

LIFE AFTER WELFARE

2019 ANNUAL UPDATE

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EXECUTIVE SUMMARY

It has been ten years since unemployment peaked during the Great Recession, and Maryland's economy has, by many measures, continued to recover. In 2018, the state's unemployment rate dropped below four percent for the first time in over a decade, and job growth in 2018 was the best since 2000 (U.S. Bureau of Labor Statistics, 2019; Cohn, 2019). Despite these positive signs, some Maryland families continue to struggle. One in 10 Maryland families had incomes below the poverty line in 2017, and for families headed by a single mother, it is one in four (U.S. Census Bureau, 2018).

Some of these families access safety net benefits to weather difficult times. This annual report series, *Life after Welfare*, examines the characteristics and outcomes of families who left Maryland's cash assistance program. The 2019 update includes a sample of 11,102 families who left the TCA program between April 2007 and March 2019. We examine trends through the lens of three different cohorts: (a) Recession—a rapidly increasing caseload between April 2007 and December 2011; (b) Recovery—a declining caseload between January 2012 and December 2014; and (c) Recent—a caseload that declined more quickly between January 2015 and March 2019.

The findings in this report indicate that while families' financial circumstances improve after exiting the TCA program, many still struggle to maintain self-sufficiency. Low earnings and unstable employment make it difficult for many low-income families to achieve independence from cash assistance and other safety net programs.

Case Characteristics

There were typically two to three recipients on cases exiting the TCA program, and they received cash assistance for a short period of time before their cases closed.

- Most families had two (41%) or three (25%) recipients, and two thirds (67%) of these recipients were children.
- Families exiting more recently were less likely to be new to the TCA program compared to families exiting during the recession (32% vs. 46%).
- On average, families received TCA for nine consecutive months before they exited the program and for a total of 19 months over the five years prior to exit.
- Most families left TCA because they did not comply with the work requirement (31%), they had an income exceeding the eligibility threshold (23%), or they did not maintain eligibility (17%).

Adult Demographics

Adult recipients are generally African American (72%) women (90%) in their 20s and 30s with a high school diploma (69%).

- The majority (79%) of adults had never been married, while 9% were married and 12% were previously married.
- Adults in the recent cohort were less likely to be teenagers, decreasing from 7% in the recession cohort to 2%, and they were more likely to be ages 26 to 35 (44% vs. 34%).
- Compared to adults in the recession cohort, adult recipients in the recent cohort were the most likely to have education beyond high school (5% vs. 10%) and the least likely to lack a high school diploma (35% vs. 28%).

Employment & Earnings

Employment and earnings increased from the year before TCA receipt to the year after exit. Still, earnings were low.

- Adult recipients were more likely to work during the year after leaving the TCA program (62%) than they were in the year before receiving TCA (56%).

- Two thirds (67%) of adults in the recent cohort were employed in the year after exit, compared to 60% for the recession cohort and 62% for the recovery cohort.
- Employed adults in the recent cohort had the highest earnings (\$9,121) in the year after exit—a 12% increase from the recession cohort (\$8,135).
- Earnings increased over the five years after exit among all employed adult recipients, growing from less than \$9,000 to over \$13,000.

Industries of Employment

Most recipients were employed in low-wage industries after exit.

- More than two in five adults worked in low-wage industries such as administrative and support services, restaurants, and general retail. Quarterly wages did not exceed \$2,000 in these industries.
- Nursing homes, a higher-paying industry, was also a common industry for all cohorts, but only the recent cohort had an additional promising industry in the top five—outpatient health care. Quarterly earnings ranged from \$3,000 to almost \$4,500 in these two industries.

Child Support

The majority of families had a child support case, but only about one quarter ultimately received a payment in the year after exit.

- Although most (78%) exiting families had an open child support case within the year after exit, just 37% had a current order for support, and 27% received a payment.
- When families had a current support order, however, the majority (73%) received a payment.
- The median amount of child support received in the first year after exit was just over \$1,900, representing a potential 22% boost in income earned in that year (\$8,594).

Returns to Welfare

Most families who returned to welfare did so within one year, and half of all exiting families returned within five years.

- Although 49% of families returned within five years, one in three (32%) returned within the first year after exit.
- One in six (17%) families returned between one and five years after exit.

Subsequent Program Receipt

In the years after exit, most families continued to participate in the Food Supplement Program (FSP), while receipt of TCA or Supplemental Security Income (SSI) was less common.

- In the first year after exit, one third of families in each cohort received TCA benefits. Receipt of FSP benefits increased across cohorts, from 83% in the recession cohort to 90% in the recovery cohort; similarly, receipt of SSI benefits increased from 1% to 13%.
- By the fifth year after exit, receipt of both TCA and FSP declined, with 20% of families receiving TCA and 68% of families receiving FSP.
- Conversely, SSI receipt increased after exit, growing from 7% in the first year after exit to 11% by the fifth year.

Although the economy has been in an upswing in recent years, some families are still struggling. Earnings have remained low among adults leaving the TCA program, and many adult recipients have difficulty finding stable, long-term employment. With this in mind, it is important to support these families both during and after TCA receipt. Investment in services to aid the transition from welfare to work as families exit TCA can help build a foundation essential to maintain self-sufficiency and well-being.

INTRODUCTION

It has been a decade since unemployment in Maryland reached its peak during the Great Recession,¹ and by many measures, Maryland's economy has continued to recover. In July 2018, Maryland's unemployment rate dropped below 4% for the first time since May 2008 (U.S. Bureau of Labor Statistics, 2019). The job market is also thriving; in 2018, Maryland added over 50,000 jobs for a gain of almost 2%, which is the state's top job growth since 2000 (Cohn, 2019). Combined, these statistics indicate that job seekers in Maryland have a relatively good chance of finding work.

Although the economy has been in an upswing, many families have continued to struggle in the years following the recession. In 2017, 10% of families with children in Maryland had incomes below the poverty level. This was even more substantial for households headed by a single mother; of female-headed households with children, 26% had incomes under the official poverty level in 2017, and 29% with children under the age of five were in poverty (U.S. Census Bureau, 2018). Clearly, despite the improving economy, not all families have been able to recover from the impacts of the recession.

Temporary Cash Assistance (TCA), which is Maryland's version of Temporary Assistance for Needy Families (TANF), can be a valuable resource for families who are struggling to make ends meet. TCA is intended to be temporary, with the goal of helping families attain self-sufficiency and transition off the program. However, many families still require assistance after exiting TCA. These families may return to TCA or participate in other safety net programs such as Medicaid, the Supplemental

Nutrition Assistance Program (SNAP), or Supplemental Security Income (SSI).

Maryland has an established practice of identifying the trends and outcomes of families who receive TCA benefits. In fact, this *Life after Welfare* report is legislatively mandated in order to provide policymakers with information about families who exited TCA. The 2019 update focuses on a sample of 11,102 families who exited the program between April 2007 and March 2019. We explore families' characteristics, employment, receipt of child support, and receipt of public benefits among three cohorts:

- Recession (n=4,333)—families exiting around the time of the Great Recession, when the number of cases grew 42% from April 2007 to December 2011;
- Recovery (n=3,174)—families who exited during the recovery from the Great Recession, leading to a 12% caseload decline between January 2012 and December 2014; and
- Recent (n=3,595)—families who exited in more recent years, when caseload decline accelerated to 32% between January 2015 and March 2019.

These three cohorts show us how the Great Recession may have affected TCA recipients during the recession, its aftermath, and the recovery. Ten years after the recession's peak, examining the outcomes of TCA leavers can provide policymakers and legislators with the information needed to best serve the current TCA population.

¹ Maryland's unemployment rate peaked at 7.8% in January 2010 (U.S. Bureau of Labor Statistics, 2019).

METHODS

This chapter describes the methodological approach for the 2019 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 2012 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

the Personal Responsibility and Work Opportunity Reconciliation Act (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 April 2007 and March 2019 ($n=11,102$). We focus on three cohorts of leavers during this time period, defined by increases and decreases in the caseload and the unemployment rate, as shown in Figure 1. The cohorts are as follows:

1. Recession ($n=4,333$)—families who exited around the time of the Great Recession, when the caseload grew by 42% between April 2007 and December 2011;
2. Recovery ($n=3,174$)—families who exited during the recovery from the Great Recession, leading to a 12% caseload decline between January 2012 and December 2014; and
3. Recent ($n=3,595$)—families who exited in more recent years, when caseload decline accelerated to 32% between January 2015 and March 2019.

The third change to the sample was new to the 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, whether they are payees or not, receive

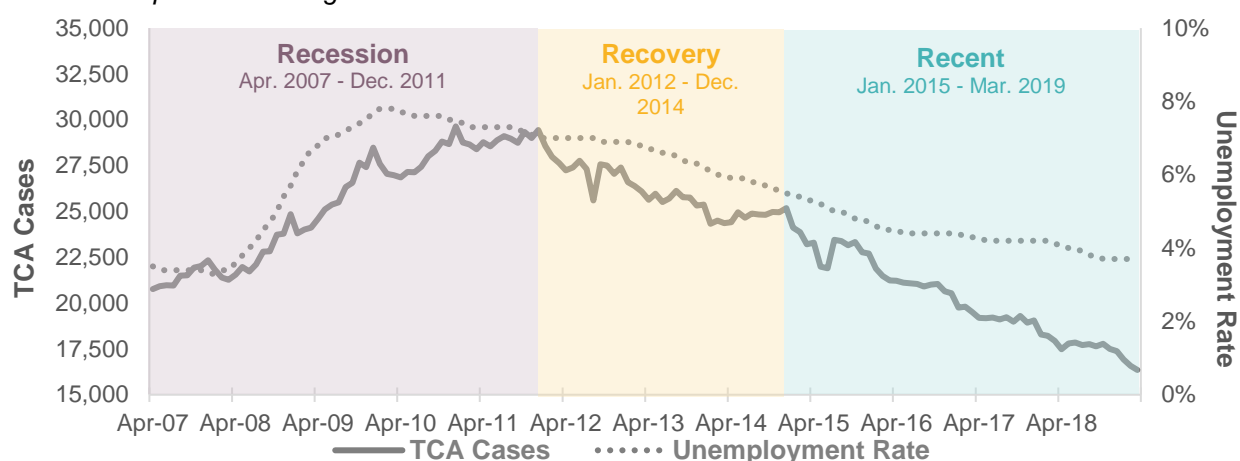
interventions designed to encourage independence from cash assistance, including assignment to a work activity such as job training, job search, or work experience. If any of the adult recipients do not comply with work requirements, then the family is subject to a case closure, resulting in the loss 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 families who are targeted for workforce interventions through the TCA program. Therefore, we exclude non-recipient payees from employment analyses.² Due to these sample changes, comparisons with employment findings from *Life after Welfare* reports prior to 2016 are not possible.

Figure 1. Number of TCA Cases & Unemployment Rate

April 2007 through March 2019



Note: TCA case data were retrieved from statistical reports provided by the Maryland Department of Human Services, Family Investment Administration: <http://dhs.maryland.gov/business-center/documents/>. Seasonally adjusted unemployment data were retrieved from the Bureau of Labor Statistics Local Area Unemployment Statistics: <https://www.bls.gov/lau/>

² The only 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 why sampled cases and individuals are excluded from some analyses. This section provides the most common reasons for exclusions. First, some information, such as the reason for case closure or the educational attainment of an adult recipient, may be missing from the administrative data we use for analyses. 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=13). Adult recipients who were under the age of 16 in the year before they began receiving TCA as an adult are excluded from employment analyses prior to welfare receipt (n=7); 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 2019. For example, families who exited between April 2018 and March 2019 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). Child support data were obtained from the Child Support Enforcement System (CSES). Data on disability receipt are from the Supplemental Security Income (SSI) extract.

CARES

In March 1998, CARES became the statewide automated data system for certain programs at the Department of Human Services (DHS). 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), 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 percentage of out-of-state employment by Maryland residents (16.8%) is over four

times greater than the national average (3.7%).³ Among adult TCA recipients 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. Nonetheless, we may underestimate employment participation at the jurisdiction level. Out-of-state employment is common among two populous jurisdictions, Prince George's County (40.9%) and Montgomery County (27.9%), which have the 3rd and 5th largest welfare caseloads in the state. It is also high in two less-populated jurisdictions, Charles County (32.4%) and Cecil County (31.3%). These four jurisdictions may be especially affected by the exclusion of out-of-state employment data.

Since 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 salaries 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 household members who are not TCA recipients, and we do not have data about all income.

Finally, the UI wage data provided through MABS is not static. Employers are required to submit wage data by the end of the month after the end of a quarter, but some employers may submit a late report (Maryland Department of Labor, Licensing and Regulation, 2019). These late reports, then, adjust wage information in those prior quarters. As employment data is retrieved for earlier sample members, their employment or earnings information may differ from when this information was first retrieved. Ultimately, these updates to quarterly wage data are the true picture of

employment and earnings, but this means that information may not match from one *Life after Welfare* report to the next.

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 Child Support Administration (CSA). 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 CSA.

SSI Extract

Through the State Data Exchange, the Department of Human Services receives an extract of data related to Supplemental Security Income (SSI) applications, denials, and payments from the federal Social Security Administration. This extract was used to determine whether any individuals received SSI payments. SSI is a federal program that provides monthly cash payments to low-income adults and children who are disabled or blind. In order to receive assistance, adults and children must prove that (a) they have limited income and resources and (b) their disabilities are serious and long-term.

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.

³ Data obtained from U.S. Census Bureau website (<http://www.factfinder.census.gov>) using the 2013 – 2017 American Community Survey 5-Year Estimates

for Sex of Workers by Place of Work—State and County Level (B08007).

CHARACTERISTICS OF CASES & ADULT RECIPIENTS

Families who receive Temporary Cash Assistance (TCA) are often among the most vulnerable and likely to face disadvantages. Prior research shows that the majority of families receiving cash assistance experienced health issues, inadequate educational attainment or work experience, lack of transportation or child care, criminal histories, and domestic violence, among other disadvantages (Bloom, Loprest, & Zedlewski, 2011; Dworsky & Courtney, 2007; Ovwigho, Born, Ferrero, & Palazzo, 2004; Williamson, Saunders, & Born, 2011). In order to serve these families effectively, it is necessary to know who they are and what kind of services they may require to move towards self-sufficiency.

To further understand the families who receive TCA, this chapter provides a basic description of who left cash assistance between April 2007 and March 2019. Specifically, this chapter identifies the number of family members receiving benefits, characteristics of adult recipients, and where families reside within the state. Additionally, we discuss the number of months families received TCA benefits and the reasons they exited the program.

Recipients on Exiting Cases

Many TCA services involve providing adult recipients with the tools they need to support their families. While we focus mainly on adult recipients throughout this report, the majority of TCA recipients are children. Two thirds (66.5%) of recipients on cases that closed between April 2007 and March 2019 were children, as shown in Figure 2, and ensuring the well-being of these children is the most important part of the TANF program. In fact, the first listed purpose of the federal TANF program is to ensure that children are cared for in the homes of their parents or relatives (General TANF Provisions, 1999).

Children are eligible to receive TCA from birth through age 18, and recipient families tend to have at least one young child in the household. Almost half (47%) of recipient families had a child under the age of three, and the average age of the youngest child was five. This indicates that many recipient families may need assistance with child care costs, especially considering the expense of child care in Maryland. On average, infant child care in Maryland costs over \$13,000 per year, and care for a

four-year-old costs over \$9,000 (Economic Policy Institute, 2016). The median total earnings for adults in the year prior to TCA receipt are around \$6,000, making the cost of child care unattainable for many low-income TCA recipients (McColl & Passarella, 2019a).

Age of Recipient Children

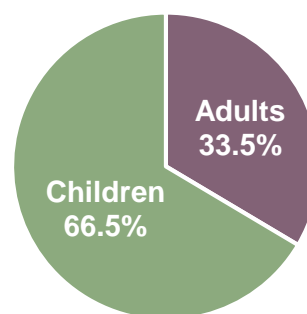
Among exiting cases

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

The average age of the youngest child was 5.

Figure 2. Recipients on Exiting Cases

*April 2007 to March 2019
(n=11,102 cases)*



With this in mind, the Child Care Scholarship (CCS) program is an important resource for families exiting TCA to help bridge the gap between the cost of child care and their income. This program provides assistance with child care costs to

eligible adults who are working, in school, or participating in an approved activity. Current and recent TCA recipients are at the top of the priority list for CCS program, and eligible families receive CCS vouchers that remain valid for up to 12 months (Maryland State Department of Education, 2018a). Several recent updates to this benefit have made the CCS program even more accessible to families in need. Starting in September 2017, a family can maintain their benefit if a parent lost employment or did not participate in an approved activity for less than three months (Maryland State Department of Education, 2017). In August 2018, the maximum annual incomes for eligibility were increased, and a hold harmless provision was implemented. This means that if adults' incomes increase above the initial eligibility threshold, they can still keep the CCS benefit as long as their incomes do not exceed state median income for that household size (Maryland State Department of Education, 2018b).

Although most TCA recipients are children, the majority of cases had just one or two recipient children and one recipient adult, as displayed in Table 1. Two in five (41.2%) cases had two recipients in total, one in four (24.5%) had three recipients, and one in five (20.0%) cases had four or more recipients. Over three quarters of cases had one or two child recipients. Half (50.1%) of all cases had one child recipient, one in four (27.0%) had two recipient children, and one in five (19.8%) cases had three or more child recipients. Most (77.9%) cases had just one adult recipient, though a small portion (5.0%) did have two adults.

Just under one in five (17.1%) exiting cases had no adult recipients, meaning they were child-only cases. In these cases, the adult in the household is either not eligible for TCA benefits or is a non-parent caretaker. While the percentage of child-only cases has increased in recent years, the total caseload

and cases with adult recipients have both declined over time (Passarella, 2018). Thus, the increase in child-only cases may actually reflect a decrease in the number of cases with adult recipients.

Table 1. Number of Recipients per Exiting Cases

*April 2007 to March 2019
(n=11,102 cases)*

	Percent	Count
Total Number of Recipients		
1 recipient	14.3%	(1,589)
2 recipients	41.2%	(4,569)
3 recipients	24.5%	(2,714)
4 or more recipients	20.0%	(2,219)
Number of Child Recipients		
No children	3.1%	(345)
1 child	50.1%	(5,554)
2 children	27.0%	(3,000)
3 or more children	19.8%	(2,193)
Number of Adult Recipients		
No adults	17.1%	(1,896)
1 adult	77.9%	(8,637)
2 adults	5.0%	(558)

Note: Data may be missing for some cases; valid percentages are reported.

Demographic Characteristics of Adult Recipients

The characteristics of adult recipients tend to remain stable over time, and as such, there are many similarities among cohorts. Table 2 displays the demographic characteristics of adult recipients in each cohort, as well as for the total sample. For all cohorts, 90% of recipients on exiting cases were female, and 10% were male. The majority of adults, just over 70%, were African American, almost one quarter (23.1%) were Caucasian, 3% were Hispanic, and 2% were another race or ethnicity.

Some demographic characteristics have changed over time. For example, adults in the recent cohort are less likely to have ever been married. About 79% in both the recession and recovery cohorts had never married, and this increased to 81% for the recent cohort. The percentage of those who had been previously married also changed, falling from 12% in the recession cohort to 10% in the recent cohort. While this change represents a small shift, it is statistically significant.

Age is another characteristic in which the cohorts differ, and adult recipients leaving TCA have gotten older. Just 2% of recent leavers were under the age of 20, compared to 7% of those in the recession cohort. Additionally, recent leavers were almost 10 percentage points more likely to be ages 26 to 35 than recession leavers (43.8% vs. 33.5%). The average age of adult recipients increased by one year, from 30 among recession leavers to 31 among recent leavers.

Table 2. Demographic Characteristics of Adult Recipients

	Recession <i>Apr.2007 to Dec.2011</i> (n=3,725)	Recovery <i>Jan.2012 to Dec.2014</i> (n=2,846)	Recent <i>Jan.2015 to Mar.2019</i> (n=3,181)	Total Sample <i>Apr.2007 to Mar.2019</i> (n=9,752)
Gender				
Female	90.5%	90.4%	89.8%	90.2%
Male	9.5%	9.6%	10.2%	9.8%
Race/Ethnicity				
African American^	71.2%	73.2%	71.8%	72.0%
Caucasian^	24.2%	21.9%	22.9%	23.1%
Hispanic	2.7%	3.2%	3.1%	3.0%
Other^	2.0%	1.7%	2.2%	2.0%
Marital Status*				
Never married	78.7%	78.5%	81.1%	79.4%
Married	8.9%	9.2%	9.0%	9.0%
Previously married†	12.4%	12.2%	9.9%	11.5%
Age***				
Under 20	7.3%	3.7%	2.3%	4.6%
20-25	35.2%	34.3%	28.5%	32.8%
26-30	21.2%	23.0%	25.4%	23.1%
31-35	12.3%	16.1%	18.4%	15.4%
36 & older	23.9%	22.9%	25.4%	24.1%
Average*** [Median]	29.9 [27.5]	30.5 [28.3]	31.3 [29.5]	30.5 [28.4]
Highest Educational Attainment***				
No high school diploma	34.5%	29.9%	28.4%	31.2%
Completed high school#	60.2%	62.1%	62.2%	61.4%
Education after high school	5.3%	7.9%	9.5%	7.4%

Note: ^Non-Hispanic. *Previously married includes individuals who are divorced, separated, or widowed. #General Education Development Program (GED) certificates are included in high school completion rates. Percentages may not add to 100% due to rounding. *p<.05, **p<.01, ***p<.001.

Residence of Families on Exiting Cases

Lastly, educational attainment has increased across cohorts. Recent leavers are less likely to have not completed high school than recession leavers (28.4% vs. 34.5%), and they are almost twice as likely to have received additional education after high school (9.5% vs. 5.3%). This increase in educational attainment is promising, as prior research shows that recipients who gain education beyond high school have higher median earnings and are more likely to work all four quarters in one year than those with a high school education or less. Also, recipients with higher levels of education are less likely to return to TCA or receive Food Supplement Program (FSP) benefits after exit (McColl & Passarella, 2019b).

Although Maryland is a small state, it is geographically diverse, and its urban, suburban, and rural areas can all have very different economies. For instance, an urban area such as Baltimore City can vary substantially from a farming community in Western Maryland, a suburb of Washington,

D.C., or a beach town along the lower eastern shore. Location is an important data point to examine, as where TCA recipients reside can impact their access to job opportunities or TCA services.

Table 3 shows the geographic residence of families exiting TCA. Three quarters of exiting families lived in one of the state's five largest jurisdictions. Baltimore City (38.5%) had the largest share of recipient families, though it only has the fourth largest population in the state. Baltimore City's poverty rate of 22% is one of the highest statewide (U.S. Census Bureau, 2018), so it is not surprising that it has such a large portion of the state's TCA caseload. Baltimore County (11.8%) had the next largest share of the TCA caseload, followed by Prince George's County (11.1%), Anne Arundel County (6.4%), and Montgomery County (5.6%). Although Baltimore City, Anne Arundel County, and Montgomery County have remained relatively steady, residence in Prince George's County and Baltimore County has fluctuated across cohorts. While the proportion of exiting

Table 3. Residence by Cohort***

	Recession <i>Apr.2007 to Dec.2011</i> (n=4,333)	Recovery <i>Jan.2012 to Dec.2014</i> (n=3,174)	Recent <i>Jan.2015 to Mar.2019</i> (n=3,595)	Total Sample <i>Apr.2007 to Mar.2019</i> (n=11,102)
Baltimore City	39.5%	37.4%	38.3%	38.5%
Baltimore County	10.5%	11.9%	13.4%	11.8%
Prince George's County	12.7%	11.1%	9.2%	11.1%
Anne Arundel County	6.8%	6.4%	5.9%	6.4%
Montgomery County	4.9%	6.3%	5.7%	5.6%
Metro MD Region	8.5%	8.5%	7.0%	8.0%
Southern MD Region	3.9%	4.0%	5.2%	4.4%
Western MD Region	4.5%	4.7%	5.6%	4.9%
Upper Shore Region	4.6%	6.0%	4.6%	5.0%
Lower Shore Region	4.0%	3.6%	5.0%	4.2%

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. Data may be missing for some cases; valid percentages are reported. Percentages may not add to 100% due to rounding. *p<.05, **p<.01, ***p<.001.

cases in Prince George's County decreased by four percentage points from the recession cohort to the recent cohort (12.7% to 9.2%), it increased by three percentage points in Baltimore County (10.5% to 13.4%). In fact, since 2011 Baltimore County has exceeded Prince George's County in caseload size, making it the second largest caseload in the state (Nicoli, O'Donnell, & Passarella, 2014).

The remaining 19 counties each contain less than 5% of exiting cases, and have thus been combined into regions. The Metro region, comprised of Carroll, Harford, Howard, and Frederick counties had the largest share (7.0%) of the remaining regions in the recent cohort, a slight decrease from the recession cohort (8.5%). The remaining four regions, which are Southern Maryland, Western Maryland, Upper Shore, and Lower Shore, all ranged from 4% to 6% regardless of cohort. Southern Maryland, Western Maryland, and the Lower Shore all had small increases of about one percentage point between the recession and recent cohorts, while the Metro region decreased by two percentage points and the Upper Shore remained virtually unchanged.

Previous Welfare Receipt

The length of time recipients are on TCA is an important component of their relationship with the program. As seen in Table 4, the majority of families do not remain on TCA for the long term, instead receiving TCA for several months at a time.

In fact, some families were new to the TCA program. Nearly two in five (38.0%) families who exited TCA had never participated in the program prior to this *spell*⁴ of receipt, though this did differ among cohorts. Families who left during the recession were the most likely to be new to the program. While 46% of recession leavers had not

received TCA prior to this spell, this percentage fell to 35% for recovery leavers and dropped even more, to 32%, for recent leavers. This makes sense, as families who were financially stable may find they are more likely to require assistance when the economy is doing poorly, as it was during the recession, and less likely to require assistance when the economy is doing well.

Families typically do not receive TCA for long consecutive periods of time. In addition to some exiting families experiencing their first spell of TCA, Table 4 shows that the majority (84.6%) of spells last one year or less. Less than one in 10 (9.2%) families received TCA for 13 to 24 months, and just 5% of families had spells between two and five years in length. A small portion of families (1.6%) received TCA consecutively for more than five years.

On average, families received less than nine months of TCA consecutively. Families who left during the recession had the longest spells, with an average of nine months. Recovery leavers had spells lasting an average of eight months, and recent leavers had eight and a half consecutive months of receipt, on average. This is not surprising, as families who left during the Great Recession may have had a harder time finding work, which in turn could have necessitated longer periods of TCA receipt during that time.

While many families do not rely on assistance for long, it is common for them to have multiple spells of TCA. Thus, looking at cumulative TCA receipt over several years is another useful measure for examining the amount of time recipients spend on TCA. The final section of Table 4 examines cumulative receipt in the five years prior to a families' exit.

Just under half (47.8%) of families received TCA for 12 months or less in the previous

⁴ A TCA spell is defined as consecutive months of benefit receipt between the most recent application and case closure.

five years. One in four (24.6%) had 13 to 24 months of receipt, and one in eight (12.1%) had between two and three years of receipt. Just 9% of families received TCA for more than four of the five years, showing that relatively few families consistently received TCA for years at a time. Though long-term TCA receipt is uncommon, receipt has increased across cohorts. On average, families leaving during the recession received 17 months cumulatively, compared with 19 months for recovery leavers and 21 months for recent leavers.

The data presented in Table 4 provides important insight about cash assistance

receipt among families who leave TCA. While many exiting families were new to TCA, most were on at least their second spell, and families who exited recently were more likely to have previously received assistance. Families typically did not stay on assistance for long periods of time, and more than 80% of families spent one year or less consecutively on TCA prior to their exits from the program. Throughout the previous five years, three in four families received TCA for two years or less, cumulatively. While the average spell length has shortened over time, cumulative receipt in the previous five years has increased.

Table 4. Previous Welfare Receipt by Cohort

	Recession <i>Apr.2007 to Dec.2011</i> (n=4,333)	Recovery <i>Jan.2012 to Dec.2014</i> (n=3,174)	Recent <i>Jan.2015 to Mar.2019</i> (n=3,595)	Total Sample <i>Apr.2007 to Mar.2019</i> (n=11,102)
First TCA Spell***				
Exit ends first spell	45.6%	35.0%	31.5%	38.0%
TCA Spell*				
Consecutive Months				
12 months or fewer	83.2%	85.9%	85.1%	84.6%
13 to 24 months	10.5%	8.6%	8.2%	9.2%
25 to 36 months	2.7%	2.4%	2.9%	2.7%
37 to 48 months	1.2%	1.1%	1.4%	1.2%
49 to 60 months	0.7%	0.6%	0.7%	0.7%
More than 60 months	1.7%	1.4%	1.7%	1.6%
Average** [Median]	9.2 [5]	7.9 [4]	8.5 [4]	8.6 [4]
5 Years before Exit***				
Cumulative Months				
12 months or fewer	53.2%	45.5%	43.2%	47.8%
13 to 24 months	24.9%	25.4%	23.4%	24.6%
25 to 36 months	9.7%	13.1%	14.0%	12.1%
37 to 48 months	5.1%	7.9%	8.3%	7.0%
49 to 60 months	7.1%	8.0%	11.0%	8.6%
Average*** [Median]	17.1 [12]	19.4 [14]	21.0 [15]	19.0 [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. Percentages may not add to 100% due to rounding. *p<.05, **p<.01, ***p<.001.

Case Closure Reasons

When a family exits the TCA program, caseworkers select a reason for the departure in the administrative data system. While there are a variety of reasons why a family may leave TCA, the most common reasons are noncompliance with the work requirement, income above the eligibility limit, or did not maintain eligibility. Table 5 displays the percentage of cases with each closure reason, both by cohort and for the total sample.

Continuing the trend seen in previous years, noncompliance with the work requirement was the most common closure reason for all exiting cases (30.6%). As a condition of receiving assistance, most adult recipients are required to participate in work activities, and if they do not meet this requirement their cases are closed. If adults resume participation in work activities as mandated, their cases are reopened, so these families typically return to TCA. Previous research has found that of cases subject to the work requirement, 60% were closed for

noncompliance over one year, and more than half of those cases returned within one year (Nicoli, 2016a; Nicoli, 2016b).

Cases closed for noncompliance have fluctuated over the years. The percentage of cases closed for this reason increased between the recession (27.2%) and recovery (34.1%) time periods, but decreased for recent leavers (31.5%). Overall, cases exiting due to noncompliance decreased by over 13 percentage points between 2013 and 2018 (Gross & Nicoli, 2019).

The next most common closure reason was income above limit, with just under one in four (22.6%) closures for this reason. This closure reason indicates that a family's income has exceeded the amount that is allowed by program rules. This can include both earned income from employment and unearned income, such as child support or disability payments. This closure reason was highest among recession leavers (23.9%), decreased by three percentage points for recovery leavers (21.1%) and

Table 5. Case Closure Reasons by Cohort***

	Recession <i>Apr.2007 to Dec.2011</i> (n=4,333)	Recovery <i>Jan.2012 to Dec.2014</i> (n=3,174)	Recent <i>Jan.2015 to Mar.2019</i> (n=3,595)	Total Sample <i>Apr.2007 to Mar.2019</i> (n=11,102)
Noncompliance with work requirement	27.2%	34.1%	31.5%	30.6%
Income above limit	23.9%	21.1%	22.5%	22.6%
Did not maintain eligibility	16.1%	17.7%	18.2%	17.2%
Did not reapply	10.4%	7.1%	6.9%	8.3%
Ineligible	8.3%	7.4%	8.0%	8.0%
Customer requested closure	7.5%	5.3%	5.2%	6.1%
Noncooperation with child support	2.7%	3.7%	5.1%	3.8%
All other closing codes	3.9%	3.6%	2.7%	3.4%

Note: Data may be missing for some cases; valid percentages are reported. Percentages may not add to 100% due to rounding. *p<.05, **p<.01, ***p<.001.

increased slightly among recent leavers (22.5%). Families whose cases close for this reason may be eligible for certain transitional services after they exit TCA, such as Transitional Support Services, the Food Supplement program, and the Child Care Scholarship program.⁵

The third most common closure reason was did not maintain eligibility, which accounted for 17% of all case closures. This closure reason can involve changes in a family's eligibility or not submitting required documentation. This closure reason has increased slightly over time, growing from 16% for recession leavers to 18% for families in the recovery and recent cohorts.

The fourth most common closure reason was did not reapply. Families receiving TCA need to recertify their eligibility at regular intervals, and failure to do so may result in

the closure of their case. This closure reason accounted for 8% of total case closures and has decreased over time, from recession leavers (10.4%) to recovery leavers (7.1%) and finally, to the recent cohort (6.9%).

The next most common closure reasons were ineligible (8.0%), customer requested closure (6.1%), and noncooperation with child support (3.8%). While the percentage of case closures due to noncooperation with child support has remained relatively low, it has increased over the past decade. The percentage of cases closed for this reason increased by two percentage points from the recession cohort (2.7%) to the recovery cohort (5.1%). In other research, case closures due to noncooperation with child support grew from just 2% in 2009 to 7% in 2018 (Gross & Nicoli, 2019).

⁵ See discussion of transitional support services on page 39 for more information.

EMPLOYMENT AND EARNINGS

As a condition of receiving TCA, most adults are required to participate in work activities. These activities can include gaining work experience, short-term education and training, and searching for a job. Employment is a critical component of attaining independence from TCA, and work activities are designed to help adult recipients improve their employment prospects.

Employment is one of the most important factors in ensuring adult recipients are able to support their families and successfully transition off TCA. In the following analyses, we examine employment and earnings before and after TCA receipt as well as the industries in which adult recipients were employed after exit. We also provide some specific findings related to the Workforce Innovation and Opportunity Act (WIOA) due to the partnership between Maryland's workforce and TCA agencies.

Notes for Employment Analyses

Employment analyses in this 2019 update cannot be compared to *Life after Welfare* reports prior to 2016. The analyses in 2016 through 2019 include adult recipients, while prior reports 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 point, and the other half has earnings at or above that point.

All earnings have been standardized to 2019 dollars.

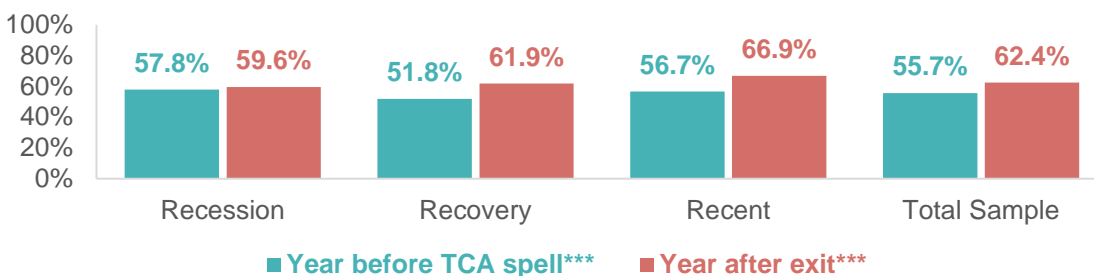
Annual Employment and Earnings before and after TCA Receipt

Most TCA recipients work both before and after receiving assistance, and this has been a consistent finding over time. Figure 3 displays the percentage of adult recipients who were employed in Maryland in the year before they began to receive TCA as well as the year after they exited. Most (55.7%) recipients worked in the year prior to receiving benefits, though there is variation by cohort. Recession (57.8%) and recent (56.7%) leavers were the most likely to work, followed by recovery leavers (51.8%). This is not surprising, as many recovery leavers who left after the recession likely started receiving TCA in the midst of the Great Recession.

Across cohorts, adults were more likely to be employed in the year after TCA exit than the year before receipt. Among all leavers, 62% of adults worked in the year after exit. Employment increased over time; recession leavers (59.6%) were the least likely to work, with a slight increase for recovery leavers (61.9%). Recent leavers (66.9%) were the most likely to work. Considering the high levels of unemployment during the Great Recession, recession leavers likely faced difficulty finding jobs after exit. Comparatively, recent leavers exited during an economic upswing and may have been more successful in finding employment.

The increase in employment before and after receiving TCA is also important to consider for each of the three cohorts. While recession leavers have just a two-percentage point difference in employment in the year before TCA receipt and the year after exit, recovery and recent leavers each have a difference of 10 percentage points. This suggests that those exiting assistance around the time of the Great Recession may have been particularly disadvantaged in finding employment after TCA receipt.

Figure 3. Percent Employed in Maryland before TCA Spell and after Exit by Cohort
Among adult recipients



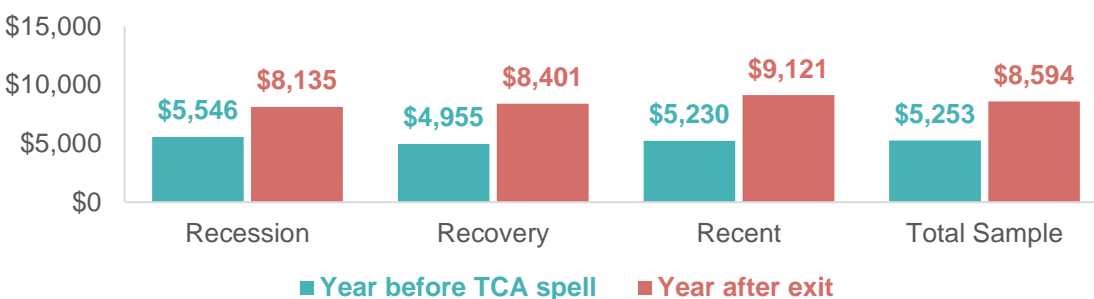
Note: Counts are not shown because they differ between the *Year before TCA spell* and the *Year after exit* due to sample exclusions in the year before TCA spell; refer to the methods chapter for more details on data limitations. Valid percentages are reported. * $p < .05$, ** $p < .01$, *** $p < .001$.

Earnings are also an important piece of the employment puzzle and have increased over time. Figure 4 shows median earnings among employed recipients in the year before TCA receipt and the year after exit for each cohort as well as the entire sample. Earnings across the board were quite low. Both recession and recent leavers made less than \$6,000 in the year prior to receipt, and recovery leavers made just under \$5,000. With such low earnings, it is not surprising that families needed additional support.

Like employment, earnings increased in the year after exit. Recession and recovery leavers earned slightly over \$8,000, while recent leavers earned just over \$9,000. Although earnings remained low, they

increased considerably from the year prior to TCA receipt to the year after receipt. There was a 64% increase in earnings for the entire sample, though this varied among cohorts. Earnings increased by 47% for recession leavers, by 70% for recovery leavers, and by 74% for recent leavers. This increase in earnings, combined with the increase in employment in the year after exit, indicates that some families have been able to resolve the issues that led them to receive TCA. Furthermore, there was a 12% increase in the median earnings across the three cohorts (from \$8,135 to \$9,121) in the year after TCA exit. In addition to a recovering economy, this growth in earnings may reflect increases in Maryland's minimum wage, which began rising in 2015 (Maryland Department of Labor, 2019).

Figure 4. Median Annual Earnings before TCA Spell and after Exit by Cohort
Among adult recipients employed in Maryland



Note: Earnings are shown only for adult recipients employed during the specified time periods. Counts are not shown because they differ between the *Year before TCA spell* and the *Year after exit* due to sample exclusions in the year before TCA spell; refer to the methods chapter for more details on data limitations.

Annual Employment and Earnings Five Years after Exit

The preceding findings on employment and earnings only encompass the first year after exit. To gain a deeper understanding of how families fare after they leave TCA, this section examines employment and earnings across several years. While we find that four in every five adult recipients were employed at some point in the five years after exit, Figure 5 displays the percentage of adult recipients who were employed in the first through fifth years after exit along with their median earnings in each of those years. The percentage of adults who worked declined slightly throughout the five years after exit. In the first year after exit, 62% of adult recipients were employed, but this dropped to 57% by the fifth year after exit.

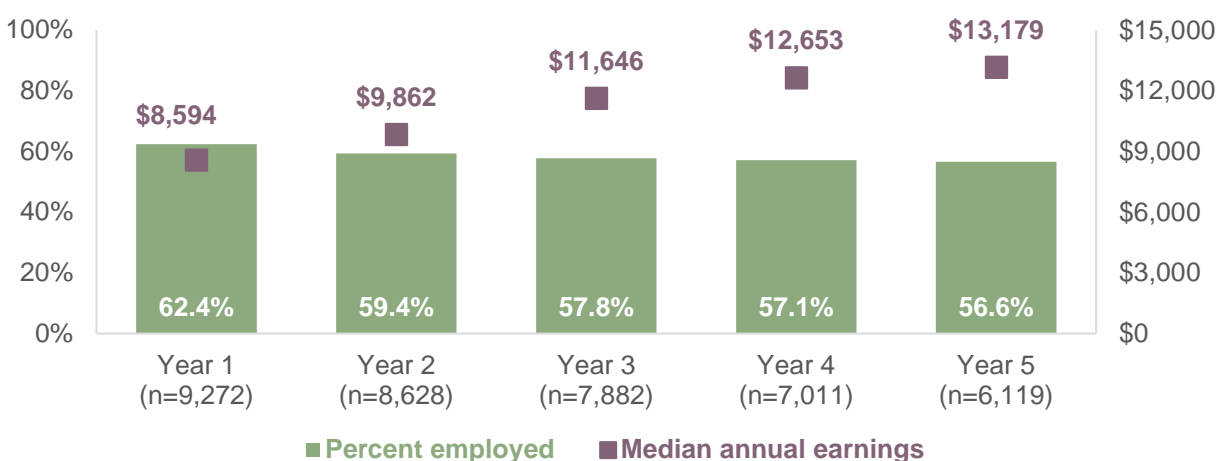
Some of this decline in employment participation may be due to returns to the TCA program, which is discussed in a later chapter. However, the nature of the data also contributes to this decline. All of the data on employment and earnings comes from the Maryland Unemployment Insurance (UI) system. Any change in

employment that is not reportable to the UI system—including informal employment like babysitting or braiding hair and self-employment or contract employment like Uber—is not part of these data.

Furthermore, adult recipients need to be working in Maryland in order to be counted in these data. For example, an individual living in Prince George's County and working in Washington, D.C. or Virginia would be excluded. Also, as time passes, adult recipients may retire, pass away, or move out of state. All of those events would mean that the adult recipient would fall into the not employed category, regardless of that person's actual employment status. In essence, UI wage data provides a floor; the percentage of leavers who are employed is, at minimum, the percentage reported. However, the true percentage of leavers who are working is almost certainly higher.

Unlike employment, which declined over time, median earnings increased throughout the five years after exit. Adult recipients earned \$8,594 in the first year after exit, and earnings climbed to \$13,179 by the fifth year after exit. While this increase is

Figure 5. Annual Employment and Median Earnings after Exit
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 and for details on data limitations. Valid percentages are reported. Earnings are shown only for adult recipients employed in the respective year.

promising, earnings throughout the five years after exit were still well below the federal poverty level, which was \$21,330 for a family of three in 2019 (U.S. Department of Health and Human Services, 2019). Though earnings remained quite low, they increased by 53% over this five-year period. This suggests that adult recipients who were able to retain employment were also able to increase their earnings over time.

Because the earnings data come from the same source as the employment data, the same caveats apply. Most likely, these data do not capture all earnings, as out-of-state earnings, informal employment, and self-employment are not included. Still, these data indicate that although earnings increased over time, they are not enough to meet most families' needs.

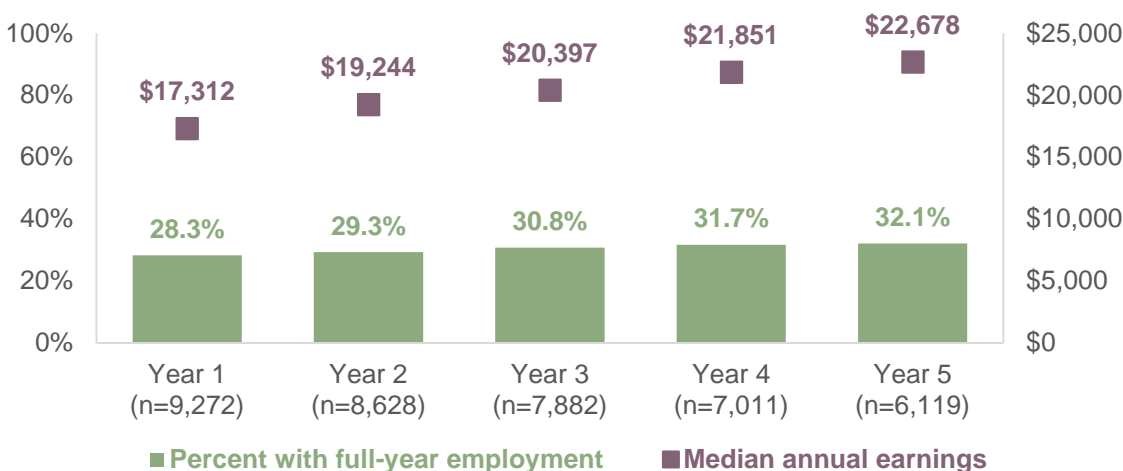
Full-Year Employment after Exit

Stable employment is a key component to adult recipients' ability to support their families. While there may be various

contributing factors to adult recipients' low wages, a lack of full-time, stable employment is one possible explanation. Whether or not individuals work full time is not recorded in the UI system, but it is possible to determine whether they worked in all four quarters of one year. Obviously, the more quarters adult recipients work, the more they are likely to earn. Figure 6 shows the percentage of leavers who worked all four quarters of a single year during the first five years after exit, along with median annual earnings among those who worked all four quarters.

The percentage of leavers who worked in all four quarters increased slightly throughout the five years after exit. In the first year, 28% worked all four quarters, and this rose four percentage points to 32% by the fifth year. The fact that less than one in three adult recipients worked all four quarters in any given year after exit suggests that a large portion of adults were not able to maintain stable employment after exit, which may contribute to low earnings.

Figure 6. Full-Year Employment and Median Annual Earnings after Exit
Adult Recipients working 4 quarters in a year in Maryland



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 and for details on data limitations. Valid percentages are reported. Earnings are shown only for adult recipients employed for four quarters in the respective year.

Since recipients with stable employment are less likely to return to TCA, it is not surprising that adult recipients who worked all four quarters have higher earnings than all employed leavers. In the first year after exit, those employed for all four quarters earned over \$17,000, which is double what all employed leavers earned in the same year. By the fifth year after exit, adult recipients who worked all four quarters earned almost \$23,000, which is nearly \$10,000 more than all employed leavers during that year. Although those employed for the entire year earned more, their earnings increased by less. Earnings for those working all four quarters increased by 31% throughout the five years after exit, compared to 53% for all leavers.

These findings on employment highlight an important reality for families exiting the TCA program. Low-income workers are at the greatest risk of unstable, volatile work hours, which in turn can mean job insecurity and an unsteady income (Walther, 2018). These factors, combined with other barriers experienced by adults, can make it difficult for many TCA recipients to find good-paying, stable jobs that they need to increase their earnings.

Industries after Exit

The industries in which recipients work can have a major impact on their earning potential and economic stability. Recipients who worked in industries such as health care, education, or government after exit are more likely to experience economic stability than recipients who worked in traditionally lower paying, less stable industries such as administrative and support services, general retail, or food and beverage retail (James & Nicoli, 2016). Table 6 shows the most common industries and median quarterly earnings in each industry for each cohort.⁶

Across all cohorts, hospitals was the highest paying industry. Quarterly earnings for this industry ranged from \$5,170 for recent leavers to \$5,978 for those who left during the recession. In fact, recession and recovery leavers who worked in hospitals experienced the only instances in which median quarterly earnings rose above the poverty level for a family of three (U.S. Department of Health and Human Services, 2019). While this industry has the highest earnings, relatively few recipients—3% or less—were employed in hospitals in any cohort. Also concerning is the downward trend in earnings for this industry, which decreased by 14% between the recession and recent cohorts.

Each cohort shared the same top four industries, most of which were low-wage. Administrative and support services was the most common industry, employing between 18% and 22% of each cohort. Restaurants was the second most common industry, capturing between 15% and 16% of each cohort, followed by general retail, in which 9% of recession and recovery leavers were employed and 6% of recent leavers. These three industries were among the lowest paying, with median quarterly earnings under \$2,000. Nursing homes, which was the fourth most common industry, was the only industry of these top four associated with economic stability. Between 6% and 7% of each cohort worked in nursing homes, with quarterly earnings ranging from \$3,354 for recovery leavers to \$4,060 for recent leavers.

The industry of food and beverage stores was the fifth most common for recession and recovery leavers, comprising about 5% of employed adults in both cohorts. Outpatient health care was the fifth most common for recent leavers, employing 6% of this cohort. The fact that outpatient health

⁶ Industries and earnings are based on the first quarter each adult recipient is employed after exit; this quarter may differ among recipients. If a recipient was

employed in multiple industries then the industry with the highest earnings is included.

Table 6. Industries and Median Earnings for First Quarter Employed in Follow-Up Period

Industry	Recession (n=4,333)		Recovery (n=3,174)		Recent (n=3,595)	
	%	Quarterly Earnings	%	Quarterly Earnings	%	Quarterly Earnings
Administrative and support services	18.1%	\$1,281	19.8%	\$1,467	22.0%	\$1,676
Restaurants	15.8%	\$1,573	16.4%	\$1,282	15.0%	\$1,769
General retail	9.4%	\$1,758	9.2%	\$1,470	6.4%	\$1,500
Nursing homes	7.1%	\$3,552	6.1%	\$3,354	6.1%	\$4,060
Food and beverage stores	4.7%	\$1,602	5.1%	\$1,575	4.7%	\$1,746
Outpatient health care	4.4%	\$3,721	4.1%	\$2,941	5.6%	\$4,358
Social assistance	3.7%	\$2,723	4.0%	\$2,749	3.8%	\$2,890
Educational services	3.5%	\$2,136	2.2%	\$2,292	3.2%	\$3,081
Accommodation	2.8%	\$1,905	2.2%	\$1,923	3.1%	\$2,916
Professional, scientific, and technical services	2.8%	\$2,132	2.6%	\$1,931	2.5%	\$1,834
Hospitals	2.5%	\$5,978	1.9%	\$5,609	3.1%	\$5,170
Other	25.1%	\$2,321	26.3%	\$2,468	25.3%	\$2,869
Total	100.0%	\$1,989	100.0%	\$1,878	100.0%	\$2,317

Note: Represents the employer with whom the individual earned the highest wages in the first quarter the individual was employed during the 20-month follow-up period. The analysis excludes individuals who were employed but the NAICS code was missing (n=113).

care is in the top five industries for recent leavers is a positive sign, as this industry has median quarterly earnings of over \$4,300, the second highest paying industry for the recent cohort. It is important to note, however, that some jobs within higher-paying industries may require a credential. A new Maryland policy, effective July 2020, will allow recipients to participate in vocational education for two years instead of the one year allowed for the federal work participation rate (H.B. 1066, 2019). The expansion of this opportunity may help more adults obtain credentials that can raise their potential for economic stability.

Although the majority of recipients were employed at some point after exit, their industries and earnings varied. Recent leavers fared the best; they had the highest overall earnings, they earned more than their counterparts in nearly every industry, and they were slightly more likely to be work in several industries associated with economic stability, such as outpatient health care and hospitals.

Comparing the recession and recovery cohorts, however, revealed some surprising findings. Recession leavers had higher earnings in most industries and a greater likelihood of employment in stable industries. However, as seen in Figure 3, recession leavers also had the lowest rate of employment after exit out of the three cohorts. One possible explanation for this is that low-wage jobs were hit particularly hard during the recession. Adults with less than a high school diploma were substantially more likely to be unemployed during and after the peak of the Great Recession, and these adults are the most likely to work in low-wage industries after exit (U.S. Bureau of Labor Statistics, 2018; McColl & Passarella, 2019b). As a result, those who exited during the recession may have had a particularly difficult time finding work in lower-wage industries, and thus remained unemployed. Conversely, adults in this cohort with higher levels of education, who had lower levels of unemployment, may have been able to find and retain higher wage jobs.

The TCA & WIOA Partnership

In October 2015, Governor Hogan designated Maryland's The Workforce Innovation and Opportunity Act (WIOA) program as a Combined State Workforce Plan (Maryland Office of the Governor, 2015). The combined plan requires the six core WIOA programs to coordinate with additional agencies, including the Maryland Department of Human Services. This coordination may benefit TCA recipients, TCA-connected or foster care youth, and noncustodial parents, as they receive priority of service in workforce programs.

WIOA programs are required to meet federal performance measures, which include employment in the second and fourth quarters after exit, median earnings in the second quarter after exit, credential attainment rates, and measurable skills gains. States negotiate targets for these measures with their federal partners, and targets vary by each program and by local workforce areas. States serving more disadvantaged populations are able to move their targets downward. While the work participation rate (WPR) remains the federal performance goal for the TCA program, core WIOA programs may benefit from some knowledge of how TCA recipients fare on these federal performance measures (Cielinski, 2017). To that end, we examine TCA outcomes and performance targets for two WIOA programs—Title I Adult and Title III Wagner-Peyser.

American Job Centers (AJCs) are authorized under Title I of WIOA to provide a workforce system designed to deliver employment and training services that are responsive to the needs of local area employers (Bradley, 2015). Title III Wagner-Peyser Act authorizes Employment Service (ES), and under WIOA, ES services must be co-located in AJCs (Bradley, 2015). ES services are designed to assist in matching individuals seeking work with the appropriate employer.

The performance targets for these two programs vary and are lower for the Title III Wagner-Peyser program, as shown in Table 7 (DLLR, DHR, & DORS, 2018). Based on outcomes of adult TCA recipients who left the TCA program between April 2007 and March 2018, employment participation is 12 percentage points below the Wagner-Peyser targets (46% vs. 58%), and earnings are \$1,600 less than the Wagner-Peyser target (\$3,324 vs. \$5,000). Nonetheless, these targets may be met by adult TCA recipients who choose to co-enroll in a WIOA program in order to receive enhanced workforce services.

Table 7. Performance Targets for Selected WIOA Programs and TCA Recipient Outcomes

	WIOA Title I Adult Program	WIOA Title III Wagner-Peyser	TCA
	Performance Targets	Performance Targets	Adult Recipient Outcomes
MD Employment 2 nd Quarter after Exit	75%	58%	46%
MD Employment 4 th Quarter after Exit	71%	57%	45%
Median Earnings in MD 2 nd Quarter after Exit	\$5,900	\$5,000	\$3,324

CHILD SUPPORT

As a condition of receiving assistance, most families who receive TCA are required to cooperate with child support. Typically, this process begins with establishing paternity and continues through locating the noncustodial parent, creating an order for current support based on the incomes of both parents, and enforcing that order. If TCA recipients choose not to cooperate with any part of this process, they may face case closure.

As a part of this cooperation, families must assign their rights to receive child support payments to the state. This means that the state retains any child support payments made on behalf of the custodial family during a TCA spell in order to reimburse the federal and state governments for the cost of providing TCA to that family. Recently, Maryland has revised this policy and began implementing a policy called *pass-through* in July 2019. This policy allows some child support—up to \$100 per month for one child and up to \$200 per month for two or more children—to be passed through to custodial families while they are receiving TCA (Maryland Department of Human Services,

2019a). Research shows that implementing pass-through can greatly benefit families who receive child support. Ensuring that a portion of support goes directly to the family encourages fathers to work and provide child support, and incentivizes participation in the formal child support program (Legler & Turetsky, 2006).

The payments discussed in this chapter only represent payments made through the formal child support program, which means that alternative forms of support are not recognized. Research indicates that some fathers who do not participate in the formal child support program provide in-kind assistance to their children in other forms, such as purchasing clothes or diapers, or giving the child's mother cash (Kane, Nelson, & Edin, 2015). While these forms of support do not necessarily represent consistent support and do not replace regular payments through the formal child support program, they do suggest that some families who did not receive formal payments may have still received some support.

Because child support makes up a large portion of income for many low-income families, this chapter presents information on the status of families' child support cases after they leave TCA. We examine whether families have support due as well as how much they actually receive. There is little variation over the five years after exit, so we focus on differences by cohort in the first year after exit.

Most families are required to comply with child support, and as Figure 7 shows, the majority of families who exited TCA did. Just under eight in 10 (77.6%) families had an open child support case in the first year after exit. Not all families are required to pursue child support; TCA families in which both parents are recipients or those who are experiencing domestic violence may be exempted from this requirement.

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 by partnering with organizations that focus on family violence, healthcare, family relationships, economic stability, and fatherhood engagement. Additionally, TCA funds can be used to provide employment programs for noncustodial parents to ensure they have the ability to pay their obligations and support their children (Administration for Children & Families, 2018).

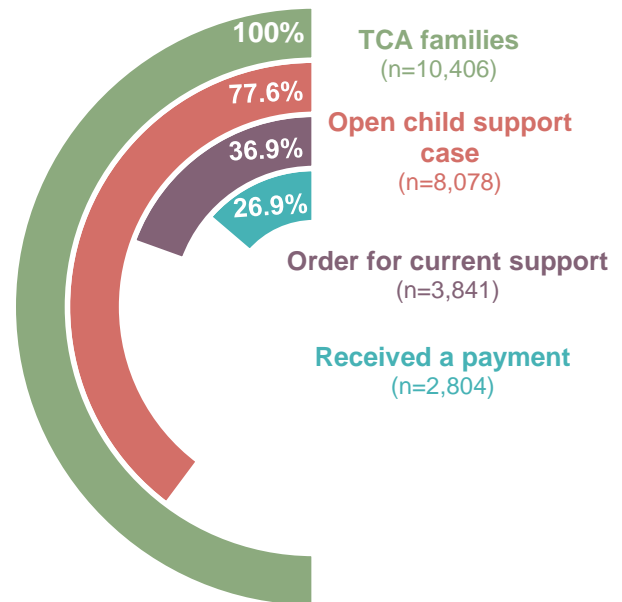
Although most TCA families were in compliance by having an open child support case, only one in three (36.9%) had an order for current support. This suggests that many open cases had not yet progressed to the step of establishing an order for support. Attaining an order for child support is crucial to ensure that both parents contribute to the costs of raising children.

Because only one in three families had an order for current support, it is expected that a minority of families ultimately received a payment. Just 27% of all exiting families received a child support payment during the first year after exit. Prior research has shown that families who received child support were less likely to return to TCA than those who did not receive child support (Hall & Passarella, 2015). Thus, establishing an order and receiving payments are important for many families.

Across cohorts, there were some differences in terms of having an order for current support. Figure 8 shows the percentage with current support due and the percentage that received a payment for each cohort. For both the recession and recovery cohorts, 38% had current support due, but this dropped to 34% for recent leavers. There is a smaller difference between cohorts for those who received a

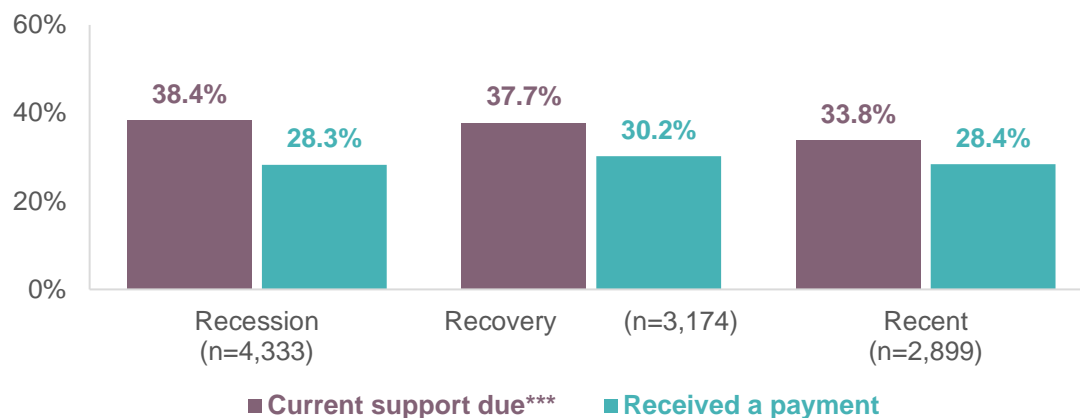
payment, however. Across the board, 28% to 30% of families received a payment within one year after exit. Although recent leavers are less likely to have current support due, families have a similar likelihood of receiving a payment regardless of when they left TCA.

Figure 7. Child Support Case Status
One year after exit



Note: Excludes TCA families who exited after March 2018 and do not have a year of follow-up data (n=696). Valid percentages are shown.

Figure 8. Percent with Current Support Due and Percent with a Payment by Cohort
One year after exit



Note: Excludes cases that exited after March 2018 and do not have a year of follow-up data (n=696). Valid percentages are shown. *p<.05, **p<.01, ***p<.001.

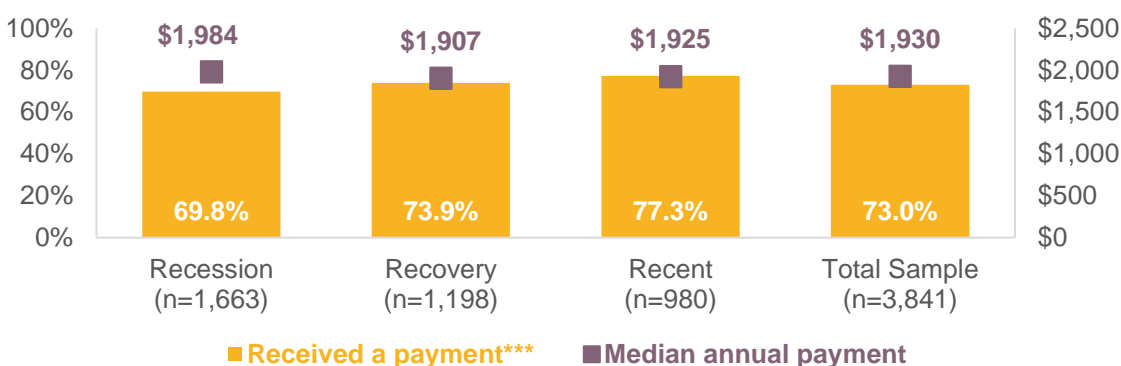
Families can only receive payments if they have orders for current support, and, as previous analyses indicated, many families do not have support orders. Thus, it is also valuable to examine child support payments among only those with a current order of support. Figure 9 presents the percentage with at least one payment among those with current support due in the first year after exit along with the median amount paid in that year.

Most families with child support due received a payment, and the percentage receiving at least one payment increased across cohorts. Among recession leavers, 70% received a payment, and this rose to 77% among recent leavers. This suggests that families with support orders have become increasingly likely to receive a

payment over time. The median annual payment received by these families remained similar across cohorts, with amounts just under \$2,000.

These child support payments represent a large portion of recipient families' yearly income. The median amount of child support paid (\$1,930) in the first year after exit increased the median earnings (\$8,594) by 22% during that year. Not only does child support provide a boost in income, it can raise families out of poverty. In Maryland, the percentage of custodial families living deep poverty and poverty was cut in half due to the receipt of child support (Demyan & Passarella, 2019). Clearly, child support can be an important component of a families' ability to support themselves upon exiting TCA.

Figure 9. 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=3,841); cases exiting after March 2018 are excluded (n=696). Valid percentages are shown. Median annual payments are shown for cases that received a child support payment. Payments are standardized to 2019 dollars. *p<.05, **p<.01, ***p<.001.

SUBSEQUENT PROGRAM PARTICIPATION

Although most adult recipients continue to work after exiting TCA, low earnings and unstable employment may render them unable to maintain self-sufficiency. Many families may still require assistance, causing them to return to TCA or participate in other forms of assistance such as the Food Supplement Program (FSP) or Supplemental Security Income (SSI).

FSP, which is Maryland's version of the federal Supplemental Nutrition Assistance Program (SNAP), provides assistance with purchasing food to low-income individuals and families. SNAP is an important resource for many families exiting TCA. More than two thirds of SNAP recipients are families with children, and most adults in these families who are able to work are employed; 65% worked in a typical month of SNAP participation, and 87% worked within a year of receiving SNAP (Center on Budget and Policy Priorities, 2019).

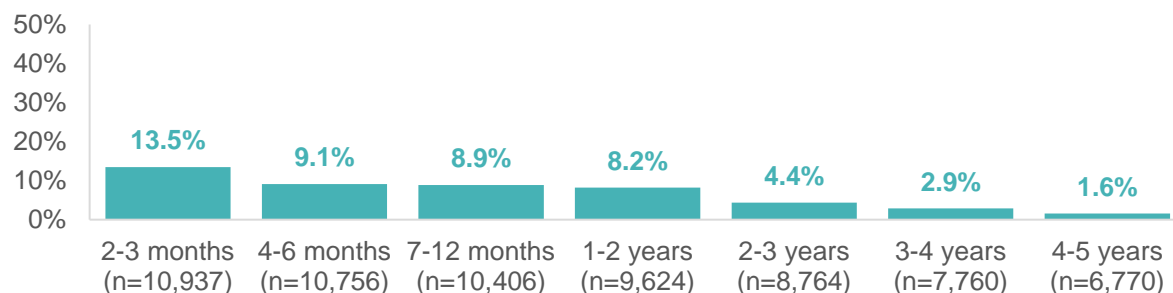
SSI is a federal program that provides cash assistance to low-income individuals with long-term disabilities (Social Security Administration, 2019). To receive SSI, individuals must have medically certifiable disabilities or illnesses that are expected to last longer than 12 months or result in death. Transitioning from TCA to SSI can result in more generous and long-term assistance for families who qualify, so it is important that they apply for SSI if eligible.

Some individuals on TCA may qualify for SSI, as one in four adult recipients in state fiscal year 2017 had a long-term disability (McColl & Passarella, 2019a). Individuals with long-term disabilities are required to apply for SSI as a condition of receiving TCA, and the vast majority do apply at least once. Prior research shows that among those who applied, 16% ultimately received SSI, suggesting that a portion of families are able to receive SSI to assist with the transition off of TCA (McColl & Nicoli, 2018).

Returns to TCA

Since many exiting families have multiple spells of TCA receipt, it is not surprising that some of these families return to TCA at some point within the five years after exit. Figure 10 exhibits the percentage of families who came back to TCA at various points after exit. Families may return multiple times, but these percentages reflect the first return. Families were the most likely to return quickly, particularly within the first two years. Within two to three months, 14% returned, 9% returned within four to six months, 9% within seven to 12 months, and 8% returned for the first time within one to two years. Overall, 40% of families returned to TCA within the first two years after exit. After the two-year mark, returns slowed down; 4% returned within two to three years, 3% within three to four years, and 2% within four to five years.

Figure 10. Percent Returning to Welfare after Exit



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

While almost half (48.6%) of families returned to TCA at some point in the five years after exit, this is not necessarily indicative of a failure to become self-sufficient. Although a job loss or loss in benefits such as the Child Care Scholarship may precipitate a return to the program, there are a variety of reasons why families may exit and subsequently return to TCA including compliance with the work requirement after a case closure, issues with paperwork, or a new baby.

Program Receipt

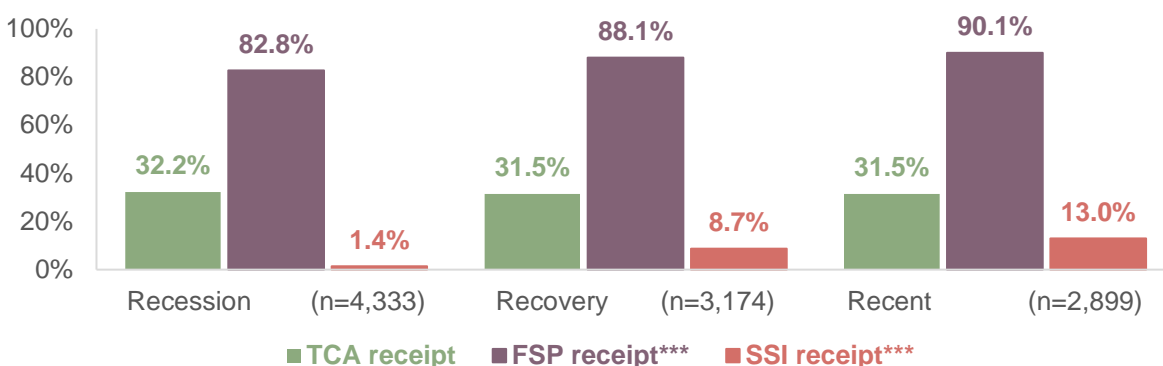
Given the low wages of employed adults, it is important to examine families' subsequent use of safety net benefits after exit. Figure 11 displays the percentage of families who participated in TCA, FSP, and SSI during the first year after exit by cohort. TCA participation has remained stable across the three cohorts, with 32% receiving TCA during the first year after exit in each cohort.

FSP participation was high overall and increased by seven percentage points across cohorts. Among families who left during the recession, 83% received FSP in the first year after exit, which increased to

88% of recovery leavers and 90% of recent leavers. There are several factors that may contribute to the high levels of FSP receipt among those who exit TCA. Families whose cases close due to earnings above the eligibility limit are eligible for transitional FSP benefits for five months after exit. The increase in receipt across cohorts may also reflect efforts to increase FSP receipt in Maryland. The federal government funds FSP benefits, and states are financially rewarded when they increase their participation rates. Thus, FSP benefits are a cost-effective way to help families in need of assistance.

Although small, there has been a significant increase in SSI receipt across cohorts. SSI receipt was just 1% for recession leavers, then rose to 9% for recovery leavers and 13% for recent leavers. One reason for this increase is that the percentage of families eligible for SSI receipt increased over time. Between the recession and recovery cohorts, there was an increase in the number and percentage of exiting cases in which at least one recipient was required to apply for SSI.⁷ As such, the growth in SSI receipt may reflect this increase in families who were eligible for SSI.

Figure 11. Subsequent Program Receipt by Cohort
One year after exit



Note: Excludes cases that exited after March 2018 and do not have a year of follow-up data (n=696). Valid percentages are shown. *p<.05, **p<.01, ***p<.001.

⁷ The percentage of cases identified as long-term disabled in the state's caseload designation increased from 5% among families in the recession cohort to 8% among families in the recovery cohort. Cases with this

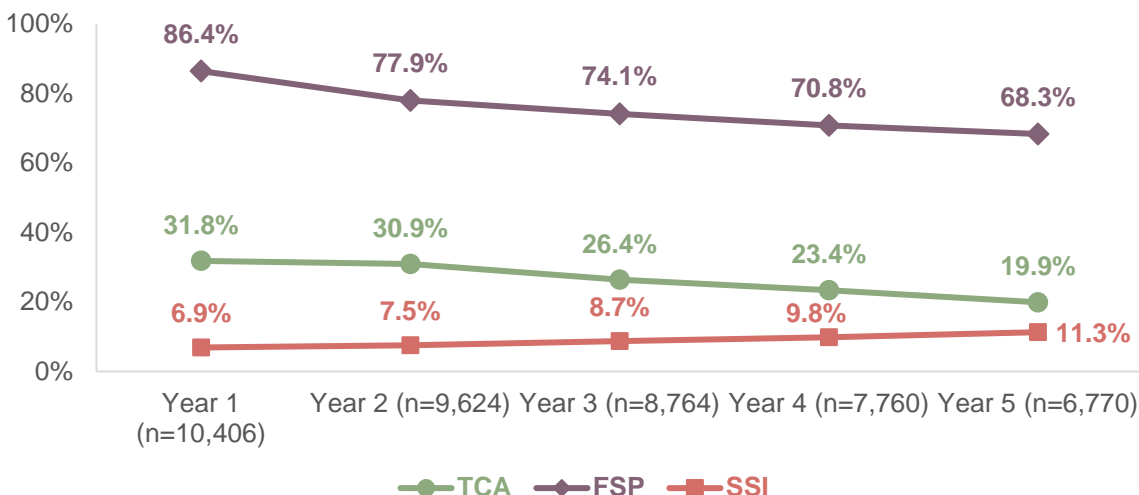
designation had at least one member who was required to apply for SSI as a condition of receiving TCA. Due to a policy change, comparable data does not exist for families in the recent cohort.

While it is valuable to examine program receipt in the first year after exit, looking at participation throughout the five years after exit may provide a different perspective on the lives of families after they exit TCA. Figure 12 shows TCA, FSP, and SSI participation in each of the first five years after exit, and it is clear that many families continue to receive assistance for years. Considering previous earnings analyses and state efforts to increase participation, it is not surprising that FSP receipt remained relatively high throughout the five years after exit. In the first year, 86% of families received FSP, and this fell to 68% by the fifth year after exit. While this is a decline of 18 percentage points, two in three families were still receiving FSP five years after exit. This means that many families exiting TCA still did not earn enough to render them ineligible for food assistance.

Similar to FSP receipt, TCA receipt decreased each year after exit. One in three (31.8%) families received TCA in the first year after exit, and this declined to one in five (19.9%) in year five. Although most families do not receive TCA in any given year, some families do need to return to assistance after exit.

Contrary to both FSP and TCA, SSI receipt increased each year after exit. In the first year after exit, 7% of families received SSI, and by the fifth year after exit, 11% of families received SSI. This suggests that families are continuing to pursue SSI after exiting TCA. SSI may provide a more generous and stable source of income compared to TCA, but it does indicate that their disability may limit employment opportunities and independence from assistance.

Figure 12. Subsequent Program Participation after Exit



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

Transitional Support Services (TSS)

Many families have difficulty maintaining self-sufficiency after leaving the TCA program and subsequently return for additional assistance. To help aid the transition from welfare to work, Maryland implemented Transitional Support Services (TSS) in July 2019. The TSS initiative was recommended in the Two-Generation Family Economic Security Commission's 2018 final report (Maryland Department of Human Services, 2018) in order to address the benefit cliff that families experience when they become employed.

Families whose cases close due to income¹ over the eligibility limit are eligible to receive three consecutive months of TSS. The benefit amounts are equal to the families' last monthly TCA payments. These families are also eligible to receive concurrent transitional FSP benefits for five months (Maryland Department of Human Services, 2019b).

Outside of Maryland, 21 states offer some form of transitional benefits, though the work hours required, amount of the benefit, and duration of the benefit vary (Heffernan, Goehring, Hecker, Giannarelli, & Minton, 2018). Providing cash benefits to working families who have incomes above the TCA limit can have a myriad of benefits including employment stability, helping families make ends meet and manage new and reoccurring costs, increasing work incentives, and helping states meet TANF work requirements (Schott, 2008; Virginia Department of Social Services, 2008).

The implementation date of TSS is outside of the study period for this current report, but future Life after Welfare reports will examine outcomes for recipients of TSS. Future reports will examine the percentage of families who do receive TSS; according to case closures reasons, about one quarter of families will be eligible for this benefit. Additional analyses may include job retention, earnings, and returns to TCA among recipients of this transitional benefit.

¹ At least part of the income must be due to earnings. Families with closures solely for unearned income such as child support will not be eligible for TSS.

Disconnection

The fact that most families did not receive TCA in any given year during the five years after exit suggests that many families are able to attain some level of self-sufficiency. Some of these families supplement their earnings with other sources including child support, FSP, or SSI. However, some families do not receive cash assistance and have no earnings from employment. Such families with no earnings or program participation are considered *disconnected*. They are often particularly economically disadvantaged; research shows that women who are chronically disconnected have lower incomes and face more barriers to employment than those who are not disconnected (Turner, Danzinger, & Seefeldt, 2006).

In this report, we examine two types of disconnection: disconnection from work and welfare, and disconnection from all income and benefits. Families disconnected from work and welfare have no official Maryland earnings and no TCA benefits, but may participate in other assistance programs. Families disconnected from income and benefits do not have any earnings and do not receive the following forms of income or assistance: TCA, FSP, SSI, or child support.

Measures of Disconnection

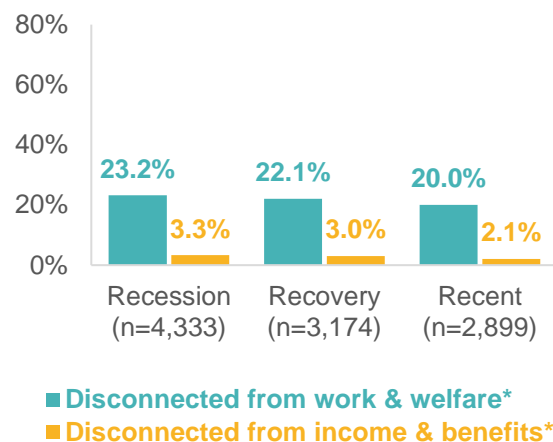
Work & Welfare	Income & Benefits
<ul style="list-style-type: none">• MD earnings• TCA benefits	<ul style="list-style-type: none">• MD earnings• TCA benefits• FSP benefits• SSI benefits• Child support payments

Examining disconnection across cohorts shows that most families have at least one source of income during the first year after exit. As shown in Figure 13, one in four (23.2%) families in the recession cohort was disconnected from work and welfare, and this decreased slightly to one in five (20.0%) families in the recent cohort. Disconnection from all income and benefits is much rarer and has remained somewhat steady over the three cohorts. Just 3% of families leaving during the recession and recovery cohorts were disconnected from income and benefits, compared to 2% of families in the recent cohort.

There is a definitive increase in disconnection throughout the first five years after exit, however. Figure 14 shows the percentage of families disconnected from work and welfare and from income and benefits in each of those years. In the first year after exit, 22% of families experienced disconnection from work and welfare, and this increased by 10 percentage points to 32% in the fifth year after exit. The percentage of families disconnected from income and benefits also increased by 10 percentage points, from 3% in the first year after exit to 13% in the fifth year.

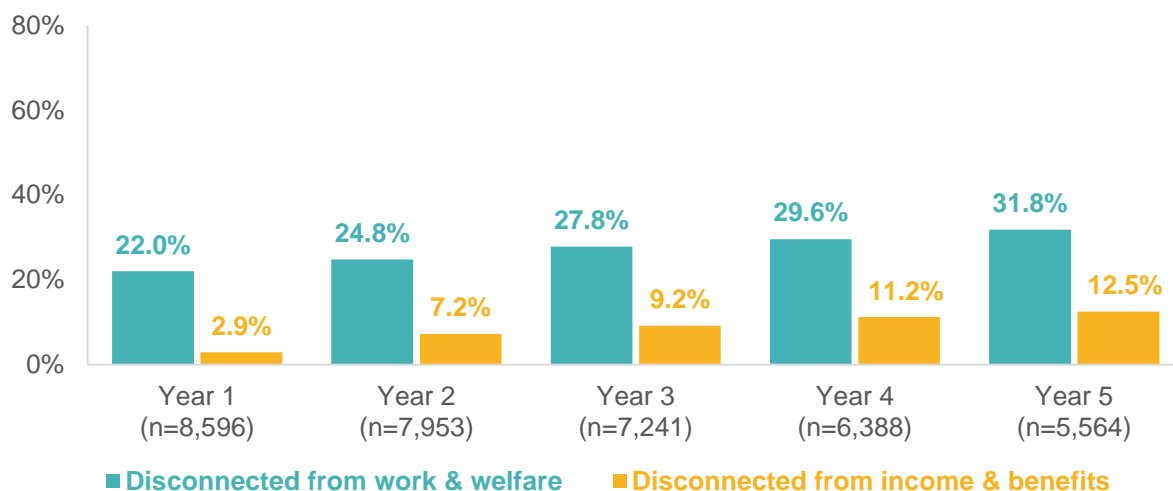
Across every cohort and in every year after exit, most families have either earnings or TCA receipt. Relatively few families have no benefit receipt or income at all. This means that most families exiting TCA have some earnings or access to assistance and are able to utilize the safety net.

Figure 13. Disconnection after Exit by Cohort, One Year after Exit



Note: Excludes cases that exited after March 2018 and do not have a year of follow-up data (n=696). Valid percentages are shown. *p<.05, **p<.01, ***p<.001.

Figure 14. Disconnection after Exit



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

CONCLUSIONS

The main goal of Maryland's Temporary Cash Assistance (TCA) program is to help families achieve self-sufficiency. A critical component of achieving this goal is adults being able to find stable employment with wages high enough to support their families. Although it has been a decade since unemployment reached its peak during the Great Recession, some low-income families are still struggling to find stable, well-paying employment in the current economy.

Since most TCA interventions assist adults with finding and retaining employment, it is a positive sign that adult recipients are more likely to be employed and have higher earnings in the year after they exit than the year prior to program receipt. Those who left recently, between January 2015 and March 2019, had the highest rates of employment and the highest median earnings after exit. Throughout the five years after exit, most adult recipients were able to increase their earnings and, to a lesser degree, their likelihood of full-year employment.

Although nearly all adults worked at some point after exit and their earnings improved, many families still struggled to maintain self-sufficiency. Most adults worked in low-wage industries and earned well below the poverty level; consequently, many families continued to receive some form of assistance after exiting TCA. Almost half of adult recipients returned to TCA within five years after exit, and two in three families received FSP in the fifth year after exit.

When families exit the TCA program, they may still struggle to afford basic needs and services such as food, housing, and child care. With this in mind, Maryland's Department of Human Services implemented Transitional Support Services (TSS) in July 2019 to help ease the transition from welfare to work. With this initiative, families whose cases close for earned income above the eligibility

threshold will receive three months of transitional cash assistance and five months of FSP benefits at the same level they were receiving when the case closed. The Child Care Scholarship (CCS) offers additional transitional benefits to help offset the high costs of child care, which could exceed adults' earnings. These benefits begin to smooth out the benefit cliff that can leave families feeling like they cannot get ahead.

In addition to transitional services, increasing families' income while they receive TCA can help financially prepare them for life after exiting assistance. Maryland's recent implementation of child support pass-through is an important step in this direction. Pass-through allows a portion of child support payments to be provided directly to custodial families while they receive TCA. Research shows that such policies encourage participation in the formal child support program, thus increasing the payments families receive (Legler & Turetsky, 2006). Pass-through increases income for TCA families, helping to stabilize them while on the TCA program and will likely lead to a continued boost in income after exit. Given child support's anti-poverty effectiveness (Demyan & Passarella, 2019), it is imperative that more families have a child support order in place when they exit the TCA program.

Families who receive TCA tend to utilize other safety net benefits as well, both before and after exit. To ensure these services are coordinated effectively, Maryland is developing a new data system called Maryland's Total Human-services Information Network (MD THINK). Once implemented, MD THINK will allow DHS to identify which services families receive across multiple state agencies, ensuring more effective collaboration and more efficient provision of services. MD THINK is an important tool to ensure families are able to utilize the services they need in order to move towards self-sufficiency.

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