

# **Life After Welfare: Sixth Report**

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## Executive Summary

The *Life After Welfare* study, started in October 1996, the first month of Maryland's TANF implementation, uses administrative data to track longitudinally a large, random sample of families who exit Temporary Cash Assistance (TCA) every month. The study provides answers to two key questions: Who is leaving cash assistance in Maryland? and What happens to them after they leave?

Maryland's leavers study, a joint effort between the University of Maryland-Baltimore School of Social Work and the Maryland Department of Human Resources, with oversight from the Maryland General Assembly, differs from other studies of closed cases in two key ways. First, while many studies are longitudinal, they typically limit their follow up period to one year. Our study, however, has continued for five years.

Second, because new cases are continually added to the *Life After Welfare* sample, outcomes of early and later TANF leavers can be compared. Many program managers expected the TANF caseload to change over time such that, in the later years of reform, families with multiple barriers to employment and self-sufficiency would dominate the caseload (Brookings Institution, 1999; Brown, 1997; Heinrich, 1999; Loprest and Zedlewski, 1999). In fact, evidence is now emerging that the TANF caseload is indeed changing, although not always in the ways expected (Ovwigo, 2001; Ovwigo, Charlesworth, Hetling-Wernyj, and Born, 2001; Ruck, Charlesworth, Ovwigo, and Born, 2001). Also, there are some indications that later TANF exiters may not be faring as well as those who exited earlier (ASPE, 2001; Research Forum on Children, Families, and the New Federalism, 2001; Welfare and Child Support Research and Training Group, 1999b, 2000).

For these reasons, and because of continuing keen legislative interest in the effects of welfare reform on families, Maryland continues to add new data and new samples to its leavers study. Today's report, the sixth in our series, includes data on a random 5% sample of all TCA cases which closed each month between October 1996 and March 2001 (n = 9,299). This methodological approach yields a valid statewide sample at the 95% confidence level with a  $\pm$  1% margin of error.

Baseline demographic data are collected at the time the family exits TCA. Follow-up data on post-exit employment, recidivism, Food Stamps, Medical Assistance, child care, and child welfare are collected at various follow-up points. In sum, our findings indicate:

**1. In general, the profile of exiting cases reflects the composition of the Maryland TCA caseload.**

A typical exiting case in the first four and one half years of reform includes an African American (74.9%) woman (95.9%) in her early thirties (mean age 32.70 years) and her one or two children (75.8%). The youngest child in the assistance unit is almost six years old (mean age 5.67). Almost two in five exiting cases include a child under the age of three (38.0%).

The majority of cases include only one adult (n=7,616 or 81.9%). However, more than one in ten were child-only cases, with no adults included in the grant (n=1,442 or 15.5%). More than two in five cases (n=4,218 or 45.4%) received TCA in Baltimore City at the time of exit.

During the first four and one-half years of welfare reform in Maryland, five administrative closing codes have predominated across the state, accounting for more than eight of every 10 closures (85.2%). For the entire sample, in descending order, these are: failed to reapply/complete redetermination (26.8%); income above limit/started work (24.7%); eligibility information/verification not provided (16.5%); work sanction (11.1%); and assistance unit requested closure (6.1%).<sup>1</sup>

On average, families were exiting from a TCA spell which had lasted less than two years (mean = 21.67 months; median = 10.71 months). If multiple spells are considered, we find that exiting payees had received assistance for an average of 30.51 months in the 60 months preceding their TCA exits. Almost two-thirds of former adult caseheads (64.6%, n=5,869/9,079) worked in at least one of the eight quarters before their welfare spell began. A similar percentage (66.4%, n=6,145/9,255) worked at some point in the eight quarters preceding their welfare exit.<sup>2</sup>

**2. Employment and recidivism outcomes for Maryland TANF leavers during the first four and one half years of reform remain generally positive: The majority of adults work, quarterly earnings increase over time, and most families do not return to welfare. These results coincide with those reported in other states.**

Excluding cases that return to welfare within the first 30 days after exit (i.e., the churners), half (50.0%, n=3,256/6,513) of all exiting case heads worked in a UI-covered

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<sup>1</sup> Our first four *Life* reports showed “income above limit” and “started work” separately. The latter code has become obsolete since conversion of the last jurisdiction, Baltimore City, to the new computer system in March 1998. Thus, the two codes have now been combined for all analytic purposes.

<sup>2</sup> Payees may not have received TCA during the entire eight quarters preceding their exit.

job in Maryland in the quarter in which they left TCA. Mean earnings among those who worked in the exit quarter were \$2,451; midpoint or median earnings were \$2,015.

In the first quarter after exit, about half (50.8% or n=3,176/6,250) of former payees worked in UI-covered employment in Maryland. The pattern of roughly one out of two adults working in UI-covered employment in Maryland continues in the 2<sup>nd</sup> through 16<sup>th</sup> quarters post-exit. That is, in each subsequent quarter, about half of all former payees worked in a job covered by the state's Unemployment Insurance system.<sup>3</sup> The trend in quarterly earnings is an upward one over the 2<sup>nd</sup> through 16<sup>th</sup> post-exit quarters such that, for all cases, mean earnings are \$4,059 by the 16<sup>th</sup> quarter after the welfare case closure; median earnings are \$3,782.

In terms of recidivism, within the first three months of leaving TCA, a bit more than one-third of all families (36.9%) return to the welfare rolls using a "worst case" approach. However, if we exclude the earliest returns to welfare (those occurring within the first 30 days), the three month statewide recidivism rate drops to 10.3%. Over the next 45 months the recidivism rate increases so that by the 48<sup>th</sup> month, using the "worst case" approach, almost four out of ten (40.4%) exiting families statewide have returned to TCA. The four year recidivism rate drops to 33.4% if returns associated with administrative churning are excluded.

### **3. The majority of families receive Food Stamps and Medical Assistance after exiting TANF.**

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<sup>3</sup>This reflects the total percent of exiters working in that quarter but does not necessarily mean that sample members worked in each quarter leading up to that follow-up point.



Nearly eight of every 10 families (n=79.0%, 7,350/9,299) participated in the Food Stamp program at some point during the first three months after the TCA exit that brought them into our sample. Participation is lower, but a majority of cases still participate in Food Stamps through the end of the first two years post-exit. During the third and fourth follow up years the rate is lower (46.6% in 25<sup>th</sup> through 36<sup>th</sup> months and 38.3% in the 37<sup>th</sup> through 48<sup>th</sup> months), though not insubstantial. These rates compare favorably to those reported in other states' welfare leavers studies (see, for example, Coulton et al. 2000; Loprest, 1999; Westra and Routley, 1999).

Not quite half of all sample cases (48.9%) have at least one child with Medical Assistance coverage during the first three months after TCA exit; during the 4<sup>th</sup> through 6<sup>th</sup> months, 49.2% of all cases contain at least one covered child. The percentage goes up during the 7<sup>th</sup> through 12 months (55.6%) and rises again, to 65.1%, in the second post-exit year. The proportion of cases with at least one covered child falls slightly in the third year to 64.0% and in the fourth year to 61.2%. It is somewhat surprising that the rates generally increase over time. Possible explanations include the differences in samples over the follow up periods, increasing public awareness of SCHIP and recent expansions in the income eligibility thresholds for SCHIP.

**4. A preliminary examination of child care subsidy utilization among Maryland TANF leavers reveals that a significant minority are receiving this important work support.**

Our initial analysis of child care subsidy utilization focuses on children in the most recent cohorts (April 2000 to March 2001) who were 12 years old or younger at the time their family exited TCA. Of these children, 38.0% received a child care

subsidy between January 1997 and March 2001 (n=872/2,297 children). During the year after the TCA exit, subsidy receipt for the entire sample was a little lower at 20.0% (n=460/2,297 children, or 20.2%, n=265/1,310 cases). Utilization rates for the quarter of exit and first quarter after exit range from 15.2% to 18.1% and are similar to rates reported in other studies. Child care subsidy utilization rates for welfare leavers in the majority of 15 sites was less than 30%, and all were less than 50% (Schumacher & Greenberg, 1999). Much work remains to be done to understand the role child care subsidies play in families' post-welfare lives - including its relationship to employment and recidivism.

**5. While child welfare entry rates among children in families exiting TANF remain low, they have increased among the later cohorts.**

More than one in four study children (25.9%, n=4,539/17,520) had an historical indication or confirmation of child abuse or neglect. Few children (2.5%, n=444/17,520) were involved in an abuse or neglect investigation which began in the 90 days after their family left welfare. The number of children with an indication/confirmation of abuse or neglect increased over time, so the percentage is 8.0% (n=1,138/14,288) by the 12<sup>th</sup> post-exit month. While the percentages are still low, children in the later cohorts experienced child abuse or neglect investigations at a significantly higher rate during the post-exit months than children in earlier cohorts.

Few children (3.2%; n =552/17,520) had an Intensive Family Services (IFS) history prior to exiting TCA. Within the first 3 months following their exit from welfare, 45 of 16,735 children (0.3%) began receiving IFS. The number increased over the next

nine months, but did not exceed one percent (0.9%, n = 124/14,923). Significant differences were found across cohorts; children in the later cohorts were more likely to have an IFS case open during the follow up period than those in earlier cohorts.

Eight hundred eleven children (4.6%) had a history of kinship care placement and 942 children (5.4%) had a been in foster care before their welfare exit. Proportionally more children entered kinship and foster care in the 90 days preceding their TCA exit than after. During the three months following their families' welfare exit, 69 of 16,735 children (0.4%) entered foster care and 57 (0.3%) entered kinship care. By the one year follow up point, 170 of 14,293 children (1.2%) had been placed in kinship care and 255 (1.8%) had been placed in foster care. While the percentages are small, children in later cohorts were significantly more likely to be placed in kinship care during the follow up period than children in earlier cohorts. However, there were no significant cohort differences in foster care placements. Our planned multivariate analyses examining predictors of child welfare involvement, including family, welfare status, employment, cohort, and regional variables, should shed more light on these important issues.

**6. More recent TANF leavers differ from those who exited earlier on several dimensions, including baseline characteristics and some initial outcomes.**

Compared to earlier cohorts, later cohorts include a higher proportion of child only cases, Baltimore City cases, cases headed by an African American adult, and cases with a child under the age of three. Former payees who left welfare recently are on average two years older than their counterparts in the earlier cohorts. The

proportion of cases closed because of income above limit or starting work has decreased over time, while the proportion closed because of a work sanction has increased.

In terms of welfare experiences, the TANF spell from which families are exiting has decreased, although there has been little change in the length of time families received assistance in the previous five years. Later leavers return to welfare at a higher rate than earlier leavers.

Employment patterns are not as consistent across cohorts. A higher proportion of payees in cases which exited TANF more recently worked in the previous eight quarters, compared to payees in early exiting cases. While employment rates in the quarter of exit are lower for leavers in Years 3 and 4, quarterly earnings and employment rates in subsequent quarters do not evidence the same pattern.

Taken together, these results make it clear that while much has been accomplished during the first years of Maryland's bi-partisan welfare reform program, much remains to be done. Findings also suggest that certain new challenges may be emerging. For example, there is some indication in these data that later cohorts of TANF leavers may be having more difficulty than did earlier leavers in making permanent transitions from welfare to work. Hopefully, today's report provides some useful information about certain of these challenges, while continuing to provide policy-makers with much-needed, empirical data describing the facts about "life after welfare" in Maryland.

## Introduction

At the outset of welfare reform in 1996, concern arose among policy makers, program managers, family advocates, and researchers as to why caseloads were falling so rapidly and what was happening to families leaving the rolls. This concern prompted a number of states and localities, Maryland and South Carolina among the first, to conduct studies of closed Temporary Assistance to Needy Families (TANF) cases. During the first few years of welfare reform, these “leavers” studies proliferated such that by September 2001, 79 studies had been completed or were underway (Research Forum on Children, Families and the New Federalism, 2001).

The findings from leavers studies have been remarkably consistent, despite wide variations in sample, methods, and locale. Employment rates for former recipients in the first quarter after TANF exit range from 47% to 68% (Office of the Assistant Secretary for Planning and Evaluation (ASPE), 2001). Employment remains fairly consistent in the next three quarters, with 31% to 47% working in all four quarters. Median quarterly earnings are fairly low, ranging from \$1,900 (South Carolina) to \$3,400 in Washington, DC in the first post exit quarter. However, quarterly earnings do rise over the first post-exit year (ASPE, 2001). In terms of recidivism, 17% to 38% of exiting caseheads return to TANF within the first year.

Maryland's leavers study, the *Life After Welfare* project, a joint effort between the University of Maryland-Baltimore School of Social Work and the Maryland Department of Human Resources, differs from other studies of closed cases in two key ways. First, while many studies are longitudinal, they typically limit their follow up period to one year. Maryland's study, however, has continued for five years. Collecting follow up

data on post-exit employment, recidivism, Food Stamp and Medical Assistance receipt, child care subsidy utilization, and child welfare involvement through the first several years after a family leaves welfare allows a fuller assessment of families' long-term outcomes. As many have noted, such long term data are sorely needed, particularly in the area of employment stability and advancement (Blum and Francis, 2001).

Second, because new cases are continually added to the *Life After Welfare* sample, the outcomes of early and later TANF leavers can be compared. Many program managers and researchers expected that the TANF caseload would change over time, such that in the later years of reform families with multiple barriers to employment and financial self-sufficiency would dominate the caseload (Brookings Institution, 1999; Brown, 1997; Heinrich, 1999; Loprest and Zedlewski, 1999). In fact, evidence is now emerging that the TANF caseload is indeed changing, although not always in the ways expected (Ovwigo, 2001; Ovwigo, Charlesworth, Hetling-Wernyj, and Born, 2001; Ruck, Charlesworth, Ovwigo, and Born, 2001). Also, there are some indications that later TANF exiters may not be faring as well as those who exited earlier (ASPE, 2001; Research Forum on Children, Families, and the New Federalism, 2001; Welfare and Child Support Research and Training Group, 1999b, 2000).

For these reasons, Maryland's decision to continue its leavers study has proven to be a wise one. The *Life After Welfare* study, started in October 1996, the first month of Maryland's TANF implementation, uses administrative data to track a sample of families who exit Temporary Cash Assistance (TCA) every month and provides

answers to two key questions: Who is leaving cash assistance in Maryland? and What happens to them after they leave?

Baseline demographic data are collected on a 5% random sample of TCA exiters every month. Follow-up data on post-exit employment, recidivism, Food Stamps, Medical Assistance, child care, and child welfare are collected at various follow-up points. Today's report, the sixth in our series, adds data through the first quarter of 2001 to our sample, including families that exited in the first four and one-half years of welfare reform, between October 1996 and March 2001 (n=9,299). The following research questions are addressed:

- What are the characteristics of those who leave welfare?
- Do the profiles of early and later exiters differ?
- What are customers' employment patterns over time?
- How many families return to welfare (i.e. what is the recidivism rate)?
- Do recidivism patterns vary over time and across regions?
- What are the risk factors for recidivism?
- Are former recipients using Food Stamps, Medical Assistance/SCHIP, and Child care subsidies?
- How many former recipient children become involved in the child welfare system?

The next chapter provides a more detailed description of the study methodology. Baseline and follow-up findings are presented in the subsequent six chapters. The report ends with summary conclusions and recommendations.

## Methodology

This chapter presents a brief description of the methodology of our *Life After Welfare* study and the nature and sources of data upon which this sixth project report is based.<sup>1</sup> We begin by discussing our research sample.

### Sample

To insure that the study sample accurately represents the universe of exiting cases we draw a five percent random sample from among all cases which closed each month. The first sample (n=183) was drawn for October 1996, the first month of welfare reform in Maryland, and samples have been drawn for each subsequent month up to and including, for purposes of this report, March 2001 (n=129). Table 1 shows the number of cases sampled in each of the 54 months covered in this report and the total number of cases by annual cohort.

Our study sample, by design, is more inclusive than the samples used in many other leavers studies. Many studies, for example, only include certain types of exiting cases (e.g., only those who left welfare for work or only those who left welfare and have not returned). Our sample, however, includes the full range of case situations - for example, families who leave welfare for work; families who are terminated for non-compliance with program rules; and those who leave welfare but come back on assistance.

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<sup>1</sup>Readers desiring more methodological detail should see our earlier reports, noted in the List of References, or contact us by telephone at 410-706-5134 (Dr. Born) or 410-706-2479 (Dr. Ovwigho) or via email at [cborn@ssw.umaryland.edu](mailto:cborn@ssw.umaryland.edu) or [pcaudill@ssw.umaryland.edu](mailto:pcaudill@ssw.umaryland.edu).



Our definition of a welfare exit is also broader than that used in most studies. Many studies exclude cases which close but reopen within 60 days. In contrast, cases are eligible for selection into our study sample as long as the welfare case did not close and subsequently reopen on the same day.<sup>2</sup> In our view, this all-inclusive approach best permits us to determine case closing patterns, correlates and outcomes in Maryland. However, differences in sample definition may limit the comparability of some of our findings with those of other studies.

With the above caveats in mind, this sixth *Life After Welfare* report focuses on the first 54 monthly samples - families who left Temporary Cash Assistance (TCA, formerly Aid to Families with Dependent Children) between October 1996 and March 2001. Table 1, following, shows individual monthly sample sizes ranging from a high of 249 cases in December 1998 to a low of 113 in January 2001. Drawing five percent samples from each month's universe of TCA closing cases yields a valid statewide sample at the 95% confidence level with a  $\pm$  1% margin of error.

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<sup>2</sup>Case closing followed by quick reopening is known as "administrative churning." This phenomenon has long existed in public welfare, but has not been systematically examined by TANF (or earlier, AFDC) researchers.

**Table 1. Exiting Sample Sizes by Month and Cohort**

Month	Sample Size	Cohort	Sample Size
October 1996	183	1	2,156
November 1996	193		
December 1996	159		
January 1997	175		
February 1997	150		
March 1997	194		
April 1997	177		
May 1997	189		
June 1997	185		
July 1997	177		
August 1997	191		
September 1997	183		
October 1997	178		
November 1997	167		
December 1997	164		
January 1998	170		
February 1998	174		
March 1998	162		
April 1998	191		
May 1998	214		
June 1998	248		
July 1998	210		
August 1998	220		
September 1998	246		

Month	Sample Size	Cohort	Sample Size
October 1998	239	3	2,452
November 1998	242		
December 1998	249		
January 1999	197		
February 1999	203		
March 1999	210		
April 1999	187		
May 1999	179		
June 1999	201		
July 1999	186		
August 1999	185		
September 1999	174		
October 1999	151		
November 1999	132		
December 1999	138		
January 2000	123		
February 2000	120		
March 2000	122		
April 2000	120		
May 2000	124		
June 2000	124		
July 2000	137		
August 2000	148		
September 2000	141		
October 2000	145	5	767
November 2000	122		
December 2000	135		
January 2001	113		
February 2001	123		
March 2001	129		
54 months	9,299	5 cohorts	9,299

## **Data Sources**

Findings presented in this report are based on analyses of administrative data retrieved by the authors from computerized management information systems maintained by the State of Maryland. Specifically, demographic and program participation data were extracted from two administrative data systems: the Automated Information Management System/Automated Master File (AIMS/AMF) and the Client Automated Resources and Eligibility System (CARES). Employment and earnings data were obtained from the Maryland Automated Benefits System (MABS). The Child Care Automated Management Information System (CCAMIS) provides child care subsidy utilization data.

### **AIMS/AMF**

AIMS/AMF was the statewide data system for programs under the purview of the Maryland Department of Human Resources (DHR) from 1987 through 1993. Beginning in late 1993, the state began converting to a new system, CARES. The final jurisdiction (Baltimore City) converted to CARES in March 1998; since that point, no new data have been added to AIMS, although the system is still accessible for program management and research purposes.

AIMS contains a participation history for each person who applied for cash assistance (AFDC or TCA), Food Stamps, Medical Assistance, or Social Services. In addition to providing basic demographic data (name, date of birth, gender, ethnicity, etc.), the system includes the type of program, application and disposition (denial or closure) date for each service episode, and a relationship code indicating the

relationship of the individual to the head of the assistance unit. AIMS also displays, for each service case, a summary listing of the individuals included in that case. Limited financial data on the last twelve months of benefits received are also available for the cash assistance and Food Stamp programs.

### **CARES**

As of March 1998, CARES became the statewide automated data system for programs under the purview of DHR. Similar to AIMS, CARES provides individual and case level program participation data for cash assistance, Food Stamps, Medical Assistance and Social Services. Expanded program requirements associated with welfare reform have resulted in more fields being added to CARES, including indicators for substance abuse and domestic violence.

### **MABS**

In order to investigate the employment patterns of our sample, quarterly employment and earnings data were obtained from the Maryland Automated Benefits System (MABS). MABS includes data from all employers (approximately 93% of Maryland jobs) covered by the state's Unemployment Insurance (UI) 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. "Off the books" or "under the table" employment is not included, nor are jobs located in other states.

In a small state such as Maryland which borders four states (Delaware, Pennsylvania, Virginia, West Virginia) and the District of Columbia, cross-border employment by Maryland residents is quite common. More than half of all counties in Maryland border at least one other state. According to the 1990 census, in some Maryland counties, more than one of every three employed residents worked outside the State. Indeed, as Table 2 illustrates, 1990 census data show that 44% of all employed Prince George's County residents worked outside the state, as did 32% of Montgomery County residents and 38% of Cecil County residents. Also, there are more than 125,000 federal jobs in the State and a majority of Maryland residents live within easy commuting distance of Washington, D.C. Our lack of access to other states' data and to federal employment data is a serious limitation which depresses our employment findings.

### **CCAMIS**

The Maryland Department of Human Resources' Child Care Automated Management Information System (CCAMIS) tracks child care subsidies given to Maryland's children. Data are available at the individual (child, case head, child care provider) and case (family) level, and provide information on a monthly basis as to who received a subsidy. CCAMIS also provides information on the amount of the subsidy, the amount of the family's co-payment, where the family and child care provider are located, and the number of children in the family receiving a subsidy. Children age 12 and younger whose family incomes are less than 45% of the state median income may receive subsidies. Currently, there is no waiting list for subsidies.

**Table 2. Percentage of Residents Employed Outside of the State<sup>3</sup>**

<b>Jurisdiction</b>	<b>Percentage Employed Outside Maryland</b>
Allegany	7.8%
Anne Arundel	8.0%
Baltimore City	1.9%
Baltimore County	2.0%
Calvert	17.8%
Caroline	9.6%
Carroll	3.3%
<b>Cecil</b>	<b>37.6%</b>
Charles	28.6%
Dorchester	3.5%
Frederick	8.1%
Garrett	9.9%
Harford	2.9%
Howard	10.7%
Kent	11.1%
<b>Montgomery</b>	<b>32.1%</b>
<b>Prince George's</b>	<b>44.9%</b>
Queen Anne's	7.2%
St. Mary's	7.6%
Somerset	2.9%
Talbot	2.7%
Washington	8.4%
Wicomico	6.8%
Worcester	9.0%
<b>State Total</b>	<b>17.4%</b>

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<sup>3</sup>Data were obtained from the U.S. Census Bureau web-site  
(<http://venus.census.gov/cdrom/lookup>; place of work information: summary tape file 3A)

## **Findings: Baseline Administrative Data**

This findings chapter presents baseline demographic data on leavers at the time of exit from TCA, including: assistance unit size and composition; age, gender, and race/ethnicity of payees; estimated age of female payees at first birth and age of youngest child in the assistance unit. Data are presented for the sample as a whole, as well as for each of five cohorts, one for each year of reform.

### **What are the Characteristics of Maryland's Leavers?**

Data on the 9,299 sample families are presented in Table 3. The first column of the table includes all sample families exiting between October 1996 and March 2001, and subsequent columns present data for the five cohorts individually.

#### **Characteristics of the Entire Sample**

A typical exiting case in the first four and one half years of reform includes an African American (74.9%) woman (95.9%) in her early thirties (mean age 32.70 years) and her one or two children (75.8%). The youngest child in the assistance unit is almost six years old (mean age 5.67). Almost two in five exiting cases include a child under the age of three (38.0%). About three-fifths of caseheads had their first child before the age of 21 (57.5%), and about one in four before the age of 18 (24.0%).<sup>4</sup>

Assistance unit size for the sample (n=9,299) ranged from one to twelve persons, with a median of two people. The average assistance unit consisted of 2.67

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<sup>4</sup>Age at first birth estimates for female payees are calculated using the payee's date of birth and the date of birth of her oldest child included in the assistance unit. If payees have other, older children who are not included in the assistance unit, our figures will understate the true rate of early-childbearing among the sample.



people. The majority of cases include only one adult (n=7,616 or 81.9%). More than one in ten were child-only cases, with no adults included in the grant (n=1,442 or 15.5%), and very few cases include two adults (n=238 or 2.6%). More than two in five cases (n=4,218 or 45.4%) received TCA in Baltimore City at the time of exit.

### **Characteristics of the Five Exit Cohorts**

Beginning with our third *Life After Welfare* report, we have compared the characteristics and outcomes of early and later TANF leavers. Concerns that those who exited early in reform would be the most likely to succeed in leaving welfare for work prompted our cohort analysis. Our previous reports indicated a number of significant differences among Maryland's early and later TANF leavers. Specifically, later cohorts contain a higher proportion of child only cases, Baltimore City households and African American former recipients. Caseheads who exited more recently are slightly older, began child-bearing at an earlier age and are more likely to have a child under the age of three, than their peers who exited earlier. These findings are consistent with the hypothesis that the TANF caseload would change over time and that earlier exiters would differ from later exiters (Brookings Institution, 1999, 2000, 2001; Brown, 1997; Heinrich, 1999; Loprest and Zedlewski, 1999; Ovwigho et. al, 2001).

To examine whether the demographic profile of early and later-leaving cases continues to differ, study cases were assigned to one of five groups, based on the time period in which the welfare exit that brought them into our sample took place:

- Cohort 1, families who left TCA between October 1996 and September 1997
- Cohort 2, families who left TCA between October 1997 and September 1998
- Cohort 3, families who left TCA between October 1998 and September 1999
- Cohort 4, families who left TCA between October 1999 and September 2000
- Cohort 5, families who left TCA between October 2000 and March 2001

**Table 3. Demographic Characteristics of Exiting Samples**

Characteristics	All Cohorts 10/96-3/00 (n=7,738)	Cohort 1 10/96-9/97 (n=2,156)	Cohort 2 10/97 - 9/98 (n=2,344)	Cohort 3 10/98-9/99 (n=2,452)	Cohort 4 10/99 - 9/00 (n=1,580)	Cohort 5 10/0 - 3/01 (n=767)
<b>Assistance Unit Size</b>						
Mean	2.67	2.65	2.69	2.73	2.62	2.59
Median	2.00	2.00	2.00	2.00	2.00	2.00
Std. Dev.	1.21	1.11	1.21	1.26	1.21	1.26
Range	1 to 12	1 to 9	1 to 11	1 to 12	1 to 9	1 to 8
% of cases with one adult***	81.9%	84.0%	82.6%	83.1%	77.7%	78.7%
% of cases with only one or two children	75.8%	77.5%	75.8%	74.2 %	75.1%	78.1%
<b>Jurisdiction</b>						
% of cases in Baltimore City***	45.4%	31.8%	41.3%	52.6%	54.0%	55.1%
<b>Case Type</b>						
% of child-only cases***	15.5%	13.5%	14.2%	14.5%	19.9%	18.9%
<b>Payee Gender</b>						
% with female head of household	95.9%	96.1%	95.8%	96.0%	95.1%	96.6%
<b>Payee Race/Ethnicity***</b>						
% with African-American head of household	74.9%	67.2%	73.2%	79.5%	78.5%	78.5%
% with Caucasian head of household	23.0%	30.2%	24.4%	18.9%	19.5%	19.6%
<b>Age of Payee***</b>						
Mean	32.70	31.76	32.57	32.64	33.76	33.67
Median	30.99	30.22	31.01	30.97	31.77	31.36
Std. Dev.	10.38	9.32	10.53	10.10	11.42	11.14
Range	18 to 86	18 to 86	18 to 84	18 to 77	18 to 86	18 to 76
<b>Estimated Age at Birth of First Child</b>						
Mean	21.79	21.77	21.72	21.62	21.83	22.51
Median	20.17	20.54	20.16	19.90	20.08	20.58
Std. Dev.	5.44	5.01	5.45	5.50	5.47	6.23
Range	13 to 50	13 to 43	13 to 50	13 to 50	13 to 45	13 to 46
% of Mothers who gave birth before 18*	24.0%	21.7%	23.7%	26.4%	23.7%	24.2%
% of Mothers who gave birth before 21**	57.5%	54.8%	59.0%	59.7%	57.4%	53.1%
<b>Age of youngest child in household</b>						
Mean	5.67	5.64	5.64	5.63	5.71	5.88
Median	4.37	4.35	4.45	4.40	4.30	4.29
Std. Dev.	4.58	4.38	4.49	4.59	4.80	4.95
Range	<1 year to 18	<1 year to 18	< 1 year to 18	< 1 year to 18	< 1 year to 18	< 1 year to 18
% of households with a child under 3**	38.0%	34.9%	37.0%	39.5%	40.1%	40.8%

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

Examination of the 2<sup>nd</sup> through 6<sup>th</sup> columns of Table 3 reveals both similarities and differences across cohorts. There were no significant differences across cohorts on five of the 13 dimensions examined. These five dimensions were: assistance unit size; percent of cases headed by a woman; mean age at birth of first child; age of the youngest child in the household; and proportion of cases with only one or two children. Statistically significant differences were found, however, on the remaining eight variables. Each of these is briefly discussed below.

### ***Proportion of Cases with One Adult***

For the entire sample, regardless of the timing of the exit, 81.9% of all cases contained one adult recipient at the time of case closure. The proportion of such cases within the time cohorts was highest (84.0%) among the earliest exiters (cohort 1) and lowest (77.7%) among the more recent leavers in cohort 4; this difference was significant at the  $p < .001$  level. The downward trend in the proportion of exiting cases containing one adult may be related to the increasing trend in the proportion of child-only (i.e. no adult) cases, noted in the following paragraph.

### ***Proportion of Child-Only Cases***

For the entire sample, child-only cases, those in which only dependent children are receiving cash assistance, accounted for 15.5% of all exiting cases. Looking across cohorts, however, we found that this proportion, while still fairly small, has increased over time and the difference is statistically significant ( $p < .001$ ). Despite the increase over time, it is worth noting that the proportion of child-only cases among those who exit from TCA remains lower than the proportion of child-only cases in the

active caseload. The Lewin Group (Farrell, Fishman, Laud, and Allen, 2000) finds that the percentage of child-only cases in the active caseload in Maryland has increased from 15% in 1994 to 23% in 1998. Similarly, our own analyses of the October 1999 Maryland TCA caseload reveal that one third of the cases are child only (Ruck, Charlesworth, Ovwigho & Born, 2001). As of March 2001, the last month in our current study period, more than one third (35.1%) of the active caseload in Maryland is made up of child-only cases (Maryland Department of Human Resources, 2001).

### ***Proportion of Cases in Baltimore City***

Overall during the four and one-half year study period, 45.4% of study cases resided in Baltimore City at the time of their exit from welfare. However, Table 3 shows that there has been a marked and statistically significant ( $p < .001$ ) increase over time in the proportion of exiting cases accounted for by Baltimore City. During the first year City exiters accounted for just under one-third (31.8%) of all closing cases; by the fifth and most recent period, more than half of all exiting families (55.1%) were City residents.

### ***Proportions of African-American and Caucasian Payees***

Consistent with the ethnic composition of the statewide TCA caseload, three-fourths (74.9%) of all exiting cases have been headed by persons of African-American descent. The cohort analysis shows that this proportion has increased over time. For the earliest through most recent time periods covered by these data, Table 3 shows that the proportions are: 67.2%, 73.2%, 79.5%, 78.5%, and 78.5% respectively. Similarly, cases headed by Caucasian payees account for not quite one-quarter

(23.0%) of all closing cases between October 1996 and March 2001. In general, cases headed by Caucasian payees were most frequent among the earliest welfare leavers (e.g., Year 1 = 30.2%) and least frequent among those who left later (e.g., Years 3, 18.9%, 4, 19.7%, and 5, 19.6%). Differences in payees' ethnicity are significant at the  $p < .001$  level and are consistent with trends in the active TCA caseload (Caudill, 2000; Ovwigho, et. al, 2001).

### ***Age of Payee***

Overall, the average age of payees in exiting cases was 32.70 years. However, the cohort analysis reveals a significant correlation ( $r = .062$ ,  $p < .001$ ) between payees' average age and the timing of the welfare exit. Specifically, the average age has generally increased over time, such that payees who left in cohorts 4 and 5 were, on average, about two years older (33.76 years, and 33.67 years) than those who exited during the first year of welfare reform (31.76 years).

### ***Proportion of Early Child-Bearers***

For the statewide multi-year sample as a whole, at least one in four (24.0%) female payees in exiting cases had her first child before the age of 18 years; conservatively, just under three-fifths (57.5%) gave birth before the age of 21 years. For both variables, the table shows statistically significant differences in the proportions of early child-bearers over time. These differences do not conform to any one pattern. The percentage of women who gave birth before the age of 18 increased over the first two years, peaked in Year 3, and fell again in Years 4 and 5. The same is true for the percentage of exiting caseheads who gave birth before the age of 21.

### ***Proportion of Cases with a Child Under Three***

Not quite two of every five (38.0%) exiting cases during the October 1996 to March 2001 period contained at least one child under the age of three. As shown in Table 3, there was been a steady and significant increase in this proportion over time. The figures for each of the five reporting periods are: 34.9%, 37.0%, 39.5%, 40.1%, and 40.8%.

### **Why Are Families Leaving Welfare?**

In addition to monitoring who is leaving welfare through examination of case and payee demographic characteristics, it is important to track why cash assistance cases close. In Maryland, these reasons are recorded in the administrative data. Unfortunately, the pre-set, forced-choice closing codes contained in automated systems are an incomplete representation of the often complex realities behind families' exits from welfare. Moreover, we know from earlier *Life After Welfare* reports that, in particular, these administrative data significantly understate the numbers of cases which close because the payee has obtained employment.<sup>5</sup> Despite these limitations, it is useful to examine the relative frequency with which various closing codes are used when exits from TCA take place. Table 4, following this discussion, presents information on case closing reasons for the entire 54 month study period as well as separately for each of the five cohorts.

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<sup>5</sup>One earlier analysis, to illustrate, compared the state UI wage database with TCA case closing codes. The former showed that 51% of sampled adults had UI-covered employment in the quarter in which they left welfare; the administrative data, in contrast, showed only 30% of all cases closed with the "started work" or "income above limit" codes.

### **Case Closing Reasons: Entire Sample<sup>6</sup>**

During the first four and one-half years of welfare reform in Maryland, five administrative closing codes have predominated across the state, accounting for more than eight of every 10 closures (85.2%). For the entire sample, in descending order, these are: failed to reapply/complete redetermination (26.8%); income above limit/started work (24.7%); eligibility information/verification not provided (16.5%); work sanction (11.1%); and assistance unit requested closure (6.1%).<sup>7</sup> Each of the top two reasons (failed to reapply/complete redetermination and income above limit/started work) accounted for about one in every four closures throughout the study period; together these two reasons accounted for just about one of every two case closures (51.5%) between October 1996 and March 2001. Adding the third most common reason (failure to provide eligibility information/verification), we find that the “top three” reasons account for two-thirds (68.0%) of all case closures during the first four and one-half years.

### **Case Closing Reasons by Exit Cohort**

Previous sections have illustrated the importance of examining exiting case characteristics by cohort. Table 4 displays our analysis of case closing reasons by cohort. Marked and significant differences across cohorts were found, although there is no consistent pattern over time or across closing codes.

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<sup>6</sup>We focus on the “top five” closing codes because, since the outset of the research project in October 1996, they have accounted for the vast majority of all case closings in our sample.

<sup>7</sup>Our first four *Life* reports showed “income above limit” and “started work” separately. The latter code has become obsolete since conversion of the last jurisdiction, Baltimore City, to the new computer system in March 1998. Thus, the two codes have now been combined for all analytic purposes.

In the first row of the table, the most notable finding is the spike in the third cohort of cases closed for failing to reapply or complete the redetermination process (37.2%; n=908). A relatively short-lived change in case management practices in Baltimore City and Prince George's County largely accounts for this finding.<sup>8</sup> However, the proportion of cases closed because they did not reapply or complete the redetermination process in the fifth or most recent cohort (31.8%; n=244) is also significantly greater than Cohorts 1, 2 and 4.

Table 4 also displays a significant decrease in cases closed because of higher income or starting work. Almost one-third of Cohort 1 (32.0%) cases closed for this reason, compared to only about one-quarter of Cohort 2 (26.8%) cases and one-fifth of cases which exited in the past three years (20.6%, 20.1%, and 20.5% in Cohorts 3, 4, and 5, respectively).

The percentage of cases which close because of a work-related full family sanction has increased significantly over time, reaching a high of 16.9% in the fourth year of reform dropping to 12.3% in the first half of Year 5. The final notable finding in Table 4 is that the proportion of cases closed because the family requested closure decreased over the first three cohorts. During the fourth cohort the rate climbed slightly to 5.6% and remained at that level among the cases which exited most recently.

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<sup>8</sup>Baltimore City accounts for 60.8% (n=552/908) and Prince George's County accounts for 21.5% (n=195/908) of all cases closed during Year 3 with the "failed to reapply/complete redetermination" code.



**Table 4. Reasons for Case Closure: Total Sample and by Cohort<sup>9</sup>**

<b>Closing Code***</b>	<b>All Cohorts 10/96-3/01 (n=9,260)</b>	<b>Cohort 1 10/96-9/97 (n=2,136)</b>	<b>Cohort 2 10/97 - 9/98 (n=2,335)</b>	<b>Cohort 3 10/98-9/99 (n=2,442)</b>	<b>Cohort 4 10/99 - 9/00 (n=1,580)</b>	<b>Cohort 5 10/0 - 3/01 (n=767)</b>
<b>Failed to Reapply/ Redetermination</b>	26.8% (2,481)	20.2% (432)	22.5% (526)	37.2% (908)	23.5% (371)	31.8% (244)
<b>Income Above Limit/Started Work</b>	24.7% (2,285)	32.0% (683)	26.8% (626)	20.6% (502)	20.1% (317)	20.5% (157)
<b>Eligibility/Verification Info Not Provided</b>	16.5% (1,527)	13.5% (289)	17.2% (401)	16.4% (400)	20.6% (325)	14.6% (112)
<b>Work Sanction</b>	11.1% (1,027)	6.3% (134)	11.2% (262)	11.1% (270)	16.9% (267)	12.3% (94)
<b>Assistance Unit Requested Closure</b>	6.1% (568)	9.3% (199)	6.0% (141)	4.1% (100)	5.6% (88)	5.2% (40)
<b>Total Case Closings Accounted for by these "Top 5" Reasons</b>	85.2% (7,888)	81.3% (1,737)	83.8% (1,956)	89.3% (2,180)	86.6% (1,368)	84.4% (647)

**Note:** \*\*\* p<.001

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<sup>9</sup> 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".

## **What are Payee's Experiences with the Welfare System?**

Table 5, following this discussion, presents two measures of payees' pre-exit experiences with the welfare system. In the top part of the table, we present data on the number of continuous months that cases had been open before the exits which brought them into our sample. Considering all cohorts, we find that more than half of sample cases (56.3%) had been open for 12 months or less at the time of their exit. Another 19.5% had received cash assistance for 13 to 24 months. Fewer than one in ten (8.5%) exited from a spell which had lasted more than five years. The average exiting spell for all cohorts was less than two years (21.67 months); the median spell length was under one year (10.71 months).

Length of exit spell differs significantly among early and late leavers. Across time, the average spell length has decreased steadily from 26.04 months in the first cohort to 13.41 months in the most recent cohort. The median has also declined from 14.76 months in the first year to 8.77 months in the most recent time period. In addition, the distribution of short and long exit spells has changed with the proportion of families exiting short spells (e.g., 12 months or less) increasing over time and the proportion of families exiting very long spells (e.g., more than five years) decreasing.

It is informative to know about the length of the welfare spell from which families are exiting. However, these data certainly do not present a complete picture of families' welfare histories, since exit spell calculations provide only a snapshot of one welfare spell. Single spell data almost always understate welfare utilization and may not necessarily correlate with families' lifetime receipt when multiple welfare spells are

considered. Moreover, exit spell calculations are influenced by local case closing practices. Thus, the bottom half of Table 5 presents an alternate measure of payees' welfare experiences: total number of months of receipt (not necessarily continuous) in the five years preceding their TCA exit.

By examining the total number of months of receipt in the five years preceding the TCA exit, we overcome many of the limitations of single spell analyses. Although this measure does not include a payees' entire, adult lifetime welfare history, it does correlate highly with adult lifetime measurements ( $r = .79$  to  $.91$ ).

For the 54 month sample as a whole, we find that exiting payees had received assistance for an average of 30.51 months in the 60 months preceding their TCA exits. Half of all payees received welfare for 29 months or less during the five years preceding their TCA exit. A little more than one-quarter of former payees (26.4%;  $n=2,454/9,290$ )<sup>10</sup> had a welfare history of 12 months or less; an equal percentage (26.1%;  $n=2,428/9,290$ ) had received assistance for at least four of the five years preceding their TCA exit.

Significant differences in welfare history were found among the five cohorts in both the mean number of months of receipt and the distribution of short- and long-term clients. However, these differences are not simply linear. The mean number of months of receipt in the five years preceding the TCA exit was 30.95 for the first year cohort, 29.41 for Year 2, 31.37 for Year 3, 30.72 for Year 4, and 29.50 in the first half of the

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<sup>10</sup>The total n for the welfare history calculation does not equal 9,299 because nine cases are missing data for part of the five year period.

fifth year. Although those who left in reform's third year had longer welfare histories than those who left in the second year, none of the other cohort differences are statistically significant at the  $p < .05$  level.

Similarly, the proportion of former payees with short welfare histories (i.e. 12 months or less of receipt in the five years preceding their welfare exit) increased from the first to second year (25.5% vs 27.9%) but decreased between Years 2 and 3 (27.9% vs. 26.4%), continued to fall slightly in Year 4 (25.3%), and increased slightly in the first half of Year 5 (26.9%). Among long term clients, another pattern is observed. The proportion of former payees who received assistance for at least four of the five years preceding their TCA exit declined from the first to second year (26.9% vs 23.8%), increased in the third year (28.2%), declined slightly in Year 4 (26.2%), and continued to decline in the first six months of reform's fifth year (24.5%).

**Table 5. AFDC/TANF Receipt History of Exiting Payees**

	<b>All Cohorts 10/96-3/00 (n=9,299)</b>	<b>Cohort 1 10/96-9/97 (n=2,156)</b>	<b>Cohort 2 10/97 - 9/98 (n=2,344)</b>	<b>Cohort 3 10/98-9/99 (n=2,452)</b>	<b>Cohort 4 10/99 - 9/00 (n=1,580)</b>	<b>Cohort 5 10/00 - 3/01 (n=767)</b>
<b>Length of Exiting Spell***</b>						
12 months or less	56.3%	42.1%	48.6%	61.4%	71.1%	72.5%
13-24 months	19.5%	24.5%	21.2%	17.0%	15.7%	16.4%
25-36 months	8.1%	12.4%	9.8%	6.5%	4.2%	4.2%
37-48 months	4.6%	6.3%	5.5%	4.1%	2.7%	2.6%
49-60 months	3.0%	3.8%	4.2%	2.4%	1.6%	1.2%
More than 5 years	8.5%	10.9%	10.7%	8.6%	4.7%	3.1%
Mean***	21.67	26.04	25.51	20.66	15.58	13.41
Median	10.71	14.76	12.52	9.25	7.57	8.77
Standard deviation	31.16	31.70	33.90	31.58	27.32	21.68
Range	< 1 to 29 yrs	< 1 to 24 yrs	< 1 to 21 yrs	< 1 to 25 yrs	< 1 to 28 yrs	< 1 to 29 yrs
<b>TCA Receipt in the 5 Years Prior to Exit***</b>						
12 months or less	26.4%	25.5%	27.9%	26.4%	25.3%	26.9%
13-24 months	17.7%	18.4%	17.3%	15.9%	18.7%	20.2%
25-36 months	15.5%	16.0%	15.8%	14.7%	15.1%	16.2%
37-48 months	14.3%	13.2%	15.2%	14.8%	14.7%	12.1%
49-60 months	26.1%	26.9%	23.8%	28.2%	26.2%	24.5%
Mean**	30.51	30.95	29.41	31.37	30.72	29.50
Median	29.00	29.00	29.00	30.00	29.00	27.00
Standard deviation	19.61	19.89	19.52	19.84	19.22	19.01
Range	1to 60 mos	1 to 60 mos	1 to 60 mos	1 to 60 mos	1 to 60 mos	1 to 60 mos

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

## **How Many Exiting Adults have Prior UI-Covered Employment?**

Before turning to the outcome findings for Maryland TANF leavers, it is important to examine one additional payee characteristic: employment history. The extent to which welfare recipients have worked in the past predicts their welfare utilization patterns. Those with recent work experience receive cash assistance for shorter periods of time than their less-experienced counterparts (Caudill and Born, 1997; Duncan, Harris and Boisjoly, 1997; Petersen, 1995; Sandefur and Cook, 1997). In addition, lack of prior work experience decreases a recipient's odds of obtaining employment within two years (Eberts, 1997).

Among TANF leavers, prior work experience may give some indication of the extent to which families can achieve self-sufficiency through employment because employers generally prefer hiring individuals with work experience. In turn, experienced workers command higher wages in the workplace. Given these realities, it is not surprising that adults with recent work experience who exit the welfare rolls are less likely to return than those without recent experience (Born, Caudill, and Cordero, 1998). To examine payees' work histories, we use employment and earnings data from the Maryland Automated Benefits System (MABS), which includes all employers (approximately 93% of jobs) covered by the state's Unemployment Insurance program. Notable exceptions are: some farm workers; federal government employees (civilian and military); "off the books" or "under the table" employment; and jobs located in other states or the District of Columbia (see Methodology chapter for a full discussion of MABS coverage).

Data limitations notwithstanding, it is useful to examine how many exiting adults had prior UI-covered employment in Maryland. We examined whether payees worked immediately prior to the start of their most recent welfare spell (i.e. the spell whose end brought them into our sample). These data are available for all payees who began their spell in or after April 1987 and who were 18 years of age in the quarter before their welfare spell began (98.1% of all cases, n=9,079/9,255).<sup>11</sup> Almost two-thirds (64.6%, n=5,869/9,079) worked in at least one of the eight quarters before their welfare spell began. A similar percentage (66.4%, n=6,145/9,255) worked at some point in the eight quarters preceding their welfare exit.<sup>12</sup> As can be seen in Table 6, early and late leavers differ significantly in employment history. Although the majority in all cohorts had some work history before TANF entry and before TANF exit, the proportions are higher among later leavers.

**Table 6. Employment History of Exiting Payees**

Employment	All Cohorts 10/96-3/01 (n=9,255)	Cohort 1 10/96-9/97 (n=2,144)	Cohort 2 10/97-9/98 (n=2,336)	Cohort 3 10/98-9/99 (n=2,442)	Cohort 4 10/99-9/00 (n=1,572)	Cohort 5 10/00-3/01 (n=761)
% working at some point in eight quarters preceding spell <b>entry</b> ***	64.6% (5869/9079)	65.1% (1371/2105)	63.9% (1461/2287)	64.0% (1537/2,401)	60.6% (948/1564)	73.0% (552/756)
% working at some point in eight quarters preceding spell <b>exit</b> ***	66.4% (6145/9255)	68.5% (1468/2144)	66.2% (1547/2336)	65.4% (1596/2442)	61.9% (973/1572)	73.7% (561/761)

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

<sup>11</sup>Although there are a total of 9,299 cases in the sample, we excluded 44 for all employment analyses for whom we could not obtain employment data because we did not have their Social Security Number or they were not 18 years old at time of cash assistance exit.

<sup>12</sup> Readers should note that payees may or may not have been receiving welfare during the entire eight quarters preceding their TCA exit.

Although it is encouraging that the majority of exiting payees worked recently in a UI-covered job, readers should note that these families also subsequently ended up on welfare. For a variety of reasons, their employment experiences did not negate the families' need for cash assistance. Indeed, our data are consistent with other research documenting a high level of work experience or effort among welfare recipients (e.g. Bane & Ellwood, 1994). Together these findings strongly suggest that welfare recipients do not have greatest difficulty getting a job; rather, job retention and advancement are the keys to achieving financial self-sufficiency.



## Findings: Post-Exit Employment

The previous chapter described in detail the characteristics of Maryland TANF leavers, including their pre-exit employment and cash assistance experiences. This chapter, the first on what happens to families after they leave the TCA rolls, presents data on post-exit employment outcomes. Specifically we examine the extent to which former recipients worked in UI-covered employment, how much they earn from their jobs, and what industries employ them.<sup>13</sup>

### 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 that return to welfare within the first 30 days after exit (i.e., the churners).

- Half (50.0%, n=3,256/6,513) of all exiting case heads worked in a UI-covered job in Maryland in the quarter in which they left cash assistance. Mean or average earnings among those who worked in the exit quarter were \$2,451; midpoint or median earnings were \$2,015.<sup>14</sup>
- Among those with a prior history (pre-exit) of UI-covered employment, almost two thirds (65.0% or n= 2,911/4,479) worked in UI-covered employment during the quarter in which their welfare cases closed. Mean or average earnings were \$2,560 while median or mid-point earnings were \$2,116.<sup>15</sup>

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<sup>13</sup> All reported earnings figures are standardized to 2000 dollars. Note that UI earnings are reported on an aggregate quarterly basis. Thus, we do not know how many hours or weeks individuals worked in a quarter. It is impossible to compute hourly wage figures from these quarterly earnings data.

<sup>14</sup> Excluding child-only cases increases the percent working to 52.0% (n=2,916/5,609). Mean earnings decrease to \$2,189 and the median shifts to \$1,892.

<sup>15</sup> Eliminating child-only cases decreases the figures slightly: the percent working becomes 64.7% (n=2,587/4,000), average earnings become \$2,270 and median earnings become \$1,976.

Readers who have closely followed our research may note that the proportion of all payees working in the exit quarter (50.0%) is higher than in our last report. In our fifth report, 48.1% of exiters (at that time payees who had exited between October 1996 and December 1999) were found to have worked in a UI-covered job in Maryland during the quarter in which their welfare cases closed. Differences between early and later leavers may account for this change. Possible cohort effects are discussed later in this chapter.

### **Does Work Effort Persist Over Time?**

As noted at the end of the previous chapter, the majority of women who receive cash assistance have worked for pay outside the home. Their jobs, however, often do not last, leading many to cycle between welfare and employment. In the present work-oriented, time-limited welfare system, ability to sustain employment - whether or not in the same job - is critical to families' financial well-being.

Using data on Maryland UI-covered employment, we examine the extent to which former adult TCA recipients work in the quarters after they leave the welfare rolls. When examining these findings, readers are reminded that the UI data lag two to three quarters behind calendar time. Follow up employment data, at the time of this writing, are complete through the first quarter of 2001 (January - March 2001). In addition, the amount of post-exit employment data varies depending on the quarter in which the family left TCA. Table 7, following, displays how many quarters of post-exit employment data are available for each quarter's sample cases.

**Table 7. Number of Quarters of Post-Exit Employment Data by Sample Month**

Sample Months	1 Qtr (n=8,934)	2 Qtrs (n=8,532)	3 Qtrs (n=8,106)	4 Qtrs (n=7,738)	8 Qtrs (n=5,840)	12 Qtrs (n=3,171)	16 Qtrs (n=1,054)
Oct-Dec 1996	/	/	/	/	/	/	/
Jan-Mar 1997	/	/	/	/	/	/	/
Apr-Jun 1997	/	/	/	/	/	/	
Jul-Sep 1997	/	/	/	/	/	/	
Oct-Dec 1997	/	/	/	/	/	/	
Jan-Mar 1998	/	/	/	/	/	/	
Apr-Jun 1998	/	/	/	/	/		
Jul-Sep 1998	/	/	/	/	/		
Oct-Dec 1998	/	/	/	/	/		
Jan-Mar 1999	/	/	/	/	/		
Apr-Jun 1999	/	/	/	/			
Jul-Sep 1999	/	/	/	/			
Oct-Dec 1999	/	/	/	/			
Jan-Mar 2000	/	/	/	/			
Apr-Jun 2000	/	/	/				
Jul-Sep 2000	/	/					
Oct-Dec 2000	/						
Jan-Mar 2001							

## Employment Over Time: Entire Sample

Excluding those who come back on welfare right away (i.e., within 30 days), more than seven of every ten payees (72.0%, n=4,498/6,250) worked in a UI-covered job in Maryland at some point after leaving welfare. Table 8, following this discussion, reports post-exit employment results for the first through fourth quarters after exit, and at the two, three, and four years post-exit points for those cases for which this information is currently available. The first column of data in the table presents findings for the entire statewide sample; the second column presents findings when child-only cases are excluded. The analysis of post-exit employment excludes cases that returned to welfare right away (i.e., within 30 days of exit). Also excluded are cases that left welfare between January and March 2001, because post-exit MABS data for those cases are not yet available. Keeping in mind 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:

- In the first quarter after exit, about half (50.8% or n=3,176/6,250) of former payees worked in UI-covered employment in Maryland. Excluding child-only cases (where the adult casehead was not on the welfare grant), this figure increases slightly to 53.0% (n=2,853/5,381).
- Among those with a history of UI-covered employment prior to their TCA exit,<sup>16</sup> almost two thirds (64.6%, n=2,764/4,277) worked in the first quarter after leaving welfare.
- The pattern of roughly one out of two adults working in UI-covered employment in Maryland continues in the 2<sup>nd</sup> through 16<sup>th</sup> quarters post-exit. That is, in each

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<sup>16</sup> History of UI-covered employment is defined here as having MABS-reported wages in any of the eight quarters preceding the TCA exit.

subsequent quarter, about half of all former payees are employed in a job covered by the state's Unemployment Insurance system<sup>17</sup>.

- 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 2<sup>nd</sup> through 16<sup>th</sup> quarters after they exited from welfare.

### **What Are Adults' Quarterly Earnings from UI-Covered Employment?**

Table 8 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, mean quarterly UI-covered earnings are \$2,654 for all cases; median earnings are \$2,292.
- The trend in quarterly earnings is an upward one over the 2<sup>nd</sup> through 16<sup>th</sup> post-exit quarters such that, for all cases, mean earnings are \$4,059 by the 16<sup>th</sup> quarter after the welfare case closure; median earnings are \$3,782.

The findings presented in Table 8 show that the proportion of former TANF payees employed remains consistent over the first four years. While the quarterly earnings figures are relatively low, they do not reflect total household income. The increase over time in quarterly earnings is encouraging, although we are unable to tell from these data if the increase is a result of adults working more or receiving higher wages.

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<sup>17</sup>Note that Table 8 reflects the total percent of exiters working in that quarter. This does not necessarily mean that sample members were consistently working in each quarter leading up to that follow-up point.

**Table 8. UI-Covered Employment in Maryland in the Quarters After TCA Exit**

<b>UI-Covered Employment</b>	<b>All Cases</b>	<b>Excluding Child-Only Cases</b>
<b>1<sup>st</sup> Quarter After TCA Exit</b> Percent Working Percent with Pre-Exit Wage History Working  Mean Earnings Median Earnings	50.8% (3,176/6,250) 64.6% (2,764/4,277)  \$2,654 \$2,292	53.0% (2,853/5,381) 64.3% (2,457/3,819)  \$2,429 \$2,165
<b>2<sup>nd</sup> Quarter After TCA Exit</b> Percent Working Percent with Pre-Exit Wage History Working  Mean Earnings Median Earnings	49.3% (2,953/5,985) 62.2% (2,540/4,081)  \$2,754 \$2,396	51.2% (2,644/5,168) 61.8% (2,256/3,650)  \$2,563 \$2,270
<b>3<sup>rd</sup> Quarter After TCA Exit</b> Percent Working Percent with Pre-Exit Wage History Working  Mean Earnings Median Earnings	48.7% (2,774/5,699) 60.8% (2,375/3,906)  \$2,839 \$2,514	50.3% (2,490/4,948) 60.5% (2,123/3,507)  \$2,649 \$2,388
<b>4<sup>th</sup> Quarter After TCA Exit</b> Percent Working Percent with Pre-Exit Wage History Working  Mean Earnings Median Earnings	48.9% (2,653/5,430) 59.4% (2,232/3,757)  \$2,916 \$2,596	50.6% (2,391/4,723) 59.2% (1,999/3,376)  \$2,721 \$2,475
<b>8<sup>th</sup> Quarter After TCA Exit</b> Percent Working Percent with Pre-Exit Wage History Working  Mean Earnings Median Earnings	49.7% (2,153/4,329) 59.4% (1,768/2,975)  \$3,183 \$2,867	51.7% (1,958/3,787) 60.0% (1,604/2,672)  \$3,062 \$2,784
<b>12<sup>th</sup> Quarter After TCA Exit</b> Percent Working Percent with Pre-Exit Wage History Working  Mean Earnings Median Earnings	52.4% (1,404/2,679) 60.5% (1,123/1,856)  \$3,545 \$3,320	53.9% (1,263/2,342) 60.6% (1,007/1,663)  \$3,424 \$3,227
<b>16<sup>th</sup> Quarter After TCA Exit</b> Percent Working Percent with Pre-Exit Wage History Working  Mean Earnings Median Earnings	50.5% (490/971) 58.4% (392/671)  \$4,059 \$3,782	51.8% (428/827) 58.2% (340/584)  \$4,010 \$3,764

**Note:** Cases which returned to TANF within 30 days are excluded. Earnings are only for those working. Also, as noted previously, these are aggregate quarterly earnings. We do not know how many weeks or hours an individual worked, so hourly wage can not be computed from these data.

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

As noted in the previous section, we find that half of all exiting payees were employed, even four full years later. However, these data do not speak directly to the question of employment stability. Because the literature often documents intermittent or unstable employment patterns among low-income women, it is critical to examine employment stability in more detail. Our examination includes study cases for whom we have at least one full year of post-exit employment data, and excludes those who return to welfare within 30 days (n=5,430).

- A little more than half (51.1%, n=2,775/5,430) worked in a UI-covered job in Maryland in the first quarter after exit.
- Of those who worked in the first post-exit quarter, the vast majority (81.1%, n=2,250/2,775) also worked in the second post-exit quarter. Likewise, most who worked immediately after leaving welfare also worked in the third post-exit quarter (74.8%, n=2,076/2,775); nearly as many (72.3%, n=2,005/2,775) worked in the fourth quarter post-exit.
- Almost three of every five payees who worked in the first quarter after leaving welfare worked in all four post-exit quarters (58.8%, n=1,632/2,775).
- Considering all exiters with at least one year of post-exit employment data, 30.1% (n=1,632/5,430) worked in all four quarters.<sup>18</sup>

## Does Likelihood of Working Vary by Cohort or Region?

The previous sections present employment outcomes findings for our entire sample of exiting payees (excluding those who returned within 30 days). Although these aggregate results provide a useful benchmark for the state as a whole, they do not take into account the complexities of our sample. Specifically, any differences

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<sup>18</sup> All exiters who left TCA between October 1996 and March 2000 and did not return to TCA within 30 days are included (n=5,430), even if they did not work at all in the post-exit year.

among early and later cohorts are averaged out. Later leavers may not achieve as positive employment outcomes as earlier leavers for a variety of reasons, including less job availability and more barriers to employment.

Also, differences among jurisdictions are masked. Cases from Maryland's largest jurisdiction, Baltimore City, comprise almost half of the study sample. The next largest jurisdiction, Prince George's County, accounts for 15.0% of the sample. The statewide averages are greatly influenced by these two jurisdictions and may not be accurate reflections of the realities in the other 22 counties.

This section disaggregates the employment outcomes data to address two specific questions. First, we examine the data by cohort to determine if rates of employment vary by time of exit. Second, the data are presented for the two largest jurisdictions (Baltimore City and Prince George's County) compared with the balance of the state. Results appear in Table 9, following this discussion.

Statewide data for the first four years of reform do show some evidence of cohort or time effects. However, there is no general trend that describes all the data. In the quarter of exit, some variables indicate a cohort effect where employment rates decrease through all four years, while others show that only the Year 3 exiters differ.<sup>19</sup> For example, in Year 1, 53.1% of payees worked in the exit quarter; the figures for Years 2, 3, and 4 leavers were 50.2%, 47.3%, and 47.1%, respectively. The pattern

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<sup>19</sup>We remind readers that during Year 3 Baltimore City and Prince George's County temporarily changed their redetermination schedule, and that Baltimore City comprises a large and growing portion of exiters across cohorts. However, the alteration in case handling practice is not the sole reason for the poorer performance of the Year 3 exiters; jurisdictional breakdown shows that Year 3 employment rates and wages are lower than all other years in the rest of the state.



was not the same when only payees with a prior history of UI-covered jobs were included; exit quarter employment rates for Years 1 through 4 were: 67.6%, 64.5%, 60.8%, and 67.5%, respectively.

Mean earnings in the exit quarter increased across time except for Year 3: first year leavers earned \$2,454, second year leavers earned \$2,503, third year leavers earned \$2,249, and Year 4 leavers earned \$2,608. These data are certainly not conclusive in and of themselves, but they do seem to suggest that those who left in the third year after welfare reform struggled more than the clients who left before them, and possibly after them.

Our geographic analysis looking separately at Baltimore City and Prince George's County and comparing them to the balance of the state yielded similar results. In all three areas (City, Prince George's County, balance of state), we observed lower rates of exit quarter employment among the Year 3 cohort. As in the last report, we find that Baltimore City employment is comparable to the rest of the state. Employment rates in Prince George's County were notably and consistently lower than elsewhere; at least in part, this probably reflects the fact that a large proportion of employed residents of this county work out-of-state.

Similar cohort and geographic comparisons were done using data for the first full quarter after welfare case closure and show similar patterns.<sup>20</sup> Of those who left in the first year of reform, 53.7% worked in a UI-covered job in Maryland in the first full post-exit quarter. This figure was about three percent less (50.9%) among those who exited

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<sup>20</sup> These analyses excluded the January - March 2001 exiters because employment data are only available at this time for the first quarter of 2001.

in Year 2 and dropped again, by about an equal amount, the next year (47.8%); However, the rate increased for the Year 4 exiters to 51.1%.

The pattern was the same when only payees with a prior history of UI-covered jobs were included. First full post-exit quarter employment rates for Years 1 through 4 leavers were: 66.9%, 64.2%, 59.3%, and 71.1% respectively. Similar to findings for the exit quarter, Year 3 exiters earned the least with regard to mean earnings over time; for the statewide sample quarter of exit earnings were, in Years 1, 2, 3, and 4: \$2,582, \$2,655 and \$2,549, and \$2,876 respectively.

Regional results for the first full post-exit quarter were identical to regional findings for the quarter of exit. In Baltimore City, Prince George's County, and the balance of the state, we found lower rates of employment among the Year 3 welfare leavers than among those who were the first to leave cash assistance.

These findings are suggestive, rather than conclusive, but they lend some support to the hypothesis that, regardless of place of residence within Maryland, those who left welfare during Year 3 might not have possessed as much human capital and/or have been as attractive to employers as persons who left welfare in the very early years of reform. It is also possible that economic conditions for this population during this period were not as favorable. Results for Year 4 leavers were mixed, being both better and worse than the Year 3 leavers. This is a topic we will continue to monitor closely in our research. It is an area of which program administrators should also be mindful.

**Table 9. UI-Covered Employment in Maryland in the Quarters After TCA Exit by Cohort**

Cohort		Quarter of TCA Exit				Quarter After TCA Exit			
Jurisdiction		Total	Baltimore City	Prince George's	Other 22 Juris	Total	Baltimore City	Prince George's	Other 22 Juris
Y E A R  1	Percent Working	53.1% (997/1877)	57.7% (376/652)	38.9% (110/283)	54.2% (511/942)	53.7% (1008/1877)	57.7% (376/652)	38.9% (110/283)	55.4% (522/942)
	Percent with Pre-Exit Wage History Working	67.6% (880/1302)	73.0% (346/474)	55.8% (92/165)	66.7% (442/663)	66.9% (871/1302)	71.9% (341/474)	52.7% (87/165)	66.8% (443/663)
	Mean Earnings	\$2,454	\$2,829	\$2,318	\$2,206	\$2,582	\$2,821	\$2,365	\$2,455
	Median Earnings	\$2,198	\$2,590	\$2,045	\$1,880	\$2,340	\$2,574	\$2,143	\$2,192
Y E A R  2	Percent Working	50.2% (825/1643)	50.0% (341/682)	39.4% (104/264)	54.5% (380/697)	50.9% (836/1643)	51.4% (351/682)	39.8% (105/264)	54.5% (380/697)
	Percent with Pre-Exit Wage History Working	64.5% (733/1136)	66.1% (306/463)	54.8% (92/168)	66.3% (335/505)	64.2% (729/1136)	66.7% (309/463)	54.8% (92/168)	65.0% (328/505)
	Mean Earnings	\$2,503	\$2,627	\$2,927	\$2,276	\$2,655	\$2,726	\$2,948	\$2,510
	Median Earnings	\$2,064	\$2,356	\$2,391	\$1,652	\$2,345	\$2,425	\$2,313	\$2,150
Y E A R  3	Percent Working	47.3% (672/1422)	47.0% (317/675)	37.6% (80/213)	51.5% (275/534)	47.8% (680/1422)	48.6% (328/675)	37.1% (79/213)	51.1% (273/534)
	Percent with Pre-Exit Wage History Working	60.8% (587/966)	60.7% (281/463)	52.3% (67/128)	63.7% (239/375)	59.3% (573/966)	61.3% (284/463)	47.7% (61/128)	60.8% (228/375)
	Mean Earnings	\$2,249	\$2,387	\$1,993	\$2,164	\$2,549	\$2,643	\$2,483	\$2,455
	Median Earnings	\$1,757	\$2,115	\$1,483	\$1,570	\$2,005	\$2,165	\$2,080	\$1,787
Y E A R  4	Percent Working	47.1% (491/1043)	47.4% (255/538)	35.2% (32/91)	49.3% (204/414)	51.1% (533/1043)	50.0% (269/538)	47.3% (43/91)	53.4% (221/414)
	Percent with Pre-Exit Wage History Working	67.5% (457/677)	69.6% (240/345)	53.7% (29/54)	67.6% (188/278)	71.0% (481/677)	70.7% (244/345)	64.8% (35/54)	72.7% (202/278)
	Mean Earnings	\$2,608	\$2,545	\$2,840	\$2,651	\$2,876	\$2,818	\$2,550	\$3,010
	Median Earnings	\$1,933	\$1,905	\$2,719	\$1,889	\$2,439	\$2,385	\$2,519	\$2,446

**Note:** Earnings are for those employed in a Maryland UI-covered job.

## Does Likelihood of Working Vary by Case Closing Reason?<sup>21</sup>

As noted in our discussion of administrative case-closing reasons, we have found that these codes often do not fully capture the reality of the case closing. In particular, our previous reports have illustrated that a significant proportion of payees whose cases close for reasons other than “started work” are employed in the quarter in which they exit TCA. Table 10 displays data on employment in the exiting quarter by the top five case closing reasons. There is a statistically significant relationship between case closing reason and employment.

More than seven of every 10 (71.5%) payees whose cases closed with “income above limit/started work” worked in UI-covered jobs in Maryland during the calendar quarter in which they left cash assistance. Consistent with our earlier reports, employment is much lower, though not unsubstantial, among adults whose welfare cases closed because the customer did not provide needed information (49.1%) or complete the redetermination process (44.4%). Also less likely to be employed in UI-covered jobs at the time of exit are payees whose cases closed because they requested closure (39.1%). Of cases closed for one of the “top five” reasons, those least likely to be working in a UI-covered Maryland job in the exit quarter are those who closed because of a full family work sanction (29.9%). This finding is tempered, however, by the fact that work-sanctioned cases have very high rates of recidivism (see Table 15 in the next chapter).

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<sup>21</sup> These analyses exclude those who returned to welfare right away (i.e., within 30 days of exit).

**Table 10. Employment in Quarter of Exit by Case Closing Reason**

<b>Top Five Case Closing Reasons</b>	<b>Percent Working***</b>	<b>Number Working</b>	<b>Mean Earnings***</b>	<b>Median Earnings</b>
<b>Income Above Limit/Started Work</b>	71.5%	1,472/2,059	\$2,325	\$2,060
<b>Failed to give eligibility information</b>	49.1%	555/1,251	\$2,820	\$2,371
<b>Failed to Reapply/Redetermination</b>	44.4%	542/1,378	\$2,295	\$2,092
<b>Client Requested Closure</b>	39.1%	183/468	\$3,468	\$2,727
<b>Work Sanction</b>	29.9%	195/652	\$1,806	\$1,540

Note: \*\*\*p<.001

There are also significant differences in the mean quarter-of-exit UI-covered earnings. Curiously, clients whose jobs/earnings gains were known to the welfare agency (i.e., those whose cases closed because of “income above limit/started work”) did not have the highest mean earnings (\$2,325). Rather, average quarterly earnings were highest for clients who “requested case closure” (\$3,468). The next highest mean quarterly earnings are observed among those who did not reapply or complete the redetermination process (\$2,820). Mean earnings among those not providing eligibility/verification information (\$2,295) and the “income above limit” cases were similar. Those who were sanctioned for non-compliance with work had the lowest average earnings (\$1,806).

**What Types of Industries Hire Former Welfare Recipients?**

The industry in which one finds employment is often a good indicator of the potential of that employment in terms of starting wage, wage growth, employment stability and advancement. Traditionally welfare recipients have found employment in

low-skill, low-wage sectors of the labor market, particularly in service industries such as restaurants, bars, nursing homes, hotels and motels, department stores, and temporary help service firms (Burtless, 1997; Spalter-Roth, et al., 1995; Zill, Moore, Nord & Steif, 1991). In contrast, public administration, health services and social services are the industries most successful in retaining former welfare recipients (Lane, Jinping, and Stevens, 1998).

Our employment data allows us to examine the most common types of UI-covered industries in which former recipients work immediately after leaving welfare. As has been done in our previous *Life After Welfare* reports, we have 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.<sup>22</sup> 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 11) 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 (32.0%, n=1,335/4,167) of all jobs

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<sup>22</sup> The vast majority (81%, n =3,179/3,934) of payees who worked had only one employer in the first post-exit quarter. However, 16% (n=628/3,934) had two employers and 3% (n=127/3,934) had three or more. These analyses exclude payees who left welfare between January and March 2001 because post-exit UI employment data on those cases are not yet available. The analyses do include churners, those who returned to welfare within the first 30 days.

where the industry could be identified.<sup>23</sup> Just about three-fifths (n=780/1,335) of the jobs in this sector are: eating and drinking places (n=396); department stores (n=218); and supermarkets (n=166).

- The next most common industry is personal/business services (n=1,057/4,167), accounting for one of every four (25.4%) employers in the sample. Employment services (n=533), hotels and motels (n=104), and security system services (n=102) are the most common types of employers within this classification.
- The third most common industry type (n=853/4,167) is organizational services, accounting for 20.5% or one fifth of the total. Almost half (47.0%, n=401/853) of employers classified as organizational services are health services (nursing homes, hospitals, home healthcare, n=295), social services (n=57) and sole proprietors (n=49).
- Together these three industries account for over three-quarters (77.9%, n=3,245/4,167) of the employers in the first quarter after the welfare exit.

These findings are remarkably consistent with what we reported in our fifth report (October 2000); in fact, there has been virtually no change in this area since we first began collecting this data five 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, October 1999, October 2000), these three industries, together, have accounted for fully three-fourths of all first post-welfare jobs secured by these women.<sup>24</sup>

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<sup>23</sup> In this section, we report on 3,934 people who worked in 4,845 jobs. Unfortunately, we could only identify industries for 86% of the jobs (4,167/4,845 jobs). Valid percent is reported, (i.e., using a denominator of 4,167 jobs, the ones where we could identify the industry worked).

<sup>24</sup> The figures for the first five reports are 78.7% (September 1997), 78.1% (March 1998), 78.8% (March 1999), 78.6% (October 1999), and 77.2% (October 2000).

At the more specific level of analysis (SIC 4, Table 11) 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 38% of all first post-welfare jobs secured by former payees.<sup>25</sup>

At the most specific level of employer type, the fact that almost two-thirds (64.2%) of all first post-welfare jobs are not accounted for by the “top five” (see Table 11) suggests that adults leaving welfare are moving into a diverse array of employment situations. Nonetheless, the relative concentration of exiters in three general industry areas over time (see Figure 1) speaks loudly to the need for job retention/support services, and also for strategies to promote and make possible job and skill advancement. As we continue to move forward in welfare reform, job/skill advancement efforts especially on behalf of/for working former recipients would seem to hold great promise in preventing recidivism, as well as enabling these adults and their families to move forward in the market economy.

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<sup>25</sup> The specific proportions are: 37.8% (September 1997), 30.2% (March 1998), 34.6% (March 1999), 35.3% (October 1999), 35.8% (October 2000), and 35.8% in today’s report.



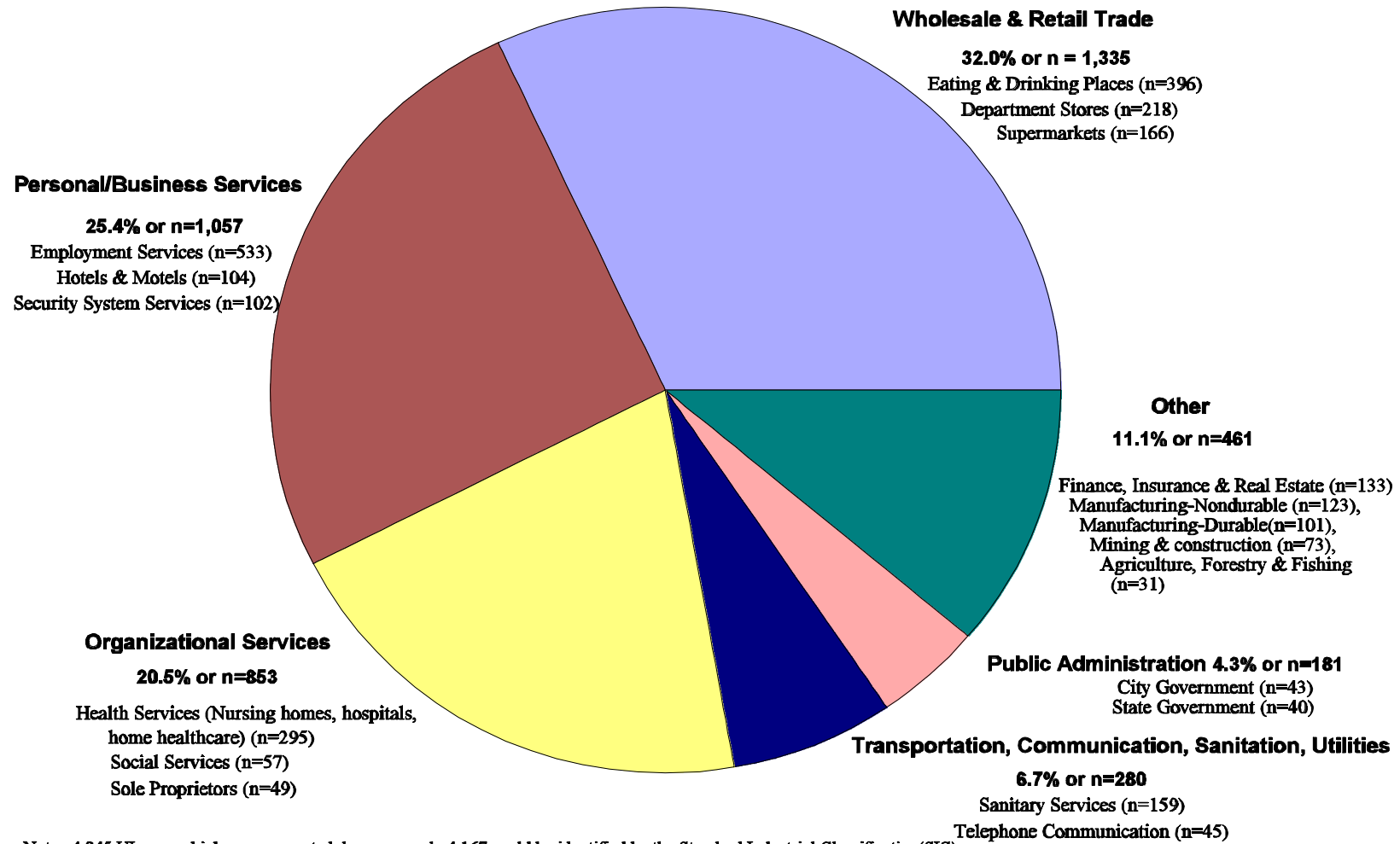
**Table 11. The Top 25 Employers/Industries in the First Quarter after Exiting**

Type of Employer/Industry (SIC4)	Frequency	Percent
Temporary Help/Employment Agencies	533	12.8%
General Eating and Drinking Places	396	9.5%
Department Stores	218	5.2%
Nursing Homes and Hospices	178	4.3%
Grocery Stores/Supermarkets	166	4.0%
Sanitary Services, Commercial	159	3.8%
Hotels and Motels	104	2.5%
Security System Services	102	2.4%
Hospitals	84	2.0%
Miscellaneous Food Services	61	1.5%
Social Services	57	1.4%
Drug Stores	53	1.3%
Sole Proprietors	49	1.2%
Colleges and Universities	48	1.2%
Telephone Communication	45	1.1%
City Government	43	1.0%
Offices and Clinics of Medical Doctors	41	1.0%
Child Day Care Services	41	1.0%
State Government	40	1.0%
Management Services	36	0.9%
Groceries and Related Products	35	0.8%
Schools and Educational Services	35	0.8%
Food and Kindred Products	34	0.8%
Home Health Care Services	33	0.8%
Elementary and Secondary Schools	32	0.8%

**Note:** Data are based on 4,845 jobs held by 3,934 exiters, of which 4,167 jobs were identifiable.

# Figure 1. Employment in the Quarter After Exit

(Chart based on 4,167 classifiable jobs held by 3,934 exiters)



Note : 4,845 UI-covered jobs were reported; however, only 4,167 could be identified by the Standard Industrial Classification(SIC).

## **Findings: Recidivism**

In the time-limited welfare world, it is critical that families' welfare exits are long-standing ones, which lead ultimately to self-sufficiency. However, we know from our historical data and the literature that frequently jobs do not last and families must return for cash assistance. Our previous reports and analyses suggest four general trends in recidivism. First, using a "worst case" methodology, one-third of exiting families returned to TCA within the first three months with the majority returning within the first 30 days. The three month recidivism rate drops significantly to 14.8% if administrative churning (or cases which reopen within 30 days) is excluded. Second, recidivism rates rise over the subsequent follow-up periods. However, almost two-thirds of families remain off the welfare rolls through the third post-exit year (Welfare and Child Support Research and Training Group, October 2000). Finally, our analyses show that recidivism risk varies by cohort, case closing reason, and region (Born, Caudill and Cordero, September 2000; Welfare and Child Support Research and Training Group, October 2000).

Today's report includes more than 1,500 additional exiting families and 12 additional months of follow-up data. As can be seen in Table 12, on the next page, the amount of recidivism data available varies by sample month. Data at the three month follow up point are available for all sample months, October 1996 through March 2001 (n=9,299). Six month post-exit outcomes are reported for the 8,934 sample families who left welfare between October 1996 and December 2000. The twelve month follow-up sample is comprised of families which exited in the first 42 months of reform

(October 1996 to June 2000; n=8,106). Recidivism through the 18<sup>th</sup> post-exit month is reported for the 7,373 families in our October 1996 through December 1999 samples. Longer-term follow up data are available at the two year post-exit point for the October 1996 through June 1999 samples (n=6,407), at the three year post-exit point for the October 1996 through June 1998 samples (n=3,824), and at the four year post exit point for the October 1996 through June 1997 samples (n=1,605).

**Table 12. Amount of Recidivism Data by Sample Month**

<b>Sample Month</b>	<b>3 mos (n=9,299)</b>	<b>6 mos (n=8,934)</b>	<b>12 mos (n=8,106)</b>	<b>18 mos (n=7,373)</b>	<b>24 mos (n=6,407)</b>	<b>36 mos (n=3,824)</b>	<b>48 mos (n=1,605)</b>
Oct-Dec 1996	/	/	/	/	/	/	/
Jan-Mar 1997	/	/	/	/	/	/	/
Apr-Jun 1997	/	/	/	/	/	/	/
Jul-Sep1997	/	/	/	/	/	/	
Oct-Dec 1997	/	/	/	/	/	/	
Jan-Mar 1998	/	/	/	/	/	/	
Apr-Jun 1998	/	/	/	/	/	/	
Jul-Sep1998	/	/	/	/	/		
Oct-Dec 1998	/	/	/	/	/		
Jan-Mar 1999	/	/	/	/	/		
Apr-Jun 1999	/	/	/	/	/		
Jul-Sep1999	/	/	/	/			
Oct-Dec 1999	/	/	/	/			
Jan-Mar 2000	/	/	/				
Apr-Jun 2000	/	/	/				
Jul-Sep 2000	/	/					
Oct-Dec 2000	/	/					
Jan-Mar 2001	/						

## How Many Families Return to Welfare?

Table 13, following, displays our most recent findings on recidivism rates. Data are presented at the 3, 6, 12, 18, 24, 36 and 48 month follow-up points. As in our previous report, we describe both the “worst case” figures which include families who return to welfare within 30 days (i.e. the “churners”) and the same rates excluding churning cases. Also, because Baltimore City cases comprise nearly half of the total sample and tend to mask the results in the other jurisdictions, we report recidivism rates separately for Baltimore City compared with the other 23 jurisdictions.

Within the first three months of leaving TCA, a bit more than one-third of all exiting families (36.9%) return to the welfare rolls. However, if we exclude the earliest returns to welfare (those which occur within the first 30 days), the three month statewide recidivism rate drops to 10.3%. Over the next 45 months the recidivism rate increases so that by the 48<sup>th</sup> month, using the “worst case” approach, almost four out of ten (40.4%) exiting families statewide have returned to TCA. The four year recidivism rate drops to 33.4% if returns associated with administrative churning are excluded.

These statewide figures mask variations among the local jurisdictions. As can be seen in Table 13, at all follow-up points and regardless of administrative churning, Baltimore City families return to welfare at a higher rate than families in the 23 counties. Within the first 90 days following their welfare exit, using the “worst case” approach, four out of every ten Baltimore City families (40.7%) return to TCA, compared to 33.7% of county families. Excluding returns that occur within the first 30 days lowers the recidivism rate for all jurisdictions, but the difference between

Baltimore City and the counties remains. Three month recidivism rates are 11.9% and 9.0%, respectively. The discrepancy between Baltimore City and the counties persists over time, although it decreases slightly. That is, at all follow-up points (3, 6, 12, 18, 24, 36 and 48 months post-exit), recidivism rates are higher in Baltimore City than in the 23 counties, but in the later follow up periods the gap between the regions narrows.

An exploratory analysis (not reported here) indicates that recidivism is predicted by cohort, case closing reason, and region of residence. A future report will take a closer look at recidivism and allow us to further explore the factors that influence recidivism and administrative churning.

**Table 13. Recidivism Rates: Worst Case and Excluding Churners**

Months Post-Exit	% not returning to TCA by this time			% returning to TCA by this time			Cumulative rate of returns to welfare			
	Worst Case	Baltimore City	Counties	State Total	Baltimore City	Counties	State Total	Baltimore City	Counties	State Total
3 months		59.3%	66.3%	63.1%	40.7%	33.7%	36.9%	40.7%	33.7%	36.9%
6 months		53.9%	62.5%	58.7%	46.1%	37.5%	41.3%	46.1%	37.5%	41.3%
12 months		49.1%	58.4%	54.3%	50.9%	41.6%	45.7%	50.9%	41.6%	45.7%
18 months		45.1%	56.2%	51.4%	54.9%	43.8%	48.6%	54.9%	43.8%	48.6%
24 months		44.5%	55.7%	51.1%	55.5%	44.3%	48.9%	55.5%	44.3%	48.9%
36 months		53.2%	55.2%	54.6%	46.8%	44.8%	45.4%	46.8%	44.8%	45.4%
48 months		56.4%	61.3%	59.6%	43.6%	38.7%	40.4%	43.6%	38.7%	40.4%

Excluding Churners (returned to TCA in 30 days or less)	% not returning to TCA by this time			% returning to TCA by this time			Cumulative rate of returns to welfare			
		Baltimore City	Counties	State Total	Baltimore City	Counties	State Total	Baltimore City	Counties	State Total
3 months		88.1%	91.0%	89.7%	11.9%	9.0%	10.3%	11.9%	9.0%	10.3%
6 months		80.1%	86.1%	83.5%	19.9%	13.9%	16.5%	19.9%	13.9%	16.5%
12 months		72.4%	80.2%	77.0%	27.6%	19.8%	23.0%	27.6%	19.8%	23.0%
18 months		66.4%	77.3%	72.8%	33.6%	22.7%	27.2%	33.6%	22.7%	27.2%
24 months		63.0%	75.0%	70.1%	37.0%	25.0%	29.9%	37.0%	25.0%	29.9%
36 months		61.2%	70.8%	67.3%	38.8%	29.2%	32.7%	38.8%	29.2%	32.7%
48 months		59.0%	71.0%	66.6%	41.0%	29.0%	33.4%	41.0%	29.0%	33.4%

**Note:** Differences in sample size across follow up periods may result in the appearance that cumulative returns to welfare increase over time. Recidivism figures for some cohorts may differ from those presented in earlier reports due to our enhanced ability to detect returns where the payee was not included in the assistance unit.



## **Does Recidivism Vary by Exiting Cohort?**

In addition to regional variations in recidivism, we explored the possibility that rates of returning to welfare may be different among early and late exiters. Table 14, following, presents recidivism rates by cohort for families which exited TCA in the first four and one half years of reform: October 1996 to September 1997; October 1997 to September 1998; October 1998 to September 1999; October 1999 to September 2000; and October 2000 to March 2001. In addition to the statewide figures, results are reported separately for Baltimore City vs. the other 23 jurisdictions and with and without administrative churners.

Four main points can be taken from Table 14. First, the majority of exiting families do not return to welfare. When examining the rate of returns after excluding churners, we see that only one third of leavers in Year 1 have returned within 4 years. Roughly the same percentage of Year 2 leavers returned within 3 years.

Second, the recidivism rate varies depending on the timing of the welfare exit. When examining the rate of returns at the three month follow up point, recidivism increases from 18.9% among Year 1 exiters to 37.0% among Year 2 leavers, 48.3% among Year 3 cases, and decreases to 41.6% among Year 4, and 40.5% among Year 5 leavers. The sharp increase in Year 3 and subsequent decrease in Years 4 and 5 is likely due to a short-lived change in case closing practices in Baltimore City and Prince George's County that occurred during Year 3.

Third, when “administrative churning” is taken into account, the recidivism rate at the three month follow-up point drops precipitously. Among Year 1 leavers the rate

drops from 18.9% to 7.2% when churners are excluded. Recidivism rates among the later cohorts drop from about two-fifths to a little over one-tenth, when administrative churning is taken into account.

The fourth conclusion is that recidivism rates vary by region for all cohorts, but the pattern is not consistent. In Year 1, Baltimore City residents returned to TCA in the first two years at a lower rate than residents of other jurisdictions. The reverse is true in Years 2, 3, 4, and 5. In those years, Baltimore City residents returned to cash assistance at a higher rate than their peers in other jurisdictions.

**Table 14. Recidivism Rates by Cohort: Worst Case and Excluding Churners**

Months Post-Exit	% not returning to TCA by this time																
	Worst Case			Year 1			Year 2			Year 3			Year 4			Year 5 (first 6 months)	
	Balt City	23 Cty	Total	Balt City	23 Cty	Total	Balt City	23 Cty	Total	Balt City	23 Cty	Total	Balt City	23 Cty	Total		
<b>3 mos</b>	92.0%	76.0%	81.1%	63.1%	62.9%	63.0%	44.4%	59.8%	51.7%	52.6%	65.2%	58.4%	56.7%	62.8%	59.5%		
<b>6 mos</b>	88.0%	71.5%	76.8%	56.6%	60.1%	58.7%	40.1%	56.5%	47.9%	46.3%	61.6%	53.4%	47.1%	49.7%	48.3%		
<b>12 mos</b>	78.8%	66.1%	70.2%	50.4%	55.7%	53.5%	36.2%	53.4%	44.3%	40.7%	54.9%	47.6%					
<b>18 mos</b>	69.1%	63.6%	65.4%	46.5%	53.7%	50.8%	32.7%	51.5%	41.6%	37.1%	46.4%	41.3%					
<b>24 mos</b>	64.7%	61.0%	62.2%	44.5%	52.7%	49.3%	30.7%	51.7%	40.7%								
<b>36 mos</b>	60.7%	58.7%	59.4%	44.9%	50.3%	48.3%											
<b>48 mos</b>	56.4%	61.3%	59.6%														
<b>W/out 30 day returns</b>																	
<b>3 mos</b>	96.0%	91.0%	92.8%	89.3%	89.6%	89.5%	84.8%	92.7%	88.9%	82.8%	93.1%	87.8%	84.8%	86.4%	85.6%		
<b>6 mos</b>	91.9%	85.7%	87.8%	80.1%	85.7%	83.4%	76.5%	87.6%	82.3%	72.9%	88.0%	80.2%	70.7%	75.6%	72.9%		
<b>12 mos</b>	82.3%	79.2%	80.3%	71.3%	79.4%	76.0%	69.1%	82.7%	76.2%	63.4%	80.8%	72.0%					
<b>18 mos</b>	72.1%	76.2%	74.8%	65.9%	76.6%	72.2%	62.4%	79.7%	71.5%	61.2%	78.1%	68.8%					
<b>24 mos</b>	67.5%	73.0%	71.1%	63.0%	75.1%	70.0%	57.4%	78.9%	68.7%								
<b>36 mos</b>	63.4%	70.4%	67.9%	58.1%	71.6%	66.3%											
<b>48 mos</b>	59.0%	71.0%	66.6%														

Months Post-Exit	Cumulative rate of returns to welfare														
	Worst Case	Year 1			Year 2			Year 3			Year 4			Year 5 (first 6 months)	
	Balt City	23 Cty	Total	Balt City	23 Cty	Total	Balt City	23 Cty	Total	Balt City	23 Cty	Total	Balt City	23 Cty	Total
3 mos	8.0%	24.0%	18.9%	36.9%	37.1%	37.0%	55.6%	40.2%	48.3%	47.4%	34.8%	41.6%	43.3%	37.2%	40.5%
6 mos	12.0%	28.5%	23.2%	43.4%	39.9%	41.3%	59.9%	43.5%	52.1%	53.7%	38.4%	46.6%	52.9%	50.3%	51.7%
12 mos	21.2%	33.9%	29.8%	49.6%	44.3%	46.5%	63.8%	46.6%	55.7%	59.3%	45.1%	52.4%			
18 mos	30.9%	36.4%	34.6%	53.5%	46.3%	49.2%	67.3%	48.5%	58.4%	62.9%	53.6%	58.7%			
24 mos	35.3%	39.0%	37.8%	55.5%	47.3%	50.7%	69.3%	48.3%	59.3%						
36 mos	39.3%	41.3%	40.6%	55.1%	49.7%	51.7%									
48 mos	43.6%	38.7%	40.4%												
<b>W/out 30 day returns</b>															
3 mos	4.0%	9.0%	7.2%	10.7%	10.4%	10.5%	15.2%	7.3%	11.1%	17.2%	6.9%	12.2%	15.2%	13.6%	14.4%
6 mos	8.1%	14.3%	12.2%	19.9%	14.3%	16.6%	23.5%	12.4%	17.7%	27.1%	12.0%	19.8%	29.3%	24.4%	27.1%
12 mos	17.7%	20.8%	19.7%	28.7%	20.6%	24.0%	30.9%	17.3%	23.8%	36.6%	19.2%	28.0%			
18 mos	27.9%	23.8%	25.2%	34.1%	23.4%	27.8%	37.6%	20.3%	28.5%	38.8%	21.9%	31.2%			
24 mos	32.5%	27.0%	28.9%	37.0%	24.9%	30.0%	42.6%	21.1%	31.3%						
36 mos	36.6%	29.6%	32.1%	41.9%	28.4%	33.7%									
48 mos	41.0%	29.0%	33.4%												

**Note:** Differences in sample size across follow up periods may result in the appearance that cumulative returns to welfare increase over time. Recidivism figures for some cohorts may differ from those presented in earlier reports due to our enhanced ability to detect returns where the payee was not included in the assistance unit.

## Does Recidivism Vary by Case Closing Reason?

Our previous reports have illustrated that recidivism rates also vary by case closing reasons. Table 15, following, displays the most recent data on recidivism rates at the three and twelve month post-exit points for cases which closed with one of the top five administrative closing reasons. Differences in recidivism rates are statistically significant. Families that leave welfare because they requested closure returned within the first year at a much lower rate (8.1%) than their counterparts who exit for other reasons. Also, more than 70% of families whose cases closed because their income was above the limit were still off welfare 12 months after their case closed. Conversely, more than half of the families whose cases closed because they failed to reapply/complete the redetermination return to cash assistance, the majority of them within the first 30 days after their case closed.

**Table 15. Three and Twelve Month Recidivism Rates by Case Closing Reason**

Administrative Case Closing Reason (Top Five)	Non-recidivists	Churners	Recidivists
<b>Three Month Recidivism***</b>			
Did not reapply / no redet (n=2481)	44.0%	49.1%	6.9%
Income above limit / started work (n=2285)	84.6%	9.5%	5.9%
Did not give eligibility/verification information (n=1527)	58.0%	32.3%	9.8%
Full family sanction (work; n=1027)	53.1%	36.3%	10.6%
Payee requested case closure (n=568)	79.6%	16.9%	3.5%
<b>Twelve Month Recidivism***</b>			
Did not reapply / no redet (n=2091)	39.1%	47.7%	13.2%
Income above limit / started work (n=2043)	71.5%	9.0%	19.5%
Did not give eligibility/verification information (n=1344)	49.1%	31.0%	19.9%
Full family sanction (work; n=883)	40.5%	33.6%	25.8%
Payee requested case closure (n=509)	75.0%	16.9%	8.1%

**Notes:** The valid n for this table is less than 9,299 because it only includes those who exited with one of the top five closing codes. Also, the valid n at the 12 month follow up point is less than that at the three month follow up point. See Table 12 for more detail on which cohorts have data available at which follow up points. \*\*\* p < .001

## How do the Characteristics of Recidivists and Non-Recidivists Differ?

Research on risk factors for recidivism is critical in today's time-limited welfare world and is one promising method for developing targeted prevention services. While there is an extensive literature examining recidivism patterns and risk factors under AFDC (see, for example, Born, Caudill, and Cordero, 1998; Brandon, 1995; Cao, 1996; Ellwood, 1986; Weeks, 1991), less research has emerged on TANF. In this section, we compare those who returned with those who did not on 12 variables related to recidivism under AFDC. The variables examined include: payee's age; payee's estimated age at first birth; payee's racial/ethnic background; region of residence; assistance unit size; number of children in assistance unit; age of youngest child; length of exiting spell; number of months of welfare receipt in the five years preceding the TCA exit; pre-exit wage history; and if the payee worked in the exit quarter and the quarter immediately after leaving welfare.

Table 16, following, shows the results of the above-mentioned comparisons at three months' post-exit. The three-month measure was chosen because these data are available for the largest number of cases (October 1996 to March 2001 samples; n=9,299),<sup>26</sup> and because most TCA recidivism takes place within the first few months of exiting welfare. The table looks at three separate categories: the non-recidivists, who do not return to welfare; early recidivists, those who returned to welfare within 30 days

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<sup>26</sup> For the percent working in the quarter after exit, the January 2001 - March 2001 exiters are excluded. Employment data are only available through March 2001.

or less (the “churners”); and recidivists who returned between the 31<sup>st</sup> and 90<sup>th</sup> days (3 months), the true recidivists.

The characteristics examined include nine demographic variables and three work-related variables. Of the demographic variables, five of the nine are significantly associated with recidivism. There is no significant difference in payees' age, payees' age at first birth, age of youngest child, and length of exit spell. However, non-recidivists are significantly more likely than recidivists and churners to be Caucasian, to have a smaller family size, have fewer children, and are less likely to live in Baltimore City. Non-recidivists had also received welfare for fewer months in the five years preceding their TCA exits than churners and recidivists.

In terms of employment, the three groups differ significantly on all variables. Non-recidivists were more likely to have a pre-exit employment history, to have been working in the quarter they left TCA, and to be working in the quarter immediately after leaving TCA. Churners were less likely to have a pre-exit employment history and to have worked in the quarter they exited and the quarter following TCA exit, when compared to recidivists and non-recidivists.

These results are similar to those we reported in our fourth and fifth reports (Welfare and Child Support Research and Training Group, October 1999 and October 2000). Together they suggest that program managers seeking to reduce recidivism should pay particular attention to three areas: family size, employment experiences, and region. Larger families, particularly those with more children, have a higher risk of returning to welfare in the first few months after an exit, possibly because of difficulties

associated with child care. Also, although it takes more income to feed, clothe, and care for a large family, wages do not vary by family size. Thus, the more children a woman supports, the more money she would have to earn to support her family. To increase families' chances of remaining off welfare, agencies should make every effort to ensure that all available support services (including Food Stamps, Medical Assistance, child care assistance and child support) are in place before the cash assistance case is closed.

Employment is the second general area which should be attended to when developing strategies to reduce recidivism. In particular, lack of a recent work history and exiting welfare without a job increases a woman's risk of returning to welfare.

Finally, regional differences in recidivism - and other outcomes reported in this report - provide further evidence for the need to consider local conditions when designing and operating a welfare program. Maryland's leaders have wisely adopted such a "one size does not fit all" strategy; our study supports the continued use of this approach.



**Table 16. Comparisons between Recidivists and Non-Recidivists**

<b>Characteristics</b>	<b>Non-Recidivists</b>	<b>Churners</b>	<b>Recidivists</b>	<b>Total: Non-Recidivists, Churners &amp; Recidivists</b>
<b>Payee's Age</b> Mean Median Std. Dev. Range	32.61 30.88 10.32 18 to 86	33.26 31.47 10.77 18 to 83	31.12 29.90 9.05 18 to 76	32.70 30.99 10.38 18 to 86
<b>Payee's Age at First Birth</b> Mean Median Std. Dev. Range	21.90 20.36 5.39 13 to 50	21.61 19.73 5.62 13 to 49	21.53 19.99 5.15 13 to 43	21.79 20.17 5.44 13 to 50
<b>Payee's Racial/Ethnic Background***</b> Caucasian African-American Other	26.5% 71.1% 2.5%	17.1% 81.5% 1.4%	17.0% 80.8% 2.2%	23.0% 74.9% 2.1%
<b>Region***</b> Baltimore City Prince George's Baltimore County Montgomery Anne Arundel Metro Southern MD Western MD Upper Shore Lower Shore	42.6% 14.2% 12.6% 4.8% 4.5% 6.3% 3.4% 4.2% 3.9% 3.6%	50.0% 17.2% 13.0% 2.6% 5.6% 3.7% 1.9% 1.5% 2.4% 2.0%	50.2% 13.7% 12.4% 2.8% 6.1% 3.4% 1.8% 2.5% 3.6% 3.4%	45.4% 15.0% 12.7% 4.0% 5.0% 5.3% 2.8% 3.3% 3.4% 3.1%
<b>Assistance Unit Size***</b> Mean Median Std. Dev. Range	2.61 2.00 1.14 1 to 9	2.77 2.50 1.33 1 to 12	2.79 3.00 1.21 1 to 8	2.67 2.00 1.21 1 to 12
<b>Number of Children***</b> Mean Median Std. Dev. Range	1.73 1.00 1.02 0 to 8	1.94 2.00 1.22 0 to 11	1.87 2.00 1.15 0 to 6	1.80 2.00 1.10 0 to 11
<b>Age of Youngest Child</b> Mean Median Std. Dev. Range  Percent less than 3 years	5.70 4.37 4.63 <1 yr to 18 yrs  37.9%	5.71 4.41 4.57 <1 yr to 18 yrs  37.4%	5.24 3.94 4.28 < 1 yr to 18 yrs  41.2%	5.67 4.37 4.58 < 1yr to 18 yrs  38.0%

Characteristics	Non-Recidivists	Churners	Recidivists	Total: Non-Recidivists, Churners & Recidivists
<b>Exit Spell</b>				
Less than 12 mos.	55.4%	57.1%	59.9%	56.3%
12 - 24 Months	20.2%	18.4%	18.5%	19.5%
25 - 36 Months	8.5%	7.6%	6.6%	8.1%
37 - 48 Months	4.5%	4.8%	4.5%	4.6%
49 - 60 Months	3.0%	3.0%	2.1%	3.0%
More than 60 mos.	8.3%	9.1%	8.5%	8.5%
Mean (months)	21.57	22.10	20.77	21.67
Median (months)	10.75	10.94	9.86	10.71
Std. Dev. (months)	30.94	31.71	30.88	31.16
Range	1 mo to 29 yrs	1 mo to 28 yrs	1 mo to 20 yrs	1 mo to 28 yrs
<b>TCA Receipt in the 5 Years Prior to Exit***</b>				
Less than 12 mos.	29.0%	21.4%	24.6%	26.4%
12 - 24 Months	18.4%	16.7%	15.5%	17.7%
25 - 36 Months	16.0%	14.9%	13.7%	15.5%
37 - 48 Months	13.5%	15.5%	16.4%	14.3%
49 - 60 Months	23.2%	31.5%	29.8%	26.1%
Mean***	28.94	33.41	32.36	30.51
Median	26.00	35.00	33.00	29.00
Std. Dev.	19.48	19.51	19.68	19.61
Range	1 to 60 mos	1 to 60 mos	1 to 60 mos	1 to 60 mos
<b>Percent with a Pre-Exit Wage History (8 qtrs prior)***</b>	69.2%	60.8%	64.7%	66.4%
<b>Percent Working in the Quarter They Exited TCA***</b>	51.2%	32.6%	38.9%	44.8%
<b>Percent Working in the Quarter After They Exited TCA***</b>	52.5%	34.7%	36.0%	46.0%

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

## **Findings: Receipt of Other Benefits**

Given that many former welfare recipients enter jobs which may provide low wages and few benefits, transitional support services such as Food Stamps, Medical Assistance, and Child care subsidies are critical in helping families achieve long-term financial self-sufficiency (Shuptrine, Grant and McKenzie, 1994). National declines in the Food Stamp and Medical Assistance rolls over the past few years have increased interest in former TANF and working families' utilization of these programs (Center on Budget and Policy Priorities, 1999; General Accounting Office, 1999; Guyer, Broaddus, and Cochran, 1999; Wile, Cook, Gundersen, Nord, and Tiehen, 2000). In fact, a number of states have identified reasons why eligible families may not participate (e.g., administrative procedures, awareness, etc.) and have implemented strategies for increasing participation. The extent to which Maryland families receive Food Stamps, Medical Assistance, and Child care subsidies after leaving the TANF rolls is explored in this chapter.

### **How Many Families Receive Food Stamps After Leaving Welfare?**

Table 17, following this discussion, presents our findings on post-TANF Food Stamp receipt patterns among all welfare leavers in our sample.<sup>27</sup> In general, results are positive: nearly eight of every 10 families (n=79.0%, 7,350/9,299) participated in the Food Stamp program at some point during the first three months after the TCA exit that brought them into our sample. Participation is lower, but a majority of cases still participate in Food Stamps through the end of the first two years post-exit. The rates,

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<sup>27</sup> Different amounts of follow-up data are available depending on when the case closed.

by period, are: 64.7% (4<sup>th</sup> through 6<sup>th</sup> months); 63.7% (7<sup>th</sup> through 12<sup>th</sup> months); and 60.0% (13<sup>th</sup> through 24<sup>th</sup> months). During the third and fourth years post-exit the rate is lower (46.6% in 25<sup>th</sup> through 36<sup>th</sup> months and 38.3% in the 37<sup>th</sup> through 48<sup>th</sup> months), though not insubstantial. These rates compare favorably to those reported in other states' welfare leavers studies (see, for example, Coulton et al. 2000; Loprest, 1999; Westra and Routley, 1999).

**Table 17. Food Stamps Participation Rates**

<b>Follow Up Period</b>	<b>Received Food Stamps</b>	<b>Did Not Receive Food Stamps</b>
Months 1-3 (n=9,299)	79.0%	21.0%
Months 4-6 (n=8,934)	64.7%	35.3%
Months 7-12 (n=8,106)	63.7%	36.3%
Months 13-24 (n=6,407)	60.0%	40.0%
Months 25-36 (n=3,824)	46.6%	53.4%
Months 37-48 (n=1,605)	38.3%	61.7%

### **How Many Families Receive Medical Assistance After Leaving Welfare?**

Similar to the situation with Food Stamps, Medical Assistance rolls have also declined at a surprisingly high rate in recent years, particularly given recent federal and state efforts to expand medical coverage. Possible explanations for declining Medical Assistance rolls include: declining welfare caseloads (Rowland, Salganicoff and Keenan, 1999); improvements in the economy (Guyer, Broaddus and Cochran, 1999;

Rowland, et al., 1999); and changing welfare policy including diversion programs and the de-linking of cash and Medical Assistance (Greenberg, 1998; Guyer et al., 1999).

To examine rates of participation in Medical Assistance among families in our sample, we gathered administrative data at the case- and individual level.<sup>28</sup> Table 18, following this discussion, presents our findings.<sup>29</sup>

The top third of Table 18 presents findings for the payees in our study cases.<sup>30</sup> The data show that, at some point during the first three months following the welfare exit that brought them into our sample, 50.4% (n=4,689/9,299) have Medical Assistance coverage; an equal proportion (50.5% n=4,508/8,934) have coverage in the 4<sup>th</sup> through 6<sup>th</sup> post-exit months. More than half (55.7%) are covered during the 7<sup>th</sup> through 12<sup>th</sup> months and three-fifths (62.3%) during the 13<sup>th</sup> through 24<sup>th</sup> months. The rate remains fairly high, but declines for the 25<sup>th</sup> through 36<sup>th</sup> and 37<sup>th</sup> through 48<sup>th</sup> months after exit (58.3% and 45.7%, respectively).

In the middle portion of Table 18, information on Medical Assistance coverage of children in our exiting cases indicates that the coverage pattern for minors is very similar to that for adults. Not quite half of all sample cases (48.9%) have at least one child with Medical Assistance coverage during the first three months; during the 4<sup>th</sup> through 6<sup>th</sup> months, 49.2% of all cases contain at least one covered child. The

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<sup>28</sup>Our data include participation in SCHIP (State Child Health Insurance Program) as well as participation in traditional Medical Assistance.

<sup>29</sup> As mentioned previously, different amounts of follow-up data are available depending on when the welfare exit occurred.

<sup>30</sup>These data include payees who returned to welfare, as well as those who did not. Examining coverage rates by case status at various post-exit time points was beyond the scope of this paper.

percentage goes up during the 7<sup>th</sup> through 12 months (55.6%) and rises again, to 65.1%, in the second post-exit year. The proportion of cases with at least one covered child falls slightly in the third year to 64.0% and in the fourth year to 61.2%. It is somewhat surprising that the rates generally increase over time. Possible explanations for this trend include the differences in samples over the follow up periods, increasing public awareness of SCHIP and recent expansions in the income eligibility thresholds for SCHIP.

The bottom third of the table shows, for the various post-exit time periods, how many cases contain any family member (whether the payee or a child) with Medical Assistance coverage.<sup>31</sup> Considering the payee and her children together, more than half of all families (55.0%) contain at least one person with such coverage during the first three month period. Mirroring the pattern observed when we considered payees and children separately, the proportion of cases with at least one covered individual increases slightly during the 4<sup>th</sup> through 6<sup>th</sup> months. However, the rates surpass early levels in the last half of the first year (61.2%) and in the second (68.6%) and third (71.7%) years, so that by the third post-exit year almost three-fourths of families have at least one member receiving Medical Assistance. The proportion of cases containing at least one covered individual drops in the fourth post-exit year to 61.3%.

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<sup>31</sup>In the majority of cases, medical assistance appears on both the former payee's and her child's administrative record. However, this is not always the case. For example, an adult may receive SSI and Medicare, which is not noted in AIMS or CARES. Also, a child's receipt of medical assistance may be separate from his/her parent because the child is receiving SSI, is living in a foster care home, is living with a different adult, or has established his/her own household.

**Table 18. Medical Assistance Participation Rates**

Follow Up Period	Received MA	Did Not Receive MA
<b>Payees</b>		
Months 1-3	50.4%	49.6%
Months 4-6	50.5%	49.5%
Months 7-12	55.7%	44.3%
Months 13-24	62.3%	37.7%
Months 25-36	58.3%	41.7%
Months 37-48	45.7%	45.7%
<b>Any child under 18 in the assistance unit</b>		
Months 1-3	48.9%	51.1%
Months 4-6	49.2%	50.8%
Months 7-12	55.6%	44.4%
Months 13-24	65.1%	34.9%
Months 25-36	64.0%	36.0%
Months 37-48	61.2%	38.8%
<b>Anyone in the assistance unit</b>		
Months 1-3	55.0%	45.0%
Months 4-6	55.5%	44.5%
Months 7-12	61.2%	31.8%
Months 13-24	68.6%	31.4%
Months 25-36	71.7%	28.3%
Months 37-48	61.3%	38.7%

**Note:** Total Ns for this table are 9,299 cases for Months 1-3, 8,934 for Months 4-6, 8,106 for Months 7-12, 6,407 for Months 13-24, 3,824 for Months 25-36 and 1,605 for Months 37-48.

### **How Many Families Receive Child Care Subsidies After Leaving Welfare?**

Maryland's cash assistance caseload contains, on average, two to three children per case. Not all children are young enough to require child care while their parent goes to a job program, makes job contacts, or works. However, many exiting caseheads do have a child (or children) young enough to require child care. Lack of child care can be a barrier to leaving cash assistance and keeping a job (Rangarajan, Schochet & Chu, 1998). Among our most recent sample cases (n=1,561 in April 2000

to March 2001) there are 2,818 children and more than 4 of 5 of these youngsters (2,297 from 1,310 cases) are under 13.<sup>32</sup>

Research documents that former recipients of cash assistance often have difficulty keeping their job after becoming employed (Pavetti, cited in U.S. House of Representatives, 1998; Wagner, Herr, Chang & Brooks, 1998). Lack of child care can lead to job loss (e.g. Rangarajan, 1996), and job loss can lead to a return to cash assistance (e.g. Rangarajan, Schochet & Chu, 1998). Child care subsidies are one work support that can help former welfare recipients keep their jobs by helping them to pay for child care.

In this chapter, we examine the rates of child care subsidy utilization by welfare leavers at the child level. For this analysis, we selected all children under 13 (n=2,297 from 1,310 cases) in our sample who exited during the most recent quarters, April 2000 to March 2001. We determined if children received child care subsidies, utilizing data from the Child Care Automated Management Information System.<sup>33</sup>

Of all sample children, 38.0% received a subsidy between January 1997 and March 2001 (n=872/2,297 children). During the year after the TCA exit, overall subsidy receipt for the whole sample was lower at 20.0% for all children (n=460/2,297), or 20.2% of all cases (n=265/1,310). These rates are similar to those reported in other

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<sup>32</sup>Children are eligible for Maryland child care subsidies if they are 12 or younger.

<sup>33</sup>We report subsidy utilization through March 2001, but our data include vouchers paid through June 2001 for services performed between April 2000 and March 2001.



studies. Child care subsidy utilization rates for welfare leavers in the majority of 15 sites was less than 30%, and all were less than 50% (Schumacher & Greenberg, 1999).

Table 19 presents subsidy receipt data for quarter of exit and the quarter after exit, by the quarter in which the TANF case closed. Utilization rates range from 15.2% to 18.1%. However, subsidy receipt does not differ significantly by quarter of or after exit, or by timing of exit.

**Table 19. Child Care Subsidies in Quarter Of and After Exit by Exit Quarter**

<b>Child Care</b>	<b>Total 4/00-3/01</b>	<b>4/00-6/00</b>	<b>7/00-9/00</b>	<b>10/00-12/00</b>	<b>1/01-3/01</b>
<b>Quarter of Exit</b>	16.7% (384/2297)	17.7% (96/542)	17.8% (107/602)	15.6% (92/591)	15.8% (89/562)
<b>Quarter After Exit<sup>34</sup></b>	16.8% (287/1708)	18.1% (96/531)	17.3% (102/590)	15.2% (89/587)	

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<sup>34</sup>The denominators in this row are smaller due to lack of data for the January - March 2001 exiters and the exclusion of children who became too old for subsidies in their quarter after exit.

## **Findings: Child Welfare**

Most welfare reform provisions are targeted toward adults; hence most of our report focuses on adult outcomes. However, children comprise a much larger proportion of the TANF caseload than adults do. In our most recent cohort, April 2000 to March 2001, there are an average of 2.69 children for every one adult in the caseload. Because children comprise about 73% of the caseload, and because they are vulnerable to the actions and inactions of their parents, we provide information on child welfare outcomes in this chapter.

Previous research has correlated decreases in benefits (Courtney, 1997) and decreases without employment income (Shook, 1999) with poorer child welfare outcomes. At the outset of welfare reform, there was concern that families might be forced from TANF by full-family sanctions, time limits, or other mechanisms, effectively decreasing cash benefits and potentially increasing risks to child well-being. Involvement with child welfare is certainly not a consequence that legislators or the Department of Human Resources intended as a result of welfare policies. Thus, we continue to examine child welfare entries among children in our exiting sample to provide information about how welfare reform appears to be affecting children.

### **Administrative Data**

Table 20, following, presents child welfare data for our sample of 17,520 exiting children. We limit our analysis to Child Protective Services investigations,<sup>35</sup> Intensive

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<sup>35</sup> Child abuse or neglect investigations are excluded in the analyses if they are "ruled out" or "unsubstantiated".

Family Services case openings, and kinship care and foster care placements in the first post-exit year. If there is any causal link between the discontinuation of cash assistance and child welfare involvement, this effect should be seen in the first post-exit year. Data describing historical involvement in the child welfare system provide a baseline to which our findings can be compared.

As Table 20 illustrates, more than one in four study children (25.9%, n=4,539/17,520) had an historical indication or confirmation of child abuse or neglect. Few children (2.5%, n=444/17,520) were involved in an abuse or neglect investigation which began in the 90 days before their family left welfare. Curiously, the number is virtually the same as the number of children with an abuse or neglect investigation that began in the first 90 days after the welfare exit (2.5%, n=412/16,735). The number of children with an indication/confirmation of child abuse or neglect increased over time, so the percentage is 8.0% (n=1,138/14,293) by the 12<sup>th</sup> post-exit month.

Few children (3.2%; n =552/17,520) had a history of receiving Intensive Family Services (IFS) prior to exiting welfare. As with child abuse and neglect investigations, the proportion of children with an IFS case opening is the same during the 90 days before and after welfare exit. Within the first 3 months following their exit from welfare, 45 out of 16,735 children (0.3%) began receiving IFS. The number involved number increased over the next nine months but had not exceeded one percent (0.9%, n=124/14,293) at the twelfth post-exit month.

Eight hundred eleven children (4.6%) had a history of kinship care placement and 942 children (5.4%) had a history of placement in foster care before their welfare

exit. Proportionally more children entered kinship care and foster care in the 90 days preceding their cash assistance exit than after. During the three months following their families' exit from welfare, only 69 of 16,735 children (0.4%) entered foster care and only 57 (0.3%) entered kinship care. By the one year follow up point, 170 of 14,293 children (1.2%) had been placed in kinship care and 255 (1.8%) had been placed in foster care.

**Table 20. Child Welfare Entries Among Exiting Children<sup>36</sup>**

	<b>Child Abuse or Neglect Investigation</b>	<b>Intensive Family Services</b>	<b>Kinship Care</b>	<b>Foster Care Placement</b>
<b>History Before Exit n=17,520</b>	25.9% (4,539)	3.2% (552)	4.6% (811)	5.4% (942)
<b>90 Days Before Exit n=17,520</b>	2.5% (444)	0.2% (28)	0.5% (79)	0.9% (163)
<b>90 Days After Exit n=16,735</b>	2.5% (412)	0.3% (45)	0.3% (57)	0.4% (69)
<b>6 Months After Exit n=15,917</b>	4.7% (745)	0.5% (73)	0.7% (110)	0.8% (134)
<b>12 Months After Exit n=14,293</b>	8.0% (1,138)	0.9% (124)	1.2% (170)	1.8% (255)

**Note:** The n is based on all children in our exiting sample who have follow up data available at the different time periods and are under the age of 18 at the end of the follow up period. Child abuse or neglect investigations are not counted if they are “ruled out” or “unsubstantiated”.

These results are generally consistent with those documented in our previous reports and indicate that welfare reform, to date, has not caused a large percentage of

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<sup>36</sup> For this report two additional codes which indicate emotional abuse and neglect investigations were added to the calculation of child abuse and neglect. Also, more complete data are now available for all child welfare services. Because of these methodological changes, results reported here are not directly comparable to those in previous reports.

former recipient children to become involved with the child welfare system. However, today's results show that percentages involved in all four types of services increased slightly for the whole sample, historically and for the six and 12 months after exit.

There was no change in the rates within 90 days after exit.

To determine if cohort effects are the underlying reason for the apparent increases in service utilization, we provide an analysis of child welfare outcomes by cohort. Table 21 displays cohort data for all child welfare services considered. Again, rates are low in each cohort. However, significant differences were found among cohorts in intensive family services ( $p < .01$ ), child abuse and neglect ( $p < .001$ ) and kinship care ( $p < .001$ ) at the one year follow up point. In general, children in the later cohorts were more likely to become involved in the child welfare system than their peers in the earlier cohorts.

In addition to cohort, a number of other factors may also be related to heightened risk of child welfare involvement. A multivariate analysis of child welfare risk is beyond the scope of this paper. However, given the seriousness of child abuse and neglect and out-of-home placements, the upward trend warrants further investigation, even though the percentages are small. Specifically, we plan to conduct an event-history analysis of the timing and correlates of child welfare entries. This study will include predictors which are not accounted for here such as child and family characteristics, welfare case status (e.g. had the family returned to TCA before the child welfare event?), employment status, and jurisdiction.

**Table 21. Child Welfare Entries by Cohort and Follow-Up Period**

	<b>% Involved with Child Welfare by this time</b>															
	<b>Child Abuse/Neglect***</b>				<b>Intensive Family Svcs*</b>				<b>Kinship Care***</b>				<b>Foster Care</b>			
	<b>Yr 1</b>	<b>Yr 2</b>	<b>Yr 3</b>	<b>Yr 4</b>	<b>Yr 1</b>	<b>Yr 2</b>	<b>Yr 3</b>	<b>Yr 4</b>	<b>Yr 1</b>	<b>Yr 2</b>	<b>Yr 3</b>	<b>Yr 4</b>	<b>Yr 1</b>	<b>Yr 2</b>	<b>Yr 3</b>	<b>Yr 4</b>
<b>Historical</b>	22.3% (848)	24.0% (1069)	28.6% (1400)	28.9% (857)	2.3% (89)	3.2% (143)	2.9% (140)	4.1% (122)	2.5% (95)	4.0% (178)	5.2% (255)	6.8% (202)	3.6% (136)	4.9% (217)	6.0% (294)	7.3% (218)
<b>90 Days Before</b>	2.4% (91)	2.8% (127)	2.3% (111)	2.7% (80)	0.1% (2)	0.2% (8)	0.1% (6)	0.3% (10)	0.5% (20)	0.7% (29)	0.3% (14)	0.4% (12)	0.6% (21)	1.1% (47)	0.9% (46)	1.3% (38)
<b>90 Days After</b>	2.3% (85)	1.9% (86)	2.9% (143)	2.5% (73)	0.5% (19)	0.1% (6)	0.1% (4)	0.4% (13)	0.3% (10)	0.2% (8)	0.7% (32)	0.2% (7)	0.4% (15)	0.4% (18)	0.5% (25)	0.4% (11)
<b>6 Months After</b>	3.9% (148)	3.9% (173)	5.8% (282)	4.8% (142)	0.6% (23)	0.1% (6)	0.4% (20)	0.8% (24)	0.6% (24)	0.5% (22)	1.0% (49)	0.5% (15)	0.7% (25)	1.0% (42)	0.9% (42)	0.9% (25)
<b>12 Months After</b>	5.8% (213)	6.6% (286)	10.5% (497)	9.4% (142)	1.1% (40)	0.6% (28)	0.7% (32)	1.6% (24)	0.7% (27)	0.8% (36)	1.8% (86)	1.4% (21)	1.5% (54)	1.8% (79)	1.9% (89)	2.2% (33)

**Note:** \* p<.05, \*\* p<.01, \*\*\* p<.001. Comparisons were run for the 12 months after period only.

## Vignettes

Given that the relationship between welfare exits and child welfare entries is complex and that quantitative variables alone do not likely explain the majority of the variance in child welfare entries, we conducted an exploratory analysis of case narratives. The following vignettes, based on narrative and other administrative data, provide examples of the often complex life situations among former welfare recipient children experiencing an indicated or confirmed child abuse or neglect investigation, an Intensive Family Services case opening, a kinship care placement and/or a foster care placement.<sup>37</sup>

Annette has three children. Two receive SSI and the third receives TCA with Annette. She got a part-time job, but the hours were not enough to meet the work requirement. Annette decided that she did not wish to comply with work requirements and asked to have her case closed. She reapplied in a few weeks later, stating she hurt her back and supplying documentation from her doctor confirming her temporary disability. She also stated that she had only an 8<sup>th</sup> grade education with a 5<sup>th</sup> grade capacity. Her case worker recommended she work on her GED while she was unable to work. After Annette's disability paperwork expired a few months later, there was a substantiated investigation of physical child abuse. Followed by a substantiated investigation of neglect, and two months later a substantiated investigation of sexual abuse. Her children were placed in foster care briefly and returned to her. Immediately after their return, there was another substantiated investigation of physical abuse. Two days later, the children entered kinship care and Annette moved into a domestic violence shelter.

Desiree is a grandmother who lost her job when her employer went out of business. Desiree's daughter, Sandra, has a substance abuse problem. Sandra and her two children moved in with Desiree shortly after Desiree lost her job. Desiree initially applied for TCA, and subsequently went on SSA. Her grandchildren came into her custody when Sandra entered a rehabilitation facility. The children's TCA case with Desiree closed as they were returned to Sandra when she exited the facility. However, the children returned to Desiree's care a few months later when it was determined that Sandra was not cooperating with her substance abuse treatment and not capable of managing the children's grant money.

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<sup>37</sup>To protect the anonymity of our sample families, all identifying information in the case vignettes presented in this chapter has been changed.

Lorraine was a 19 year old mother of three at the time of her exit from cash assistance. After her mother kicked her out, she alternated between living with her father, in her own apartment (paid for by her father), and in homeless shelters. Her caseworker helped her with child care and transportation subsidies, and she initially complied with work requirements. After developing a short-term illness, Lorraine stopped participating and was sanctioned. The next month, she was arrested for writing bad checks. One child went to live with his father. The next month, the Healthy Start nurse called the caseworker regarding concerns about the development of Lorraine's 7 month old, and the following month the children were removed from the home temporarily.

Josie is a grandmother who provides kinship care for two of her grandchildren. One grandson receives TCA, the other receives only Food Stamps. The courts ordered Josie to return the grandson receiving TCA to his mother, and so his case closed. However, upon returning to live with his mother, there was a neglect investigation and he was again placed with his grandmother.

Tammy has been investigated several times for neglect. She has been diagnosed with terminal colon cancer, and admits to being involved with an abusive partner as well as abusing drugs. Her TCA case was closed in and in the same month, she was investigated for neglect, and soon after her family was involved with intensive family services.

George and Cindy were homeless and jobless with four children when they applied for cash assistance. George found a job which put the family overscale for cash assistance and their case closed. Emergency assistance was given for their first month's rent in their new apartment. George remained employed, but their housing situation relapsed into homelessness. The family was subsequently investigated for child abuse, and the children were placed in foster care shortly after their TCA case closed. George and Cindy tell their caseworker that they want their children back, but say that homelessness continues to be a barrier to reunification.

Ursula's husband was injured on the job, and shortly after that she was injured herself in a motorcycle accident. When she returned to work the family's income was overscale for TCA and their case closed. Around that time, Ursula decided to leave her husband due to verbal abuse. Her caseworker gave her a referral for Family Preservation Services, and the family received intensive family services. Despite the intervention, she and her husband were investigated for physical abuse not long afterward.

As these stories illustrate, the lives of poor families are often complex and the link between exiting welfare and being involved with child welfare services is not a simple, causal one. Termination of cash assistance is often only one of several factors. In addition, out-of-home placements - whether formal or informal - change frequently and may at times precede the welfare exit.



## Conclusions

As the fifth year of Maryland's Family Investment Program draws to a close, there is keen interest in continuing to assess the outcomes of welfare reform and in determining needed changes for reauthorization. This report on Maryland's welfare leavers during the first four and half years of reform provides a great deal of information on what has happened under the reformed system. Moreover, the more detailed analyses of trends over time and across regions suggest program directions for the future.

- 1. In general, employment and recidivism outcomes for Maryland TANF leavers during the first four and one half years of reform are positive and coincide with those reported in other states.**

Consistent with results from other leavers studies, we find that approximately one out of two adult caseheads worked in a Maryland UI-covered job in the quarter in which she exited the welfare rolls. The proportion of former payees who are employed remains steady at about 50% throughout the follow up period, even up to four years later. About three in ten payees are employed in all quarters during the first post-exit year.

Mean quarterly earnings in the first post-exit quarter are somewhat low at \$2,654. However, quarterly earnings increase over time such that the mean at the 16<sup>th</sup> post-exit quarter is \$4,059.

The majority of TANF leavers do not return to cash assistance following an exit. Excluding administrative churning (i.e. families who return to cash assistance within 30

days), three-fourths of exiters remain off cash assistance for at least one year. Three-fifths to two-thirds do not return to welfare within four years.

**2. The majority of families receive Food Stamps and Medical Assistance after exiting TANF.**

Almost eight out of ten exiting families participate in the Food Stamp program in the first 90 days after their cash assistance case closure. The rate of Food Stamp participation declines over time, reaching about 60% in the second post-exit year. Just under half of all families receive Food Stamps in the third post-exit year and two-fifths are still participating in the program in the fourth year.

In a little over half of all sample families, the casehead and/or a child has Medical Assistance in the first 90 days after exit. Rates of Medical Assistance receipt increase over the follow up period reaching a high of 71.7% in the third year. These increasing rates suggest that recent public awareness campaigns and expansions of the S-CHIP program are having a salutary effect on former TANF families' access to Medical Assistance.

**3. A preliminary examination of child care subsidy utilization among Maryland TANF leavers reveals that a significant minority are receiving this important work support.**

One in five families with a child under the age of 13 receive a child care subsidy during the year following their welfare exit. Maryland's rate of child care utilization resembles rates reported in other states. Much work remains to be done to understand the role child care subsidies play in families' post-welfare lives - including its relationship to employment and recidivism. Also, an examination of reasons why

families do not receive or apply for subsidies could reveal areas for further program development.

**4. Child welfare entry rates among children in families exiting TANF remain low, but are higher among later cohorts of leavers.**

The majority of children in our sample have no child welfare involvement in the first year after TCA exit, even though a sizeable minority had a child welfare service history in the past. However, roughly one in ten children experience a child abuse or neglect investigation within the first year of their families' TCA exit and about 1% experience an Intensive Family Services case opening, kinship care placement, or foster care placement. Preliminary analyses indicate that children in the later exiting cohorts have higher rates of child welfare involvement than their peers in the early cohorts. Further multivariate analyses examining predictors of child welfare involvement, including family, welfare, employment, cohort, and regional variables, may shed light on this trend and provide guidance on policies or procedures which may help reverse this trend.

**5. Families exiting TANF more recently differ from those who exited earlier on a number of dimensions, including baseline characteristics and some initial outcomes.**

Compared to the earlier cohorts, later cohorts include a higher proportion of child only cases, Baltimore City cases, cases headed by an African American adult, and cases with a child under the age of three. Former payees who left welfare recently are on average two years older than their counterparts in the earlier cohorts. The proportion of cases closed because of income above limit or starting work has

decreased over time, while the proportion closed because of a work sanction has increased.

In terms of welfare experiences, the length of the TANF spell from which families are exiting has decreased, although there has been little change in the total length of time families received assistance in the previous five years. Later leavers also return to welfare at a higher rate than earlier leavers.

Employment patterns are not as consistent across cohorts. A higher proportion of payees in cases which exited TANF more recently worked in the previous eight quarters, compared to payees in early exiting cases. While employment rates in the quarter of exit are lower for leavers in Years 3 and 4, quarterly earnings and employment rates in subsequent quarters do not evidence the same pattern.

Taken together, these results suggest that later leavers may have a more difficult time making their welfare exits permanent. Agencies may need to provide more support and transitional services to families exiting now, than they needed to provide in the first years of welfare reform.

Clearly, the need to monitor the circumstances of those who have left the cash assistance rolls remains. The findings reported here hint at some trends which warrant further investigation and analysis. In addition, as the five year time limit draws near, policy makers and program managers must consider the needs of families still receiving assistance. Finally, efforts to assist families who have recently left the rolls move up the economic ladder should continue. Much has already been accomplished under welfare reform in Maryland, but much more remains to be done to address long-standing challenges as well as those which are only now beginning to emerge.

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