionally, Figure 11 provides the median amount that these adults earned in the quarter after exit. In each cohort, just over four in five adults who were employed when they left the TCA program were still employed in the subsequent quarter. Additionally, the percentage of adults with three-month employment retention increased slightly over time, but this difference was not statistically significant

(from 82.8% among the Mid-2000s Recovery cohort to 84.2% among the Great Recession Recovery cohort).

Earnings, however, decreased over time. Adults who had three-month employment retention in the Mid-2000s Recovery cohort earned a median of \$3,610 in the quarter after exiting from the TCA program. Each cohort earned slightly less, with median earnings of \$3,348 in the Great Recession Recovery cohort. The earnings decline was small, however. Between the two recovery cohorts, earnings fell less than 10%.

**Figure 11. Three-Month Employment Retention and Median Earnings by Cohort**  
Among adult recipients employed in the exit quarter



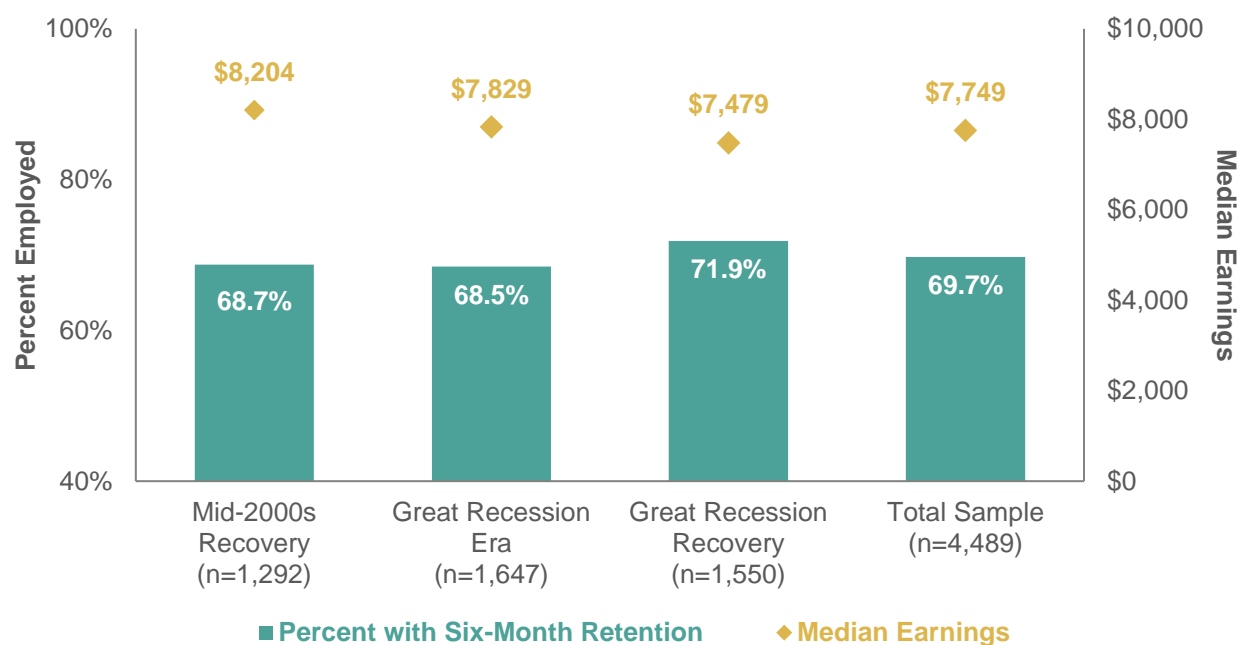
**Note:** Counts represent adult recipients employed in the exit quarter for whom we have one quarter of follow-up data. Refer to the methods chapter for other sample exclusions. Valid percentages are reported. Earnings are shown only for adult recipients employed in the quarter of exit and the first quarter after exit; earnings represent the total earnings in the quarter after exit. \*p<.05, \*\*p<.01, \*\*\*p>.001.

Fewer adults were able to maintain employment for two consecutive quarters after exit. About seven in 10 (69.7%) adults who were employed at exit were also employed in each of the following two quarters, according to Figure 12, which shows estimates of six-month employment retention. Comparable to three-month employment retention, six-month retention increased slightly over time, in particular, among adults in the Great Recession Recovery cohort. This slight growth, however, is still not statistically significant. About 69% of adults in the Mid-2000s Recovery and Great Recession Era cohorts had six-month employment retention after exiting the TCA program. This percentage was slightly higher among the adults in

Great Recession Recovery cohort—about 72% of these adults who were employed at exit remained employed for the two subsequent quarters.

Figure 12 also shows the total median earnings for the two consecutive quarters of employment among adults who had six months of employment retention. Similar to earnings among adults with three-month retention, earnings declined over time. Earnings declined steadily across cohorts, although the total decrease was still under 10%. Adults with six-month employment retention in the Mid-2000s Recovery cohort earned about \$8,200, compared to about \$7,500 among similar adults in the Great Recession Recovery cohort.

**Figure 12. Six-Month Employment Retention and Median Earnings by Cohort**  
*Among adult recipients employed in the exit quarter*



**Note:** Counts represent adult recipients employed in the exit quarter for whom we have two quarters of follow-up data. Refer to the methods chapter for other sample exclusions. Valid percentages are reported. Earnings are shown only for adult recipients employed in the quarter of exit and the two quarters after exit; earnings represent the total earnings in the two quarters after exit. \* $p < .05$ , \*\* $p < .01$ , \*\*\* $p > .001$ .

## Employment & Earnings by Industry

The industries in which individuals are employed can certainly influence their ability to remain self-sufficient. According to the U.S. Bureau of Labor Statistics (2015), women employed in the education industry have median weekly earnings that can amount to \$45,000 annually. In contrast, women employed in food and accommodations services have weekly earnings that translate into \$23,000 annually. If adults who leave the TCA program obtain employment in the education industry, then they may have a better chance of remaining independent from the TCA program, especially compared to those employed in food services. The importance of where individuals work is also a recent focus of the U.S. Administration for Children & Families (n.d.), which is compiling employment sector resources for states to use in their workforce efforts for TANF recipients.

The analyses included in this section provide information about the industries in which adults found employment after they exited from the TCA program. Specifically, Table 5 provides the 10 most common industries in which adults were employed in the quarter after exiting the TCA program. Table 6 complements this information with the median earnings of those employed adults by the industry in which they worked.

Although we use industry to develop a picture of these families' opportunities to achieve self-sufficiency, industry-based analyses have limitations. Importantly, they neglect the role of occupations. For instance, receptionists, teacher's aides, and principals all work within the education industry, but they clearly earn different wages. Conversely, an individual can be a receptionist at a school or at a hotel. While this is the same occupation, schools and hotels are in different industries, and they may compensate the same occupation differently. Nonetheless, we do know that adults who have left the TANF program tend to obtain low-wage, low-skill positions regardless of the industry (Lower-Basch & Greenberg, 2009). What we learn from these analyses, then, is whether adults work in industries where there tend to be higher wage positions, or if wages within a particular industry have grown over time for these individuals. About two in every three adults employed in the quarter after exit worked in one of the top 10 industries listed in Table 5. Thus, these analyses provide a description of employment by the industries in which most employed adults worked.

The five most common industries have remained consistent over time, including administrative and support services (14.3%), restaurants (9.3%), professional and technical services (8.5%), general retail (8.4%), and outpatient

## INDUSTRY DESCRIPTIONS

### **Administrative & Support (NAICS=561)**

Organizations that support day-to-day operations—clerical, cleaning, and general management activities—and temporary employment services.

### **Restaurants (NAICS=722)**

Full-service or fast food restaurants as well as caterers and mobile food services.

### **Professional & Technical (NAICS=541)**

Organizations specializing in legal advice, book-keeping, computer services, or consulting services among others.

### **General Retail (NAICS=452)**

Department stores and other general merchandise stores.

### **Outpatient Healthcare (NAICS=621)**

Outpatient healthcare facilities, medical and diagnostic laboratories, and home healthcare services.

### **Food & Beverage Retail (NAICS=445)**

Retail stores that sell food and beverages, such as grocery stores and specialty drink stores.

### **Nursing Homes (NAICS=623)**

Organizations that provide health and social services such as nursing homes, substance abuse facilities, or residential care for the mentally ill.

### **Education (NAICS=611)**

Instruction or training services such as K-12 schools, community colleges, universities, and training centers.

### **Nonprofits (NAICS=813)**

Organizations promoting social advocacy or political ideology as well as grant-making or religious organizations.

### **Government (NAICS=921)**

Offices of government executives, legislative bodies, public finance, and general government support.

healthcare (7.6%). Individually, each of these five industries represents more than 5% of employed adults, and combined, these five industries represent about half (48.1%) of all adults employed in the quarter after exit.

Administrative and support services is by far the most common industry in each cohort, but the order of the other top five industries has shifted. Nearly one in six (15.9%) adults from the Mid-2000s Recovery cohort who were employed in the quarter after exit worked in administrative and support services; this declined slightly in the Great Recession Recovery cohort (14.6%). Although outpatient healthcare is among the five most common industries, it is also one of the higher-paying industries on this list. As such, outpatient healthcare was the second most common industry in the Mid-2000s Recovery cohort, employing 8% of these welfare leavers. By the Great Recession Era cohort, and continuing into the Great Recession Recovery cohort, outpatient healthcare moved down to the fifth most common industry. Instead, general retail and restaurants were the second and third most common industries,

respectively, in the Great Recession Era cohort, each employing just about 10% of adults. Restaurants (10.7%) became the second most common industry in the Great Recession Recovery cohort.

The latter five most common industries have also remained the same over time, and the order has generally remained consistent. These industries include: food and beverage retail (5.0%), nursing homes (4.3%), education (3.6%), nonprofits (2.5%), and government (2.3%). These industries, excluding food and beverage retail, have all been identified as promising industries, based on their earnings and lower rates of returns to the TCA program (Nicoli, Passarella, & Born, 2014b). Although adults employed in these four industries have more positive outcomes, the percentage of adults working in three of them—nursing homes, education, and nonprofits—declined across cohorts. Employment has only increased in government, but this increase was very small (from 1.7% of employed adults in the Mid-2000s Recovery cohort to 2.4% in the Great Recession Recovery cohort).

**Table 5. Top 10 Industries by Cohort**  
*Among adult recipients employed in the first quarter after exit*

	<b>Mid-2000s Recovery</b>	<b>Great Recession Era</b>	<b>Great Recession Recovery</b>	<b>Total Sample</b>
	<i>Jan.2004 to Mar.2007 (n=1,316)</i>	<i>Apr.2007 to Dec.2011 (n=1,653)</i>	<i>Jan.2012 to Dec.2015 (n=1,737)</i>	<i>Jan.2004 to Dec.2015 (n=4,706)</i>
Administrative & Support	15.9%	12.7%	14.6%	14.3%
Restaurants	7.3%	9.5%	10.7%	9.3%
Professional & Technical	7.2%	8.3%	9.7%	8.5%
General Retail	6.8%	9.6%	8.3%	8.4%
Outpatient Healthcare	8.3%	8.1%	6.4%	7.6%
Food & Beverage Retail	4.9%	4.7%	5.2%	5.0%
Nursing Homes	4.9%	4.8%	3.4%	4.3%
Education	4.0%	4.1%	2.6%	3.6%
Nonprofits	2.8%	2.8%	1.9%	2.5%
Government	1.7%	2.7%	2.4%	2.3%

**Note:** Employment data excludes adult recipients who exited after December 2015 and do not have a quarter of follow-up data (n=208). Data on industry is missing for 337 employed adult recipients. Refer to the methods chapter for other sample exclusions. Valid percentages are reported.

Promising industries can be clearly identified by the earnings listed in Table 6, which provides the median quarterly earnings by industry in which adults were employed in the quarter after exit. Promising industries—education, nursing homes, outpatient healthcare, government, and nonprofits—have median quarterly earnings that range from about \$3,600 to \$5,600. The other common industries have median quarterly earnings ranging from \$2,100 to \$2,600. Two of these lower-wage industries also happen to be the most common industries that employ TCA leavers. Administrative and support services is the most common industry, with median quarterly earnings of just under \$2,600, and restaurants,<sup>8</sup> the second most common industry, have quarterly earnings of about \$2,100.

Only three of the 10 most common industries have experienced any increase in earnings over time. Two of these industries are among those with very low earnings. Quarterly earnings in restaurants doubled from a low of \$1,200 in the Mid-2000s Recovery cohort to \$2,500 in the Great Recession Recovery cohort. Even with this large increase, earnings among adults employed in restaurants in the Great Recession Recovery cohort were second from the bottom. Quarterly earnings in the food and beverage retail industry increased at a much slower rate (23%) during the

same time period, from about \$2,100 to \$2,600. The only promising industry to experience an increase in earnings was government. Earnings growth in the government industry was 20%, from approximately \$3,300 to \$4,000. Quarterly earnings in the remaining seven industries declined between the two recovery cohorts, with declines ranging from 9% in the nonprofit industry to 20% in the education industry.

One final point about these earnings is to reiterate that they are very low. Even among the promising industries, potential annual earnings (based on quarterly earnings in Table 6) for the adults in the Great Recession Recovery cohort range from just over \$13,000 in the education industry to just under \$23,000 in the nonprofit industry. Additionally, it is rare for prior TCA recipients to be employed for an entire year; in other research, we found only about one in five welfare leavers were employed for three or four quarters of each year for five years (Nicoli, 2015). This suggests that very few adults will even earn this level of income on an annual basis. Unfortunately, potential annual earnings among the more common industries fell right around \$10,000 for those who remain employed for an entire year. Rather than estimate annual earnings, the next analysis provides those earnings over a five-year period for all employed adults.

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<sup>8</sup> Restaurant earnings include only data available in the Unemployment Insurance database;

consequently, additional earnings such as tips are not included in these earnings.



**Table 6. Median Quarterly Earnings by Top 10 Industries and Cohort***Among adult recipients employed in the first quarter after exit*

	<b>Mid-2000s Recovery</b>	<b>Great Recession Era</b>	<b>Great Recession Recovery</b>	<b>Total Sample</b>
	<i>Jan.2004 to Mar.2007</i>	<i>Apr.2007 to Dec.2011</i>	<i>Jan.2012 to Dec.2015</i>	<i>Jan.2004 to Dec.2015</i>
	<i>(n=1,316)</i>	<i>(n=1,653)</i>	<i>(n=1,737)</i>	<i>(n=4,706)</i>
Administrative & Support	\$2,904	\$2,548	\$2,547	\$2,597
Restaurants	\$1,227	\$2,305	\$2,507	\$2,106
Professional & Technical	\$2,980	\$2,905	\$2,529	\$2,635
General Retail	\$2,634	\$2,443	\$2,150	\$2,311
Outpatient Healthcare	\$4,598	\$3,985	\$4,124	\$4,110
Food & Beverage Retail	\$2,109	\$2,549	\$2,597	\$2,410
Nursing Homes	\$4,400	\$4,073	\$3,806	\$4,011
Education	\$4,189	\$3,500	\$3,367	\$3,623
Nonprofits	\$6,250	\$5,754	\$5,684	\$5,796
Government	\$3,342	\$4,732	\$4,020	\$4,322

**Note:** Employment data excludes adult recipients who exited after December 2015 and do not have a quarter of follow-up data (n=208). Data on industry is missing for 337 employed adult recipients. Refer to the methods chapter for other sample exclusions. Earnings are shown only for adult recipients employed in the quarter after exit who were employed in one of these 10 industries.

## Annual Employment and Earnings

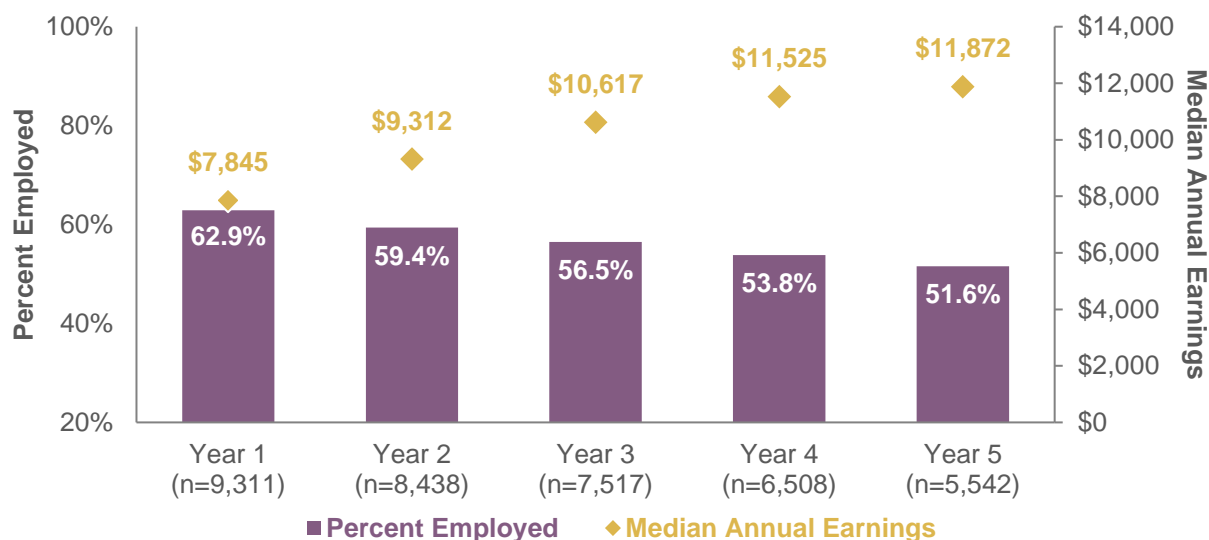
With this final employment analysis, we examine employment participation and annual earnings for five years after exit. These findings continue to develop a picture of how likely families are to maintain self-sufficiency after exit. These earnings are certainly an important examination since the premise of the TCA program is to encourage employment so that those earnings will eliminate the need for cash assistance benefits. Therefore, Figure 13 shows the percentage of adults employed in each of the five years after they exited from the TCA program as well as their median annual earnings in each of those years.<sup>9</sup>

During these five years, employment participation declined, but median annual earnings increased. Just over three in five (62.9%) adults were employed at some point during the first year after exit, and they earned a median of about \$7,800. Although

more than half of adult leavers were employed in each of the five years after exit, employment participation declined by 10 percentage points to 52% by the fifth year after exit. Conversely, earnings increased in each subsequent year of employment. Over the five-year period, median annual earnings increased by 51% to just under \$12,000.

There are likely two reasons for the increase in annual earnings. First, lower-wage workers with a delicate attachment to the workforce are more likely to become unemployed, leaving those with higher earnings in the workforce in subsequent years. Second, some individuals, through work experience or career advancement will, in fact, attain higher incomes over time. Nonetheless, these earnings remain low. Even five years after exit, median earnings are still less than 60% of the federal poverty threshold for a family of three (\$20,160) (HHS Poverty Guidelines, 2016).

**Figure 13. Annual Employment and Median Annual Earnings**  
*Among adult recipients*



**Note:** Each year of employment data excludes adult recipients who do not have the corresponding amount of follow-up data. Refer to the methods chapter for other sample exclusions. Valid percentages are reported. Earnings are shown only for adult recipients employed in the respective year.

<sup>9</sup> These earnings are median annual earnings, in contrast to prior *Life after Welfare* reports that included average annual earnings. For this reason, in

addition to other changes discussed at the beginning of the chapter, these findings cannot be compared with prior *Life after Welfare* reports.

## CHILD SUPPORT

Most families who receive TCA benefits must cooperate with the public Child Support Enforcement program. Although the main purpose for this participation is to repay the state and federal governments for their expenditures on cash assistance benefits, families can leave the TCA program with an income source that supplements their wages. In fact, among poor families who receive child support, the average amount of support received in one year represents about half of their average income (U.S. Department of Health and Human Services, 2014). Furthermore, these payments help families remain independent from cash assistance (Hall & Passarella, 2015). Hence, child support can be a very important component of a family's pathway toward self-sufficiency.

Ideally, participation in the public child support system ends with a child support order that can be enforced by the child support agency. There are several steps that must occur before payments can be received by the family. First, a custodial parent must identify the biological parent of the child(ren), and if necessary, paternity must be established. Then, the court order process can begin in order to determine a support order amount. Once that order is established, the child support agency can begin enforcing collections. Families, however, can only receive child support

payments after they exit the TCA program as payments made while they are receiving TCA are used to reimburse state and federal governments for the cost of providing cash assistance. This chapter explores the percentage of the 11,737 TCA families who had support orders in place after they exited the TCA program, how many received child support, and how much families received after exit.

### Child Support & TCA

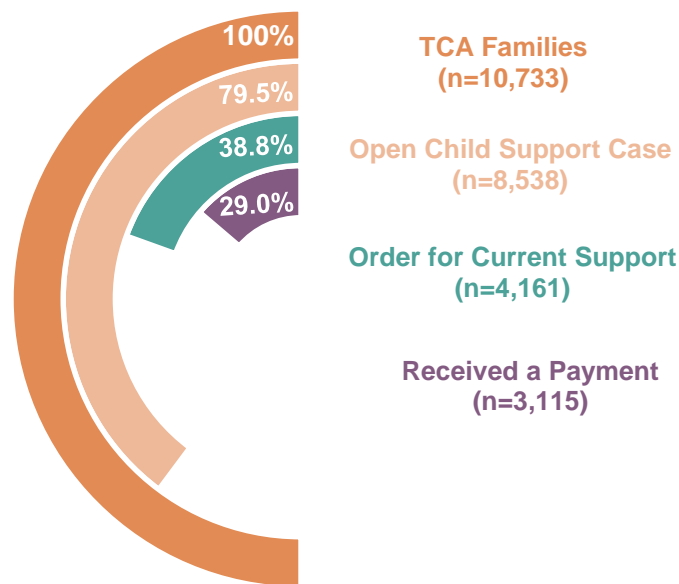
The Child Support Enforcement program was established in 1975 through Title IV-D of the Social Security Act. Although its primary purpose was to reduce public expenditures on welfare, its mission has expanded to include more family-centered initiatives. These include services to families in the areas of child support prevention, family violence collaboration, healthcare, family relationships, economic stability, and fatherhood engagement.

In previous research, we found that the receipt of child support decreases the likelihood that a family will return to TCA (Hall & Passarella, 2015). Additionally, families are less likely to return to welfare when they receive child support on a regular basis.

Figure 14 examines the child support status of families during the first year after exit from the TCA program. Four in five (79.5%) families had an open child support case during that first year after exit. Families who do not have a child support case may have an exemption from participation<sup>10</sup> or child support may not be necessary.<sup>11</sup> Other families, however, may not have a child support case because they did not cooperate with the child support agency, which can result in the closure of the TCA case. Even though most families took initial steps toward establishing a child support order, only about two in five (38.8%) families had an order for current support, and less than one in three (29.0%) families received a child support payment in the year after exiting from the TCA program.

The percentage of families who have a current support order and received a child support payment in the first year after exit has remained relatively stable across cohorts, as shown in Figure 15. A slightly higher percentage of families (40.3%) in the Mid-2000s Recovery cohort had current support due to them, compared to the latter two cohorts (about 38%), although this difference is not statistically significant. There is a different pattern with child support payments. Families in the Great Recession Recovery cohort (30.6%) were somewhat more likely to receive a child support payment, compared with the other two cohorts, in which 28% of those families received a payment.

**Figure 14. Child Support Case Status**  
*First year after exit*



**Note:** Excludes TCA families who exited after March 2015 and do not have a year of follow-up data (n=1,004). Valid percentages are shown.

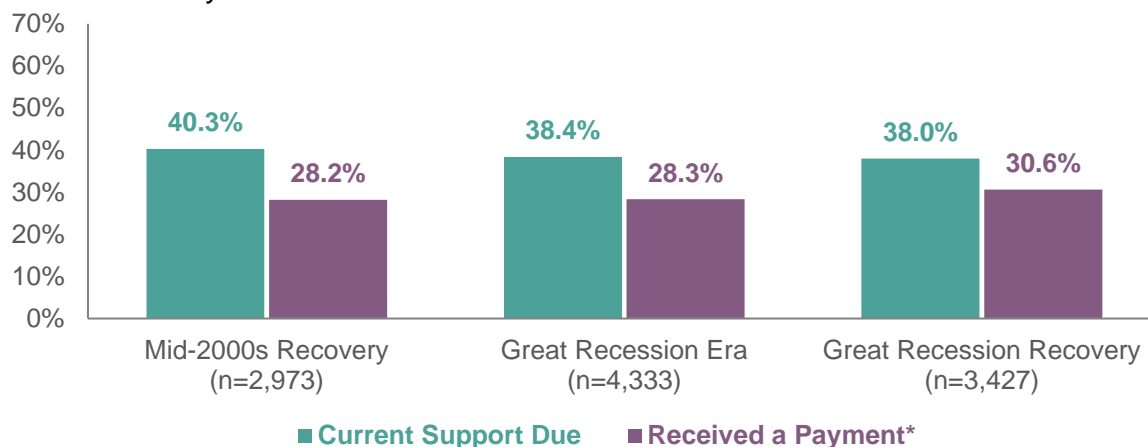
<sup>10</sup> Exemptions from participation in the child support program are obtained through a good cause waiver, usually due to family violence.

<sup>11</sup> Child support may not be appropriate in instances in which the noncustodial parent is deceased or when a TCA family includes both biological parents on the case.

Figure 16 demonstrates that there has been very little change in the percentage of families with current support owed to them and payments received during each of the five years after exit. As discussed previously, about two in five (38.8%) families had an order for support in the first year after exit, and less than one third (29.0%) of families received a payment

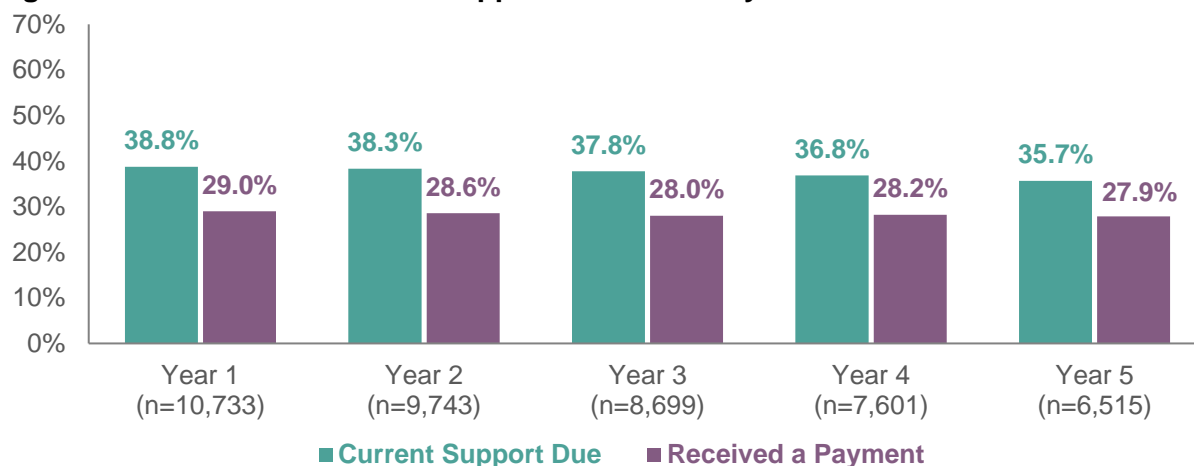
during that year. Five years after exit, just over one third (35.7%) of families had an order for current support, and slightly more than one quarter (27.9%) received a payment. The months in which families receive cash assistance may be an important time for the TCA and child support programs to work together to ensure more families obtain a child support order.

**Figure 15. Percent with Current Support Due and a Payment by Cohort**  
*First year after exit*



**Note:** Excludes cases that exited after March 2015 and do not have a year of follow-up data (n=1,004). Valid percentages are shown. \*p<.05, \*\*p<.01, \*\*\*p>.001.

**Figure 16. Percent with Current Support Due and a Payment after Exit**



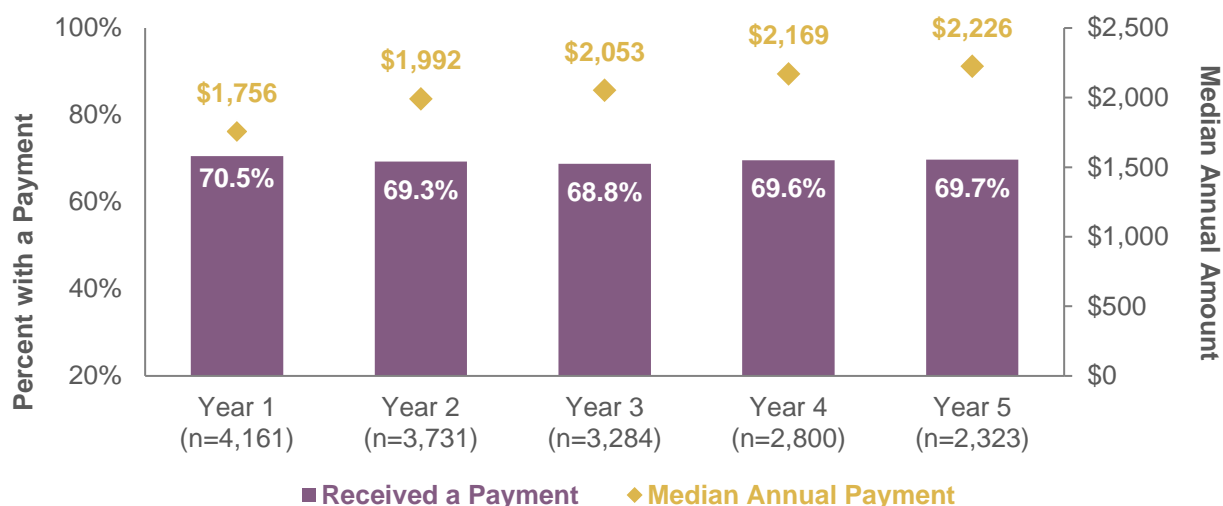
**Note:** Available follow-up data varies by the date of the welfare exit. Counts represent the number of cases with the corresponding amount of follow-up data (i.e., 6,515 cases have five years of available follow-up data). Valid percentages are shown.

The prior analyses of child support payments have been among *all* families who exited the TCA program. Although it is certainly important to know that less than one third of all families who leave the TCA program receive child support, only families who are owed child support can actually receive a payment. Therefore, the next two analyses focus on the families who received a child support payment among those who had an order for support, further highlighting the importance of obtaining a child support order before exiting the TCA program.

Figure 17 examines child support payments among families who had a current support order in each of the five years after their exits from the TCA program. Among families with a current support order in the

first year after exit, seven in 10 (70.5%) received at least one child support payment. Additionally, these families received a median of \$1,756 in child support payments during that first year after exit. The percentage of families with a current support order who received a child support payment remained stable in each of the five years after exit—about 70%. However, the amount these families received increased by 27%, amounting to more than \$2,200 during the fifth year after exit. Combined with families' median annual earnings, child support payments can add about 20% to their incomes. Child support, then, can be a very valuable component of a family's self-sufficiency, especially since most families who are owed support, receive it, and the amount they receive increases over time.

**Figure 17. Percent with a Payment and Median Annual Payment after Exit**  
*Cases with current support due*



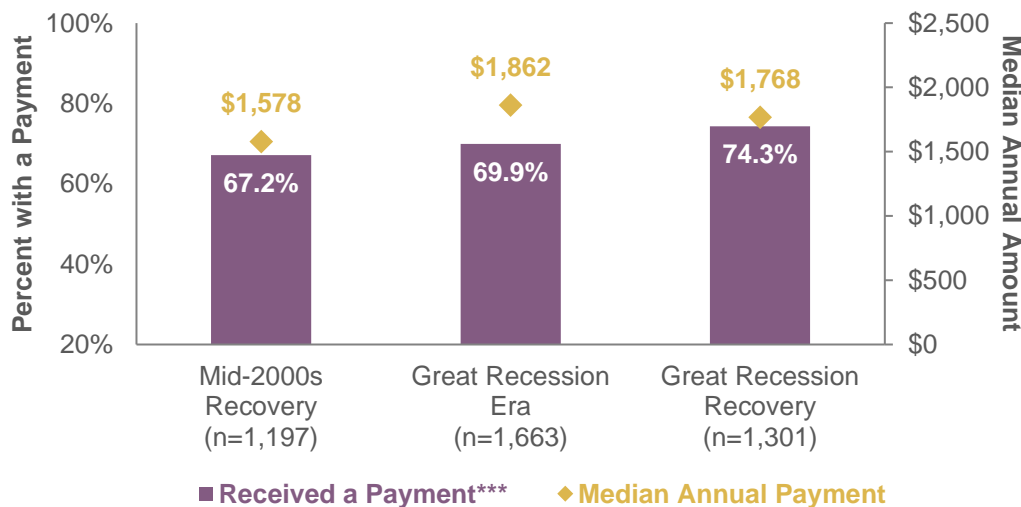
**Note:** Available follow-up data varies by the date of the welfare exit. Counts represent the number of cases with the corresponding amount of follow-up data and had current support due in that year (i.e., 2,323 cases had a five years of available follow-up data and current support due five years after exit). Valid percentages are shown. Median annual payments include cases that received a child support payment. Payments are standardized to 2016 dollars.

Figure 18 shows that the percentage of families who were owed support and received a payment increased in each of the cohorts. About two in three (67.2%) families in the Mid-2000s Recovery cohort received at least one child support payment during their first year after exit. This percentage rose to nearly three in four (74.3%) families among the Great Recession Recovery cohort. This positive change across cohorts may indicate that the child support program has become more effective at enforcing child support orders. Additionally, the rise in the percentage of families receiving payments between the Great Recession and its recovery could also suggest that

individuals are more likely to pay when their economic conditions improve.

The amount that families received has varied by cohort, with an overall increase between the two recovery cohorts. Families in the Mid-2000s Recovery cohort received a median of \$1,578 during that first year after exit. This increased to \$1,862 among families in the Great Recession Era cohort. The median amount of child support received among families in the Great Recession Recovery cohort subsequently declined to \$1,768. Between the two recovery cohorts, there was a 12% increase in child support payments, however.

**Figure 18. Percent with a Payment and Median Annual Payment by Cohort**  
*Cases with current support due one year after exit*



**Note:** Includes cases that have one year of available follow-up data and current support was due in that year (n=4,161); cases exiting after February 2015 are excluded. Valid percentages are shown. Median annual payments are shown for cases that received a child support payment. Payments are standardized to 2016 dollars. \*p<.05, \*\*p<.01, \*\*\*p>.001.

## SUBSEQUENT PROGRAM PARTICIPATION

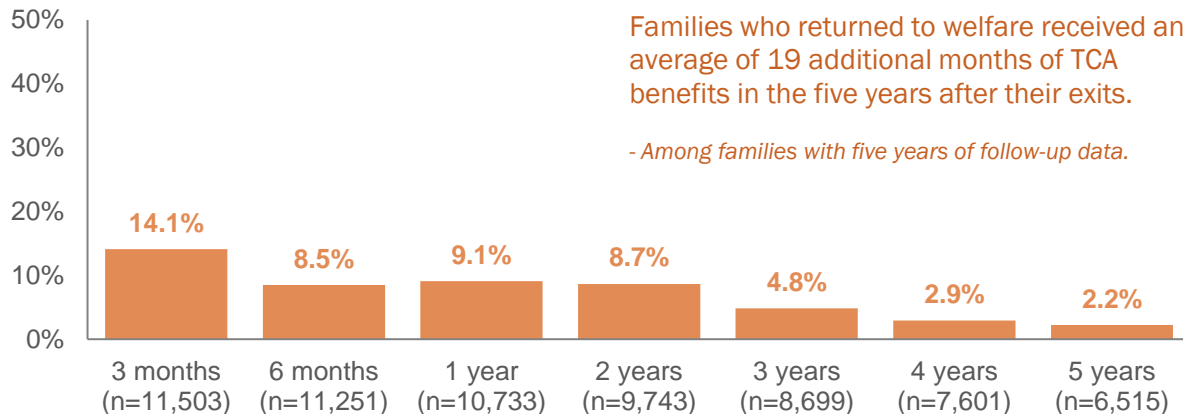
This final findings chapter explores another aspect of self-sufficiency among the 11,737 families who left the TCA program—additional benefit receipt. Certainly self-sufficient families can be defined as those who do not require any public benefits in order to meet their basic needs. This *Life after Welfare* series has shown that level of self-sufficiency is rare among families who leave the TCA program. At minimum, given the earnings of adults who leave the program, many families find they still need Food Supplement (FS) benefits (Maryland's Supplemental Nutrition Assistance Program—SNAP) or Medical Assistance (MA) benefits.

Families who leave the TCA program may experience numerous barriers to self-sufficiency, such as health issues, inadequate educational attainment or work experience, lack of transportation or child care, criminal histories, and domestic violence, among others. Previous studies

have found more than four in five families experience at least one of these barriers (Bloom, Loprest, Zedlewski, 2011; Dworsky & Courtney, 2007; Ovwigho, Born, Ferrero, Palazzo, 2004; Williamson, Saunders, & Born, 2011). Moreover, families tend to experience multiple barriers at one time (Dworsky & Courtney, 2007; Ovwigho et al., 2004).

While these barriers may make it difficult for families to be completely self-sufficient, we can examine their pathways toward independence. We begin by examining the percentage of families who returned to the TCA program for additional months of benefit receipt, followed by the percentage of families who received TCA, FS, or MA benefits in each of the five years after exit. The last section of the chapter explores families who have no additional benefit receipt and do not have any earnings from employment—these families are referred to as disconnected.

**Figure 19. Percent Returning to Welfare**



**Note:** Analysis indicates when a case initially returned to welfare after exit; it does not necessarily indicate the only time a case returned to welfare. Counts represent the number of cases with the corresponding amount of follow-up data. Valid percentages are shown.



Half of all families returned to the TCA program, and most of these families returned fairly quickly after their exits from the program. If we add up each of the percentages shown in Figure 19, then we find that one in every two (50.3%) families returned for additional months of cash assistance within five years of exit. However, two in five (40.4%) families returned to the program within two years of their exits. A sizable portion of those families—one in seven (14.1%)—returned within three months of their exits from the program. About 9% of families returned in each of the following periods after exit: six months, one year, and two years. Another 10% returned at some point between the third and fifth year after exit. In fact, it was rare (2.2%) for a family to return in the fifth year after exit. Over the five years after exit, families who returned to TCA received benefits for about another year and a half (19 months, on average).

Returns to welfare are quite consistent across cohorts. Table 7 shows the

percentage of families who returned to the TCA program at three months, six months, and one year for each cohort. At three months, between 14% and 15% of families returned to the program in each cohort. At six months, however, returns to welfare increased slightly, from 7% among families in the Mid-2000s Recovery cohort to nearly 10% among families in the Great Recession Recovery cohort. At one year, about 9% of families returned to the program regardless of cohort.

Returns to welfare could be precipitated by the fact that families may not be prepared for a lasting exit from the TCA program, at least initially. Adults with employment in low-wage industries may not initially earn enough to manage the costs of basic necessities for their families. For other families, especially those who returned three or more years after their exits, a change in life circumstances may bring them back onto assistance.

**Table 7. Percent Returning to Welfare by Cohort**

	<b>Mid-2000s Recovery</b> <i>Jan. 2004 to Mar. 2007 (n=2,973)</i>	<b>Great Recession Era</b> <i>Apr. 2007 to Dec. 2011 (n=4,333)</i>	<b>Great Recession Recovery</b> <i>Jan. 2012 to Mar. 2016 (n=4,431)</i>
<b>Time since Welfare Exit</b>			
<b>3 Months</b>	13.5%	14.7%	13.9%
<b>6 Months**</b>	7.1%	8.4%	9.6%
<b>1 Year</b>	9.1%	9.1%	9.0%

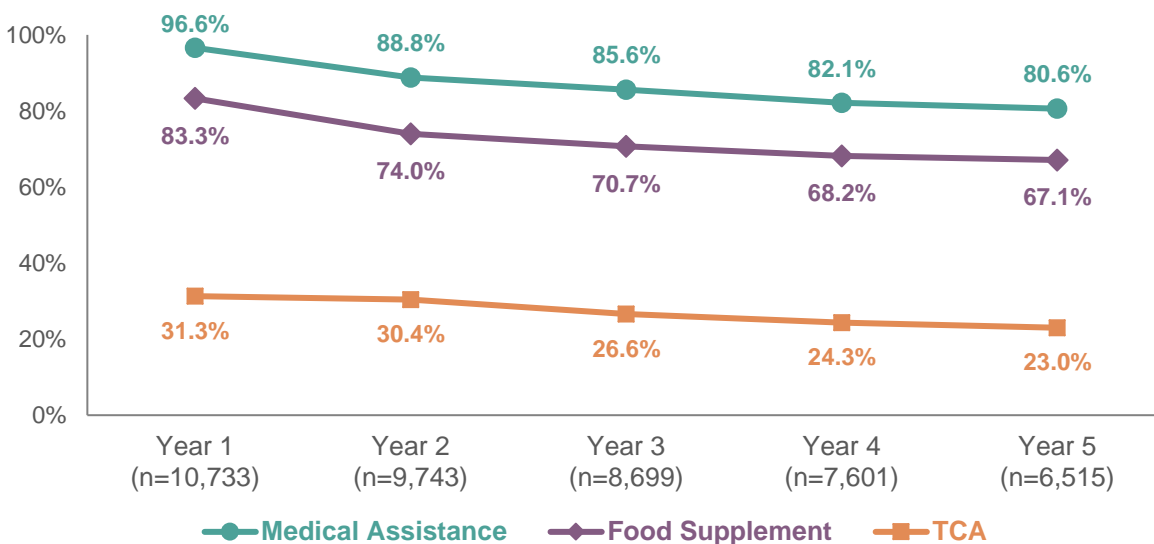
**Note:** Analysis indicates when a case initially returned to welfare after exit; it does not necessarily indicate the only time a case returned to welfare.

In order to ease the transition from welfare to work, families may receive additional benefits after exiting from the TCA program. In Maryland, transitional benefits include five months of Food Supplement benefits at the level families were receiving at exit, as long as the family meets certain criteria<sup>12</sup> (Maryland Department of Human Resources, 2002). Additionally, families whose cases close due to income above the TCA eligibility threshold can receive up to 12 months of transitional MA benefits<sup>13</sup> (Maryland Department of Human Resources, 2008c). After these transitional periods, families must reapply for these benefits. The receipt of these transitional benefits is included in Figure 20, which shows the percentage of exiting families who received TCA, FS, or MA benefits in each of the five years after exit. Additionally,

Table 8 shows the percentage of families receiving these benefits during the first year after exit for each of the three cohorts.

Although the receipt of any of these benefits declined over time, MA and FS receipt remained high, while TCA receipt was relatively low. Just under one in three (31.3%) families received TCA benefits in the first year after exit. This percentage declined slowly to just under one in four (23.0%) families in the fifth year after exit. TCA receipt across cohorts during that first year after exit was stable—less than one in three families in each cohort. While receiving TCA benefits, most families will automatically qualify for FS and MA benefits, contributing to the high levels of participation in those two programs.

**Figure 20. Subsequent Program Participation after Exit**



**Note:** Counts represent the number of cases with the corresponding amount of follow-up data. Valid percentages are shown.

<sup>12</sup> In order to receive transitional FS benefits, families' cases cannot close due to work or child support sanctions or due to relocation to another state; families must also meet other eligibility criteria for FS benefits.

<sup>13</sup> Transitional MA benefits vary depending on the source of income. If the closure occurs due to earned income, then transitional MA benefits can be provided for 12 months. If the closure occurs due to the receipt of child support payments, then transitional MA benefits can be provided for four months.

Nearly all (96.6%) families received MA benefits during that first year after exit, and this was consistent across cohorts. The percentage of families receiving MA benefits declined by eight percentage points in the second year after exit (88.8%). This decline is likely due to the fact that transitional benefits are exhausted within the first year after exit, so only families who reapply and meet the eligibility requirements continued to receive MA benefits into the next year. Nonetheless, most (80.6%) families were still receiving MA benefits in the fifth year after exit, making MA the most common benefit among prior TCA recipients.

More than four in five (83.3%) families received FS benefits in the first year after exit. Similar to MA receipt, there was a 10 percentage point decline in FS benefit receipt between the first and second years

after exit (to 74.0%), likely representing the end of the transitional FS benefits. By the fifth year after exit, two in three (67.1%) families were still receiving FS benefits. FS is the only benefit program with any cohort differences; in fact, there was an increase in its use over time. Just under four in five (78.5%) families in the Mid-2000s Recovery cohort received FS benefits during the first year after exit. This percentage increased slightly during the Great Recession Era cohort (82.8%), but increased by 10 percentage points in the Great Recession Recovery cohort (88.2%). Two factors have led to this increase in participation. First, Maryland enhanced its efforts to enroll eligible households in the FS program, and second, the number of households receiving FS benefits increased substantially due to the Great Recession (Maryland Department of Human Resources, 2014).

**Table 8. Subsequent Program Receipt by Cohort**  
*One Year after Exit*

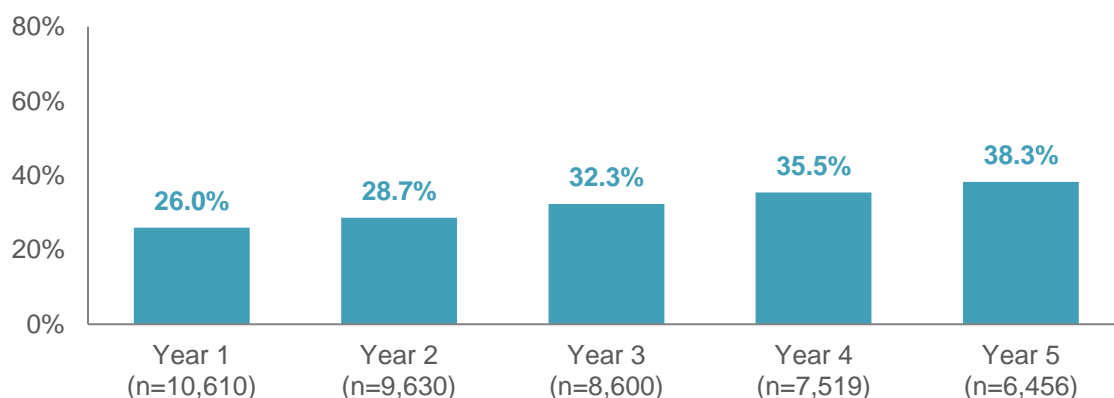
	<b>Mid-2000s Recovery</b> <i>Jan. 2004 to Mar. 2007 (n=2,973)</i>	<b>Great Recession Era</b> <i>Apr. 2007 to Dec. 2011 (n=4,333)</i>	<b>Great Recession Recovery</b> <i>Jan. 2012 to Mar. 2016 (n=4,431)</i>
<b>Temporary Cash Assistance</b>	29.7%	32.2%	31.6%
<b>Medical Assistance</b>	96.5%	96.7%	96.5%
<b>Food Supplement***</b>	78.5%	82.8%	88.2%

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

These low rates of subsequent participation in the TCA program seem to suggest that many families have been able to achieve independence from the cash assistance program. This is undoubtedly true for some families who were able to package their income from employment and child support with Food Supplement and Medical Assistance benefits. However, some families find themselves without any cash assistance benefits *and* no income from earnings. These families are often referred to as disconnected.

Disconnected families face many disadvantages. They are more likely than other families who left the cash assistance program to have health problems, suffer from food insecurity, and are more likely to live below the poverty line (Loprest, 2003; Loprest & Zedlewski, 2006; Blank & Kovak, 2009). Based on a recent survey, some mothers said they were disconnected from work because of the high costs of child care relative to their earnings or due to the difficulty in securing transportation from child care to work (Sandstrom, Huerta, Loprest & Seefeldt, 2014). These same

**Figure 21. Disconnection from Work and Welfare after Exit**



**Note:** Counts represent the number of cases with the corresponding amount of follow-up data; counts also exclude cases in which there is no unique identifier (n=123). Valid percentages are shown.

mothers chose not to receive cash assistance due to its burdensome requirements or due to misunderstandings about the program's rules related to the receipt of other benefits, such as Supplemental Security Income (Sandstrom et al., 2014).

The remaining analyses focus on disconnection among the families who exited the TCA program. Figure 21 shows the percentage of families who did not have an employed individual in the household and were not receiving TCA in each of the five years after their exits. The level of disconnection among families has increased over time. One in four (26.0%) families was disconnected from work and welfare during the first year after exit. This percentage continued to increase in each subsequent year after exit. Nearly two in five (38.3%) families were disconnected at five years after exit.

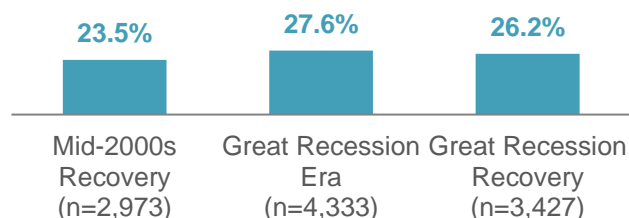
Disconnection has not varied much across cohorts. Figure 22 provides the percentage of disconnected families in each cohort during the first year after their exits from the TCA program. Just under one in four (23.5%) families in the Mid-2000s cohort was disconnected from work and welfare. This percentage rose to nearly three in 10 (27.6%) families among those in the Great

Recession Era cohort. A slightly smaller percentage (26.2%) of the Great Recession Recovery cohort was disconnected during that first year after exit.

So how are disconnected families surviving? Based simply on the percentage of families who received FS or MA benefits after exit, it is highly likely that these families do receive these benefits. Additionally, some families may receive Supplemental Security Income (SSI) or Social Security Disability Insurance (SSDI) as a source of cash income. Income may also come from

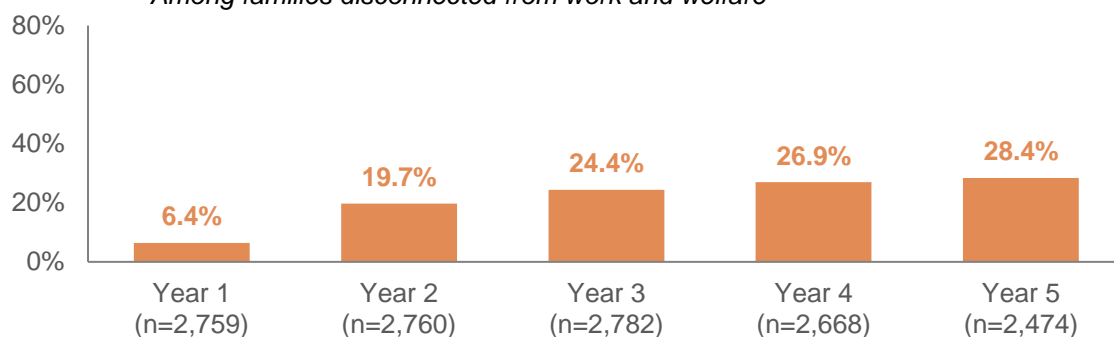
**Figure 22. Disconnection from Work and Welfare by Cohort\*\*\***

*One year after exit*



**Note:** Excludes cases that exited after March 2015 and do not have a year of follow-up data (n=1,004) and cases where we have no unique identifier (n=123). Valid percentages are shown. \*p<.05, \*\*p<.01, \*\*\*p>.001.

**Figure 23. Disconnection from Food Supplement, Medical Assistance, & Child Support**  
*Among families disconnected from work and welfare*



**Note:** Counts represent the number of cases that were disconnected from work and welfare in each year. Valid percentages are shown.

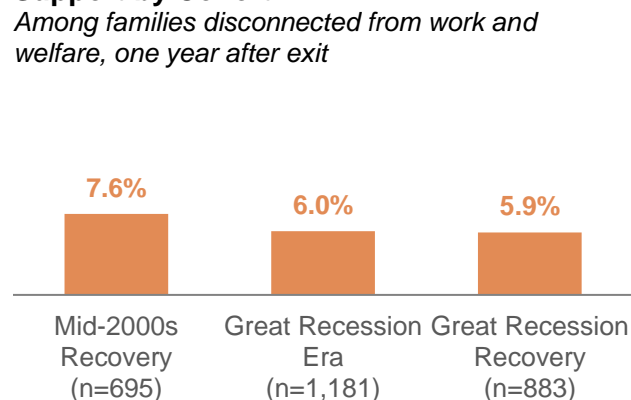
child support payments or from work that is not included employment data, such as self-employment. In order to partly address how disconnected families are surviving, Figure 23 examines the percentage of disconnected families who did not receive FS or MA benefits or child support payments in each of the five years after exit.

The percentage of families who did not receive any of these three sources of support increased substantially over time. Less than one in 10 (6.4%) families who were disconnected from work and welfare were also disconnected from FS, MA, and child support in the first year after exit. This is true for each of the three cohorts as well (Figure 24). However, this percentage tripled to one in five (19.7%) disconnected families during the second year after exit. This may be partly due to the exhaustion of transitional benefits within that first year after exit. The percentage of disconnected families without these other three supports increased at a much slower pace between the second and fifth years after exit, but still, nearly three in 10 (28.4%) disconnected families did not receive FS, MA, or child support in the fifth year after exit.

In both of these analyses of disconnection, we may be capturing families who we would not expect to be connected to any of these income or benefit sources. For example, we would not expect a retired grandmother to

continue receiving TCA or to obtain a job after the grandchild she was caring for reached the age of majority. Additionally, we would not expect families who move outside of Maryland to continue receiving TCA benefits or be employed in the state. Furthermore, there are other sources of income that we may not capture—SSI or SSDI, out-of-state employment, under the table earnings, or earning of another household member. This is to say, we may over-estimate the percentage of families disconnected from work and welfare, and subsequently, from FS, MA, and child support.

**Figure 24. Disconnection from Food Supplement, Medical Assistance, & Child Support by Cohort**  
*Among families disconnected from work and welfare, one year after exit*



**Note:** Counts represent the number of cases that were disconnected from work and welfare in each year. Valid percentages are shown. \*p<.05, \*\*p<.01, \*\*\*p>.001.

## CONCLUSIONS

For the past 20 years, the TCA program has provided families with cash assistance in times of great need. This temporary aid is often a short-term solution on which families can rely during challenging times. It may be a lifeline that can prevent evictions, help new mothers care for infants, or allow children to remain with family members rather than enter the foster care system. So how are families faring after they are no longer receiving TCA benefits? The purpose of the annual *Life after Welfare* series is to explore families' outcomes after leaving the TCA program.

The findings from this report suggest that self-sufficiency may be elusive for many families who leave the TCA program. Even though employment participation among adults who left during the recovery from the Great Recession has shown signs of improvement, employment has not reached the levels experienced among those who left before the Great Recession. Likewise, median annual earnings of employed adults are insufficient, increasing from a low of about \$7,800 during the first year after exit to just under \$12,000 by the fifth year after exit. With such low earnings, adults may struggle to manage the costs of raising a family, even more so if their employers do not provide health insurance or paid sick leave. In fact, the majority of these families still require food and medical assistance, even after leaving TCA.

A substantial barrier to self-sufficiency is the industries in which adults found employment. Even among industries like nonprofits, government, and outpatient healthcare, which had higher earnings for these individuals, median quarterly earnings were under \$6,000. If adults had these earnings for four consecutive quarters, they would earn less than \$24,000 per year. However, only 20% of employed adults were working in these higher-paying industries. Instead, nearly half of employed

adults were working in industries such as restaurants, general retail, and food and beverage retail. Quarterly earnings in these more common industries ranged from \$2,100 to \$2,600, with potential annual earnings totaling about \$10,000. For perspective, the poverty threshold for a family of three is \$20,160 per year (HHS Poverty Guidelines, 2016). If we consider actual self-sufficiency, the minimum living wage for a family of three in Maryland is about \$64,000 per year (Glasmeier, 2016).

Fortunately, there are some reasons to be hopeful. First, household incomes, including the poorest households, have increased across the country for the first time since the beginning of the Great Recession (Procter et al., 2016). It remains to be seen whether this will continue over time, but it is a good sign for recovery. Second, a statewide partnership facilitated through the Workforce Innovation Opportunity Act (WIOA) identifies TCA recipients a priority group for workforce services, such as apprenticeships or occupational training in high-growth areas (Maryland Department of Human Resources, Maryland Department of Labor, Licensing & Regulation, & Maryland State Department of Education Division of Rehabilitative Services, 2016). Developing a workforce system that effectively serves individuals with serious barriers to employment will take time, and as such, it will be phased in throughout the state over a three-year period (Maryland Department of Human Resources et al., 2016).

This partnership between local and state agencies is paramount to the success of vulnerable families. The TCA program alone is unable to provide the level of services necessary for adults to obtain self-sufficient employment. However, with the aid of these other agencies, adults who receive TCA benefits may find they have more assistance in achieving self-sufficiency.

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