Life After Welfare:
Fourth Interim Report

Prepared by

Welfare and Child Support
Research and Training Group

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for
Family Investment Administration
Maryland Department of Human Resources

October 1999

This report was prepared by the Welfare and Child Support Research and Training Group, School of Social Work, University of Maryland, 525 West Redwood Street, Baltimore, Maryland 21201 with support from its long time research partner, the Maryland Department of Human Resources.

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Executive Summary

This is the fourth interim report from a large, longitudinal study of welfare leavers, *Life After Welfare*, being carried out by the School of Social Work, University of Maryland-Baltimore for the Maryland Department of Human Resources. The study purpose is to provide empirical answers to two important questions: who is leaving welfare in Maryland under the new rules and what happens to them over time?

Today s report uses information obtained from various administrative data systems to provide expanded, though still interim, answers to these questions for a random sample of 5,840 families who left welfare during the first two and one-half years of reform (October 1996 - March 1999). It profiles families characteristics at the time they left welfare and discusses whether the profile of leavers has changed over time. The report also describes the nature and extent of former payees post-exit employment in Maryland jobs covered by the Unemployment Insurance (UI) system and presents information about the extent and timing of returns to welfare (i.e, recidivism) among exiting families. Updated information on foster and kinship care entries among children in exiting families is also presented. Key points include the following:

1. Overall, trends remain positive.

The vast majority of families who left welfare during the first two and one-half years did not do so because of sanctioning; full family sanctions account for only one in ten (10.4%) case closures. The majority of exiting payees work at some point post-exit in a Maryland job covered by Unemployment Insurance. Half obtain such jobs in the same quarter in which they leave welfare. Work effort persists over time: at least half of all exiting payees work in each of the second through ninth post exit quarters. Moreover, the vast majority of families do not return to welfare.

2. There has been little change in the profile of exiting cases overall, but the most recent cohorts of leavers differ from earlier cohorts in a few ways. Most notably, the proportion of City cases has increased and later-leaving payees are older than those who left in the early months of reform.

The overall demographic profile of an exiting case in Maryland has not changed over time. Differences between the earliest cohorts and subsequent ones on ethnicity and proportions of child-only cases were documented in an earlier report. These differences continue to be reflected in the latest data, but are not believed indicative of any programmatic problem or area in need of concern. New and notable, however, is that Baltimore City cases account for about one of every two exiting cases in the most recent cohorts, compared to about three of ten in earlier cohorts. There is also a significant correlation between payees average age and the timing of the welfare exit. Mean age is higher in each subsequent cohort such that, on average, payees who exited in the most recent period (October 1998 - March 1999) were a little more than one year older than those who exited in reform s first six months (October 1996 - March 1997).

3. Most adults do work in Unemployment Insurance (UI) covered jobs in Maryland after leaving welfare. Both work effort and employment persist over time.

Two of every three exiting payees have at least some post-exit employment in a Maryland job covered by the Unemployment Insurance program. Half of all clients work in UI-covered jobs in the quarter in which they leave welfare. In each and every quarter after exit - including for some cases as long as two and one quarter years after exit - half of all the adults in our sample are employed in UI-covered jobs in our state. Moreover, of those who work in the first quarter after leaving welfare and for whom we have a full year of follow-up data, fully 60% or three of every five worked in all four post-exit quarters.

4. Returns to welfare remain relatively few. Early returns are most common and there are some significant differences between those who return and those who do not.

Compared to trends under AFDC, recidivism under welfare reform is quite low. The recidivism we observe continues to be largely what is referred to as churning, cases which close but reopen within 30 days. Excluding churning, the three, twelve and twenty-four month recidivism rates are: 8.9%, 18.5% and 25.8%. Consistent with the AFDC recidivism literature, those who do not come back to welfare within the first few months tend to be older, have fewer children and smaller assistance units. They are also more likely to be Caucasian, to have a prior work history and to work at the time they leave welfare and in the quarter after exit. Recidivists, compared to non-recidivists and churners, on the other hand, are more likely to live in Baltimore City.

5. Children in former cash assistance recipient families are not coming into foster or kinship care after the welfare case closes.

In our second interim report, we noted that review of the records of 3,467 children found that only 15 of them (0.4%) had come into care after the cash assistance case closed and for five of those youngsters, it appeared that the foster care placement precipitated the cash assistance closure, not vice-versa. Today, we report on our review of the records of 9,677 youngsters. Our finding is the same: children are not coming into foster care after their families cash assistance cases close.

Among all the children in our sample, 30 (0.3%) had a history of kinship care and 198 (2.0%) had a history of foster care placement. Far fewer children enter foster or kinship care in the months following their families departure from the welfare rolls. At the one year follow up point, two children had entered kinship care and 22 had been placed in foster care.

We also examined children s use of an additional social service, Intensive Family Services. Of 9,677 children, 158 had a history of Intensive Family Services prior to the welfare exit that brought them into our sample. In the first three post-exit months, 18 children out of 9,677 (0.2%) children received Intensive Family Services. The number increases over the next nine months reaching a high of 44 out of 5560 children (0.8%) at the twelfth post-exit month.

Introduction

This is the fourth interim report from a large, longitudinal study, *Life After Welfare*, being done by the School of Social Work, University of Maryland-Baltimore for the Maryland Department of Human Resources. The study provides empirical answers to straightforward, but very important questions: who is leaving welfare in Maryland and what happens to them after their welfare cases close? The study was precipitated by significant legislative events at the national and state levels. One was the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA), which radically altered cash assistance in the United States. The other was the enactment, in Maryland, of a series of bipartisan Welfare Innovation Acts which created the state s new welfare system.

In this radically different, devolved, time-limited and block-granted welfare world, state officials must continue to grapple with questions that have long been important (e.g., How many families receive welfare? Who are they? Why do they come on welfare? How long do they stay?). They must also find answers to newly imperative questions (e.g., How many families experience a full family sanction? What happens to families who leave welfare? Are former recipient children at greater risk of child welfare involvement under the new rules? How many families return to welfare after an exit?).

Many states have only recently begun studies to address these and related questions. In Maryland, because of a long-standing university-agency partnership, research results have been used to inform public welfare policy for many years. As a result, Maryland was able to begin its study of these issues simultaneously with the start of the state s new cash assistance program, Temporary Cash Assistance (TCA), in

October 1996. Our research agenda is a broad one. It includes studies of the current caseload as well as welfare leavers, studies which establish baselines in key areas such as recidivism and foster care, and projects which examine special populations such as child-only cases.

The largest and best-known project, *Life After Welfare*, the subject of this report, focuses on the families which have been the topic of greatest attention and speculation since the outset of reform: those who have exited cash assistance under the new program rules. Reliable empirical data is needed about welfare leavers, in part because opinions about them remain mixed. Some view leavers as heralds of the success of new welfare policies; others contend they are harbingers of difficult times that poor families will experience after they no longer receive cash assistance.

Because public welfare affects so many low-income persons, most of them children, opinion is an inadequate basis on which to make important, often unprecedented policy decisions. Thus, the main purposes of our ongoing, longitudinal study are: to help policy-makers determine the facts about life after welfare in Maryland; to provide empirical data against which reforms can be assessed; and to identify areas where programmatic modifications may be needed. Our first three interim reports indicate that, overall, reform is working well in our state (see Welfare and Child Support Research and Training Group, September 1997, March 1998, and March 1999): families are not leaving welfare because of sanctions; most adults get and keep jobs and do not return to welfare; and children do not come into foster care because of the new reforms.

Today s report uses an expanded sample of 5,840 exiting families to describe the baseline (at time of exit) characteristics of families who left welfare in Maryland during the first 30 months (two and one-half years) of reform (October 1996 - March 1999). It also provides considerably more follow-up data about these families, particularly their post-exit employment, quarterly earnings, returns to welfare (recidivism) and updated information on foster care entries among exiting children.

The report also contains updated information on two other analyses first reported in March 1999. One is a cohort analysis to examine if there has been any significant change in the profile of exiting cases over time. In March, we examined this question for three cohorts of welfare leavers (i.e., months 1-6, months 7-12 and months 13-18). Today s analysis adds cases which left in months 19-24 and months 25-30. The second expanded analysis looks more closely at returns to welfare (i.e., recidivism) among those who exited during the first 27 months of reform. Here the purpose remains to document the extent of recidivism thus far, look more closely at the timing of welfare returns, and identify what recidivism risk factors appear to be at this time.

Like its predecessors, today s report does not provide definitive or final answers about what happens over time to Maryland families who experience a cash assistance case closing under the new welfare system. It is still too early to know the ultimate answer to that most important question. However, this report, like the three previous ones, does provide our state with information which can be used to plan for the next few years of welfare reform.

Methodology

To address our main research question of what happens over time to Maryland families who leave cash assistance under the new program rules we are conducting a large-scale, multi-year longitudinal study. Today s report provides more data, over a longer period of post-exit time, for more families who have left welfare than did our three previous reports. Nonetheless, this fourth report still only provides interim rather than definitive answers about the outcomes of welfare reform in Maryland. The extent to which former clients can obtain and retain employment, move up the career and earnings ladder, and maintain financial independence from cash assistance remain open questions at this time.

Today s report, however, does increase our knowledge about what has been happening to former welfare recipient families in our state. Using information on a random sample of 5,840 families who left welfare during the first 30 months of reform, the report provides expanded, though still interim, answers to key questions such as:

What are the characteristics of those who leave welfare?

Does the profile of early exiters differ from those who left later?

Why do families leave welfare?

How many exiting adults get jobs? How many keep working?

What industries hire exiting adults? What are adults quarterly earnings?

How many leavers return to welfare (i.e., what is the recidivism rate?)

What is the nature of the present recidivism phenomenon?

What do recidivism risk factors appear to be at this time?

How many children receive Intensive Family Services or enter Kinship or Foster Care?

This chapter briefly describes the methodology of our *Life After Welfare* study and the nature and sources of the data upon which this fourth interim report is based.[1] We begin with a description of sample size and the method of sample selection.

Sample

To insure that our sample is representative of the universe of cases which exit (or are terminated), we draw a 5 percent random sample of TCA cases which close each month. Our first sample was drawn for October 1996, the first month of reform in Maryland, and we have continued to draw samples for each subsequent month. Unlike many other welfare leavers studies, our sample is not restricted to a particular type of case (e.g., those who left and have not returned or those who left welfare for work). Rather, our sampling frame includes the universe of cases which closed. Thus, our study sample includes the entire range of case situations - families who leave welfare for work, those who are terminated for non-compliance, those who eventually come back on welfare, and those who do not return. Our definition of an exit is also broader than most; cases are eligible for selection into the sample as long as the case did not close and reopen in the same day.

We think this all-inclusive approach best permits us to ascertain the facts about life after welfare in our state. However, it does have a depressing effect on study

[1] Readers interested in more methodological detail should consult our earlier reports, noted in the List of References, or contact us by phone at 410-706-5134 (Dr. Born) or 410-706-2479 (Ms. Caudill); or by email at cborn@ssw.umaryland.edu or pcaudill@ssw.umaryland.edu.

findings; our estimates are conservative rather than optimistic, a point readers must keep in mind when reviewing our results. In particular, caution must be used when comparing our results to those from other states which may use more narrow sample criteria.

With the above caveats, todays report focuses on the first 30 months of exiting families - those who left cash assistance between October 1996 and March 1999. All together, the 30 monthly samples include a total of 5,840 families. As shown in Table 1, following, monthly sample sizes range from a low of 150 in February 1997 to a high of 249 in December 1998. Using this approach to sampling (5% monthly samples) yields a valid statewide sample at the 95% confidence level with a $\pm$2% margin of error.

Table 1.
Exiting Sample Sizes by Month and Cohort

Month	Sample Size	Cohort	Sample Size
October 1996	183	1	1,054
November 1996	193		
December 1996	159		
January 1997	175		
February 1997	150		
March 1997	194		
April 1997	177	2	1,102
May 1997	189		
June 1997	185		
July 1997	177		
August 1997	191		
September 1997	183		
October 1997	178	3	1,015
November 1997	167		
December 1997	164		
January 1998	170		
February 1998	174		
March 1998	162		
April 1998	191	4	1,329
May 1998	214		
June 1998	248		
July 1998	210		
August 1998	220		
September 1998	246		
October 1998	239	5	1,340
November 1998	242		
December 1998	249		
January 1999	197		
February 1999	203		
March 1999	210		
30 Months	5,840	5 Cohorts	5,840

Data Sources

The primary data source for the ongoing study and today s report are various administrative information systems maintained by the state. Certain of these systems contain case- and individual-level client characteristics and service utilization data for public assistance and social service programs under the Department of Human Resources umbrella. Others contain official data on employment and wages in Maryland industries which are covered by the state s Unemployment Insurance (UI) law.[2]

These administrative data are used to construct a baseline profile of exiting cases and individuals at the time of their selection into our sample (i.e., at the time of the welfare exit). Follow up data on cases and individuals are collected from these same systems at 3, 6, 12, 18, and 24 months after their exit from welfare.[3]

Administrative data are the most appropriate primary data source for several reasons. First, compared to other data collection methods, administrative data better permit us to meet policy-makers need to have feedback in as close to real time as possible. Second, administrative data make it easier to conduct longitudinal, not just point-in-time or cross-sectional, studies. Finally, while working with administrative data

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[2] Approximately 93 percent of Maryland jobs are covered. Important omissions include military and civilian federal employees, among others. Complete reporting on clients post-exit employment is also constrained by our lack of access to UI databases of the District of Columbia and the four states which border Maryland. This is a problem common to many, if not all, welfare leavers studies.

[3] Additional post-exit data collection points may be added.

is neither easy nor cost-free, it permits us to have much larger sample sizes than would be feasible through client surveys.

Using administrative data for a random, statewide sample of 5,840 families who left welfare during the first 30 months of reform, the next several chapters present updated findings on baseline characteristics, post-exit employment, earnings, welfare recidivism experiences and results from our updated time cohort and recidivism analyses. The first findings chapter focuses on client characteristics at baseline (exit) and also presents results from the cohort analysis. The second findings chapter presents follow-up administrative data on post-exit employment experiences and families returns to welfare, the latter including results from our expanded examination of recidivism. The third and last findings chapter presents data for a greatly expanded number of exiting children (n = 9,677), describing the extent of post-TCA entry into foster care.

Findings: Baseline Administrative Data

This chapter describes the characteristics of exiting families at the time they left the Maryland welfare rolls. It also examines an important related question: are there any differences in the profiles of those who left welfare very early and those who left later? This particular analysis, covering the first two and one-half years (i.e. 30 months) of reform s original five-year life cycle, may be particularly informative as PRWORA re-authorization discussions begin in earnest.

Although the third anniversary of welfare reform in Maryland was observed on October 1st of this year, our state and the nation remain in the early stages of welfare reform. For this reason alone, some findings from tracking studies, including ours, are not likely to stand the test of time. That is, many early years findings, especially those about post-exit employment, earnings, job stability and recidivism, may not be accurate indicators of what welfare outcomes will look like 5 or 10 years from now. Some early findings though, including many reported in this chapter, will not be affected by the passage of time. The characteristics of families making relatively early welfare exits (during the first two and one half years) will not change, nor will the prior employment and welfare use patterns of exiting adults in these households.

In either case it is important for policy-makers and program administrators to keep track of who is exiting welfare, not just how many are leaving the rolls. The next section presents updated information on the baseline characteristics of exiting families during the first 30 months of welfare reform in Maryland.

What are the Characteristics of Exiting Cases?

Table 2, following this discussion, summarizes demographic characteristics of 5,840 sample cases which left welfare between October, 1996 and March, 1999. Data for the entire sample during this 30 month period are shown in the first column of the table. Subsequent columns present data separately for those who left in the first six months of reform (10/96 - 3/97), those who exited in the second six months of the new program (4/97 - 9/97), those who left in the 13th through 18th months (10/97 - 3/98), those who left in the 19th through 24th months (4/98 - 9/98) and those who left in the 25th through 30th months (10/98 - 3/99). These latter columns, the cohort data, are included to allow for comparisons between those who left early and those who left, relatively, later.

Characteristics of the Universe of Study Cases

Because our samples are randomly drawn, the demographic characteristics of sample cases closely resemble those of the universe of closing cases. Though we include a series of bullets which present findings on each of the characteristics separately, it is instructive to also consider a thumbnail sketch of the demographics of cases which have closed. Typically, an exiting case during the first 30 months is a two-person family composed of a female (95.9%), African-American (72.1%), single parent (83.5%) and her one child (46.8%). Mother, on average, is 32 to 33 years of age. At least one in two payees had her first child before the age of 21 (conservatively, about 57% of the sample). In the average exiting case, the youngest child is about five and one-half years old, with 36% of cases including a child under the age of three years.

For the entire sample, key characteristics, as illustrated in Table 2 and as summarized above, are as follows:

Exiting assistance units (n = 5,840) include between one and twelve persons. The average assistance unit consists of 2.69 people. The median or mid-point is that of a two person unit.

The large majority (83.5%, n = 4,875/5,840) of exiting cases contain only one adult. About three percent (2.8%, n = 161/5,840) have two adults and about one in eight (13.7%, n = 801/5,840) are child-only cases.

The most common situation among exiting cases is that where only one child is included in the assistance unit (46.8%, n = 2,736/5,840). Another three of 10 (29.3%, n = 1,171/5,840) contain two children. Together cases with only one or two children comprise just about three-fourths (76.1%, n = 4,447/5,840) of all sample cases.

Children in families which left welfare during the first 30 months range in age from less than one month to 18 years. The average age of the youngest child in exiting households is 5.68 years. A bit more than one in three households (36.1%, n = 2,018/5,590) include a child under the age of three.

About two of every five exiting families (40.2%, n = 2,349/5,840) had been receiving cash assistance in Baltimore City.

Virtually all exiting payees are female (95.9%, n = 5,466/5,701) and about seven of ten are African American (72.1% n = 3,977/5,517). About one in four are Caucasian (25.7%, n = 1,419/5,517).

The average age of exiting payees is 32.31 years. Very few (4.8%, n = 280/5,828) exiting cases are headed by payees between the ages of 18 and 20. About one in five (18.0%, n = 1,051/5,828) are headed by payees over the age of 40.

Early childbearing was common among payees in the exiting sample. Not quite one in four (23.6% n = 1,164/4,932) gave birth to her first child before the age of 18, more than half (57.3% n = 2,825/4,932) before the age of 21.[4]

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[4] Estimates of age at first birth for female payees were calculated using the payees date of birth and the date of birth of her oldest child included in the assistance unit. Our calculations may overestimate the age at first birth if the payee has another older child who is not included in the assistance unit.

Table 2.
Demographic Characteristics of Exiting Cohorts

Characteristics	All Exiting Cohorts 10/96-3/99 (n=5,840)	Exiting Cohort 1 10/96-3/97 (n=1,054)	Exiting Cohort 2 4/97-9/97 (n=1,102)	Exiting Cohort 3 10/97-3/98 (n=1,015)	Exiting Cohort 4 4/98-9/98 (n=1,329)	Exiting Cohort 5 10/98-3/99 (n=1,340)
Assistance Unit Size						
Mean	2.69	2.62	2.69	2.70	2.68	2.74
Median	2.00	2.00	2.00	2.00	2.00	2.00
Std. Dev.	1.19	1.10	1.13	1.22	1.21	1.26
Range	1 to 12	1 to 9	1 to 8	1 to 11	1 to 9	1 to 12
% of cases with one adult	83.5%	81.7%	86.2%	82.6%	82.5%	84.3%
% of cases with only one or two children	76.1%	77.7%	77.2%	76.8%	75.1%	74.6%
% of cases in Baltimore City* **	40.2%	35.3%	28.4%	30.6%	49.4%	52.0%
% of child-only cases*	13.7%	15.9%	11.3%	14.2%	14.3%	13.1%
% with female heads of household	95.9%	96.6%	95.8%	96.1%	95.5%	95.7%
% with African-American heads of household* **	72.1%	64.6%	69.2%	70.8%	74.9%	78.1%
% with Caucasian heads of household* **	25.7%	32.7%	28.1%	27.0%	22.7%	20.6%
Age of Payee**						
Mean	32.31	31.53	32.01	32.53	32.58	32.74
Median	30.77	30.01	30.70	31.03	30.92	31.25
Std. Dev.	9.94	9.16	9.47	10.34	10.63	9.87
Range	18 to 86	18 to 72	18 to 86	18 to 74	18 to 84	18 to 77
Estimated Age at Birth of First Child						
Mean	21.72	21.54	21.98	21.91	21.51	21.70
Median	20.22	20.45	20.58	20.24	20.03	19.98
Std. Dev.	5.29	4.71	5.26	5.62	5.23	5.53
Range	13 to 50	14 to 41	13 to 43	13 to 50	13 to 44	13 to 50
% of Mothers who gave birth before 18	23.6%	21.7%	21.7%	22.0%	25.2%	26.2%
% of Mothers who gave birth before 21	57.3%	55.4%	54.4%	57.9%	60.1%	57.8%
Age of youngest child in the household						
Mean	5.68	5.68	5.61	5.59	5.70	5.78
Median	4.46	4.42	4.26	4.43	4.49	4.68
Std. Dev.	4.46	4.33	4.42	4.40	4.54	4.53
Range	<1 mo to 18 yrs	< 1 mo to 18 yrs	< 1 mo to 18 yrs	< 1 mo to 18 yrs	< 1 mo to 18 yrs	< 1 mo to 18 yrs
% of households with a child under 3	36.1%	32.9%	36.8%	35.8%	37.7%	36.7%

Note: Valid percent is used. Due to missing data for some cases on some variables, n does not always equal 5,840. Correlations and one-way ANOVA were used to test for differences between cohorts on continuous variables. The chi-square statistic was used to test for differences between cohorts on categorical variables.

Characteristics of the Five Exiting Cohorts

Since reform implementation, welfare caseloads have plummeted to their lowest levels in 30 years leading many to ask what has happened to those who have left. A 1998 review of state-level tracking studies indicates that the majority of exiting adults are employed shortly after they leave the rolls (Parrott, 1998).

This is all good news, but leads to the question of whether the families leaving welfare now differ from those who left in the very first months of reform. In Maryland, where reform was designed to facilitate early exits among the most job-ready clients so that program savings could be used to assist more troubled families, this is a very important question. If, for example, adults exiting in the 25th through 30th months of reform are noticeably younger or have more or younger children than those who left right away (i.e. during the first six months of reform), one might need to anticipate higher rates of recidivism, child care demand and the like. Thus, we have included separate cohort data in Table 2 on the preceding page.

Examination of Table 2 shows that the demographic profile of the five cohorts is generally similar, with only slight variation between cohorts. Four significant differences were found, however: the percentage of child-only cases, racial/ethnic group, age of payees, and the proportion of exiting cases from Baltimore City. The specific nature of each of these changes is described below.

In the first six months of reform, 15.9% (n = 168/1,054) of all exits were child-only cases (i.e., no adult on the grant). In the second six months, the proportion of all exiting cases that were child-only dropped to about 10% (11.3%, n = 124/1,102). The proportion rose during the 13th through 18th months (14.2%, n = 144/1,015), but did not return to the level observed in the first time period. There was virtually no change in this proportion in the fourth cohort, months 19 through 25 (14.3%, n = 190/1,329), but a slight decrease was observed in the fifth (most recent) six month period covered by the data (13.1%, n = 175/1,340). It is too early to make a definitive statement about why this pattern has occurred or what it might mean. However, we will continue to closely monitor child-only cases, both those which exit from cash assistance and those which do not.

With regard to ethnicity, the table shows that the proportion of African-American exiters was lowest in the first six months (64.6%) and has risen steadily since then reaching a high point (78.1%) during the most recent (October 1998 to March 1999) period. The opposite pattern prevails for Caucasians; the largest proportion of these clients exited in the first six months of reform (32.7%) and the proportion has steadily declined since then. The percentage of exiting families of other racial/ethnic groups has decreased slightly over the 2 ½ year period (from 2.7% to 1.2% of all exits).

Analysis also reveals a significant correlation ($r(5,826)= 0.043$, $p<.01$) between payees mean age and the timing of the welfare exit. Specifically, the mean age is higher in each subsequent cohort than it was in the preceding one, such that, on average, payees who exited in the most recent period were a little more than a year older than those who exited in reform s first six months.

Table 2 also reveals that, over time, Baltimore City accounts for an increasing proportion of exiting cases. In the first three periods the first 18 months of reform the City accounted for about three of ten exiting cases; in the last two time periods it accounted for about one of every two. These data are consistent with trends documented in our review of the entire universe of case closings during the first two years of reform (Welfare and Child Support Research and Training Group, April 1998; Born, Caudill, Spera & Cordero, June 1999). Specifically, the review showed that the rate of early exits in the City was not on par with that in the 23 counties, but has steadily increased over time.

Why are Families Leaving Welfare?

To shed some light on why families leave welfare, we examine case closing reasons recorded in the administrative data. As noted in prior reports, great caution must be exercised when interpreting these administratively-documented reasons for case closings, primarily because pre-set codes may be an incomplete representation of the often complex realities behind families departures from welfare.

This point has been illustrated in an earlier interim report which, using the state s wage database, found that 51% of adults in our sample worked in UI-covered employment in the quarter in which their welfare cases closed. In contrast, the administrative data had only 30.3% of these adults welfare cases closed with the code payee started work/had higher wages or income above limit . Similarly, analysis of case narratives suggests that up to 20% of cases administratively closed at the request of the client were actually cases where the payee had started a job (Welfare and Child Support Research and Training Group, March 1998). Another caveat is that for the first 17 months of reform (10/96 - 2/98), two separate automated systems (AIMS/AMF and CARES) were in use, with similar, but not identical sets of closing codes.

Despite these limitations, it is instructive to examine why, according to administrative data, cash assistance cases have been closing in Maryland since the start of welfare reform. With the above caveats in mind, we find that the most frequent reasons for case closings across the first 30 months of reform are, in descending order: income above limit , failure to reapply/complete redet , failure to provide eligibility information , work sanction , and assistance unit requested closure .[5] As shown in Table 3, following, these five codes together account for a bit more than eight of every ten (82.3%) case closures during the 30 month study period. The top three reasons (income above limit, failure to reapply, and failure to provide information) account for just about two thirds (66.3%) of all closures.[6]

Table 3.
Top Five Reasons for Case Closure - Entire Exiting Sample

Closing Code (n=5,805) (n= 35 missing)	Frequency	Percent	Cumulative Percent
Income Above Limit/Started Work	1,544	26.6%	26.6%
Failed to Reapply/Redetermination	1,432	24.7%	51.3%
Eligibility/Verification Info Not Provided	871	15.0%	66.3%
Work Sanction	541	9.3%	75.6%
Assistance Unit Requested Closure	391	6.7%	82.3%

[5] In prior reports income above limit and started work were reported separately. The latter code was used in the old AIMS system which ceased to exist with the March 1998 conversion of the last jurisdiction, Baltimore City, to the new CARES system. Because the started work code has not been used since then, it will be combined with the comparable CARES code income above limit in this and all subsequent reports.

[6] See pps. 37 to 39 which indicate that many cases closed for the latter two reasons were actually ones in which the adult became employed.

We also examined whether the pattern of case closing reasons changed over the 30 month study period; results appear in Table 4, following.

Table 4.
Reasons for Case Closure - Cohort Effects[7]

Closing Code	Exiting Cohort 1 10/96-3/97 (n=1,041) (13 missing)	Exiting Cohort 2 4/97-9/97 (n=1,095) (7 missing)	Exiting Cohort 3 10/97-3/98 (n=1,012) (3 missing)	Exiting Cohort 4 4/98-9/98 (n=1,323) (6 missing)	Exiting Cohort 5 10/98-3/99 (n=1,334) (6 missing)
Income Above Limit/Started Work	31.0% (323)	29.3% (321)	25.9% (262)	26.8% (354)	21.3% (284)
Failed to Reapply/Redetermination	18.7% (195)	20.9% (229)	23.6% (239)	21.3% (282)	36.5% (487)
Eligibility/Verification Info Not Provided	15.2% (158)	12.2% (134)	16.4% (166)	15.9% (210)	15.2% (203)
Work Sanction	3.6% (37)	8.9% (97)	9.5% (96)	12.5% (166)	10.9% (145)
Assistance Unit Requested Closure	10.0% (104)	8.7% (95)	6.8% (69)	5.4% (72)	3.8% (51)

The most striking finding in Table 4 is the large increase (15%) in the fifth and most recent cohort (October 1998 - March 1999 leavers) in the proportion of cases closed with the failed to reapply/redetermination code. A closer look at these cases revealed that this is largely a Baltimore City phenomenon.[8]

How Many Families Have Been Sanctioned?

Use of the full family sanction continues to be an area of great interest. Table 5, following, presents data on the extent of full family sanctioning during reform s first two

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[7]Certain frequency counts for the first three cohorts differ from the counts shown in prior reports, largely because we have been able to identify closing codes for a number of cases previously reported with the AIMS code undifferentiated .

[8]The City accounts for a bit more than three of every five such cases (63.4%, n = 309/487)

and one half years. The table shows first that, despite some predictions to the contrary, full family sanctions have not been common and certainly have not caused the marked caseload reductions that have taken place. Overall, only 10.4% of all case closures (n =605/5,805) have been because of a full family sanction for non-compliance with work or child support requirements. The table also shows that, overwhelmingly, when sanctions are imposed they arise because of clients non-participation in work (n = 541 of 605 total sanctions), not because clients refuse to cooperate with child support (n = 64 of 605 total sanctions statewide).

Table 5.
Cases Closed Because of Sanctions: Entire Exiting Sample

Closing Code (n=5,805) (n= 35 missing)	Frequency	Percent
Non-compliance with work requirements	541	9.3%
Non-cooperation with child support	64	1.1%
Total	605	10.4%

Previous interim reports did show a statistically significant difference over time in the use of work sanctions. Although sanctions remain relatively uncommon compared to many other states, the trend of more sanctions in later cohorts continues. As shown in Table 6, following, the use of sanctions was about three times greater (10.9% of all closures) in the 25th through 30th months than in the first six months (3.6%) of reform. Child support sanctions, although extremely uncommon, also differ across cohorts in a similar fashion; such sanctions accounted for less than one half of one percent (0.3%)

of closures in the first six months, but 1.4% of all closures in the 25th through 30th months. These points are illustrated in Table 6, on the next page.

Table 6.
Reasons for Case Closure - Sanctions and Cohort Effects

Closing Code	Exiting Cohort 1 10/96-3/97 (n=1,041) (13 missing)	Exiting Cohort 2 4/97-9/97 (n=1,095) (7 missing)	Exiting Cohort 3 10/97-3/98 (n=1,012) (3 missing)	Exiting Cohort 4 4/98-9/98 (n=1,323) (6 missing)	Exiting Cohort 5 10/98-3/99 (n=1,334) (6 missing)
Non-compliance with work requirements* **	3.6% (37)	8.9% (97)	9.5% (96)	12.5% (166)	10.9% (145)
Non-cooperation with child support requirements*	0.3% (3)	1.0% (11)	0.9% (9)	1.7% (22)	1.4% (19)

* $p < .05$ *** $p < .001$

What are Payees Experiences with the Welfare System?

Maryland s welfare reform program was specifically designed to assist those who were most job ready to exit from welfare first. This approach was adopted so that program savings from early exiters could be used to serve families for whom a successful transition from welfare to work may be considerably more difficult.[9] One indicator of the extent to which this approach has prevailed in practice is the length of time exiting families had been on welfare immediately prior to their case closing under welfare reform.

[9] For an indication of the types of families who may face barriers in their efforts to leave welfare and the nature of the difficulties they face, see: Born, Caudill & Cordero (November 1998).

Consistent with the state s planned approach, Table 7, following, indicates that the majority of families who left welfare in the first 30 months were exiting from relatively short spells of welfare use. Key findings include:

At the time they exited, nearly half of all families had been receiving assistance for 12 months or less (n =2,823 or 48.3%). Seven of ten cases had been open continuously for two years or less (n = 4,081 or 69.9%) at the time of exit.

Only one in ten families (n = 616 or 10.5%) had been receiving assistance continuously for more than five years.

On average, cases had been open continuously for 25 months at the time of exit. The median case had been open for just about 13 months. Exiting spell lengths range from one month to 25 years.

Table 7.
Length of Exiting Spell - Entire Exiting Sample

Length of Exiting Spell	Frequency	Percent	Cumulative Percent
12 months or less	2,823	48.3%	48.3%
13-24 months	1,258	21.5%	69.9%
25-36 months	599	10.3%	80.1%
37-48 months	325	5.6%	85.7%
49-60 months	219	3.8%	89.5%
More than 5 years	616	10.5%	100.0%
Mean **Median** **Standard deviation** **Range**	25.0 months 12.7 months 33.0 months 1 month to 25 years		

We also examined spell lengths separately for each of the five exiting cohorts (months 1-6, 7-12, 13-18, 19-24, 25-30) to determine if there were any differences between those who left welfare early and those who left later.

As can be seen in Table 8, following, the pattern of relatively short exit spells holds true in all five time periods; in each cohort the plurality of clients are exiting welfare spells that have lasted 12 months or less. In all five time periods, about one in 10 clients were exiting from a welfare spell that had lasted for more than five years. To test if later leavers had been on welfare longer we calculated the correlation between exit spell and exit month. We found a statistically significant correlation (r (5,838)= -.027, p = .043). This suggests that later leavers have shorter spells. However, the correlation is very weak and exit month explains only 0.07% of the variance in exit spell length.

Table 8.
Length of Exiting Spell - Cohort Effects

Length of Exiting Spell	Exiting Cohort 1 10/96-3/97 (n=1,054)	Exiting Cohort 2 4/97-9/97 (n=1,102)	Exiting Cohort 3 10/97-3/98 (n=1,015)	Exiting Cohort 4 4/98-9/98 (n=1,329)	Exiting Cohort 5 10/98-3/99 (n=1,340)
12 months or less	42.9% (452)	41.4% (456)	46.6% (473)	50.1% (666)	57.9% (776)
13-24 months	25.5% (269)	23.6% (260)	24.3% (247)	18.9% (251)	17.2% (231)
25-36 months	10.7% (113)	14.0% (154)	10.0% (101)	9.7% (129)	7.6% (102)
37-48 months	6.2% (65)	6.4% (70)	5.9% (60)	5.1% (68)	4.6% (62)
49-60 months	3.5% (37)	4.1% (45)	4.6% (47)	3.9% (52)	2.8% (38)
More than 5 years	11.2% (118)	10.6% (117)	8.6% (87)	12.3% (163)	9.8% (131)
Mean Median Standard deviation Range	25.4 mo. 14.0 mo. 30.4 mo. 1 mo.-19 yr.	26.6 mo. 16.0 mo. 32.9 mo. 1 mo.-24 yr.	23.9 mo. 12.9 mo. 31.0 mo. 1 mo.-21 yr.	26.7 mo. 12.0 mo. 35.9 mo. 1 mo.-20 yr.	22.6 mo. 10.3 mo. 33.5 mo. 1 mo.-25 yr.

While informative, the length of any one welfare spell is not necessarily a good indicator of whether a family has had (or will have) an extensive welfare history. For example, it is possible that the spell culminating in the welfare exit that brought a family into our sample may be relatively short, but, that family may have received welfare for a number of years in a prior spell or spells. Thus, to more thoroughly assess and report the actual welfare use of exiting families, we have collected historical administrative data on lifetime welfare receipt for the 5,840 case heads in our sample (10/96 - 3/99). Results of this analysis appear in Table 9.

Table 9.
Lifetime Welfare Receipt 10/96 - 3/99 Samples[10]

Total Time on Welfare at Time of Exit	Frequency	Percent	Cumulative Percent
12 months or less	1,661	29.6%	29.6%
13-24 months	879	15.7%	45.2%
25-36 months	643	11.5%	56.7%
37-48 months	481	8.6%	65.3%
49-60 months	398	7.1%	72.3%
61 months or more	1,553	27.7%	100.0%
Mean Median Standard deviation Range	44.50 months 29.71 months 44.25 months 1 month to 27 years		

When we consider the adult payee s entire welfare history, we find a greater proportion of long-term recipients in our exiting sample. Specifically, we find that, over their lifetimes, not quite three of 10 exiting payees (n = 1,553, 27.7%) have received welfare for more than five years; a little over half (n = 3,300, 54.8%) have more than three years of cumulative welfare use. However, even considering lifetime, rather than

[10] Total N may not equal 5,840 due to missing or unavailable data.

single spell, welfare use, almost one of every two exiting adults (n = 2,540, 45.2%) have spent no more than two years on assistance. Unlike the data on exiting spell length, we find no evidence of differences in lifetime welfare receipt by exit cohort.

How Many Exiting Adults Have Prior UI-Covered Employment?

In the new work-focused welfare systems, a key issue is whether former recipient adults can get and keep jobs and avoid returning to welfare. Information about the extent to which adult recipients have prior labor force attachment can be particularly valuable in thinking about this question.

Our study uses employment and wage data from the Maryland Automated Benefits System (MABS), which includes all employers (approximately 93% of jobs) covered by the state s Unemployment Insurance law. Independent contractors, sales people on commission only, some farm workers, federal government employees (civilian and military), some student interns, most religious organization employees and self-employed persons who do not employ any paid individuals are not covered.[11] Off the books or under the table employment is not included, nor are jobs located in other states. In a small state like ours which borders four states (Virginia, West Virginia, Pennsylvania, Delaware) and the District of Columbia, cross-border employment by Maryland residents is quite common.[12]

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[11] Our lack of data on federal employment is significant since, in this area, the number of federal positions is considerable. Moreover, many of the 10,000 federal jobs which the President wishes to make available to former welfare recipients are located in the Baltimore-Washington area.

[12] The authors and many welfare agency administrators across the nation believe that standardized, generally-accepted protocols need to be developed whereby states can share vital UI wage/employment data while still protecting the confidentiality of those data. Because the need for these data is nearly universal across states, this is a task on which the federal

For the reasons noted, MABS data yield a conservative estimate of exiting adults employment. Still, it is important to examine how many adults had a history of UI-covered employment prior to the welfare exit which brought them into our sample; this information can be valuable in anticipating what their post-exit employment patterns might look like and what post-exit services might be required. For example, while almost all adult recipients have some occupational experience, they may have been out of the work force for a long time. The research evidence is clear that re-entering the workforce after a long absence can be a daunting task (see, for example, The Lewin Group, 1998 and Rangarajan, 1998). Thus, this baseline findings chapter concludes by presenting information on the prior employment experiences of payees in our exiting sample.

In brief, pre-exit data show that the typical exiting payee does have some history of prior employment in a UI-covered job in Maryland. Eight of ten exiting payees (81.7%, n = 4,770/5,840) worked in a UI-covered job at some point in the last four years (i.e., January - March 1995 to January - March 1999).

We are also able to examine whether payees had worked immediately prior to the start of their most recent welfare spell (i.e., the spell whose ending brought them into our sample). These data are available for all payees who began their exit spell in or after April 1985 and who were 18 years of age in the quarter before their welfare spell began (97.9%, n = 5,716/5,840). We find that a bit more than one third (36.0%, n = 2,057/5,716) worked in the quarter before they came on welfare. Mean quarterly

Departments of Health and Human Services and Labor should probably take the lead.

earnings (in CPI-standardized 1998 dollars) among those who worked were $2,056; median earnings were $1,511.[13]

Most globally, the retrospective data on payees prior work histories are positive insofar as welfare-to-work is concerned. The vast majority of adults do have some history of paid employment in a job covered by the state s Unemployment Insurance (UI) system. They are not total strangers to the world of work and, in the past, they have been able to find jobs. However, we are studying these women because they have just left welfare. This fact suggests that, at least in the fairly recent past, many of these women have not been able to remain employed and have wound up on cash assistance. This seems to confirm what many observers of welfare have alleged: the true test of welfare reform lies not in how many former clients leave welfare, but rather in how many are able to stay off welfare. For those who leave welfare for work in particular, it seems obvious that job retention, job advancement and employment support services will be critically important.

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[13] The MABS system reports earnings on an aggregate quarterly basis. Thus, we do not know when in the quarter someone worked or how many hours they worked and it is impossible to compute hourly wage figures from these quarterly earnings data.

Findings: Employment & Recidivism

The preceding baseline findings chapter shows that, except for a few variables, the overall profile of welfare leavers has not changed much during the first two and one-half years of reform. The chapter also suggests that, consistent with the state s intent, most adult welfare leavers had at least some recent history of participation in UI-covered employment and relatively short, recent welfare spells. These baseline data are important for continued program refinement and answer one question of interest: who is leaving welfare under the new rules? However, baseline data say nothing about the second important issue: what happens to families after they exit from welfare? That issue is addressed in this chapter which presents findings concerning post-exit employment in jobs covered by the state s Unemployment Insurance (UI) program, quarterly earnings from those jobs, and the extent and nature of recidivism or returns to welfare among study families.

How Many Adults Have UI-Covered Jobs after Exiting TCA?

The preceding chapter shows that the large majority (81.7%) of exiting adults have at least some labor force attachment in the years immediately prior to their welfare case closing. We now examine employment at the time the cash assistance case closes and in the quarters thereafter.

How Many Work in UI-Covered Jobs Right Away?

We begin by looking at the extent of UI-covered employment among exiting adults in the quarter in which their welfare cases closed. For this analysis, we exclude cases which return to welfare right away (i.e., within 30 days).

> Just about half (49.5%, n = 2,287/4,625) of all exiting case heads work in a UI-covered job in Maryland in the quarter in which they left cash assistance.[14] Mean or average earnings among those who worked in the exit quarter are $2,215; midpoint or median earnings are $1,906).[15]

> Among those with a prior history (pre-exit) of UI-covered employment, almost two of every three (64.3% or n = 2,006/3,118) work in UI-covered employment during the quarter in which their welfare cases closed. Mean or average earnings are $2,331 while median or mid-point earnings are $2,021.[16]

Does Work Effort Persist Over Time?

In terms of post-exit employment, the most important question is the extent to which former adult recipients are working in the quarters **after** they no longer receive cash assistance. Of particular concern is the extent to which former payees sustain employment (not necessarily in the same job) over time. We use employment and wage data on UI-covered employment in Maryland to address these questions. Readers should note, however, that these data lag one to two quarters behind calendar time; thus, at the time of this writing, follow up employment data are only complete through the

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[14] As noted, the MABS system reports earnings on an aggregate quarterly basis. Thus, we do not know when in the quarter someone worked and how many hours they worked and it is impossible to compute hourly wage figures from these quarterly earnings data.

[15] Removing child-only cases increases the percent working to 51.5% (n = 2,035/3,951). Mean earnings change to $2,002 and the median shifts to $1,807.

[16] Eliminating child-only cases does not change the figures very much: the percent working remains 64.3% (n = 1,771/2,753), average earnings become $2,091 and median earnings become $1,918.

first quarter of 1999 (January - March 1999). In addition, the amount of post-exit employment data varies depending on the month in which the case left welfare due to the nature of our sample selection, i.e., cases exited welfare at different times. To facilitate interpretation, Table 10, following, shows how many quarters of post-exit employment data are available for each month s sample cases.

Table 10.
Number of Quarters of Post-Exit Employment Data by Sample Month

Month	1 Qtr (n=5230)	2 Qtrs (n=4500)	3 Qtrs (n=3824)	4 Qtrs (n=3171)	5 Qtrs (n=2665)	6 Qtrs (n=2156)	7 Qtrs (n=1605)	8 Qtrs (n=1054)	9 Qtrs (n=535)
October 1996	x	x	x	x	x	x	x	x	x
November 1996	x	x	x	x	x	x	x	x	x
December 1996	x	x	x	x	x	x	x	x	x
January 1997	x	x	x	x	x	x	x	x	
February 1997	x	x	x	x	x	x	x	x	
March 1997	x	x	x	x	x	x	x	x	
April 1997	x	x	x	x	x	x	x		
May 1997	x	x	x	x	x	x	x		
June 1997	x	x	x	x	x	x	x		
July 1997	x	x	x	x	x	x			
August 1997	x	x	x	x	x	x			
September 1997	x	x	x	x	x	x			
October 1997	x	x	x	x	x				
November 1997	x	x	x	x	x				
December 1997	x	x	x	x	x				
January 1998	x	x	x	x	x				
February 1998	x	x	x	x	x				
March 1998	x	x	x	x	x				
April 1998	x	x	x		x				
May 1998	x	x	x		x				
June 1998	x	x	x		x				
July 1998	x	x			x				
August 1998	x	x							
September 1998	x	x							
October 1998	x								
November 1998	x								
December 1998	x								
January 1999									
February 1999									
March 1999									

As shown, nine post-exit quarters of data are available for the October 1996 through December 1996 leavers. Those who exited between January 1997 and March 1997 have eight quarters of post-exit employment data and those who exited between April 1997 and June 1997 have seven. Six post-exit quarters of data are available for the July 1997 through September 1997 cohorts. Data for five post-exit quarters are presented for cases closing during the last three months of calendar year 1997, while four quarters of post-exit data are available for those who left in the January - March 1998 period. Three or fewer quarters of data are included for cases which left in April 1998 or more recently.

What do we know about the post-exit employment of former welfare recipients in jobs covered by the state s Unemployment Insurance system? Table 11, following this discussion, reports key results. The first column of data in Table 11 presents findings for the state as a whole; the second column presents findings when child-only cases are excluded. The analysis of post-exit employment excludes cases which returned to welfare right away (i.e., within 30 days of exit). With the important caveat that we have no data on jobs in the four states which border Maryland, jobs in the District of Columbia, or federal employment, civilian or military, major findings include:

Excluding those who come back on welfare right away (i.e., within 30 days), two of every three payees (66.6%, n = 3,082/4,625) worked in a UI-covered job in Maryland after leaving welfare.

In the first quarter after exit, about half (50.4% or n = 2,330/4,625) of former payees worked in UI-covered employment in Maryland.[17]

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[17] Excluding child-only cases (where the adult casehead was not on the welfare grant), this figure increases slightly to 52.5%.

Among those with history of UI-covered employment prior to their TCA exit, nearly two-thirds (64.1%, n = 1,997/3,118) worked in such a job in the first quarter after leaving welfare.[18]

In a time-limited welfare world, the most important questions pertain to what happens in terms of employment, work effort and wages over time. The issues are many; key findings about subsequent post-exit quarters (also shown in Table 11) include:

The statewide pattern of roughly one out of two adults working in UI-covered employment in Maryland continues in the 2nd through 9th quarters post-exit. That is, in each subsequent quarter, about half of all former payees are employed in a job covered by the state s Unemployment Insurance system.

Those with a pre-exit wage history have noticeably higher rates of post-exit employment: roughly three-fifths of these clients are working in each of the 2nd through 9th quarters after they exited from welfare.

While three of every five clients with a pre-exit wage history work in the quarters after leaving welfare, there is a slight decrease in the percent working over time. That is, in the first post-exit quarter, 64.1% of those with recent prior, pre-TCA exit work experience are working in UI-covered jobs. Though still a majority, the proportion working drops to 58.1% by the ninth post-exit quarter.

There are many possible explanations for this observed pattern. Because our monthly samples vary in the number of quarters of post-exit employment data available, (see Table 10), unmeasured differences in study cohorts could produce the pattern

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[18] History of UI-covered employment for this analysis is having MABS-reported wages in any of the eight quarters preceding their TCA exit.

observed. Alternatively, the effect could be due to former recipients or the working poor, in general, encountering difficulties in sustaining employment over the long-term.

What Are Adults Quarterly Earnings from UI-Covered Employment?

Table 11 also includes information on the aggregate quarterly earnings of former adult recipients employed in UI-covered jobs in Maryland after their exits from the cash assistance rolls. The general findings are:

In the first post-exit quarter, average quarterly UI-covered earnings are $2,415 for all cases.[19]

The trend in quarterly earnings is a slight upward one over the 2nd through 9th post-exit quarters such that, for all cases, average earnings are $2,778 by the 9th quarter after the welfare case closed.

The proportion of former TCA clients who are working in UI-covered employment immediately after they leave welfare is encouraging, but some may be concerned about what appear to be relatively low quarterly earnings. Indisputably, low wage employment and the problems of the working poor, in general, should be matters of public concern. However, readers must **not** assume that these quarterly earnings figures indicate that employed, former welfare recipients are all working in minimum wage jobs. Wages are reported on an aggregate, quarterly basis. It is impossible to determine if the person is working part-time or full-time, if they worked during the entire quarter or only a portion of it. Thus, the quarterly earnings we report simply can not be converted into full-time

[19] All earnings figures refer only to wages earned in a UI-covered job in Maryland by the adult who formerly headed the TCA case. Other types of income, earned or unearned, received by this person and any and all wages/income received by other persons in the household are not included. Thus, these figures do not necessarily equate to total income for the payee or family.

hourly wage equivalents. Similarly, these figures cannot be assumed to necessarily represent total household income.

Table 11.
UI-Covered Employment in Maryland in the Quarters After TCA Exit[20]

UI-Covered Employment	All Cases	Excluding Child Only Case
1st Quarter After TCA Exit		
Total number of cases	4625	3951
Percent Working	50.4% (2330)	52.5% (2075)
Mean Earnings	$2415	$2202
Median Earnings	$2100	$1984
Percent with Pre-Exit Wage History Working	64.0% (1997/3118)	63.8% (1757/2753)
2nd Quarter After TCA Exit		
Total number of cases	4044	3455
Percent Working	49.2% (1988)	51.0% (1763)
Mean Earnings	$2514	$2348
Median Earnings	$2168	$2100
Percent with Pre-Exit Wage History Working	61.3% (1687/2752)	60.9% (1481/2433)
3rd Quarter After TCA Exit		
Total number of cases	3463	2981
Percent Working	48.3% (1673)	49.8% (1484)
Mean Earnings	$2628	$2478
Median Earnings	$2376	$2281
Percent with Pre-Exit Wage History Working	60.3% (1427/2368)	59.9% (1257/2099)
4th Quarter After TCA Exit		
Total number of cases	2905	2496
Percent Working	49.1% (1426)	51.0% (1272)
Mean Earnings	$2693	$2545
Median Earnings	$2377	$2304
Percent with Pre-Exit Wage History Working	59.6% (1188/1992)	59.5% (1049/1763)

[20] As previously noted, the MABS system reports earnings on an aggregate quarterly basis. Thus, we do not know when in the quarter someone worked and how many hours they worked and it is impossible to compute hourly wage figures from these quarterly earnings data.

UI-Covered Employment	All Cases	Excluding Child Only Case
5th Quarter After TCA Exit		
Total number of cases	2456	2125
Percent Working	48.8% (1198)	50.6% (1075)
Mean Earnings	$2885	$2765
Median Earnings	$2594	$2496
Percent with Pre-Exit Wage History Working	59.0% (994/1686)	58.8% (884/1503)
6th Quarter After TCA Exit		
Total number of cases	2005	1733
Percent Working	50.1% (1005)	51.6% (894)
Mean Earnings	$2854	$2713
Median Earnings	$2560	$2478
Percent with Pre-Exit Wage History Working	59.8% (824/1378)	59.6% (730/1224)
7th Quarter After TCA Exit		
Total number of cases	1499	1283
Percent Working	51.1% (766)	52.9% (679)
Mean Earnings	$2820	$2678
Median Earnings	$2511	$2405
Percent with Pre-Exit Wage History Working	60.5% (621/1027)	60.6% (548/904)
8th Quarter After TCA Exit		
Total number of cases	992	838
Percent Working	50.5% (501)	52.6% (441)
Mean Earnings	$2889	$2814
Median Earnings	$2587	$2502
Percent with Pre-Exit Wage History Working	59.3% (406/685)	60.1% (356/592)
9th Quarter After TCA Exit		
Total number of cases	513	425
Percent Working	51.7% (265)	52.7% (224)
Mean Earnings	$2778	$2701
Median Earnings	$2556	$2493
Percent with Pre-Exit Wage History Working	58.1% (208/358)	57.4% (175/305)

How Many Adults Are Steadily Employed in UI-Covered Jobs Over Time?

The above results are encouraging because they indicate that work effort among recent welfare leavers is not a short-lived phenomenon; for many former clients, work effort and UI-covered employment do persist over time. To further examine the issue of employment stability, (not necessarily in the same job), we looked at study cases (n = 2,905) for whom we have a full year of post-exit employment data. For this group of payees, those who left welfare during the first 18 months of reform, results are good in terms of the persistence of work effort over time.

> A little more than half (51.4%, n = 1,493/2,905) of the former payees worked in a UI-covered job in Maryland in the first quarter after exit.
>
> Of this group, the vast majority (83.0%, n = 1,239/1,493) also worked in the second post-exit quarter. Likewise, most (75.2%, n = 1,085/1,493) who worked immediately after leaving welfare, also worked in the third post-exit quarter; nearly as many (72.7%, n = 1,085/1,493) worked in the fourth quarter post-exit.
>
> Three of every five payees who worked in the first quarter after leaving welfare worked in all four post-exit quarters.

Does Likelihood of Working Vary by Case Closing Reason?[21]

We also examined whether post-exit employment continues to vary systematically with the case closing reason (our caveats on administrative case closing reasons notwithstanding). As Table 12 shows, this relationship has persisted and continues to be statistically significant. Specifically, employment in the exit quarter is most common among adults whose welfare cases closed because the payee had income above limit/started work . Almost three of every four (73.6%) of these payees

[21] These analyses exclude those who returned to welfare right away (i.e., within 30 days of exit.

worked in UI-covered jobs in Maryland during the calendar quarter in which they left cash assistance. Consistent with earlier reports, employment is much lower, though not unsubstantial, among adults whose welfare cases closed because the customer did not provide needed information (47.7%) or complete the redetermination process (42.6%). Also less likely to be employed in UI-covered jobs at the time of exit are cases where the client requested closure (39.3%). Of cases closed for one of these top five reasons, those least likely to be working (28.1%) in a UI-covered Maryland job in the exit quarter are those who closed because of a full family work sanction. This finding is tempered, however, by the fact that work sanctioned cases have very high rates of recidivism (see Table 18).

Table 12.
Employment in Quarter of Exit by Case Closing Reason

Top Five Case Closing Reasons	Percent Working***	Number Working	Mean Earnings***	Median Earnings
Income Above Limit/Started Work	73.6%	1,030/1,400	$2,114	$2,005
Failed to Reapply/Redetermination	42.6%	403/947	$2,531	$2,108
Eligibility/Verification Information Not Provided	47.7%	324/679	$2,142	$1,751
Work Sanction	28.1%	117/416	$1,760	$1,088
Client Requested Closure	39.3%	128/326	$3,149	$2,506

***p<.001

There are also significant differences in the mean quarter-of-exit UI-covered earnings. Average quarterly earnings are highest for clients who requested case closure ($3,149). The next highest mean quarterly earnings are observed among those who did not reapply or complete the redetermination process ($2,531). Mean earnings among those not providing eligibility/verification information ($2,142) and those whose income increased or started work ($2,114) were similar. Table 12 shows the lowest average earnings ($1,760) among those who were sanctioned for non-compliance with work requirements.

These data make it clear that many clients who do not complete the redetermination process (42.6%) or provide eligibility information (47.7%) were actually clients who left welfare for work. We also examined whether a client s likelihood of working in the first full quarter **after** leaving welfare also varied systematically according to the administratively-recorded reason that her cash assistance case had closed. Table 13 presents our results.

Table 13.
Employment in First Post-Exit Quarter by Case Closing Reason

Top Five Case Closing Reasons	Percent Working***	Number Working	Mean Earnings***	Median Earnings
Income above limit	71.6%	1,003/1,400	$2,366	$2,228
Failed to reapply/redet.	44.1%	418/947	$2,604	$2,037
Failed to give elig. Information	46.8%	318/679	$2,306	$1,958
Started work or had higher earnings	35.8%	149/416	$1,583	$1,150
Client requested closure	39.6%	129/326	$3,536	$2,985

***p<.001

Patterns in the first post-exit quarter (Table 13) are quite similar to those shown in Table 12 (quarter of exit). Those most likely to be working in UI-covered employment in the first, post-exit quarter left welfare because they had income above limit/started work (71.6%). Employment is lower, though still substantial, when cases closed at the client s request (39.6%), because the redetermination process was not completed (44.1%) or because the client did not supply required eligibility information (46.8%). The proportion of work sanctioned cases with UI-covered employment (35.8%) is considerably higher in the post-exit quarter than it was in the quarter of exit (28.1%).

Also consistent with Table 12 are the mean earnings patterns found in the first, post-exit quarter. Again, those with the highest average ($3,536) and median ($2,985) earnings are clients who requested case closure. For all groups except those who were sanctioned, mean earnings are higher in the quarter after exit (Table 13) than in the quarter of exit (Table 12). These differences in mean earnings are statistically significant.

What Types of Industries Hire Former Welfare Recipients?

Research has indicated that, because they often have low education levels, welfare recipients historically have been most likely to find employment in low-skill, low-wage sectors of the labor market (Burtless, 1997; Zill, Moore, Nord & Steif, 1991). The Survey of Income and Program Participation (SIPP) shows that welfare mothers jobs, in the past, tended to be in low-wage women s occupations (i.e. pink collar jobs in service industries such as restaurants, bars, nursing homes, hotels and motels, department stores, and temporary help service firms (Spalter-Roth, et. al., 1995)). However, the work of Lane, Jinping, and Stevens (1998) shows other industries have been more successful in retaining former welfare recipients; individuals who worked in public administration, health services, and social services were more likely to have successful outcomes.

For the above reasons, it is important to document the most common types of UI-covered industries in which former recipients work immediately after leaving welfare. We grouped payees first post-exit employers by Standard Industrial Classification (SIC) codes. To best utilize the available data, we allowed each exiting adult to contribute up to five employers to the industry data.[22] Thus, the data presented in the following section reflect the number of employers for which exiting adults worked, not the number of exiting adults working in each industry in the first post-exit quarter.

For ease of interpretation we present data at the most general (SIC 1, Figure 1) and most specific (SIC 4, Table 14) levels of classification. In sum these data indicate the following:

The most frequent employer type in the first post-exit quarter is wholesale and retail trade accounting for about one third (34.2%, n = 922) of all jobs. A little over half of the jobs in this sector are: eating and drinking places (n = 267); department stores (n = 146); and supermarkets (n = 113).

The next most common industry is personal/business services (n = 650), accounting for about one of every four (24.1%) employers in the sample. Employment services (n = 319), hotels and motels (n = 58) and security system services (n = 56) are the most common types of employers within this classification.

The third most common industry type (n = 546) is organizational services, accounting for 20.3% or one fifth of the total. A majority of employers classified as organizational services are health services (nursing homes, hospitals, home healthcare, n = 191), social services (n = 38) and sole proprietors (n = 37).

Together these three industries account for just about four-fifths (78.6%, n = 2,118/2,695) of the employers in the first quarter after the welfare exit.

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[22] The vast majority (81.4%, n = 2,038) of payees who worked had only one employer in the first post-exit quarter. However, about 15% (15.4%, n = 385) had two employers and 3.2% (n = 80) had three or more.

These findings are remarkably consistent with what we reported in our third interim report (March 1999) and, indeed, have shown virtually no change since we first began collecting this data nearly three years ago. Wholesale/retail trade, personal/business services and organizational services have been the top three industries in which former recipients find jobs since the outset of our study. Moreover, in this and all prior reports (September 1997, March 1998, March 1999), these three industries, together, have accounted for fully three-fourths of all first post-welfare jobs secured by these women.[23]

At the more specific level of analysis (SIC 4, Table 14) there has also been little change over time. Since the onset of welfare reform in Maryland, the specific fields in which former recipients have most often found jobs have been and remain: temporary/employment agencies; eating/drinking places; department stores; nursing homes/hospices; and grocery stores/supermarkets. In each of our reports, including this one, these five fields together account for between 30% and 35% of all first post-welfare jobs secured by former payees.[24]

At the most specific level of employer type, the fact that roughly two-thirds of all first post-welfare jobs are not accounted for by the top five (see Table 14) suggests that adults leaving welfare are moving into a diverse array of employment situations. Nonetheless, we believe the relative concentration of exiters in three general industry

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[23] The figures for the first three reports are 78.7% (September 1997), 78.1% (March 1998), and 78.8% (March 1999).

[24] The specific proportions are: 37.8% (September 1997), 30.2% (March 1998), 34.6% (March 1999), and 35.3% in today s report.

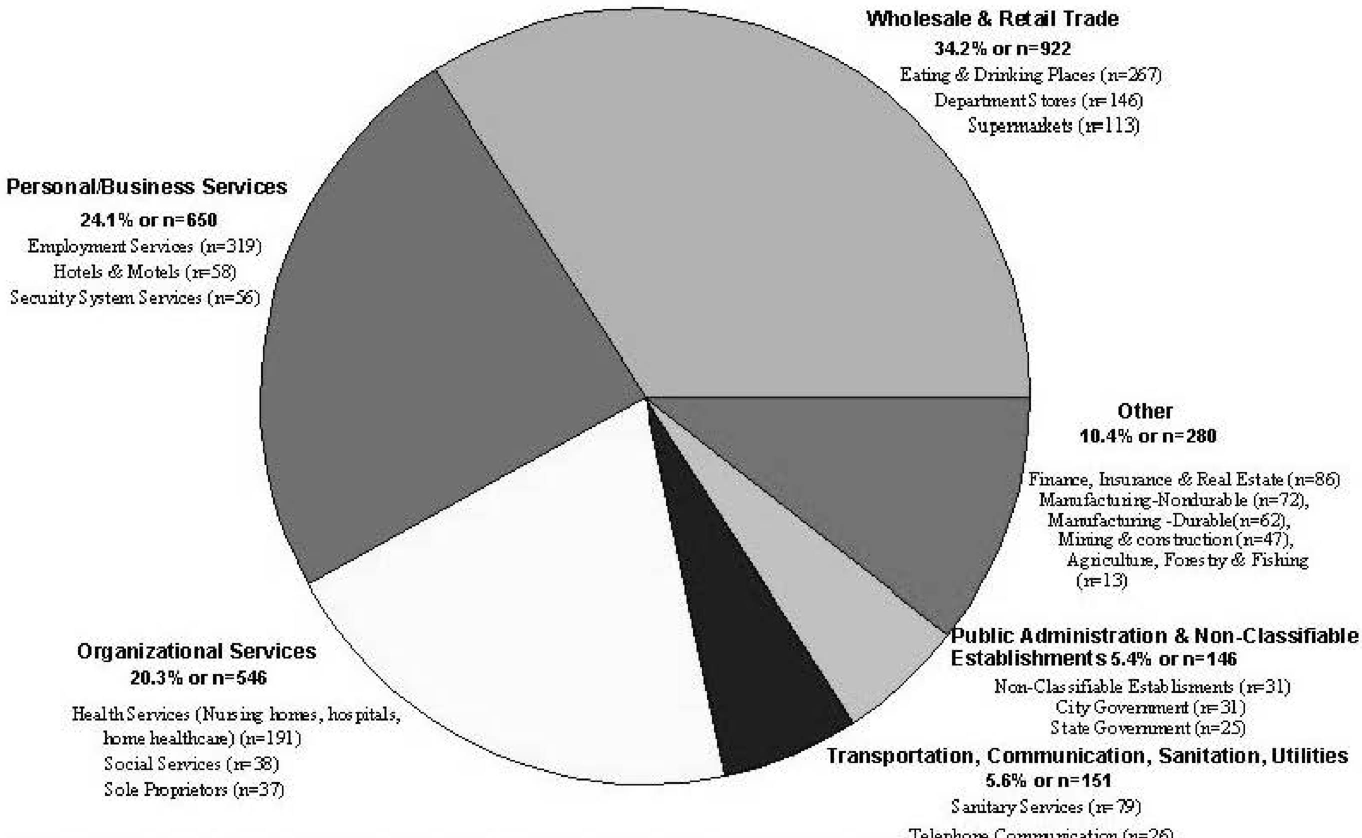
areas (See Figure 1) over time speaks loudly to the need for job retention/support services, but also for strategies to promote and make possible job and skill advancement. Such efforts would seem to hold great promise in preventing recidivism as well as enabling adults to move forward in the market economy.

Table 14.
Finding Work After Welfare:
The Top 25 Employers/Industries in the First Quarter after Exiting

Type of Employer/Industry (SIC4)	Frequency	Percent
Temporary Help/Employment Agencies	319	11.8%
General Eating and Drinking Places	267	9.9%
Department Stores	146	5.4%
Grocery Stores/Supermarkets	113	4.2%
Nursing Homes and Hospices	191	4.0%
Sanitary Services, Commercial	79	2.9%
Hospitals	60	2.2%
Hotels and Motels	58	2.2%
Security System Services	56	2.1%
Drug Stores	47	1.7%
Miscellaneous Food Services	44	1.6%
Social Services	38	1.4%
Sole Proprietors	37	1.4%
Groceries and Related Products	33	1.2%
Non-classifiable Establishments	31	1.2%
City Government	31	1.2%
Child Day Care Services	30	1.1%
Schools and Educational Services	27	1.0%
Management Services	27	1.0%
Telephone Communication	26	1.0%
Colleges and Universities	25	0.9%
State Government	25	0.9%
Food and Kindred Products	24	0.9%
Elementary and Secondary Schools	24	0.9%
Home Health Care Services	22	0.8%

Figure 1. Employment in the Quarter After Exit

(Chart based on 2,695 jobs held by 2,503 exiters)



Note : 3,058 UI-covered jobs were reported, however only 2,695 could be identified by the Sandard Industrial Classification(SIC).

How Many Families Return to Welfare after an Exit?

Returns to welfare after having exited (i.e. recidivism) were common under AFDC. While estimates of AFDC recidivism vary somewhat, it is likely that between one-third and two-thirds of all AFDC exiters experienced at least one subsequent welfare spell (see, for example, Bane and Ellwood, 1994; Blank and Ruggles, 1994; Pavetti, 1993; Weeks, 1991). A Maryland AFDC recidivism study found that nearly half (47%) of all exits from a first welfare spell resulted in at least a second spell of welfare receipt over a nine year period (Born, Caudill and Cordero, July 1998). Under AFDC returns to welfare tended to happen quickly: the Maryland study showed that one in three who returned did so within six months of exit; about half who returned did so within 12 months.

Little attention has thus far been paid to recidivism under welfare reform, but PRWORA s imposition of time limits on cash assistance receipt does require that close attention be paid to how long clients receive welfare. Most attention in terms of time limits has focused on clients at risk of hitting the federal 60 month limit in one, long continuous spell. Over time, however, a much larger group, those who intersperse spells of welfare with periods of being off welfare, are also at risk to reach the 60 month threshold. Thus, attending to time clock issues also requires effective efforts to prevent recidivism. Those efforts, in turn, should be based on empirical data which describe the extent of returns to welfare among those who have exited, document the timing of those returns, and identify what recidivism risk factors appear to be in the new welfare era.

To examine recidivism under Maryland s new welfare system, we obtain administrative data on cash assistance receipt for exiting cases in our sample. Because of historical evidence that recidivism tends to happen quickly, we use these data to examine several dimensions of the recidivism phenomenon. First, we calculate overall recidivism rates at 3, 6, 12, 18, and 24 months post-exit. We then look at the timing of those returns, specifically at the extent to which administrative churning (cases which close, but reopen in 30 days or less) is contributing to the observed recidivism rates. Recidivism rates are also calculated separately for sanctioned and non-sanctioned cases and, more generally, we examine whether recidivism appears to vary by case closing reason. Finally, because recidivism prevention is so important in the new time-limited world of welfare, we compare the characteristics of recidivists and non-recidivists at the three-month follow up point.

In reviewing all recidivism findings presented, readers are alerted that, because of the nature of our data collection cycle (follow up at 3, 6, 12, 18, and 24 months post-exit), we have differing amounts of follow up recidivism data for our monthly samples of cases. Table 15, on the next page, illustrates the amount of recidivism data available for each of our monthly samples.

Table 15.
Amount of Recidivism Data by Sample Month

Sample Month	3 months Recidivism (n=5,230)	6 months Recidivism (n=4,500)	12 months Recidivism (n=3,171)	18 months Recidivism (n=2,156)	24 months Recidivism (n=1,054)
October 1996	x	x	x	x	x
November 1996	x	x	x	x	x
December 1996	x	x	x	x	x
January 1997	x	x	x	x	x
February 1997	x	x	x	x	x
March 1997	x	x	x	x	x
April 1997	x	x	x	x	
May 1997	x	x	x	x	
June 1997	x	x	x	x	
July 1997	x	x	x	x	
August 1997	x	x	x	x	
September 1997	x	x	x	x	
October 1997	x	x	x		
November 1997	x	x	x		
December 1997	x	x	x		
January 1998	x	x	x		
February 1998	x	x	x		
March 1998	x	x	x		
April 1998	x	x			
May 1998	x	x			
June 1998	x	x			
July 1998	x	x			
August 1998	x	x			
September 1998	x	x			
October 1998	x				
November 1998	x				
December 1998	x				
January 1999					
February 1999					
March 1999					

We begin with findings on the overall rates of recidivism at the 3, 6,12, 18, and 24 months post-exit measuring points; these worst case data appear in Table 16, following.

Table 16.
Worst Case Recidivism Rates: Entire Sample at 3, 6, 12, 18 and 24 Months

Months Post-Exit	% not returning to TCA by this time	% returning to TCA by this time	Cumulative rate of returns to welfare
3 months (n=5,230)	80.6%	19.4%	19.4%
6 months (n=4,500)	77.5%	22.5%	22.5%
12 months (n=3,171)	74.6%	25.4%	25.4%
18 months (n=2,156)	71.5%	28.5%	28.5%
24 months (n=1,054)	69.8%	30.2%	30.2%

Table 16 shows that, even taking the worst case approach to measuring recidivism,[25] the vast majority of families have been able to remain off welfare; two full years post-exit, seven of ten exiting families (69.8%) have not returned to cash assistance. The data also show that returns to welfare, when they do occur, happen very quickly - usually within three months, or 90 days, of case closure. That is, 19.4% of exiting families have returned to welfare three months after exiting; by the end of 12 months, the rate only increases by six percent, such that, at the end of one year the worst case cumulative recidivism rate stands at 25.4%.

[25] These are worst case statistics largely because they do not take into account the phenomenon of administrative churning , where cases close, but reopen within 30 days or less. As will be shown, excluding churning cases from the analysis reduces the three month recidivism rate to about 9% (8.9%).

Table 16 really only tells us one programmatically important thing about recidivism in the new welfare era - that early returns (within the first three months of exit) constitute the bulk of the recidivism problem at present. Two phenomena most likely account for these early returns to welfare. One possibility is that sanctioned cases, where the entire grant is terminated for non-compliance with work or child support requirements are the ones returning to welfare shortly after exiting. The second possibility is that the phenomenon of administrative churning, where cases close but reopen in 30 days or less, is responsible for most of these early returns. This type of churning, which happened frequently under AFDC, could conceivably still be occurring regularly under the new system. Table 17, following, shows what we found when these hypotheses were investigated.

Table 17.
Recidivism Rates: The Role of Sanctioning and Churning

Types of Cases	3 Month Recidivism	6 Month Recidivism	12 Month Recidivism	18 Month Recidivism	24 Month Recidivism
All cases	19.4% (1,261)	22.5% (1,013)	25.4% (804)	28.5% (615)	30.2% (318)
All Cases Except: Full Family Sanctions	18.3% (853)	21.1% (852)	24.1% (698)	27.5% (546)	29.6% (296)
All Cases Except: Churners (returned to TCA in 30 days or less)	8.9% (411)	13.8% (607)	18.5% (538)	23.1% (464)	25.8% (256)
All Cases Except: Sanctioned Cases & Churners	8.1% (333)	12.6% (459)	17.3% (458)	22.0% (406)	25.0% (190)

Table 17 indicates that, at least in the first few months post-exit, the lion s share of returns to welfare are accounted for by churners - cases which close but reopen within 30 days. In contrast, sanctioned cases have minimal impact on the overall recidivism rate in the first few months.[26] These realities are most dramatically illustrated in the 3 month recidivism column. Including all cases, the worst case scenario, about one in five clients (19.4%) return to welfare within 90 days; when all cases except sanctioned cases are examined, the rate drops only marginally (18.3%). However, when sanctioned cases are included, but churners excluded, the three month rate drops precipitously - to just about nine percent (8.9%). A similar pattern, though not quite as dramatic, can also be observed in the 6 month recidivism column . The all case/worst case six month recidivism rate is 22.5% and excluding sanctioned cases has virtually no effect (21.1%). When we exclude only the churning cases (those who return in 30 days or less), however, the six month rate is nearly cut in half (13.8%). The same general pattern prevails at the 12, 18, and 24 month post-exit points although, expectedly, the influence of churning on the overall recidivism rate does decrease with the passage of time.

Taking all of this into account, the bottom lines with regard to recidivism appear to be two. First, the vast majority of non-churning families are able to remain off welfare. At one year post-exit, fewer than one in five (18.5%) have returned to welfare. At two years post exit, about one in four (25.8%) of these families have come back. The second point is that, even excluding churning or returns within 30 days, recidivism under TANF like recidivism under AFDC tends to happen relatively quickly. Excluding

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[26] This is not meant to imply that sanctioned cases have low rates of recidivism, for they do not; their recidivism rates are quite high. However, there are so few sanctioned cases that they have only minimal impact on the overall sample s recidivism rates.

churners, our data show that recidivism is most likely to happen within the first year after exit. These findings, like those concerning the nature of post-exit jobs, seem to speak loudly to the importance of planning and service programming for the post-exit phase of welfare reform. The recidivism data in particular, suggest that the first 12 months after exit may be a critical period for intervention.

Who is at Risk of Returning to Welfare?

While the preceding analysis focuses primarily on the timing of returns to welfare, it raises the possibility that certain types of cases may be more at risk to experience a return to welfare than others. Such findings would be important for front-line recidivism prevention efforts by providing program managers with more specific information about who is returning to welfare and who is not. Thus, we also examine two other possibilities. The first is whether there is a relationship between case closing reason and recidivism risk. To conduct this analysis we focus on the top five case closing reasons which, together, account for just about eight of every ten (82.3%) closures in our sample. Table 18, following, presents the results of this analysis.

Table 18.
Three Month Recidivism Rates by Case Closing Reason

Administrative Case Closing Reason (Top Five)***	Non-recidivists	Churners	Recidivists
Income above limit/Started Work (n=1,435)	92.5% (1,328)	2.4% (35)	5.0% (72)
Did not reapply/no redet. (n=1,189)	70.6% (840)	20.4% (242)	9.0% (107)
Did not give eligibility info (n=776)	76.0% (590)	12.5% (97)	11.5% (89)
Payee requested case closure (n=362)	86.5% (313)	9.9% (36)	3.6% (13)
Full family sanction (work) (n=484)	71.9% (348)	14.0% (68)	14.0% (68)

*** Relationship is significant at the $p < .001$ level (The valid N for this table is 4,246 because it only includes those for whom we have recidivism data who exited with one of the top five closing codes)

The likelihood of returning to welfare within the first 90 days continues to vary significantly depending on the administratively-recorded reason for closing the welfare case. The very lowest rates of recidivism continue to be observed among those who, as known to the agency, leave welfare for work: 92.5% of payees whose closing reason was income above limit/started work did not return to TCA in the first 90 days. Recidivism is also very low among cases closed at the request of the client; 86.5% did not come back in the first three months.

The highest rate of returns to welfare occur among those who were work sanctioned and those who did not complete the redetermination process. Nearly three of ten cases in both groups were back on welfare within 90 days (28.0% and 29.4%, respectively). Within both of these groups, churning was quite common; half of the work sanctioned cases and about two-thirds of the no redet cases which came back on welfare did so within the first 30 days.

We now examine whether the demographic characteristics of those who return to welfare shortly after an exit differ from the characteristics of those who do not return. Recidivism research under AFDC was generally consistent in showing that lack of work experience, among other things, increased a person s risk of recidivism. Because the new welfare systems are so different from AFDC, however, today s risk factors may or may not be the same. Thus, it is necessary to examine this issue using data generated under the new program rules; we have done this as the second part of our who is at risk analysis.

We compare those who returned to TCA with those who did not on 12 variables associated with recidivism under AFDC. These are: payee age; payee estimated age at first birth; payee racial/ethnic background, region of residence; assistance unit size; number of children; age of youngest child; length of exiting spell; total time on welfare (lifetime welfare use); pre-exit wage history; and whether payee worked in the exit quarter and the quarter immediately after exiting from welfare.

Table 19, on the next two pages, presents the results of this comparison at three months post-exit. We chose the three month measure because we have this data for the largest number of cases (n = 5,230, the first 27 months samples) and because the vast majority of TCA recidivism so far has taken place in the first few months after cases close. The table presents characteristics separately for recidivists who return to welfare in 30 days or less (the churners) and those who return between the 31st and the 90th days (3 months), the true recidivists.

Table 19.
Comparisons between Recidivists and Non-Recidivists at the 3 month follow up point - Case Characteristics

Characteristics	Non-Recidivists	Churners	Recidivists	Total: Non-Recidivists, Churners and Recidivists
Payee s Age ***				
Mean	32.58	31.32	29.88	32.22
Median	30.87	30.27	28.53	30.73
Std. Dev.	10.22	8.90	7.58	9.92
Range	18 to 86	18 to 76	18 to 58	18 to 86
Payee s Age at First Birth				
Mean	21.79	21.45	21.19	21.71
Median	20.39	19.72	19.61	20.24
Std. Dev.	5.23	5.42	5.06	5.24
Range	13 to 50	14 to 44	14 to 41	13 to 50
Payee s Racial/Ethnic Background***				
Caucasian	27.7%	20.7%	20.3%	26.3%
African-American	69.7%	78.4%	78.5%	71.4%
Other	2.6%	0.9%	1.3%	2.3%
Region***				
Baltimore City	37.9%	38.3%	45.7%	38.6%
Prince George s	16.5%	25.1%	15.8%	17.4%
Montgomery	5.5%	3.1%	2.2%	4.9%
Baltimore County	12.2%	16.4%	14.6%	12.9%
Anne Arundel	5.2%	6.8%	5.8%	5.4%
Metro	5.4%	2.5%	1.5%	4.8%
Western MD	5.6%	2.5%	4.6%	5.2%
Eastern Shore	8.0%	3.3%	7.1%	7.4%
Southern MD	3.6%	2.0%	2.7%	3.4%
Assistance Unit Size***				
Mean	2.63	2.90	2.95	2.69
Median	2.00	3.00	3.00	2.00
Std. Dev.	1.14	1.28	1.28	1.18
Range	1 to 9	1 to 11	1 to 8	1 to 11
Number of Children***				
Mean	1.76	1.94	1.96	1.80
Median	1.00	2.00	2.00	2.00
Std. Dev.	1.03	1.22	1.23	1.08
Range	0 to 8	0 to 9	0 to 7	0 to 9

Characteristics	Non-Recidivists	Churners	Recidivists	Total: Non-Recidivists, Churners and Recidivists
Age of Youngest Child**				
Mean	5.76	5.38	5.03	5.66
Median	4.52	4.23	3.94	4.45
Std. Dev.	4.48	4.27	4.01	4.43
Range	< 1 month to 18 yrs	< 1 month to 18 yrs	< 1 month to 18 yrs	< 1 month to 18 yrs
Percent less than 3 years	35.3%	37.4%	40.9%	36.0%
Exit Spell				
Less than 12 mos.	46.3%	48.9%	51.1%	47.0%
12 - 24 Months	22.5%	21.5%	17.8%	22.0%
25 - 36 Months	10.8%	10.6%	10.0%	10.7%
37 - 48 Months	5.8%	5.6%	4.9%	5.7%
49 - 60 Months	4.0%	4.1%	2.9%	3.9%
More than 60 mos.	10.7%	9.3%	13.4%	10.7%
Mean	25.52	24.02	26.92	25.45
Median	13.06	12.65	11.73	12.98
Std. Dev.	32.90	31.23	35.89	32.95
Range	1 month to 24 yrs	1 month to 20 yrs	1 month to 20 yrs	1 month to 24 yrs
Total Time Spent on Welfare*				
Less than 12 mos.	29.0%	24.8%	33.8%	28.9%
12 - 24 Months	16.4%	16.4%	11.5%	16.0%
25 - 36 Months	11.9%	10.1%	12.0%	11.7%
37 - 48 Months	8.6%	9.1%	7.8%	8.6%
49 - 60 Months	7.2%	7.9%	6.1%	7.2%
More than 60 mos.	26.9%	31.7%	28.7%	27.6%
Mean	43.73	48.75	42.35	44.21
Median	29.40	35.26	29.63	29.97
Std. Dev.	43.37	44.83	40.46	43.34
Range	1 month to 27 yrs	1 month to 23 yrs	1 month to 19 yrs	1 month to 27 yrs
Percent with a Pre-Exit Wage History***	67.9%	58.3%	62.0%	66.4%
Percent Working in the Quarter They Exited TCA***	50.7%	27.4%	36.3%	46.9%
Percent Working in the Quarter After They Exited TCA***	51.8%	28.6%	35.3%	47.8%

Notes: Valid percent is used. Due to missing or unavailable data, n may not always sum to 5,230. *p<.05 **p<.01 ***p<.001

Of nine demographic characteristics and three work-related variables, seven of the former, and all three of the latter are significantly associated with recidivism in the first few months after exit. Compared to those who did not come back on welfare within three months, non-recidivists tend to be older, have smaller assistance units, and fewer children. The youngest children in the assistance units of non-recidivists tend to be older than the youngest children in cases which returned to welfare in 90 days. Non-recidivists are also more likely to be Caucasian, to have a prior history of UI-covered employment in Maryland and to have worked at the time of leaving welfare and in the quarter after exit. Region of residence also seems to matter. Recidivists, compared to non-recidivists and churners, are more likely to live in Baltimore City.

There is no difference between non-recidivists, churners and recidivists on the legnth of the exiting spell which brought them into our sample. However when lifetime welfare use is considered, a different picture emerges. Considering **all** cash assistance receipt (as an adult) by exiting adults, there are proportionately more recidivists (33.8%) than churners (24.8%) or non-recidivists (29.0%) who have less than 12 months of total, lifetime welfare receipt.[27]

To summarize key findings from this multi-page discussion of recidivism:

The vast majority of families who leave welfare are able to remain off the rolls; so far, it appears that recidivism under the new system in Maryland is less than it was under the old AFDC system.

Most returns to welfare are happening quickly; the bulk of recidivism is caused by administrative churning, cases which close, but then reopen within 30 days or less.

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[27] Lifetime use includes current spell.

There appear to be two distinct types of recidivism - that which happens in the first 30 days after case closing and that which happens in the 31st to 90th days after exit or later. These appear to be very different phenomena, involving different types of individuals/cases and, most likely, requiring different preventive strategies.

Some cases do appear to be at greater risk of returning to welfare than others.

Findings: Child Welfare Outcomes

Previous chapters have reviewed a wealth of administrative data on the characteristics of exiting households and their experiences with post-exit employment and returns to cash assistance. Together these data provide key information on the most important elements of our broad study questions. This chapter begins to fill in some more of the details about what happens to families leaving cash assistance by examining administrative data on the extent of children s post-exit involvement with the child-welfare system.

One of the major areas of concern among family advocates in the post-PRWORA era has been the possibility that the pressures of welfare reform on families would cause more children to come into the public child welfare system. We have examined this issue previously by considering post-exit foster care entries among children in our sample. In our second report (Welfare and Child Support Research and Training Group, March 1998), we found that 15 out of 3,467 children came into the formal foster care system in the months following their families TCA exits. We also noted that case narratives combined with the other administrative data led us to conclude that in many cases the foster care entry actually preceded and indeed, precipitated the TCA case closure.

Table 20 presents additional child welfare data for our now much larger (n = 9,677) sample of exiting children. As many program managers have correctly pointed out, foster care placement is frequently not the earliest sign that a family is in trouble. That is, in most cases other involvement with the child welfare system such as Child

Protective Services investigations or the receipt of Intensive Family Services precedes a foster care placement.[28] Although we do not have Child Protective Services data, we do have information on the receipt of Intensive Family Services for families at risk of foster care placement. We limit our analysis of child welfare data to the first post-exit year because it is likely that if there is any causal link between cessation of cash assistance and entry into foster care, placement would occur during the first twelve months.

As seen in Table 20 we find that 158 of 9,677 (1.6%) children had a history of Intensive Family Services prior to the welfare exit that brought them into our sample. In the first three post-exit months, 18 children out of 9,677 (0.2%) children received Intensive Family Services. The number increases over the next nine months reaching a high of 44 out of 5560 children (0.8%) at the twelfth post-exit month.

Among all the children in our sample, 30 (0.3%) had a history of kinship care and 198 (2.0%) had a history of foster care placement. Far fewer children enter foster or kinship care in the months following their families departure from the welfare rolls. At the three month follow up point, 13 of our 9,677 children (0.1%) had entered foster care and none had entered kinship care. By the sixth post-exit month two children had entered kinship care and 22 were in foster care. At the one year follow up point, less than one-tenth of one percent of children had entered kinship care and four-tenths of one percent had been placed in foster care.

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[28] Intensive Family Services is only one of a group of family preservation services designed to prevent out-of-home placement.

Table 20.
Child Welfare Outcomes

	Intensive Family Services	Kinship Care	Foster Care Placement
90 Days After Exit n=9677	0.2% (18)	0% (0)	0 .1% (13)
6 Months After Exit n=8158	0.3% (25)	0% (2)	0.3% (22)
12 Months After Exit n=5560	0.8% (44)	0% (2)	0.4% (22)

Note: The N is based on all children in our exiting sample who are under the age of 18 and have follow up data available at the different time periods.

Consistent with our previous reports we find that the majority of foster care entries occur in the first few months after a family exits welfare. To provide readers with some sense of the diverse situations among the children entering foster care, we provide the following vignettes summarized from case narrative and other administrative data:[29]

> Kalli was seven years old when her family left the welfare rolls. She and her two siblings, Larry, age five and Rosa, age four lived with their mother in Baltimore City. Kalli s mother had a history of incarceration. The TCA case was open for approximately six months and was closed when the mother notified the office that she moved. Approximately nine months after exiting TCA, Kalli and her brother entered one foster care facility while Rosa entered a separate foster care home. In subsequent case worker notes, the mother states that her children were taken due to substance abuse .
>
> Hakeen s mother began receiving cash assistance in Dorchester County three months before his birth. When Hakeen and his mother left TCA in the spring of 1997 Hakeen was two years old. The case was closed when the case worker was unable to locate the family. By fall of 1997, Hakeen

[29]To protect the anonymity of our sample families all identifying information in the case vignettes has been changed.

was in foster care. The placement was requested by Hakeen s mother; no court order mandated Hakeen s placement into the foster care facility.

Jamie, age five at time of exit, lived in Howard County with his mother and younger brother Ramaal, age one. Jamie s family received TCA for approximately two and one half years when their case was closed in May of 1997 due to a failure to apply for redetermination. Jamie and his brother were placed in foster care one month prior to the family leaving the TCA rolls. Case worker notes indicate the mother was in a drug and alcohol rehabilitation center at the time the case closed. It has been indicated by subsequent case worker narratives that both Jamie and Ramaal are receiving SSI .

Karl lived with his 2 brothers in Baltimore County when their mother began receiving TCA in the summer of 1997. The family of four had their case open for almost a year. Karl was eight years old --his brothers, D Andre, nine, and Timothy, five when the family exited the rolls due to failure to reapply for benefits . All three children were placed in foster care prior to the TCA case closing.

Richard, age eight, is classified as disabled by Social Services. He has a history of recurring residential care facility placement. Richard, along with his 11 year old sister, Amy, and 13 year old brother, Gary, were part of their mother s TCA assistance unit. The family, residents of Washington County, received aid from the fall of 1996 until the summer of 1998 when their case closed due to client moved . Richard was the only sibling to be placed into foster care, and his stay was brief he was admitted into a psychiatric hospital four months after the foster care placement.

Amanda was less than one year old when she entered the foster care system. Amanda s mother, a Montgomery County resident, had been receiving TCA for she and Amanda for approximately seven months - four of those months were prior to Amanda s birth. At three months of age, Amanda was placed in foster care. Since Amanda s mother did not report that Amanda was out of the home, the case worker closed their TCA due to failure to give information to establish eligibility .

As these narratives illustrate, the relationship between child welfare and welfre reform is a complex one. Often the real timing of child welfare events and welfare exits is reversed; that is, the foster care placement precedes and at time prompts the TCA case closure. Regardless of this timing issue, our data still do not show that welfare reform is causing children to come into care.

Conclusions

Maryland s bi-partisan, empirically-grounded, locally-driven welfare system continues to work well. Using an expanded database on some 5,840 families who left cash assistance during the first 30 months of reform, today s report, like its predecessors, finds that: the vast majority of families exit welfare voluntarily, not because they have been sanctioned; payees in exiting cases are able to find employment; their work efforts persist over time; their employment in UI-covered jobs tends to be steady; and relatively few have come back on welfare. The report also shows that children in former TCA families are not coming into foster care after their welfare case closure.

Based on these data, it would not appear there is any need or reason to make wholesale changes to the state s overall legislative and program policy approach to welfare reform. However there are a few findings to which some thought should probably be given. One, recidivism or returns to the welfare rolls, we have noted in prior reports. So far, recidivism, in the true sense, has been quite low, but it can only increase over time. Given federal time limits, preventing returns to welfare among those who have exited remains tremendously important. Our data continue to suggest that returns to welfare are really of two types: churning (returns in 30 days or less) and classical recidivism. These may be different phenomena, involving different strategies or techniques to reduce or prevent them. The emerging literature on the differences in the profiles of recidivists, non-recidivists and churners is also important to consider when designing recidivism prevention efforts at the state and local level.

Managers should also continue to pay close attention to the use of full family sanctions, especially for non-compliance with work requirements. Compared to other states, Maryland continues to make sparing use of full family sanctions. Sanctions account for just about one in ten case closures (10.4%, n = 605/5,805) and virtually all of those are related to work. It appears that the work sanction rate has leveled off and is holding steady at about 11% of closures and, further, that sanctioned cases do have high rates of fairly quick returns to welfare. No immediate action with regard to sanctions seems indicated, but because it is a severe penalty, its use should still be closely monitored.

At the mid-point of welfare reform s initial five year life cycle, this interim report on the characteristics and post-exit experiences of a random sample of 5,840 welfare leavers in Maryland suggests that, considered as a whole, the state s approach to welfare reform continues to be on target. Nonetheless, there is much work that remains to be done and many challenges which still lie ahead.

Clearly there is still a need to monitor the circumstances of those who have left the cash assistance rolls. In addition, policy makers and program managers both in and outside the welfare department will need to consider the needs of families still receiving assistance and those just entering the rolls. Finally, creative strategic thinking and community-wide efforts are needed to assist newly independent families to move up the economic ladder.

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