Life After Welfare: Eighth Report

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Executive Summary

This report, the eighth in the *Life After Welfare* series, provides updated findings from Maryland's longitudinal study of welfare leavers. The School of Social Work, University of Maryland, Baltimore has conducted the study, with support from the Family Investment Administration, Maryland Department of Human Resources, since October 1996, the first month of welfare reform in Maryland. In today's report, we provide information about the demographic characteristics, welfare receipt patterns, and post-exit employment patterns for a random sample of 8,567 families that left Temporary Cash Assistance (TCA), Maryland's Temporary Assistance to Needy Families (TANF) program, for at least one month during the first six and one-half years of reform (October 1996 to March 2003). Follow-up data are available through March 2003, allowing us to speak to both immediate outcomes and longer-term outcomes, in some case, up to six years after the initial welfare exit.

To insure that the study sample accurately represents the universe of exiting cases, we draw a five percent random sample from among all cases that closed each month. The first sample 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 2003. This continuous sampling method allows us to compare the characteristics and outcomes of recent leavers (April 2002 to March 2003) to those of earlier leavers (October 1996 to March 2002). It also yields a valid statewide sample at the 99% confidence level with a $\pm$ 1% margin of error.

Using data from a variety of administrative data sources, we address ten key research questions:

1. What are the characteristics of those who leave welfare?
2. Do the profiles of early and later exiters differ?
3. What are customers' employment patterns after welfare exit?
4. Do early and later exiters differ in terms of post-exit employment?
5. How do employed leavers differ from non-employed leavers?
6. How many families return to welfare?
7. Do recidivism patterns vary by exiting cohort?
8. What are the risk factors for recidivism?
9. To what extent do exiting families utilize Food Stamps, Medical Assistance/SCHIP, and Child Care subsidies?
10. How many exiting children become known to the child welfare system?

In general, today's findings are similar to those presented in earlier years. Key findings include:

- **Single mothers with young children remain the most common type of case leaving the TANF rolls.**

For the most part, an exiting case in the first six and one-half years of reform is composed of an African American (73.2%) woman (95.5%) in her early thirties (mean age = 32.7 years) and her one or two children (average number of children = 1.73). Although the youngest child in most assistance units is just under six years old (mean age = 5.72 years), almost two in five exiting cases (38.6%) include a child under the age of three.

- **Consistent with findings from last year, we find statistically significant differences between later (April 2002 to March 2003) and earlier (October 1996 to March 2002) leavers. In general, these differences reflect demographic changes observed in Maryland's TANF caseload.**

Even though the overwhelming majority of former TANF payees are female (94.3%), the decrease from earlier cohorts (95.7%) in the percentage of cases headed by women is significant. Over the years of welfare reform the average age of payees has increased (see, for example, Ovwigho, 2001), and this year was no exception. On average, caseheads in the most recent cohort (34.07 years) are one and one-half years older than their counterparts (32.55 years) in earlier cohorts.

The most recent cohort also includes larger proportions of African American payees (77.9%) and Baltimore City cases (50.7%) than previous cohorts (72.6% and 45.1%, respectively). These findings are most likely related to and are consistent with general caseload trends in Maryland. Specifically, previous studies have documented that Baltimore City experienced lower case closing rates than expected in the first few years of reform (Born, Caudill, Cordero, and Kunz, 2000; Born and Herbst, 2002; Born, Ruck, and Cordero, 2001; Welfare and Child Support Research and Training Group, 1998a, 1999c), and that the TCA caseload has become increasingly more concentrated in Baltimore City (Born, Hetling-Wernyj, Lacey, and Tracy, 2003).

Also, one in five recent exiting cases is a child-only case where the adult payee is not included in the grant, compared to only 14.7% of earlier exiting cases. Similarly, the average assistance unit size for the most recent cohort (2.54 people) is significantly smaller than the average assistance unit size for the earlier cohorts (2.62 people).

These results are also consistent with studies of Maryland's active TANF caseload that show increases in the proportion of child-only cases (Born, Hetling-Wernyj, Lacey, and Tracy, 2003; Ovwigho, 2001). For policymakers and program managers, these caseload changes have important implications for program design, management and monitoring. It is widely predicted that welfare reform re-authorization will place even greater emphasis on work and work participation. If so, the concentration of not only welfare exiters, but also today's active cash assistance caseload in Baltimore City (54.5% of all cases statewide as of June 2003) and, to a lesser extent in Prince George's County (13.5% of all cases statewide as of June 2003) may warrant specific attention. In particular, careful conceptual as well as operational attention will have to be paid to such issues as the feasibility, scale and most appropriate methods for engaging a larger proportion of cases in work activities. Similar attention, of course, will likely need to be paid to contracting and monitoring processes and to very careful specification and measurement of outcomes.

- **"Income above limit/started work" remains the most common reason for case closure. However, full family sanctions for non-compliance with work requirements are increasingly more common and are now the second most common case closing reason for the most recent cohort.**

It is encouraging to find that even in economically difficult times, "income above limit/started work" remains the most common case closing reason, accounting for three out of ten closures. However, cases closing for this reason are less common among the most recent cohort, accounting for only one-fourth of all exits. Full family sanctions for non-compliance with work requirements are more common among cases closing between April 2002 and March 2003, with one-fifth of recent cases closing for this reason. This finding is particularly noteworthy because families who return to the welfare rolls within one month are excluded from the analyses. This suggests that not only are sanctions becoming more common, but they are also more likely today to lead to the family missing at least one month of TANF benefits.

- **In terms of their welfare and employment histories, more recent leavers appear to be better positioned than their earlier-leaving counterparts to transition from welfare-to-work.**

The majority of exiters have recent work experience: 68.3% at some point in the two years before spell entry and 71.3% at some point in the two years before their welfare exit. However, recent work experience is more common among later leavers than earlier leavers. Specifically, recent leavers are more likely to have worked in the eight quarters before their welfare spell began (74.3% vs. 67.5%) and in the eight quarters before their TANF exit (74.6% vs. 70.9%).

Similarly, more recent leavers have shorter welfare histories, on average eight fewer months out of the previous five years (mean = 24.41 months vs. 32.17 months). Together these trends suggest that, on these two dimensions at least, more recent leavers may be better prepared for the labor market than earlier leavers. However, because the most recent leavers are exiting during an economic downturn, the findings may also reflect the reality that only the most job-ready are able to leave the welfare rolls during economically difficult times.

- **Consistent with previous analyses, approximately one-half of exiters work in a Maryland UI-covered job immediately or shortly after leaving welfare. An additional three to six percent work in a UI-covered job in one of the states bordering Maryland. Employment rates are fairly stable over time, although they do decline somewhat in the fourth through sixth years.**

- **In general, employment rates are higher among persons who have prior work experience; about two-thirds of those adults work right after leaving welfare.**

- **Work effort persists over time. Of those employed in the first post-exit quarter, the vast majority (82.6%) also worked in the second post-exit quarter. Approximately three of every five adults who worked in the first post-exit quarter, in fact, worked in all four quarters of the first year after leaving welfare.**

- **The specific industries in which adults most often find jobs immediately after leaving welfare are: Employment Placement Agencies (12.9%), Full-Service Restaurants (6.2%), Continuing Care Retirement Communities (6.1%), Department Stores (5.3%), and Gasoline Stations with Convenience Stores (4.2%)**

In each quarter through the first three post-exit years, approximately one-half of former TANF payees are working in a Maryland UI-covered job, an additional three to six percent are working in another state, and an unknown number have found federal employment. In the fourth through sixth post-exit year, Maryland UI-covered employment rates decline slightly, although they remain substantial with two-fifths of former payees working. The data presented in Appendix A indicate that this decline may be explained in part by increasing employment in the states that border Maryland.

The finding that post-welfare employment rates are higher among those with a fairly recent (within two years) history of paid work is consistent with findings from our earlier reports. It is also consistent with widely-held views about the importance of having or having had a job as a stepping stone to subsequent jobs. On the other hand, this finding also points out the fragility or impermanence that often characterizes the employment of low-income single-parent households. That work effort among study cases persists over time – a significant minority working in all four quarters of the first post-welfare year – is heartening. It implies, certainly, that these adults do want to work and remain free of welfare. On the other hand, the nature of the first post-exit jobs obtained by many of these adults also implies that they and we may have considerable work to do to insure continued employment, wage progression, and skill enhancement.

- **Later leavers are significantly less likely to be employed than earlier leavers.**

Despite the generally positive employment findings overall, consistent with other studies, we find that payees in the most recent cohort (April 2002 to March 2003) have significantly lower rates of post-exit employment than their earlier-leaving counterparts. This difference holds for those with recent pre-exit employment experience as well and becomes more pronounced over time. By the third post-exit quarter, only 37.8% of recent leavers are employed, compared to 49.6% of leavers in the earlier cohorts. These findings are at odds with the fact that later leavers actually appear, in at least some respects, to be better positioned than earlier leavers to transition from welfare to work; more of them have recent work experience and, on average, they have shorter welfare histories. Taken together, these seemingly conflicting findings may reflect the more difficult economic/employment situation faced by persons who have left welfare in the more recent period.

- **Although employment rates do not increase, quarterly earnings do increase over time.**

In the first post-exit quarter, employed leavers earn an average of about $2500 for the quarter. Average quarterly earnings increase substantially over time, reaching a high of $4500 by the sixth post-exit year.

- **Recidivism rates remain fairly low. The majority of families who leave welfare for at least one month do not return in the first few years.**

In the first year after exiting, slightly more than one-quarter of families return to the TANF rolls. Recidivism rates increase over time, reaching about one-third (34.9%) by the end of the third year. By the 48th month, the percentage of families returning to cash assistance levels off, remaining at about 36% through the sixth post-exit year. These findings are a clear indication that large numbers of adults who formerly received cash assistance in Maryland have accepted the challenge of moving from welfare to work and that, in the majority of cases, they have been able to avoid returning to welfare after exiting. In terms of practice implications, the consistent finding that returns to welfare tend to happen fairly soon after the exit continues to suggest that the initial post-exit period may be a crucial one for support and/or intervention. For example, efforts have been made to insure that exiting families are appropriately connected to support services such as Medical Assistance and Food Stamps. Perhaps some thought should be given to at least experimenting with some type of more general, post-exit intensive case management/case support services as well.

- **Surprisingly, there are no statistically significant differences in recidivism or returns to welfare between later and earlier leavers.**

Given that later leavers have lower rates of post-exit employment, we expected to find that they also have higher rates of recidivism. However, no differences were observed, at least through the first six months post-exit. Taken together, these results may indicate that later leavers are finding other ways to support their families, possibly through higher rates of out-of-state employment.

- **The majority of Maryland's TANF leavers receive Food Stamps and Medical Assistance after exiting the welfare rolls. Although participation rates decline over time, they remain substantial through the end of the sixth post-exit year.**

In the first few months after exiting cash assistance, three-fifths of leavers receive Food Stamps. Over time Food Stamp participation rates decline; however, one-third of leavers are still receiving Food Stamps by the end of the sixth post-exit year. Medical Assistance/S-CHIP participation rates follow a similar trend, although rates are generally higher. Nearly three-fourths (72.5%) of families have at least one member receiving Medical Assistance in the first three months after exit. By the end of the sixth year, three-fifths of leavers still have at least one family member covered by Medical

Assistance. The finding that Food Stamp participation is lower than Medical Assistance participation may in fact be a positive one. A recent multivariate analysis of predictors of welfare recidivism among our *Life After Welfare* sample shows that Food Stamp participation generally indicates higher recidivism risk, while Medical Assistance participation is a predictor of lower recidivism risk (Ovwigho, Srivastava, and Born, 2003).

In terms of family well-being, these persistently high rates of Food Stamp and Medical Assistance participation are positive. However, the fact that sizable proportions of families are still participating in one or the other of these means-tested programs as long as six years after leaving welfare, suggests that independence from cash assistance does not necessarily equate to lack of need for governmental services. The finding suggests, too, that larger community-wide challenges remain in terms of adult education and skill development and job/career progression and advancement.

- **Approximately one-fifth of families with a child under the age of 13 receive a subsidy to help pay for child care. Subsidy receipt rates decline over time.**

In the first three quarters after exiting welfare, a little less than one out of five families receives a child care subsidy. By the 11th post-exit quarter, only 12.2% of families receive a subsidy. Child care use and subsidy receipt should remain an area of concern, because the majority of families leaving cash assistance do include at least one child under the age of 13 and roughly two of five include a child under three.

- **This eighth project report, consistent with the previous seven, shows that the vast majority of children do not experience a child welfare event after exiting the welfare rolls. Indeed, rates of child abuse and neglect following exit remain significantly lower than would be expected based on childrens' pre-exit child welfare histories.**

By the end of the first post-exit year, only 5.2% of children have been the subject of a substantiated or indicated child abuse or neglect investigation and less than 2% have entered foster care. These rates are significantly lower than historical rates of child abuse and neglect and foster care placement among these children. In fact, one-fifth of children have a pre-exit history of substantiated or indicated child abuse or neglect and 5.6% have a history of foster care placement.

- **Finally, our most general conclusion is that Maryland's bi-partisan, empirically-based welfare reform program continues to yield generally positive results.**

Children are not coming into foster care or being involved in child abuse or neglect. Most exiting adults do work after leaving welfare, their work effort persists over time, they do not come back on welfare and they do avail themselves of other program benefits, in particular Food Stamps and Medical Assistance. In our view, the findings in today's report raise no immediate red flags and suggest no program modifications or issues that need to be addressed on an urgent basis.

At the same time, there are some hints in these updated findings of trends or situations to which it might be wise to devote some conceptual and operational thought. One that bears repeating, in our view, is the concentration of the active welfare caseload in but two of the state's 24 subdivisions, Baltimore City and Prince George's

County, which together account for 68% of the state total. This does not necessarily mean that the caseloads in these locales are disproportionately “hard to serve”. However, it does mean that for reasons of scale alone, any new initiatives or enhanced performance requirements imposed on or by the state will require meticulous planning, implementation, and operation in these two subdivisions in order for statewide goals to be achieved.

Second, the fact that, statewide, the most recent welfare leavers are less likely to work immediately after exiting – despite having shorter welfare careers and more recent past work experience – suggests that the transition from welfare to work may be more difficult in today’s less robust economy. This, coupled with the near certainty that work requirements will go up, not down, as a result of re-authorization, only adds to the importance of careful planning, implementation and outcome monitoring. This is true not only in Baltimore City and Prince George’s County, of course, but in all jurisdictions and across all service providers. In other words, while we should rightly take pride in what has been achieved through our state’s bi-partisan welfare reform program, many old challenges remain and many new ones will soon be upon us. Thankfully, Maryland remains well-positioned to meet these old and new challenges because of the continued strong commitments to welfare reform and to low-income children and their families on the part of elected and appointed officials, DHR/DSS staff, advocates, and others.

Introduction

This report, the eighth in the *Life After Welfare* series, provides updated findings from Maryland's longitudinal study of welfare leavers. The School of Social Work, University of Maryland-Baltimore has conducted the study, with support from the Family Investment Administration, Maryland Department of Human Resources, since October 1996, the first month of welfare reform in Maryland. In today's report, we provide information about the demographic characteristics, welfare receipt patterns, and post-exit employment patterns for a random sample of 12,233 families that left welfare during the first six and one-half years of reform (October 1996 to March 2003).

In the seven years since this research began, there has been significant change in welfare programs and the environments in which they operate. In the early years of reform, cash assistance caseloads declined dramatically. In the booming economy of that time, many families were able to leave welfare for work. In fact, most initial welfare leavers studies found that the majority of exiting adults were employed (55% to 65%) immediately after leaving cash assistance (Jarchow, Tweedie, and Wilkins, 2002). For many states, the generally positive results from leavers studies confirmed that their work-first approach to welfare reform was producing the desired outcomes.

However, the environment for welfare programs began to change in March 2001 when the economy entered a recession or period of contraction. The economy continues to move along at a sluggish pace, unemployment rates remain high, and welfare caseloads – nationally and locally – have become more variable: up in some months and down in others. Combined with uncertainty that still surrounds the re-authorization of the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA), the last few years have been a new, critical period for welfare policy makers and program managers, and, perhaps, a harbinger of the many complex challenges that lie ahead.

Because of the uncertain environment that currently exists, particularly as it relates to welfare reform, it has become increasingly important for policymakers and program administrators to acquire and analyze longitudinal data about welfare recipients. In Maryland we have been tracking outcomes for some families for as long as six years. This differs from most other states' leavers studies that typically track families for, at most, only one year after their exit. Because our data encompasses several years for many families in our sample, analysis of their post-exit employment, earnings, recidivism, and use of other services allows for a much more comprehensive assessment of outcomes.

In addition, because new cases are continually added to our sample, the outcomes of early and later welfare leavers can be compared. The nature of our study and sample also helps make clear the hard reality that welfare reform outcomes, especially those related to employment and returns to welfare, do not depend exclusively on actions taken within and by the welfare system per se. Unquestionably, outcomes are also heavily influenced by the condition of the overall economy at the national, state, and local levels.

With the above context in mind, this report speaks to the two fundamental questions that have guided our research since 1996: 1) Who is leaving cash assistance in Maryland? and 2) What happens to exiting families after they leave the welfare rolls? The analyses in this eighth report are similar to those done for the seventh report in that they address ten basic questions:

1. What are the characteristics of those who leave welfare?
2. Do the profiles of early and later exiters differ?
3. What are customers' employment patterns after welfare exit?
4. Do early and later exiters differ in terms of post-exit employment?
5. How do employed leavers differ from non-employed leavers?
6. How many families return to welfare?
7. Do recidivism patterns vary by exiting cohort?
8. What are the risk factors for recidivism?
9. To what extent do exiting families utilize Food Stamps, Medical Assistance/SCHIP, and Child Care subsidies?
10. How many exiting children become known to the child welfare system?

However, the analysis approach for the seventh (Ovwigho, Born, Ruck, Srivastava, and Owens, 2002) and eighth reports differs from the approach used in the first six reports (Born, Ovwigho, Leavitt, and Cordero, 2001; Welfare and Child Support Research and Training Group, 1997, 1998b, 1999a, 1999b, 2000). First, this report, like our last report, excludes families who exited the rolls for less than one month. In our first six reports, study samples included anyone who exited for at least one day, and many analyses focused on the rate of "churning" (i.e., returning to cash assistance within one month) as well as how churners differed from other exiters. More recently, we have limited our analyses to those who have exited for at least one month, in order to make our results more comparable to other states' leavers studies and because the phenomenon of churning has been adequately addressed in our earlier reports.

This year's report is similar to last year's (but different from the first six reports) in that our analyses of exiting cohorts are limited to three groups: Total Sample (10/96-3/03 exiters); Most Recent Cohort (4/02-3/03 exiters); and Earlier Cohorts (10/96-3/02 exiters). In our earlier reports, we presented each yearly cohort separately. To do so in this report, however, would require presenting results separately for six full year cohorts (10/96-9/97, 10/97-9/98, 10/98-9/99, 10/99-9/00, 10/00-9/01, 10/01-9/02) and one six month cohort (10/02-3/03). Not only would this be unwieldy, but to truly understand the differences observed among cohorts would require the use of multivariate statistical techniques. Complex analyses of cohort trends are beyond the scope of this report , the purpose of which is to provide a relatively succinct, descriptive profile of families leaving TANF and what happens to them over time. Thus, as noted, this year's report provides an overall picture of all exiters (Total Sample, 10/96 - 3/03), a snapshot of the most recent leavers (Most Recent Cohort, 4/02 - 3/03), and a reference point for how the most recent group compares to those who left earlier (Earlier Cohorts, 10/96 - 3/02).

Methods

This chapter presents a description of the research methods used in our *Life After Welfare* study and the nature and sources of data upon which this eighth project report is based. 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 all cases that 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 2003 (n=118).

Our study universe, by design, is more inclusive than the population of interest used in many other leavers studies. Our population 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 subsequently return.

Our definition of a welfare exit is also broader than that used in most studies. Many studies exclude cases that close but reopen within two months. In contrast, cases are eligible for selection into our study universe as long as the welfare case did not close and subsequently reopen on the same day.[1] In our view, this all-inclusive

[1]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.

approach best permits us to determine case closing patterns, correlates and outcomes in Maryland. However, differences in sample definition limit the comparability of some of our findings with those of other studies and, in particular, may cause some of our results to artificially appear less positive than those reported by other states.

While we continue to follow all families in our sample, we have excluded certain churners from all analyses presented in this eighth project report. Specifically, the results presented here exclude cases that returned to cash assistance within one month of exit. Of the total sample of cases that exited between October 1996 and March 2003 (n=12,233), we exclude the 3,666 (30.0%) that returned to cash assistance within one month of exit.

This eighth *Life After Welfare* report focuses on the first 78 monthly samples - families who left Temporary Cash Assistance (TCA, formerly Aid to Families with Dependent Children) between October 1996 and March 2003. A total of 8,567 cases (12,233 - 3,666) are included in the analyses. Drawing five percent samples from each month's universe of non-churning TCA closing cases yields a valid statewide sample at the 99% confidence level with a $\pm$ 1% margin of error.

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.

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.

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 that borders four states (Delaware, Pennsylvania, Virginia, West Virginia) and the District of Columbia, out-of-state employment is quite common. The majority of Maryland counties border at least one other state. Moreover, according to the 2000 census, in some Maryland counties, more than one of every three employed residents worked outside the state. Overall, the rate of out-of-state employment by Maryland residents (17.4%) is roughly five times greater than the national average (3.6%).[2] This is a very important, but generally overlooked

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[2]Data obtained from U.S. Census Bureau website http://www.factfinder.census.gov using the Census 2000 Summary File 3 Sample Data Table QT-P25: Class of Worker by Sex, Place of Work and Veteran Status, 2000.

reality. Among other things, as shown in Table 1, on the next page, out-of-state employment is particularly common among residents of two very populous Maryland jurisdictions (Montgomery and Prince George's Counties). According to the 2000 Census, 44% of all employed Prince George's County residents worked outside the state, as did 31% of Montgomery County residents.

Also notable is the fact that there are more than 125,000 federal jobs located within Maryland and the majority of the residents of our state live within commuting distance of Washington, D.C. (http://www.dllr.state.md.us/lmi/industryprofile/md2digit.htm – 2000 data). Appendix A provides estimates of the extent to which employment in other states by members of our study sample depresses our reported employment findings. Our lack of data on federal employment, civilian and military, also depresses our employment findings, but to an unknown extent.

Finally, readers should also note that UI-covered earnings are reported on an aggregated, quarterly basis. Thus, we do not know, for any given quarter, how much of that time period the individual was employed (i.e., how many months, weeks or hours). For this reason, it is not possible to compute or infer hourly wages or weekly or monthly salary from these data.

Table 1. Percentage of Residents Employed Outside of the State[3]

Place of Residence	Number	Percent
Allegany County	2,704	9.1%
Anne Arundel County	24,281	9.5%
Baltimore County	8,932	2.4%
Calvert County	6,367	17.0%
Caroline County	1,578	11.2%
Carroll County	2,873	3.7%
Cecil County	17,110	40.7%
Charles County	17,877	29.0%
Dorchester County	613	4.4%
Frederick County	9,234	9.0%
Garrett County	1,489	11.5%
Harford County	3,790	3.4%
Howard County	13,814	10.2%
Kent County	1,083	12.0%
Montgomery County	142,498	31.3%
Prince George's County	174,209	43.8%
Queen Anne's County	1,878	9.0%
St. Mary's County	3,195	7.4%
Somerset County	370	4.1%
Talbot County	532	3.3%
Washington County	5,504	9.1%
Wicomico County	3,058	7.3%
Worcester County	1,838	8.7%
Baltimore City	5,727	2.3%
Maryland	450,554	17.4%
United States	4,635,524	3.6%

[3] Data were obtained from the U.S. Census Bureau web-site http://www.factfinder.census.gov using the Census 2000 Summary File 3 Sample Data table QT-P25: Class of Worker by Sex, Place of Work, and Veteran Status: 2000 and the county-to-county worker flow files found at: http://www.census.gov/population/www/cen2000/commuting.html

CCAMIS

The Maryland Department of Human Resources' Child Care Automated Management Information System (CCAMIS) tracks child care subsidies given to Maryland's families. Data are available at the individual (child, casehead, child care provider) and case (family) level, and provide information on a monthly basis concerning subsidy utilization.

Children age 12 and younger whose family incomes are less than 50% of the state median income may receive subsidies.[4] Priority for child care subsidies is given first to current TCA recipients, then to families that exited from TANF within the past 12 months, and finally to families that have not received TANF within the past year. Prior to January 2003, there was no waiting list for subsidies. However, the recent state budget situation has led to a change in policy such that all new Priority 3 applicants (i.e. families that have not received TANF in the previous year) are placed on a waiting list.

[4]Prior to January 1, 2002, the income eligibility guideline to receive child care subsidies was 45% of the state median income.

Findings: Baseline Administrative Data

This findings chapter presents baseline demographic, employment, and welfare participation data on leavers at the time of exit from TCA, including: assistance unit size and composition; age, gender, and race/ethnicity of payees; age of youngest child in the assistance unit; employment history; welfare history; and, case closing reason. Data on leavers from the entire six and one-half years of welfare reform are presented for the sample as a whole, and separately for the most recent cohort of leavers (April 2002 to March 2003). Comparison data on those who left welfare in the earlier years of reform (October 1996 to March 2002) are also provided.

What Are the Characteristics of Maryland's Leavers?

Table 2, following this discussion, summarizes information on the characteristics of our 8,567 sample families. The first column of the table includes all sample families exiting for at least one month between October 1996 and March 2003. The second column describes the most recent leavers while the third column presents data on earlier leavers.

Characteristics of the Entire Sample

For the most part, an exiting case in the first six and one-half years of reform is composed of an African American (73.2%) woman (95.5%) in her early thirties (mean age = 32.7 years) and her one or two children (average number of children = 1.73). The typical female payee gave birth for the first time shortly before her twenty-second birthday (21.89 years old).[5] Although the youngest child in most assistance units is just under six years old (mean age = 5.72 years), almost two in five exiting cases (38.6%) include a child under the age of three.

Characteristics of the Most Recent Leavers

The most recent leavers are those who exited TCA between April 2002 and March 2003. As is true for the total sample, the typical casehead is an African-American (77.9%), female (94.3%), in her thirties (mean age = 34.07), who is likely to live in Baltimore City (50.7%). Female payees had their first child, on average, shortly after turning 22 (22.28 years old). Most assistance units are composed of two or three members, including one or two children. The youngest of these children is usually about six years old, with two out of five families (39.6%) having a child under three years of age.

Do the Most Recent Leavers Differ From Previous Leavers?

The most recent leavers are generally similar to earlier leavers in terms of their demographic characteristics, but there were statistically significant differences on eight of the 10 demographic variables examined. These are: payee gender; payee age; payee age at birth of first child; payee racial/ethnic background; region; assistance unit size; proportion of child-only cases; and, age of youngest child.[6]

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[5] 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 child-bearing among the sample.

[6] There were no significant differences in number of children in the assistance unit or in the percent of cases with a child under three.

Even though the overwhelming majority of former TANF payees are female (94.3%), there was a significant decrease from earlier cohorts (95.7%) in the percentage of cases headed by women. Over the years of welfare reform the average age of payees has increased (see, for example, Ovwigho, 2001), and this year was no exception. On average, caseheads in the most recent exiting cohort (34.07 years) are one and one-half years older than their counterparts who left welfare earlier (32.55 years).

The most recent cohort also includes larger proportions of African American payees (77.9%) and Baltimore City cases (50.7%) than previous cohorts (72.6% and 45.1%, respectively). These findings are most likely related to and are consistent with general caseload trends in Maryland. Specifically, previous studies have documented that Baltimore City experienced lower case closing rates than expected in the first few years of reform (Born, Caudill, Cordero, and Kunz, 2000; Born and Herbst, 2002; Born, Ruck, and Cordero, 2001; Welfare and Child Support Research and Training Group, 1998a, 1999c), and that, over time, the TCA caseload has become more concentrated in Baltimore City (Born, Hetling-Wernyj, Lacey, and Tracy, 2003).

Another significant difference is that one in five recent exiting cases is a child-only case where the adult payee is not included in the grant, compared to only 14.7% of earlier exiting cases. Similarly, the average assistance unit size for the most recent cohort (2.54 people) is significantly smaller than the average assistance unit size for the earlier cohorts (2.62 people). These trends are also consistent with patterns observed in the general TCA caseload (Ovwigho, 2001; Born, et al., 2003).

Table 2. Demographic Characteristics of Exiting Samples

Characteristics	Entire Sample 10/96-3/03 (n=8,567)	Most Recent Cohort 4/02-3/03 (n=998)	Earlier Cohorts 10/96 - 3/02 (n=7,569)
Payee's Gender* (% female)	95.5% (7947)	94.3% (941)	95.7% (7006)
Payee's Age*			
Mean	32.73 yrs	34.07 yrs	32.55 yrs
Median	30.89 yrs	31.90 yrs	30.80 yrs
Standard Deviation	10.63 yrs	12.01 yrs	10.43 yrs
Range	17 to 89 yrs	18 to 81 yrs	17 to 89 yrs
Payee's Age at First Birth*			
Mean	21.89 yrs	22.28 yrs	21.84 yrs
Median	20.26 yrs	20.30 yrs	20.25 yrs
Standard Deviation	5.46 yrs	6.04 yrs	5.38 yrs
Range	13 to 48 yrs	13 to 48 yrs	13 to 46 yrs
Payee's Racial/Ethnic Background***			
African American	73.2% (5850)	77.9% (753)	72.6% (5097)
Caucasian	24.4% (1951)	19.2% (186)	25.1% (1765)
Other	2.4% (191)	2.9% (28)	2.3% (163)
Region***			
Baltimore City	45.7% (3917)	50.7% (506)	45.1% (3411)
Prince George's County	13.2% (1134)	12.3% (123)	13.4% (1011)
Baltimore County	11.9% (1018)	9.1% (91)	12.2% (927)
Montgomery County	4.4% (377)	3.7% (37)	4.5% (340)
Anne Arundel County	4.7% (405)	5.3% (53)	4.7% (352)
Baltimore Metro Region	6.0% (512)	6.2% (62)	5.9% (450)
Southern Maryland	3.0% (257)	2.5% (25)	3.1% (232)
Western Maryland	3.6% (310)	2.8% (28)	3.7% (282)
Upper Eastern Shore	3.9% (331)	3.1% (31)	4.0% (300)
Lower Eastern Shore	3.4% (287)	3.1% (31)	3.4% (256)
Assistance Unit Size*			
Mean	2.61	2.54	2.62
Median	2.00	2.00	2.00
Standard Deviation	1.16	1.19	1.16
Range	1 to 9	1 to 8	1 to 9
% child only cases**	15.3% (1304)	19.3% (190)	14.7% (1114)
Number of Children			
Mean	1.73	1.69	1.74
Median	1.00	1.00	1.00
Standard Deviation	1.05	1.09	1.04
Range	0 to 8	0 to 7	0 to 8
Age of Youngest Child*			
Mean	5.72 yrs	6.06 yrs	5.68 yrs
Median	4.33 yrs	4.35 yrs	4.33 yrs
Standard Deviation	4.69 yrs	5.05 yrs	4.64 yrs
Range	<1 mo to 18 yrs	< 1 mo to 18 yrs	<1 mo to 18 yrs
% households with a child under 3	38.6% (3147)	39.6% (376)	38.5% (2771)

Note: Due to missing data for some variables, counts may not sum up to the total number of cases. Valid percentages are reported. *p<.05 **p<.01 ***p<.001

Why Are Families Leaving Welfare?

When welfare caseloads began declining, the reasons why families were leaving welfare were a major area of concern among advocates, policy makers, and program managers. Specifically, many were worried that declining caseloads might be resulting from high rates of sanctioning for non-compliance with stricter work requirements. For this reason, we have examined case closing reasons in each of our *Life After Welfare* reports. In Maryland, official case closing reasons are recorded in the administrative, computerized information management systems. Unavoidably, the fixed and finite 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 as well as other studies (e.g., Moses, Mancuso, and Lieberman, 2000) that, in particular, these administrative data significantly understate the numbers of cases that close because the payee has obtained employment.[7] Despite these limitations, it is useful to examine the relative frequency with which various closing codes are used when exits from TCA take place and whether there have been changes over time in recorded reasons for case closure. Table 3, following this discussion, presents information on case closing reasons for the entire sample, as well as the earlier and most recent cohorts.

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[7]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 that only 30% of all cases closed with the "started work" or "income above limit" codes.

Case Closing Reasons: Entire Sample

During the first six and one-half years of welfare reform in Maryland, five administrative data codes have predominated across the state, accounting for more than eight of every ten closures (84.1%). The most common case closing reason is income above limit/started work, accounting for three out of ten case closures (30.3%).[8] The other four most-common case closing reasons, in descending order, are: failed to reapply/complete redetermination (18.9%); eligibility information/verification not provided (15.5%); work sanction (12.3%); and, assistance unit requested closure (7.1%).

Case Closing Reasons by Exit Cohort

Table 3 also illustrates the importance of examining differences by cohort, as we do find significant differences in case closing reasons depending on when the welfare exit took place. Income above limit/started work was the most common case closing reason for both the most-recent leavers (April 2002--March 2003), and all other leavers (October 1996--March 2002). However, the percent of recent cases (24.6%) closing for this reason is 6.5 percentage points lower than the percent of earlier cases (31.1%). For the remaining closing reasons, the most noteworthy finding is that almost twice as many recent cases closed because of a full family sanction for non-compliance with work requirements than earlier cases (20.9% vs. 11.1%, respectively).

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[8] Our first four *Life After Welfare* 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 are now combined for all analytic purposes.

Table 3. Case Closing Reasons

Characteristics	Entire Sample 10/96-3/03 (n=8,567)	Most Recent Cohort 4/02-3/03 (n=998)	Earlier Cohorts 10/96 - 3/02 (n=7,569)
Closing Code* **			
Income Above Limit/Started Work	30.3% (2591)	24.6% (246)	31.1% (2345)
Failed to Reapply/Complete Redetermination	18.9% (1612)	17.5% (175)	19.0% (1437)
Eligibility/Verification Information Not Provided	15.5% (1323)	14.2% (142)	15.6% (1181)
Work Sanction	12.3% (1051)	20.9% (209)	11.1% (842)
Assistance Unit Requested Closure	7.1% (610)	7.3% (73)	7.1% (537)
Total Cases Closing for These Reasons	84.1% (7187)	84.5% (845)	83.9% (6342)

What Are Payees' Experiences With the Welfare System and Employment?

Table 4, following this discussion, presents information regarding payees' pre-exit experiences with the welfare system and with UI-covered employment. Topics of interest include the length of the exiting spell, number of months of AFDC/TCA receipt in the five years prior to exit, and the percentage of people working at any time in the eight quarters preceding welfare spell entry and exit.

When examining the sample as a whole, we find that more than three out of five cases (61.3%) are exiting from a welfare spell that has lasted 12 or fewer months. Typically, or on average, exiting families are ending a TCA spell that has lasted 19 months.

Recent and earlier leavers do differ significantly in the length of exit spell, that is, on the number of months of consecutive welfare receipt leading up to their exit from the rolls. Average spell length for the most recent cohort (10.19 months) is about half as long as the spell length for the earlier cohorts (20.19 months). The median or midpoint was also significantly lower for the most recent cohort, at 6.16 months versus 10.02 months for the earlier cohorts. As the average length of exit spell becomes shorter over time, the gap in the percentage of those leaving short spells compared to those leaving long spells continues to increase. Almost four out of five (79.5%) cases within the recent cohort were ending a welfare spell of 12 months or less, while only 1.2% of exiting cases were ending a spell of more than five years. For earlier exiting cases the comparable figures are 58.9% and 7.6%, respectively.

As helpful as it is to know about the length of the welfare spell from which families are exiting, this information provides only part of the picture of families' welfare utilization. In order to provide a more complete and accurate depiction of families' welfare history, previous welfare spells must also be considered. One benefit of examining multiple welfare spells is that it serves to guard against underestimating welfare usage. In addition, it also helps to nullify the influence of local case closing practices on exit spell calculations. For these reasons, in the bottom half of Table 4, we also present an alternate measure of welfare history: the total number of months of benefit receipt (not necessarily continuous) in the five year period immediately preceding the TCA exit that brought the family into our sample.[9]

Among the entire sample, the average payee received cash assistance in 31.27 of the 60 months possible in the now time-limited welfare system, or a little more than half the time. Over a quarter (27.6%) of all exiting payees had received assistance for more than four out of the previous five years (i.e., for at least 49 of 60 months).

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[9]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 payee's entire, adult lifetime welfare history, it does correlate highly with adult lifetime measurements (r = .79 to .91).

When comparing the most recent leavers to earlier leavers, we again see significant differences in TCA receipt patterns. On average, the most recent leavers have shorter cumulative welfare histories, with 24.41 months, or about two years, of receipt out of the previous 60, compared to 32.17 months, or about two and one-half years, for earlier leavers.

Table 4. Welfare Receipt and Employment History of Exiting Payees

	Entire Sample 10/96-3/03 (n=8,567)	Most Recent Cohort 4/02-3/03 (n=998)	Earlier Cohorts 10/96-3/02 (n=7,569)
Length of Exiting Spell* **			
12 months or less	61.3% (5252)	79.5% (793)	58.9% (4459)
13-24 months	18.4% (1580)	13.7% (137)	19.1% (1443)
25-36 months	7.2% (613)	3.3% (33)	7.7% (580)
37-48 months	3.8% (327)	1.5% (15)	4.1% (312)
49-60 months	2.4% (209)	0.8% (8)	2.7% (201)
More than 5 years	6.8% (586)	1.2% (12)	7.6% (574)
Mean***	19.02 months	10.19 months	20.19 months
Median	9.53 months	6.16 months	10.02 months
Standard deviation	28.65 months	14.19 months	29.85 months
Range	1 to 343 mos	1 to 159 mos	1 to 343 mos
TCA Receipt in 5 Yrs Prior to Exit* **			
12 months or less	24.9% (2134)	37.0% (369)	23.3% (1765)
13-24 months	17.5% (1499)	20.7% (206)	17.1% (1293)
25-36 months	15.6% (1334)	15.7% (156)	15.6% (1178)
37-48 months	14.4% (1235)	10.0% (100)	15.0% (1135)
49-60 months	27.6% (2360)	16.6% (165)	29.0% (2195)
Mean***	31.27 months	24.41 months	32.17 months
Median	30.00 months	19.00 months	32.00 months
Standard deviation	19.49 months	18.34 months	19.46 months
Range	1 to 60 mos	1 to 60 mos	1 to 60 mos
% working at some point in eight quarters preceding spell entry***	68.3% (5823/8530)	74.3% (736/991)	67.5% (5087/7539)
% working at some point in eight quarters preceding spell exit**	71.3% (6093/8541)	74.6% (739/991)	70.9% (5354/7550)

Note: Due to missing data for some variables, counts may not sum up to the total number of cases. Valid percentages are reported. The employment figures exclude 26 sample members for whom we have no Social Security Number. In addition, employment preceding spell entry excludes anyone whose welfare spell began before April 1, 1985. *p<.05 **p<.01 ***p<.001

Table 4 also displays data on payees' employment experiences in the two years preceding their welfare spell entries and the two years preceding their welfare spell exits. Overall, almost seven out of ten payees (68.3%) had Maryland UI-covered employment at some point in the eight quarters, or two years, before their welfare spell began; a similar proportion worked at some point before their TCA spell ended (71.3%).

The most recent cohort of leavers differs significantly from the earlier cohorts in terms of recent employment experience. Specifically, and perhaps somewhat surprisingly, recent leavers are more likely to have worked in the eight quarters before their welfare spell began (74.3% vs. 67.5%) and in the eight quarters before their TANF exit (74.6% vs. 70.9%).

Findings: Post-Exit Employment

This chapter, the first of several describing families' post-exit lives, presents data on former payees' post-exit employment outcomes. Specifically, we examine the extent to which former recipients worked in Maryland UI-covered employment in the first six years after exit, how much they earned, and which industries employed them.[10]

As mentioned in a previous chapter, employment in bordering states and the District of Columbia is not uncommon among Maryland residents. Therefore, the employment figures reported here underestimate the true employment rates among exiters. Through an agreement with Maryland's four border states and the District of Columbia, we have been able to obtain limited data on UI-covered employment in those jurisdictions. However, the time periods covered by those states' data differ from the MABS data used in compiling this report. For this reason, we present analyses of out-of-state employment among Maryland TANF leavers in Appendix A but those data are not included in the findings reported in this chapter. Review of the out-of-state data demonstrates that the employment figures reported in this chapter, which are based solely on MABS data, underestimate post-welfare employment by at least 3.0% to 6.0%, and perhaps more. Employment rates are also understated, but to an unknown degree, by our lack of data on federal employment, civilian and military.

With those caveats in mind, this chapter uses data on Maryland UI-covered employment to examine the extent to which former adult TCA recipients worked in the

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[10]All reported earnings figures are standardized to 2002 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.

quarters after they left the welfare rolls. When reviewing these findings, readers should keep in mind that the UI data typically lag two to three quarters behind calendar time. Thus, follow-up employment data, at the time of this writing, are complete through the first quarter of 2003 (January to March 2003).   In addition, the amount of post-exit employment data varies depending on the quarter in which recipients left TCA. Table 5, following, outlines how many quarters of post-exit employment data are available for each quarter's sample cases.

Table 5. Number of Quarters of Post-Exit Employment Data by Sample Month

Sample Months n	Exit 854 1	1 Qtr 8302	2 Qtrs 8065	3 Qtrs 7809	4 Qtrs 7550	8 Qtrs 6526	12 Qtrs 5441	16 Qtrs 4337	20 Qtrs 2686	24 Qtrs 972
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	✓	✓	✓	✓	✓	✓				
Apr-Jun 2001	✓	✓	✓	✓	✓					
Jul-Sep 2001	✓	✓	✓	✓	✓					
Oct-Dec 2001	✓	✓	✓	✓	✓					
Jan-Mar 2002	✓	✓	✓	✓	✓					
Apr-Jun 2002	✓	✓	✓	✓						
Jul-Sep 2002	✓	✓	✓							
Oct-Dec 2002	✓	✓								
Jan-Mar 2003	✓									

Note: Sample sizes listed in this table are slightly smaller than those listed in the previous section because employment data are missing for 26 sample members for whom we could not conclusively determine their Social Security Number.

How Many Work in UI-Covered Jobs Right Away?

We begin our employment analysis by examining rates of UI-covered employment among exiting adults in the quarter in which their welfare cases closed. As shown in Table 6, following this discussion, approximately half (50.5%, n=4,313/8,541) of all exiting caseheads worked in a UI-covered job in Maryland in the quarter they left cash assistance. The mean, or average, earnings among those who worked in the exit quarter were $2,532; the midpoint or median earnings were $2,101.[11] Readers who are familiar with our research may note that the proportion of all payees working in the exit quarter is marginally lower (50.5%) than it was in our last report (51.6%), which included cases that exited between October 1996 and March 2002.

It has often been said and, indeed other of our studies have found, that one of the best predictors of the likelihood of a payee's future employment is whether they have a history of employment in the past. Today's findings lend some credence to that view: those with a fairly recent (past two years) UI-covered job are more likely to have worked in the quarter of welfare exit than are payees without that experience. Among those in the entire sample with a prior history (pre-exit) of UI-covered employment, almost two-thirds (63.9%; n=3,892/6,093) worked in UI-covered employment during the quarter in which their welfare cases closed.[12] Mean or average earnings were $2,626.19 while median or mid-point earnings were $2,187.84.[13]

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[11] Excluding child-only cases increases the percent working to 52.7% (n=3,814/7,238). Mean earnings decrease to $2,247.84 and the median shifts to $1,944.26.

[12] History of UI-covered employment is defined here as having MABS-reported wages in any of the eight quarters preceding the TCA exit.

[13]Eliminating child-only cases decreases the figures slightly: the percent working becomes 63.4% (n=3,414/5,383), average earnings become $2,314.01 and median earnings become $2,034.38.

We find no significant cohort differences in terms of quarterly earnings, although there are differences in employment rates. A little over half of payees in the earlier cohorts (51.2%) were employed in a Maryland UI-covered job in the quarter of TCA exit, compared to only 45.4% of more recent leavers. These findings are consistent with research conducted by the Urban Institute (Loprest, 2003). Similarly, we find that early leavers with a pre-exit employment history are significantly more likely to work in the exit quarter than comparable later leavers (64.9% vs. 56.3%, respectively).

Does Work Effort Persist Over Time?

As noted earlier, 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.

Excluding those who come back on welfare right away (i.e., within 30 days), over two-thirds of all payees (67.0%, n=5,056/7,550) worked in a UI-covered job in Maryland at some point in the first year after leaving welfare. Table 6, following, reports post-exit employment results for the first through fourth quarters after exit, and at the two, three, four, five, and six year 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 (October 1996–March 2003); the second column presents findings for the most recent cohort (April 2002–March 2003), and the third column presents findings for the earlier cohort (October 1996–March 2002). For the most recent cohort, follow up data are only available for the first three post-exit quarters. Major findings include:

In the first quarter after exit, about half (50.9% or n=4,227/8,302) of former payees in the entire sample worked in UI-covered employment in Maryland.

Among those in the entire sample with a history of UI-covered employment prior to their TCA exit, almost two thirds (63.1%, n=3,728/5,912) worked in the first quarter after leaving welfare.

Roughly one out of two adults worked in UI-covered employment in Maryland in the 2nd through 24th quarters post-exit. That is, in each subsequent quarter, about half of all former payees are employed in a job covered by the state's Unemployment Insurance system[14].

In general, those with a pre-exit wage history have noticeably higher rates of post-exit employment. However, the effect of having recent employment experience appears to dissipate over time (after about three to four years). Approximately three-fifths of these clients are working in each of the 2nd through 12th quarters after they exited from welfare. In the 16th through 24th quarters, about one of every two people with pre-exit wage histories were working post-exit.

Comparing early and later leavers, we find that those in the most recent cohort are significantly less likely than earlier leavers to work following their welfare exit. In the first post-exit quarter, 44.7% of the most recent leavers worked compared to 51.5% of earlier leavers. Similarly, 44.5% of the most recent leavers are employed in a UI-covered job in the second quarter after exit, compared to 50.2% of their earlier-leaving peers. The largest discrepancy is observed in the third post-exit quarter with only 37.8% of later leavers employed in a Maryland UI-covered job in that period compared to 49.6% for those who exited welfare before April 2002.

[14]Note that Table 6 reflects the total percentage of exiters working in that quarter. This does not necessarily suggest that sample members were consistently working in each quarter leading up to that follow-up point.

The same trend is found when comparing cohort differences for those with a pre-exit wage history. That is, while more previously employed clients in both cohorts were more likely to be working than were those without a prior work history, the rate of employment was lower among recent leavers than among earlier leavers. This pattern prevailed across all measuring periods for which post-exit employment data were available (i.e., the 1st, 2nd and 3rd quarters after exit). Economic trends may at least partly explain our observed employment trends. In particular, for the latest leavers, the first three post-exit quarters correspond to calendar quarters July–September 2002 through January–March 2003, a period characterized by rising unemployment and job loss. It is beyond the scope of this paper to tease out how the changed economic/ employment situation facing more recent welfare leavers may have influenced our newest employment findings. However, most observers think that early, generally positive, employment findings about welfare leavers resulted from a combination of the reforms themselves and the existence of a robust and growing economy. Thus it seems equally reasonable to assume that economic factors would also play a role when times are not so good.

Table 6. UI-Covered Employment in Maryland in the Quarters After TCA Exit

UI-Covered Employment	Entire Sample 10/96-3/03	Most Recent Cohort 4/02-3/03	Earlier Cohorts 10/96-3/02
Quarter of TCA Exit			
Percent Working***	50.5%	45.4%	51.2%
Percent with Pre-Exit Wage History Working***	63.9%	56.3%	64.9%
Mean Earnings	$2,532	$2,650	$2,519
Median Earnings	$2,101	$2,087	$2,101
1st Quarter After TCA Exit			
Percent Working***	50.9%	44.7%	51.5%
Percent with Pre-Exit Wage History Working***	63.1%	54.8%	63.9%
Mean Earnings	$2,852	$3,045	$2,836
Median Earnings	$2,453	$2,578	$2,444
2nd Quarter After TCA Exit			
Percent Working**	49.8%	44.5%	50.2%
Percent with Pre-Exit Wage History Working***	61.4%	53.0%	62.0%
Mean Earnings	$2,992	$3,194	$2,979
Median Earnings	$2,613	$2,688	$2,606
3rd Quarter After TCA Exit			
Percent Working***	49.2%	37.8%	49.6%
Percent with Pre-Exit Wage History Working***	60.4%	44.6%	60.9%
Mean Earnings	$3,082	$3,373	$3,074
Median Earnings	$2,678	$2,833	$2,672
4th Quarter After TCA Exit			
Percent Working	49.4%		49.4%
Percent with Pre-Exit Wage History Working	60.3%		60.3%
Mean Earnings	$3,156		$3,156
Median Earnings	$2,779		$2,779
8th Quarter After TCA Exit			
Percent Working	49.1%		49.1%
Percent with Pre-Exit Wage History Working	58.8%		58.8%
Mean Earnings	$3,445		$3,445
Median Earnings	$3,085		$3,085
12th Quarter After TCA Exit			
Percent Working	49.6%		49.6%
Percent with Pre-Exit Wage History Working	58.5%		58.5%
Mean Earnings	$3,679		$3,679
Median Earnings	$3,400		$3,400
16th Quarter After TCA Exit			
Percent Working	47.6%		47.6%
Percent with Pre-Exit Wage History Working	56.6%		56.6%
Mean Earnings	$4,106		$4,106
Median Earnings	$3,879		$3,879
20th Quarter After TCA Exit			
Percent Working	47.5%		47.5%
Percent with Pre-Exit Wage History Working	55.6%		55.6%
Mean Earnings	$4,376		$4,376
Median Earnings	$4,148		$4,148
24th Quarter After TCA Exit			
Percent Working	45.5%		45.5%
Percent with Pre-Exit Wage History Working	51.5%		51.5%
Mean Earnings	$4,508		$4,508
Median Earnings	$4,067		$4,067

Note: Aggregate quarterly earnings are only for those working. We do not know how many weeks or hours an individual worked, so hourly wage can not be computed from these data.

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

Table 6, on the preceding page, 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 $2,852 for all cases; median earnings are $2,453.
- The trend in quarterly earnings is an upward one over the 2nd through 24th post-exit quarters (where data are available) such that, for all cases, mean quarterly earnings are $4,508 by the 24th quarter, or sixth year, after the welfare case closure.
- There is no difference in mean quarterly earnings between recent leavers and earlier leavers.

Work effort among former recipient adults does persist over time, as shown in Table 6. Specifically, the percentage of former TANF payees employed remains fairly consistent over the first six years, though the employment rate tends to drop off slightly from a high of 50.9% in the first quarter to a low of 45.5% in the 24th quarter or end of the 6th year after exit. While the quarterly earnings figures are relatively low, it is important to keep in mind that they do not necessarily reflect total household income, nor do they even necessarily reflect earnings from full-time employment. A more encouraging finding is that quarterly earnings increase over time from an average of $2,852 in the 1st quarter to $4,508 in the 24th. However, we are unable to tell from these data if the increase is a result of adults working more hours or receiving higher wages.

Depending on one's point of view, these earnings data can be interpreted in a generally positive way (i.e., earnings do go up considerably over time) or more negatively (i.e., mean earnings at time of exit are relatively low ($2,852). Because of limitations in the UI data previously discussed, it is impossible to "prove" either point of view or make any reliable assertions, for good or ill, about these families' total household incomes after leaving welfare. What the data do permit us to say though is that, based on their own earnings from Maryland UI-covered work – whether that work is full- or part-time – in the months immediately after leaving welfare, many of these families' independence from cash assistance may be fragile or tenuous. It does seem likely that a not insignificant proportion of leavers could benefit from such things as aggressive pursuit of child support and participation in Earned Income Tax Credit programs and be eligible for services such as Food Stamps, Medical Assistance and child care. In other words, these data do at least suggest that the ending of or exiting from cash assistance per se, does not necessarily mean the payee and her family could not benefit from other core services and supports available from local Departments of Social Services and other community providers.

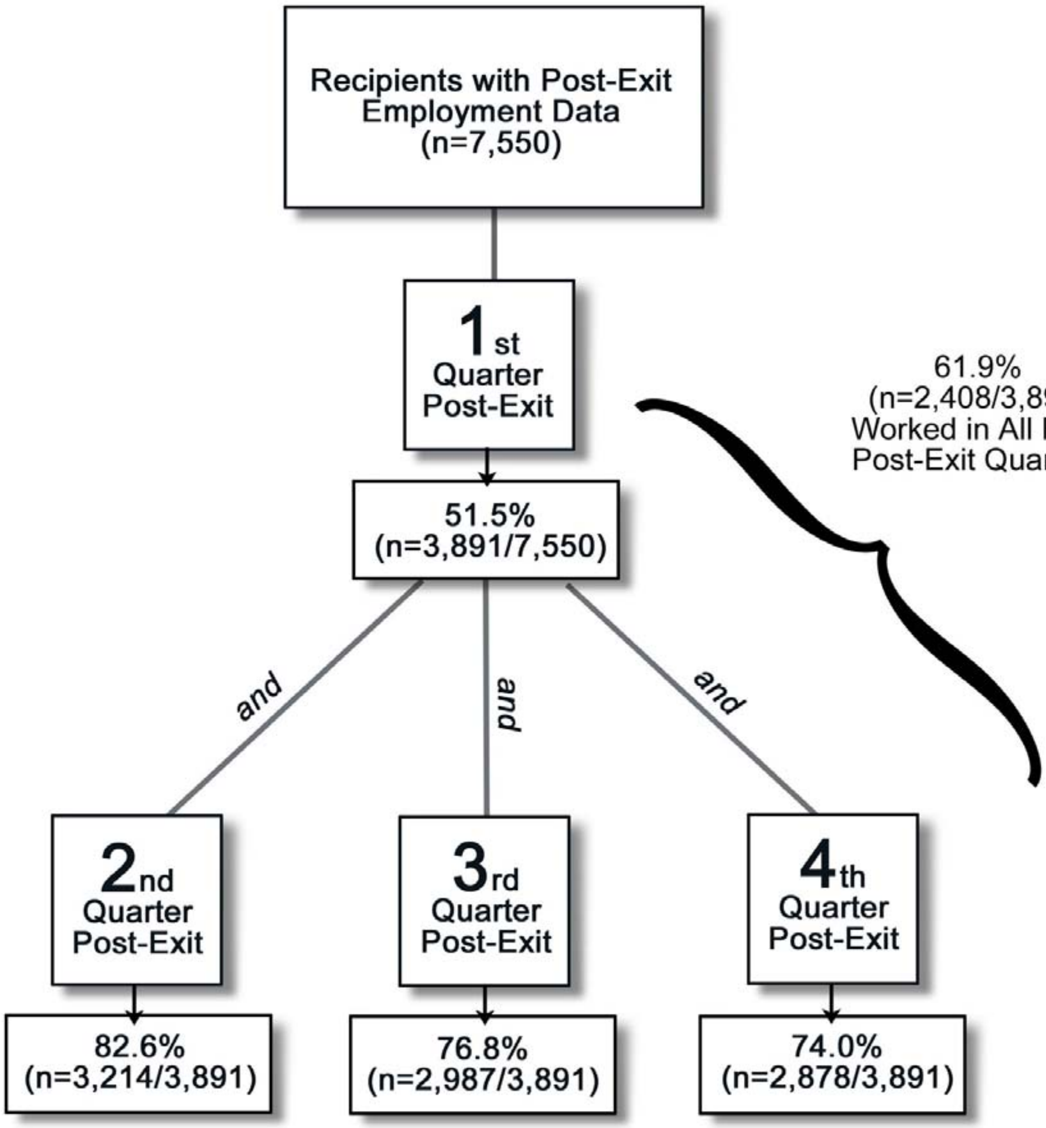
How Many Adults Are Steadily Employed in UI-Covered Jobs Over Time?

As noted in the previous section, we find that half of all exiting payees were employed, even five full years post-exit. 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, and because the so-called revolving door between welfare and work can swing shut after 60 months of aid, it is critical to examine employment stability in more detail. Our examination here includes study cases for whom we have at least one full year of post-exit employment data (n=7,550).

As Figure 1 illustrates, slightly more than half of recipients for whom we have post-exit employment data, (51.5%, n=3,891/7,550) 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 majority (82.6%, n=3,214/3,891) also worked in the second post-exit quarter. Likewise, most who worked in the first post-exit quarter also worked in the third post-exit quarter (76.8%, n=2,987/3,891); nearly as many who worked in the first quarter after leaving (74.0%, n=2,878/3,891) also worked in the fourth quarter post-exit.

Approximately three of every five payees who worked in the first quarter after leaving welfare worked in all four post-exit quarters (61.9%, n=2,408/3,891). Considering all exiters with at least one year of post-exit employment data, 31.9% (n=2,408/7,550) worked in all four quarters. This figure is consistent with rates of steady employment found in other leavers studies (Moffitt, 2002).

Figure 1. Employment Stability in First Four Post-Exit Quarters



Do Employed Leavers Differ from Unemployed Leavers?

For policymakers and program managers, an important follow-up question to our employment findings is whether there are certain customer and case characteristics associated with post-exit employment. To address that question, we compared data for payees who were employed in a Maryland UI-covered job in the first quarter after their welfare exit to those who were not employed. Table 7, following, presents the findings from this analysis. Perhaps not surprisingly, there are significant differences between leavers who are employed and those who are not on six of the nine variables examined: payee age; payee age at first birth; payee racial/ethnic background; assistance unit size; age of youngest child; and closing code. Unlike last year, there are no significant differences between employed and non-employed leavers in welfare history, measured either as the length of the exit spell or the number of months of receipt in the five years prior to exit.[15] The following bullets summarize these findings:

- On average, employed leavers are younger (30.93 years) and began childbearing at an earlier age (21.28 years) than non-employed leavers (34.61 years and 22.56 years, respectively).

- The employed exiters group contains a significantly higher percentage of African-American payees (75.3%) than the group that did not work in a UI-covered job in the first quarter after exit (71.0%).

- Employed leavers tend to have slightly larger assistance units (2.66 persons) than their non-employed counterparts (2.56 persons). This difference is most likely an artifact of differences in the percentage of child-only cases. Only one in ten employed leavers (10.9%) headed a former child-only case, compared to 19.0% of non-employed leavers.

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[15] We did not compare working and non-working payees on region of residence because of the out-of-state employment phenomenon that occurs disproportionately in certain subdivisions.

- Somewhat surprisingly, we find that, on average, the children of employed leavers are almost a year younger than the children of non-employed leavers (5.37 years vs. 6.13 years). Moreover, two out of five households with an employed head of household have a child under the age of three, compared to only a little over a third of those with a head of household who is not employed.

- As expected, we find some correlation between case closing reason and the post-exit employment status of the former TANF payee. Specifically, employed heads of household are more likely to have left welfare because of “income above limit/started work” and less likely to have left because they “failed to reapply/complete redetermination.” Higher rates of cases closing because of work sanctions or the assistance unit requested closure are found among the non-employed sample.

Table 7. Characteristics of Employed and Non-Employed Leavers

Characteristics	Employed (n =4,227)	Not Employed (n =4,075)	Entire Sample (n =8,302)
Payee's Age* **			
Mean	30.93 years	34.61 years	32.74 years
Median	29.03 years	33.01 years	30.93 years
Standard Deviation	9.12 years	11.67 years	10.61 years
Range	18 - 74 years	17 - 89 years	17 - 89 years
Payee's Age at First Birth* **			
Mean	21.29 years	22.57 years	21.89 years
Median	19.92 years	20.83 years	20.26 years
Standard Deviation	5.01 years	5.84 years	5.46 years
Range	13 - 48 years	13 - 46 years	13 - 48 years
Payee's Racial/Ethnic Background* **			
African American	75.3%	71.0%	73.2%
Caucasian	22.9%	26.3%	24.6%
Other	1.8%	2.7%	2.3%
Assistance Unit Size* **			
Mean	2.66	2.56	2.61
Median	2.00	2.00	2.00
Standard Deviation	1.12	1.20	1.16
Range	1 - 9	1 - 9	1 - 9
% child only***	10.9%	19.0%	14.9%
Number of Children			
Mean	1.74	1.72	1.73
Median	1.00	1.00	1.00
Standard Deviation	1.03	1.06	1.05
Range	0 to 8	0 to 8	0 to 8
Age of Youngest Child* **			
Mean	5.37 years	6.13 years	5.74 years
Median	4.00 years	4.88 years	4.36 years
Standard Deviation	4.50 years	4.85 years	4.69 years
Range	<1 mo to 18 yrs	<1 mo to 18 yrs	<1 mo to 18 yrs
% of households with a child under 3***	41.1%	35.3%	38.3%
Closing Code* **			
Failed to Reapply/Complete Redetermination	17.0%	20.8%	18.8%
Income Above Limit/Started Work	41.8%	18.6%	30.4%
Eligibility/Verification Information Not Provided	15.5%	15.6%	15.5%
Work Sanction	9.2%	15.1%	12.1%
Assistance Unit Requested Closure	5.6%	8.6%	7.1%
Total Cases Closing These Reasons	89.1% (3,758)	78.7% (3,199)	83.9% (6,957)
Length of Exiting Spell			
12 months or less	60.4%	61.2%	60.8%
13-24 months	19.1%	17.9%	18.5%
25-36 months	7.6%	6.9%	7.3%
37-48 months	3.8%	4.0%	3.9%
49-60 months	2.4%	2.6%	2.5%
More than 5 years	6.6%	7.4%	7.0%
Mean	18.75 months	19.84 months	19.28 months
Median	9.63 months	9.70 months	9.66 months
Standard Deviation	27.27 months	30.55 months	28.93 months
Range	1 - 304 months	1 - 343 months	1 - 343 months

Characteristics	Employed (n =4,227)	Not Employed (n =4,075)	Entire Sample (n =8,302)
Welfare Receipt in the 5 Years Prior to Exit			
12 months or less	24.3%	24.5%	24.4%
13-24 months	17.9%	16.8%	17.4%
25-36 months	16.5%	14.6%	15.6%
37-48 months	14.1%	15.2%	14.6%
49-60 months	27.1%	28.9%	28.0%
Mean	31.15 months	31.95 months	31.54 months
Median	30.00 months	32.00 months	31.00 months
Standard Deviation	19.34 months	19.63 months	19.48 months
Range	1 to 60 months	1 to 60 months	1 to 60 months

What Types of Industries Hire Former Welfare Recipients?

In previous reports, we have used Standard Industry Classification codes to report on the types of industries that hire Maryland's welfare leavers. This type of information is useful because 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 opportunities. 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 fact, our previous *Life After Welfare* reports have shown that three industries account for the majority of employment among Maryland TANF leavers: wholesale and retail trade (including eating and drinking places, department stores, and supermarkets); organizational services (including nursing homes and hospices, hospitals, and colleges and universities); and, personal/business services (including employment services, hotels and motels, and security system services).

The industry findings outlined in this chapter differ somewhat from those presented in our previous reports. In this report, we use the North American Industry Classification System (NAICS) to classify the industries in which Maryland welfare leavers find employment.[16] NAICS is a new system designed to replace SIC and to provide more comprehensive classification for emerging industries. The new system has been gradually phased in since 1997 and is in use by major federal agencies including the Census Bureau, Social Security Administration, and the Bureau of Labor Statistics. NAICS codes group industries based on production processes such that businesses using similar production processes are grouped together. SIC codes, on the other hand, classify businesses by the type of activity in which they are engaged. One goal of NAICS is to be more comprehensive. Thus, there are 20 NAICS sectors, compared to only 11 SIC divisions.

Figure 2, following this discussion, presents the most general NAICS classifications for the industries in which our former welfare payees worked in the first quarter after their welfare exit. The vast majority (80.5% or 3,403/4,227) of employed exiters worked for only one employer in the first post-exit quarter. For the remaining 19.5% with more than one employer, we consider the post-exit employer from whom the former TANF casehead received the highest quarterly earnings. The employment data reported in this chapter represents 3,038 jobs that could be classified by industry held by 3,038 leavers in the first post-exit quarter.[17]

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[16]For interested readers, we also provide the comparable SIC data in Appendix B.

[17]An additional 1,189 jobs for 1,189 exiters could not be classified based on the information available.

As shown in Figure 2, the most frequent employer type in the first post-exit quarter is Administrative, Support, Waste Management, and Remediation Services, accounting for a little less than one-fifth (19.3%, n=585/3,038) of all jobs where the industry could be identified. The top three employers within this sector are employment placement agencies (67.0%, n=392/585), other services to buildings and dwellings (11.6%, n=68/585), and security systems services (8.7%, n=51/585).

The second most common industry type (n=540/3,038) is Retail Trade, accounting for 17.8%, or almost one-fifth, of the total. The top three employers within this sector include: department stores (30.0%, n=162/540); gasoline stations with convenience stores (23.9%, n=129/540); and pharmacies/drug stores (9.4%, n=51/540).

The third most common industry in which exiters find employment in their first quarter after leaving welfare, Health Care and Social Assistance, accounts for 14.7% of employers. The three most common employers within this sector were: continuing care retirement communities (41.3%, n=184/446); general medical and surgical hospitals (18.8%, n=84/446); and freestanding ambulatory surgical and emergency centers (9.2%, n=41/446).

The top three industries combined account for slightly more than half (51.7%) of the employers that hired former recipients in their first quarter after leaving the welfare rolls. Adding the fourth (Accommodation and Food Services, 8.1%) and fifth (Other Services, except Public Administration, 5.5%), we find that the top five NAICS codes account for almost two-thirds (65.3%) of the jobs held by Maryland's welfare leavers.

Additional details on the industries hiring welfare exiters can be found in Table 8, following, which displays data on the top 25 NAICS codes, at the most detailed level.

At this level of analysis, Employment Placement Agencies are the most common employer type, accounting for 12.9% of all jobs in the first post-exit quarter. Rounding out the top five are Full-Service Restaurants (6.2%), Continuing Care Retirement Communities (6.1%), Department Stores (except Discount Department Stores, 5.3%), and Gasoline Stations with Convenience Stores (4.2%), each accounting for only about 5% of post-exit jobs. These five specific fields account, together, for about one of every three (34.7%) first post-exit jobs among the adults in our sample for whom this information was available.

The findings illustrated in Figure 2 and Table 8 suggest two general conclusions. First, although the majority of welfare leavers find employment in just a few of the 22 possible NAICS employment sectors, there is considerable diversity when we consider the specific industry. Second, the industries presented in Table 8 have typically been associated with low wage jobs providing few benefits, limited stability, and limited opportunities for advancement. Certainly this may not be true of all such jobs obtained by the adults in our sample, but it seems certain to be true for at least some of them. These findings continue to suggest that the challenge for former welfare recipients and for the programs that serve them lies not just in the welfare-to-work transition. In addition, there are major challenges with regard to retention and advancement or, more generally, in using many of these first transitional jobs as stepping stones to better jobs.

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Figure 2: Top Five Employment Sectors in Quarter After Exit (NAICS)

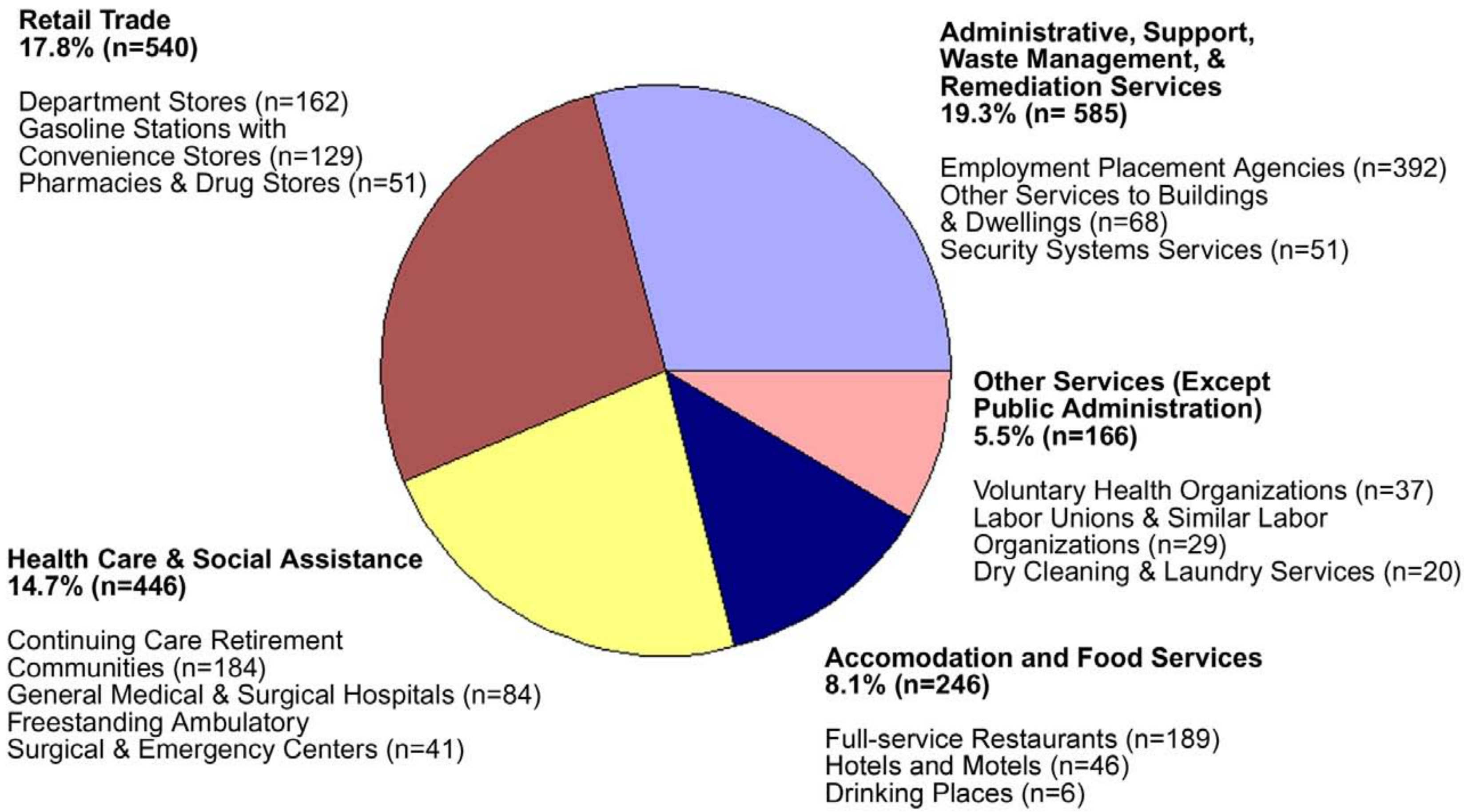

Table 8. The Top 25 Employers/Industries in the First Quarter after Exiting by Most Specific NAICS Code

Type of Employer/Industry (NAICS)	Frequency	Percent
Employment Placement Agencies	392	12.9
Full-Service Restaurants	189	6.2
Continuing Care Retirement Communities	184	6.1
Department Stores (except Discount Department Stores)	162	5.3
Gasoline Stations with Convenience Stores	129	4.2
Other General Government Support	97	3.2
General Medical and Surgical Hospitals	84	2.8
Other Services to Buildings and Dwellings	68	2.2
Pharmacies and Drug stores	51	1.7
Security Systems Services (except Locksmiths)	51	1.7
Colleges, Universities and Professional Schools	48	1.6
Hotels (except Casino Hotels) and Motels	46	1.5
Independent Artists, Writers, and Performers	45	1.5
Freestanding Ambulatory Surgical and Emergency Centers	41	1.3
Home Health Care Services	39	1.3
Educational Support Services	38	1.3
Elementary and Secondary Schools	37	1.2
Voluntary Health Organizations	37	1.2
Wholesale Trade Agents and Brokers (pt)	35	1.2
Taxi Service	35	1.2
Cattle Feedlots	31	1.0
Office Administrative Services	30	1.0
Labor Unions and Similar Labor Organizations	29	1.0
Child Day Care Services	27	0.9

Note: Data are based on 3,038 jobs held by 3,038 exiters. The entire sample included 4,227former payees who worked in the first after exit, but the industry could not be classified for 1,189 jobs.

Findings: Returns to Welfare

The previous chapter demonstrated that at least one-half of exiting payees find employment immediately upon leaving welfare. Another common outcome for welfare exiters, under both AFDC and TANF, has unfortunately been a return to the cash assistance rolls (see, for example, Acs and Loprest, 2001; Bane and Ellwood, 1994; Born, Caudill, and Cordero, 1998, Brandon, 1995; Cao, 1996; Office of the Assistant Secretary for Planning and Evaluation, 2001). Our own previous *Life After Welfare* reports have shown that while many of the returns to welfare occur within the first month and are thus a type of "administrative churning", more than one-third of those who exit for at least one month will return within the first four years (Ovwigho, et. al., 2002).

Our present analysis of recidivism patterns includes follow-up data through March 2003 and excludes families whose exits last for one month or less. Because our sample families exited at different points between October 1996 and March 2003, they also differ in the amount of recidivism follow up data available. Table 9, following, presents recidivism data availability by sample month. Three month recidivism data are available for all cases that exited between October 1996 and December 2002 (n=8326). Data at our latest follow up period, 72 months or six years after initial exit, are available for families who left the rolls in the first six months of welfare reform (October 1996 through March 1997; n=974).

Table 9. Amount of Recidivism Data Available by Sample Month

Sample Month n	3 mos 8326	6 mos 8087	12 mos 7569	24 mos 6543	36 mos 5452	48 mos 4345	60 mos 2689	72 mos 974
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	✓	✓	✓	✓				
Apr-Jun 2001	✓	✓	✓					
Jul-Sep 2001	✓	✓	✓					
Oct-Dec 2001	✓	✓	✓					
Jan-Mar 2002	✓	✓	✓					
Apr-Jun 2002	✓	✓						
Jul-Sep 2002	✓	✓						
Oct-Dec 2002	✓							
Jan-Mar 2003								

How Many Families Return to Welfare?

Following this discussion, Table 10 displays the recidivism rates for our entire sample. Within the first three months of leaving TCA, 13.8% of families end up returning to the welfare rolls. This rate is nearly doubled over the next nine months, so that by the end of the first year more than one out of every four exiters (26.8%) have once again received cash assistance. The rate of increase stabilizes somewhat over the next five years so that by the end of the sixth year only an additional 10% have returned, meaning that almost two-thirds of families (63.0%) have <u>not</u> returned to the welfare rolls a full six years after exiting. Readers should note that unlike other studies, our analyses include families who exit and return in the second month. This difference in sample definition results in higher reported recidivism rates among Maryland exiters than have been reported in many other states' studies that exclude these families from analysis.

Table 10. Recidivism Rates by Cohort

	% not returning to TCA by this time		
Months Post-Exit	**Entire Sample**	**Most Recent Cohort**	**Earlier Cohorts**
3 mos	86.2%	85.5%	86.3%
6 mos	79.9%	78.2%	80.0%
12 mos	73.2%		73.2%
18 mos	69.1%		69.1%
24 mos	67.1%		67.1%
36 mos	65.1%		65.1%
48 mos	63.6%		63.6%
60 mos	63.1%		63.1%
72 mos	63.0%		63.0%
	% returning to TCA by this time		
	Entire Sample	**Most Recent Cohort**	**Earlier Cohorts**
3 mos	13.8%	14.5%	13.7%
6 mos	20.1%	21.8%	20.0%
12 mos	26.8%		26.8%
18 mos	30.9%		30.9%
24 mos	32.9%		32.9%
36 mos	34.9%		34.9%
48 mos	36.4%		36.4%
60 mos	36.9%		36.9%
72 mos	37.0%		37.0%

Note: As with the other analyses presented in this report, cases that return to TCA within one month are excluded. Cases returning within 31 to 60 days, however, are included and cause our reported recidivism rates to appear higher than those reported by states who do not consider these cases in their analysis.

Does Recidivism Differ for More Recent Leavers?

It has been discussed in some of our previous reports as well as in other studies, that later leavers may be experiencing more difficulties in making the transition from welfare to work than earlier leavers did (Born, et al., 2001; Office of the Assistant Secretary for Planning and Evaluation, 2001; Ovwigho, et al., 2002; Research Forum on Children, Families, and the New Federalism, 2001; Welfare and Child Support Research and Training Group, 1999b, 2000). In fact, previous sections of this report have already demonstrated several differences between the most recent cohort and the earlier cohorts, including somewhat lower post-exit employment rates for later leavers.

Table 10, following this discussion, presents recidivism rates separately for our leaver cohorts, the most notable finding being that there are no statistically significant differences in recidivism rates among later and earlier leavers. In the first three months after leaving welfare, 85.5% of the most recent cohort had not returned to TCA compared to 86.3% of the earlier leavers. At the six-month post-exit mark, 80.0% of the earlier cohorts had remained off the rolls versus 78.2% of the most recent leavers.

Recidivism rates are marginally, but not significantly, higher for the most recent leavers during both follow-up periods, but there is substantially less difference between the groups than last year and these results compare favorably to those reported last year in our seventh report. Last year, 27.8% of the most recent cohort (April 2001 to March 2002) had returned to welfare at the six-month interval, compared to 19.8% of the earlier cohorts (October 1996 to March 2001), for a difference of 8%. This year, 21.8% of the most recent cohort had returned to TCA at the six month point, compared to 20.0% of the earlier cohorts, for a difference of 1.8%.

What are the Risk Factors for Recidivism?

In view of the time restrictions now attached to the receipt of welfare benefits, it is nothing short of imperative for policy-makers and program managers to devise and maintain strategies to prevent recidivism or return to welfare after an exit. Information about the demographic and other factors that may suggest which families are at heightened risk of returning to welfare can potentially be a useful tool for managers and front-line staff. Information about risk factors associated with very early returns to welfare (i.e., within the first three months) may be of particular value.

Since its inception, our *Life After Welfare* study has included an analysis of recidivism risk factors and today's report presents updated information on this important topic. Specifically, Table 11, following this discussion, presents empirical data comparing the characteristics of those who return to welfare within three months of exiting to the characteristics of those who do not experience early returns. The two groups of clients do differ significantly in many important ways. Recidivists differ from non-recidivists on 11 of 13 variables examined: payee age; payee age at first birth; payee racial/ethnic background; region of residence; assistance unit size; number of children in the assistance unit; age of youngest child in the assistance unit; case closing reason; welfare history; and employment in the quarter of exit and the quarter after exit. There are no significant differences in the percent of cases with a child under three years of age or in the length of the welfare spell that culminated in the exit.

In general, in comparison to those who did not return to welfare shortly after exiting, recidivists, on average, tend to be younger (average age 31.5 years vs. 32.9 years), had children at a younger age (average age at first birth 21.5 vs. 21.9 years) and have younger children in the assistance unit (average age 5.4 years vs. 5.7 years).

Recidivists are also more likely to be African-American (80.2% vs. 71.9%) and to reside in Baltimore City (52.0% vs. 44.7%). Notably, but perhaps not surprisingly, these differences are very similar to those observed between employed and non-employed leavers, discussed in the previous chapter.

Other significant differences between recidivists and non-recidivists are that returning payees tend to have larger assistance units (average 2.78 persons vs. 2.58 persons) and larger numbers of children in their assistance units (average 1.87 children vs. 1.71 children). As might be expected, families that requested closure of their cash assistance cases and those who left welfare because of increased earnings or the start of a job are over-represented among those who did not return. In contrast, families whose welfare exits occurred because of failure to reapply/complete the redetermination process or because eligibility or verification information was not provided are over-represented among those who did experience an early return to cash assistance. Similarly, just about one in 10 (11.1%) non-recidivists had left welfare because of a full family work sanction, compared to not quite two of five (18.3%) recidivists.

Recidivists and non-recidivists also had significantly different patterns of prior welfare receipt in Maryland. On average, those who returned to welfare shortly after exiting had received welfare in 37 of the preceding 60 months or for about three years out of the past five. Those who did not experience an early return had about 31 months of welfare use in the preceding 60 or about two and one-half years out of the past five years. Both groups, however, were exiting from a current welfare spell that had lasted about 19 months or, roughly, one and one-half years.

Finally, whether or not one is working at the time of or shortly after leaving welfare appears to be associated with recidivism risk. As shown in Table 11, a bit more than half (52.1%) of all payees who did not come back on welfare right away were working in the quarter of exit, compared to about two of five (41.5%) payees who did experience an early return to cash assistance. A similar pattern was found for the first full quarter after the exit quarter: about one of every two (52.9%) payees who did not return to welfare was working in this quarter, compared to a bit less than two of five (37.5%) payees who did come back on welfare within three months.

Table 11. Comparisons between Recidivists and Non-Recidivists

Characteristics	Non-Recidivists	Recidivists	Entire Sample
Payee's Age* **			
Mean	32.93 years	31.51 years	32.73 years
Median	31.04 years	29.90 years	30.93 years
Std. Dev.	10.73 years	9.73 years	10.61 years
Range	17 to 89 years	17 to 76 years	17 to 89 years
Payee's Age at First Birth*			
Mean	21.95 years	21.54 years	21.89 years
Median	20.31 years	19.95 years	20.26 years
Std. Dev.	5.47 years	5.38 years	5.45 years
Range	13 to 48 years	13 to 43 years	13 to 48 years
Payee's Racial/Ethnic Background***			
African-American	71.9%	80.2%	73.1%
Caucasian	25.7%	17.7%	24.5%
Other	2.4%	2.1%	2.4%
Region***			
Baltimore City	44.7%	52.0%	45.7%
Prince George's County	13.3%	12.5%	13.2%
Baltimore County	12.0%	11.4%	11.9%
Montgomery County	4.6%	3.6%	4.4%
Anne Arundel County	4.5%	5.8%	4.7%
Baltimore Metro Region	6.3%	3.7%	5.9%
Southern Maryland	3.2%	1.9%	3.0%
Western Maryland	3.8%	2.8%	3.6%
Upper Eastern Shore	4.0%	3.1%	3.9%
Lower Eastern Shore	3.4%	3.1%	3.3%
Assistance Unit Size***			
Mean	2.58	2.78	2.61
Median	2.00	3.00	2.00
Std. Dev.	1.15	1.21	1.16
Range	1 to 9	1 to 8	1 to 9

Characteristics	Non-Recidivists	Recidivists	Entire Sample
Number of Children* **			
Mean	1.71	1.87	1.73
Median	1.00	2.00	1.00
Std. Dev.	1.03	1.14	1.05
Range	0 to 8	0 to 6	0 to 8
Age of Youngest Child*			
Mean	5.79 years	5.41 years	5.73 years
Median	4.42 years	3.99 years	4.35 years
Std. Dev.	4.73 years	4.43 years	4.69 years
Range	<1 mo to 18 yrs	<1 mo to 18 yrs	<1 mo to 18 yrs
Percent less than 3 years	38.1%	40.0%	38.4%
Closing Code***			
Failed to Reapply/Complete Redetermination	18.1%	23.7%	18.9%
Income Above Limit/Started Work	32.1%	19.7%	30.4%
Eligibility/Verification Information Not Provided	14.7%	21.1%	15.5%
Work Sanction	11.1%	18.3%	12.1%
Assistance Unit Requested Closure	7.8%	2.5%	7.1%
Total Closings Accounted for by These 5	83.8%	85.3%	84.0%
Length of Exiting Spell			
12 Months or less	60.6%	61.6%	60.8%
13 - 24 Months	18.6%	18.5%	18.6%
25 - 36 Months	7.4%	6.6%	7.3%
37 - 48 Months	3.9%	3.8%	3.9%
49 - 60 Months	2.6%	1.7%	2.5%
More than 60 mos.	6.9%	7.8%	7.0%
Mean (months)	19.21	19.63	19.27
Median (months)	9.66	9.73	9.66
Std. Dev. (months)	28.81	29.47	28.90
Range	1 to 343	1 to 235	1 to 343
Welfare Receipt in 5 Years Prior to Exit***			
12 Months or less	25.9%	15.9%	24.5%
13 - 24 Months	17.8%	14.5%	17.4%
25 - 36 Months	15.5%	16.1%	15.6%
37 - 48 Months	14.2%	17.1%	14.6%
49 - 60 Months	26.6%	36.5%	27.9%
Mean (months)***	30.69	36.55	31.50
Median (months)	29.00	39.50	31.00
Std. Dev. (months)	19.49	18.73	19.49
Range (months)	1 to 60	1 to 60	1 to 60
Percent Working in the Exit Quarter***	52.1%	41.5%	50.6%
Percent Working in 1st Post-Exit Quarter***	52.9%	37.5%	50.8%

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

Findings: Receipt of Other Benefits

In designing welfare reform, many policymakers acknowledged that support benefits such as Food Stamps, Medical Assistance, and Child Care subsidies might be necessary for many families to make lasting transitions from welfare to work. However, receipt of these benefits is not necessarily automatic and not all exiting families may be eligible for or wish to utilize these programs. Nonetheless, at least initially there was considerable concern that newly-transitioned families might not be receiving needed services in the mistaken belief that, having left welfare, they did not qualify for the other benefits. For these reasons, utilization of support services is being closely monitored and has become a common outcome measured in TANF leavers studies (Born, et al., 2001; Center on Budget and Policy Priorities, 1999; General Accounting Office, 1999; Guyer, Broaddus, and Cochran, 1999; Ovwigho, et. al., 2002; Wilde, Cook, Gunderson, Nord, and Tiehen, 2000). This chapter presents our most recent findings concerning Food Stamps, Medical Assistance, and Child Care subsidy receipt rates among Maryland families exiting TANF.

How Many Families Receive Food Stamps After Leaving Welfare?

Our findings on post-TANF Food Stamp receipt patterns among all welfare leavers in our sample are presented in Table 12, following this discussion.[18] Assuming that one would become increasingly self-sufficient the longer they are off welfare, it would be expected that Food Stamp participation would be highest in the months

[18]Different amounts of follow-up data are available depending on when the case closed. See Table 9 in the previous chapter for more information on sample sizes.

immediately following a welfare exit and decrease over time. This proved to be the case among our sample: participation in the Food Stamp program was highest during the first three months after the TCA exit that brought them into our sample, with nearly three out of five (58.6%) receiving benefits. While rates do decrease over time, participation is still substantial with one-third (32.5%) participating in the Food Stamp program through the end of the sixth post-exit year. With regard to Food Stamps, it should also be noted that, at each measuring point, participation rates are higher this year than were reported last year for the same time periods. These increases are not large – one percentage point or less – but they are increases and could reflect targeted outreach/information dissemination efforts to increase utilization of post-welfare benefits among families who are making the transition from welfare to work.

Table 12. Food Stamp Participation Rates

Follow Up Period	Received Food Stamps	Did Not Receive Food Stamps
Months 1-3 (n=8326)	58.6%	41.4%
Months 4-6 (n=8087)	53.3%	46.7%
Months 7-12 (n=7569)	53.5%	46.5%
Months 13-18 (n=7089)	48.2%	51.8%
Months 19-24 (n=6543)	44.1%	55.9%
Months 25-36 (n=5452)	44.7%	55.3%
Months 37-48 (n=4345)	38.8%	61.2%
Months 49-60 (n=2689)	34.0%	66.0%
Months 61-72 (n=974)	32.5%	67.5%

How Many Families Receive Medical Assistance After Leaving Welfare?

Administrative data at the case- and individual levels were examined to assess Medical Assistance participation rates among families in our sample. Our findings are presented in Table 13, following this discussion.

Table 13 is divided into thirds. The top third of the table presents findings for the payees in our study cases and the middle third presents findings on Medical Assistance/MCHIP coverage for children in our exiting cases. The bottom third of the table shows the percent of cases containing any family member (whether the payee or child) with Medical Assistance coverage.

In terms of Medical Assistance enrollment by adults, Table 13 shows that, in the first three months post-exit, more than two of every three payees (68.3%, n=5,690/8,326) were enrolled. Participation declines somewhat during the next period, but a majority – about three of every five payees – do remain enrolled (61.1%, n=4,945/8,087) in the 4^{th} through 6^{th} months after exiting welfare. Participation remains fairly stable during the 7^{th} through 12^{th} post-exit months (61.0%, n=4,618/7,569), drops to 54.7% during the 13^{th} through 18^{th} months (n=3,869/7,089) and stabilizes at that level approaching the end of the second year (months 19 through 24, 54.7%, n=3,581/6,543). Somewhat surprisingly, participation rates increase to 60.9% (n=3,318/5,452) or about three of five payees during the third year after exit. Table 13 shows that Medical Assistance participation rates by adults falls steadily from the fourth through sixth year post-exit from welfare, but remains substantial. In the sixth year after the welfare exit that brought them into our research sample, fully one of every two payees (50.1%, n=488/974) had health coverage through the Medical Assistance program.

Medical Assistance/MCHIP (Maryland Children's Health Insurance Program) findings for children are similar to those for adults.[19] Two of every three exiting cases (67.5%) have at least one MA/MCHIP-covered child during the first three months after leaving welfare; roughly three of five cases contain at least one covered child through the end of the first 24 months post-exit. Participation increases during the third year post-exit (months 24 through 36) to 64.5%, almost equaling the rate observed during the first three months. Over the next three years, the proportion of cases with at least one enrolled child declines by about five percentage points a year. However, the data show that six full years after the welfare exit that brought them into our sample, one out of two exiting cases (50.6%) still has at least one child who is participating in the state's Medical Assistance or Children's Health Insurance Program.

Not surprisingly, the bottom third of Table 13, reporting whether exiting families have any member (adult payee or child) receiving Medical Assistance, documents higher participation or coverage rates. Immediately afer leaving welfare (first three months), the data show that almost three-quarters of all exiting families (72.5%) have alt least one member with MA/MCHIP coverage. Rates vary somewhat from year to year, but within the range of roughly 60% to 70%. The lowest rate (57.7%) is observed in the sixth post-exit year, but even then the data show that about three-fifths of all families who left welfare have at least one person covered by MA or MCHIP.

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[19]Data reported in this section do include enrollment in/coverage by the Maryland Children's Health Insurance Program (MCHIP)

Table 13. Medical Assistance Participation Rates

Follow Up Period	Received MA	Did Not Receive MA
Payees		
Months 1-3	68.3%	31.7%
Months 4-6	61.1%	38.9%
Months 7-12	61.0%	39.0%
Months 13-18	54.6%	45.4%
Months 19-24	54.7%	45.3%
Months 25-36	60.9%	39.1%
Months 37-48	57.3%	42.7%
Months 49-60	52.9%	47.1%
Months 61-72	50.1%	49.9%
Any child under 18 in the assistance unit		
Months 1-3	67.5%	32.5%
Months 4-6	61.2%	38.8%
Months 7-12	62.4%	37.6%
Months 13-18	57.4%	42.6%
Months 19-24	58.2%	41.8%
Months 25-36	64.5%	35.5%
Months 37-48	60.5%	39.5%
Months 49-60	55.3%	44.7%
Months 61-72	50.6%	49.4%
Anyone in the assistance unit		
Months 1-3	72.5%	27.5%
Months 4-6	66.4%	33.6%
Months 7-12	67.6%	32.4%
Months 13-18	62.4%	37.6%
Months 19-24	63.2%	36.8%
Months 25-36	69.9%	30.1%
Months 37-48	66.1%	33.9%
Months 49-60	62.0%	38.0%
Months 61-72	57.7%	42.3%

Note: Total Ns for this table are: 8,326 cases for Months 1-3; 8,087 for Months 4-6; 7,569 for Months 7-12; 7,089 for Months 13-18; 6,543 for Months 19-24; 5,452 for Months 25-36; 4,345 for Months 37-48; 2,689 for Months 49-60; and 974 for Months 61-72.

How Many Families Receive Child Care Subsidies After Leaving Welfare?

Historically, about two-thirds of all persons receiving welfare benefits have been children. This fact remains true today, as demonstrated in our first findings chapter, which shows that the typical exiting case includes one adult and one or two children. With the youngest child in an exiting case being, on average, approximately six years old and with close to two out of five cases including a child under the age of three, child care may conceivably be a major concern for many payees, primarily single parents, trying to transition from welfare-to-work. Child care subsidies can play a critical role in assisting families in moving off the welfare rolls and in being able to remain off the rolls.

In this chapter, we examine rates of child care subsidy utilization among exiting families with at least one child under the age of 13 (n=4,475 children in 2,590 cases). Due to limited data availability for earlier time periods, analysis is restricted to cases that closed between April 2000 and March 2003. For each family, we determined whether or not the casehead received child care subsidies for any of these children, utilizing data from the Child Care Automated Management Information System.[20]

Table 14 presents subsidy receipt data for the quarter of exit through the eleventh quarter after exit for the Most Recent cohort (April 2002–March 2003) and the Earlier cohort (April 2000–March 2002). Utilization rates range from 12.2% to 18.5%. Generally, utilization rates decrease over time from quarter of exit through the eleventh quarter after exit. This trend is not unexpected as families' incomes are likely to increase over time and, as children get older, there will be less need for child care.

For the entire sample in the first quarter after exit, 17.6% of cases received child care subsidies and in the second quarter after exit 18.0% of cases received subsidies. Rates remain in the 15 to 17 percent range through the second post-exit year. Beginning in the 9th post-exit quarter, subsidy receipt rates drop to 13.7%, reaching a low of 12.2% in the 11th quarter. There are no significant differences in subsidy receipt between the Most Recent and Earlier cohorts during the quarter of exit and the first three quarters after exiting welfare.

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[20] We report subsidy utilization and vouchers **paid** through March 2003.

Table 14. Child Care Subsidies in Quarter Of and After Exit by Exit Quarter

Quarter	Total 4/00-3/03	Most Recent Cohort 4/02-3/03	Earlier Cohort 4/00-3/02
Quarter of Exit	18.4% (477/2,590)	18.5% (152/822)	18.4% (325/1,768)
1st Post-Exit	17.6% (420/2,384)	17.7% (109/616)	17.6% (311/1,768)
2nd Post-Exit	18.0% (392/2,176)	17.4% (71/408)	18.2% (321/1,768)
3rd Post-Exit	17.0% (336/1,972)	18.1% (37/204)	16.9% (299/1,768)
4th Post-Exit	16.7% (296/1,768)	___________	16.7% (296/1,768)
5th Post-Exit	15.9% (250/1,577)	___________	15.9% (250/1,577)
6th Post-Exit	16.2% (220/1,362)	___________	16.2% (220/1,362)
7th Post-Exit	15.7% (177/1,130)	__________	15.7% (177/1,130)
8th Post-Exit	15.0% (136/906)	___________	15.0% (136/906)
9th Post-Exit	13.7% (94/686)	___________	13.7% (94/686)
10th Post-Exit	12.7% (59/463)	___________	12.7% (59/463)
11th Post-Exit	12.2% (28/229)	___________	12.2% (28/229)

Findings: Child Welfare

Although most welfare policies are implemented because of their intended effect on adult recipients, policy-makers and program managers must always be cognizant that these same policies can also have unforeseen impacts on children, who represent two-thirds of all cash assistance recipients nationwide and in Maryland. These unintended effects can be positive or negative, with the latter, understandably, being of greatest concern at the outset of welfare reform. For instance, policies such as work requirements, time limits, and full family sanctions were instituted with the intention of moving adult TANF recipients into employment and ultimately financial self-sufficiency. However, many child and family advocates were concerned that these policies might inadvertently expose more children to abuse and/or neglect. This concern was based, in part, on research that has correlated decreases in benefits (Courtney, 1997) and benefit decreases without employment income (Shook, 1999) with poorer child welfare outcomes. Certainly increases in child abuse and neglect and foster care placement were not intended or desired outcomes of welfare reform. Thus, it is important to gauge child welfare outcomes as part of a comprehensive study of what happens to families once their cash assistance ends. We have been monitoring children's post-welfare involvement with the formal child welfare system for a number of years. This chapter presents our most recent findings concerning several child welfare measures.

Table 15, following, presents child welfare data for our sample of 14,945 exiting children. Our data include information about Child Protective Services investigations,[35] Intensive Family Services case openings, and kinship care and foster care placements in the first year after exit from welfare. We limit the follow-up period to one year because any causal links between the discontinuation of cash assistance and child welfare involvement should be seen within that time frame. We also provide baseline data describing study youngsters' historical involvement in the child welfare system as a yardstick against which our post-exit findings can be assessed.

As illustrated in Table 15, roughly one in five children in our exiting sample (21.7%, n=3,241/14,945) had a historical (i.e., pre-exit) indication or confirmation of child abuse or neglect. In only a very small percentage of cases, however, were these investigations proximate to the time of their family's exit from cash assistance. Only 2.1% (n=311/14,945) of children had indicated or confirmed investigations within the 90 days immediately preceding the welfare exit and only 1.6% (n=232) were the subject of a confirmed or indicated investigation in the 90 days immediately after the welfare case closed.

Rates of indicated or confirmed child abuse or neglect among children in exiting cash assistance cases remain low over time. At six months post-exit, 419 of 14,099 children (3.0%) had a substantiation or indication of abuse or neglect. By the end of the first full year after leaving cash assistance, the figure was 5.2% of youngsters (n=685/13,240).

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[35] Child abuse or neglect investigations are included in the analyses if they are "substantiated" or "indicated".

Involvement with Intensive Family Services is much less common among sample members both before and after the welfare exit that brought them into our sample. Less than 5% of children (3.2%, n=473/14,945) had a history of receiving Intensive Family Services (IFS) prior to exiting welfare. In the 90 days before their exit, 0.2% (n=34/14,945) began receiving IFS. A similar percentage, 0.4% (n=61/14,534) began receiving IFS within 90 days after exit. The number increased slightly (0.7%, n=95/14,099) at six months after exit, and reached 1.2% (n=164/13,240) at 12 months after welfare exit.

Approximately 5% of sample children had a history of residing in foster homes or in kinship care. More specifically, 4.8% of children (n=716) had a history of kinship care placement and 843 children (5.6%) had a history foster care placement before their welfare exit. In general, these episodes of out-of-home care were not proximate in time to the welfare exit. However, although the numbers are quite small, twice as many children entered kinship care and foster care in the 90 days prior to their family's welfare exit (0.6% and 1.1%, respectively) than in the 90 days after the exit (0.3% and 0.5%, respectively). This particular finding is indicative of the degree of overlap between the cash assistance and child welfare populations and the movement of children between the two systems. Most likely it also relates to the fact that eligibility for cash assistance is predicated on the presence in the adult's household of at least one needy, dependent child. In other words, it is likely that, in at least some cases in our study, the causal chain is not that the welfare exit led to foster care placement, but rather that the removal/placement of the child(ren) in out-of-home care led to the family's departure from welfare.

There are several additional findings of interest in Table 15. First, post-exit rates are lower than would be expected for all child welfare services given children's historical or prior rates of child welfare involvement. This finding is particularly noteworthy because published research indicates that previous child welfare involvement is a strong predictor of future involvement (Ovwigho, Leavitt, and Born, 2003).

Also noteworthy are the significant differences between the most recent cohort (April 2002 through March 2003) and the earlier cohorts (October 1996 through March 2002). Previous analyses from our *Life After Welfare* study found that, controlling for a number of other variables, for at least some cohorts, later leavers had a higher risk of post-exit child welfare involvement than earlier leavers (Ovwigho, et. al., 2003). However, the results presented in Table 15 indicate that this trend may be diminishing. In fact, we find no significant differences between cohorts in child abuse and neglect outcomes. While the numbers are small, children in the most recent cohort do have significantly higher rates of historical involvement with Intensive Family Services and are more likely to receive IFS in the first six months after leaving welfare. Similarly, we also find higher rates of historical kinship care placement and foster care placement in the 90 days before exit among children whose families exited TANF between April 2002 and March 2003.

The overall conclusion with regard to child welfare is that, contrary to initial concerns, welfare reform, as implemented in Maryland at least, has not led to increases in child abuse/neglect caseloads or to the placement of children in former cash assistance cases in foster or kinship care. However, the fact that – before the welfare exit – one in five of these youngsters had been involved in a child abuse or neglect investigation in which the outcome was an indication or substantiation of the complaint, makes it crystal-clear that there is considerable overlap between welfare and child welfare programs. As has been true throughout all our years of monitoring the effects of welfare reform on these particular child welfare outcomes, however, we find no evidence that Maryland's welfare reform program has caused more children to become known to the formal child welfare system

Table 15. Child Welfare Entries Among Exiting Children

	% Involved with Child Welfare by this time		
	Entire Sample 10/96-3/03 (n = 14,945)	**Most Recent Cohort 4/02-3/03 (n = 1,705)**	**Earlier Cohorts 10/96-3/02 (n = 13,240)**
Child Abuse/Neglect			
History before Exit	21.7%	23.4%	21.5%
90 days before Exit	2.1%	1.5%	2.2%
90 days after Exit	1.6%	0.9%	1.6%
6 months after Exit	3.0%	2.1%	3.0%
12 months after Exit	5.2%	----	5.2%
Intensive Family Services			
History before Exit***	3.2%	5.6%	2.8%
90 days before Exit***	0.2%	0.6%	0.2%
90 days after Exit	0.4%	0.6%	0.4%
6 months after Exit***	0.7%	1.6%	0.6%
12 months after Exit	1.2%	---	1.2%
Kinship Care			
History before Exit***	4.8%	7.2%	4.5%
90 days before Exit	0.6%	0.5%	0.6%
90 days after Exit	0.3%	0.4%	0.3%
6 months after Exit	0.7%	0.9%	0.7%
12 months after Exit	1.0%	---	1.0%
Foster Care			
History before Exit	5.6%	5.6%	5.6%
90 days before Exit*	1.1%	0.5%	1.2%
90 days after Exit	0.5%	0.2%	0.5%
6 months after Exit	0.9%	0.5%	0.9%
12 months after Exit	1.8%	---	1.8%

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 only counted if they are "indicated" or "substantiated".

Conclusions

Last year at this time we issued our seventh *Life After Welfare* report, noting then that it was being issued in a time of great uncertainty about the final shape of welfare reform re-authorization at the federal level. That uncertainty persists. One year later, as we release our eighth report on the characteristics and circumstances of Maryland welfare leavers, re-authorization has not been completed. In the "real world" of welfare, however, time marches on. State policy makers, program managers and front-line personnel have had to keep working, despite uncertainly, to achieve program objectives, in particular to help recipient adults make lasting transitions from welfare to work.

The purpose of this eighth *Life After Welfare* report, like its predecessors, is to provide updated reliable empirical data on the characteristics and circumstances of families that have left cash assistance in our state since the outset of Maryland's bi-partisan reform program in October 1996. These data can help us assess where we have been and what outcomes have been achieved and help to identify any trends or issues that might warrant attention or concern in the near future. Key conclusions we draw from the analyses presented in today's report include the following:

- **Even during economically challenging times, single mothers with young children remain the most common type of case leaving the TANF rolls.**

For the most part, an exiting case in the first six and one-half years of reform is composed of an African American (73.2%) woman (95.5%) in her early thirties (mean age = 32.7 years) and her one or two children (average number of children = 1.73). Although the youngest child in most assistance units is just under six years old (mean age = 5.72 years), almost two in five exiting cases (38.6%) include a child under the age of three. This profile has remained generally unchanged over time.

- **Consistent with findings from last year, we continue to find statistically significant differences between later (April 2002 to March 2003) and earlier (October 1996 to March 2002) leavers. In general, these differences reflect demographic changes observed in Maryland's TANF caseload.**

The most recent exiting cohort contains a higher proportion of male caseheads, African-American caseheads, child only cases, and families from Baltimore City. More recent exiters are also slightly older and have older children. These results are consistent with studies of Maryland's active TANF caseload that show increases in the proportion of child only cases and an increasing concentration of the statewide caseload in Baltimore City (Born, et. al., 2003; Ovwigho, 2001).

For policymakers and program managers, these caseload changes may have important implications for program design and management. It is widely predicted that welfare reform re-authorization will place even greater emphasis on work and work participation. If so, the concentration of not only welfare exiters, but also today's active cash assistance caseload in Baltimore City (54.5% of all cases statewide as of June 2003) and, to a lesser extent in Prince George's County (13.5% of all cases statewide as of June 2003) may warrant specific attention. In particular, careful conceptual as well as operational attention will have to be paid to such issues as the feasibility, scale and most appropriate methods for engaging a larger proportion of cases in work activities.

Similar attention, of course, will likely need to be paid to contracting and monitoring processes and to very careful specification and measurement of outcomes.

As noted in last year's report, the increasing number of child-only cases among exiters may also warrant some thought. The post-exit service and support needs of these families may be different from those of other households.

- **"Income above limit/started work" remains the most-common reason for case closure. However, full family sanctions for non-compliance with work requirements are increasingly more common and are now the second most common case closing reason for the most recent cohort.**

It is encouraging that, even in economically difficult times, "income above limit/started work" remains the most common case closing reason, accounting for three out of ten closures. However, cases closing for this reason are less common among the most recent cohort, accounting for only one-fourth of all exits. Full family sanctions for non-compliance with work requirements are more common among cases closing between April 2002 and March 2003, with one-fifth of recent cases closing for this reason. This finding is particularly noteworthy because families who return to the welfare rolls within one month are excluded from the analyses. This suggests that not only are sanctions becoming more common, but they are also more likely to lead to the family missing at least one month of TANF benefits.

- **In terms of their welfare and employment histories, more recent leavers appear to be better positioned than their earlier-leaving counterparts to transition from welfare-to-work.**

Although the majority of exiters have recent work experience, such experience is more common among more-recent leavers than earlier leavers. Similarly, later leavers have shorter welfare histories, on average eight fewer months out of the previous five years. Together these trends suggest that, on these two dimensions at least, more recent leavers may be better prepared for the labor market than earlier leavers. However, the findings may also reflect the reality that only the most job-ready are able to leave the welfare rolls during an economic downturn.

- **Consistent with previous analyses, approximately one-half of exiters work in a Maryland UI-covered job immediately or shortly after leaving welfare. An additional three to six percent work in a UI-covered job in one of the states bordering Maryland. Employment rates are fairly stable over time, although they do decline somewhat in the fourth through sixth years.**

- **In general, employment rates are higher among persons who have prior work experience; about two-thirds of those adults work right after leaving welfare.**

- **Work effort persists over time. Of those employed in the first post-exit quarter, the vast majority (82.6%) also worked in the second post-exit quarter. Approximately three of every five adults who worked in the first post-exit quarter, in fact, worked in all four quarters of the first year after leaving welfare.**

- **The specific industries in which adults most often find jobs immediately after leaving welfare are: Employment Placement Agencies (12.9%), Full-Service Restaurants (6.2%), Continuing Care Retirement Communities (6.1%), Department Stores (5.3%), and Gasoline Stations with Convenience Stores (4.2%)**

In each quarter through the first three post-exit years, approximately one-half of former TANF payees are working in a Maryland UI-covered job, an additional three to six percent are working in another state, and an unknown number have found federal employment. In the fourth through sixth post-exit year, Maryland UI-covered employment rates decline slightly, although they remain substantial with two-fifths of former payees working. The data presented in Appendix A indicate that this decline may be explained in part by increasing employment in the states that border Maryland.

The finding that post-welfare employment rates are higher among those with a fairly recent (within two years) history of paid work is consistent with findings from our earlier reports. It is also consistent with widely-held views about the importance of having or having had a job as a stepping stone to subsequent jobs. On the other hand, this finding also points out the fragility or impermanence that often characterizes the employment of low-income single-parent households. That work effort among study cases persists over time – a significant minority working in all four quarters of the first post-welfare year – is heartening. It implies, certainly, that these adults do want to work and remain free of welfare. On the other hand, the nature of the first post-exit jobs obtained by many of these adults also implies that they and we may have considerable work to do to insure continued employment, wage progression, and skill enhancement.

- **Later leavers are significantly less likely to be employed than earlier leavers.**

Despite the generally positive employment findings overall, consistent with other studies, we find that payees in the most recent cohort (April 2002 to March 2003) have significantly lower rates of post-exit employment than their earlier-leaving counterparts. This difference holds for those with recent pre-exit employment experience as well and becomes more pronounced over time. By the third post-exit quarter, only 37.8% of recent leavers are employed, compared to 49.6% of leavers in the earlier cohorts. These findings are at odds with the fact that, as discussed, later leavers actually appear in at least some respects to be perhaps better positioned than earlier leavers to transition from welfare to work; more of them have recent work experience and, on average, they have shorter welfare histories. Taken together, these seemingly conflicting findings may reflect the more difficult economic/employment situation faced by persons who have left welfare in the more recent period.

- **Although employment rates do not increase, quarterly earnings do increase over time.**

In the first post-exit quarter, employed leavers earn an average of about $2500 for the quarter. Average quarterly earnings increase substantially over time, reaching a high of $4500 by the sixth post-exit year.

- **Recidivism rates remain fairly low. The majority of families who leave welfare for at least one month do not return in the first few years.**

In the first year after exiting, slightly more than one-quarter of families return to the TANF rolls. Recidivism rates increase over time, reaching about one-third (34.9%) by the end of the third year. By the 48^{th} month, the percentage of families returning to cash assistance levels off, remaining at about 36% through the sixth post-exit year. These findings are a clear indication that large numbers of adults who formerly received cash assistance in Maryland have accepted the challenge of moving from welfare to work and that, in the majority of cases, they have been able to avoid returning to welfare after exiting. In terms of practice implications, the consistent finding that returns to welfare tend to happen fairly soon after the exit continues to suggest that the initial post-exit period may be a crucial one for support and/or intervention. For example, efforts have been made to insure that exiting families are appropriately connected to support services such as Medical Assistance and Food Stamps. Perhaps some thought should be given to at least experimenting with some type of more general, post-exit intensive case management/case support services as well.

- **Surprisingly, there are no statistically significant differences in recidivism or returns to welfare between later and earlier leavers.**

Given that later leavers have lower rates of post-exit employment, we expected to find that they also have higher rates of recidivism. However, no differences were observed, at least through the first six months post-exit. Taken together, these results may indicate that later leavers are finding other ways to support their families, possibly through higher rates of out-of-state employment.

- **The majority of Maryland's TANF leavers receive Food Stamps and Medical Assistance after exiting the welfare rolls. Although participation rates decline over time, they remain substantial through the end of the sixth post-exit year.**

In the first few months after exiting cash assistance, three-fifths of leavers receive Food Stamps. Over time Food Stamp participation rates decline; however, one-third of leavers are still receiving Food Stamps by the end of the sixth post-exit year.

Medical Assistance/S-CHIP participation rates follow a similar trend, although rates are generally higher. Nearly three-fourths (72.5%) of families have at least one member receiving Medical Assistance in the first three months after exit. By the end of the sixth year, three-fifths of leavers still have at least one family member covered by Medical Assistance. The finding that Food Stamp participation is lower than Medical Assistance participation may in fact be a positive one. A recent multivariate analysis of predictors of welfare recidivism among our *Life After Welfare* sample shows that Food Stamp participation generally indicates higher recidivism risk, while Medical Assistance participation is a predictor of lower recidivism risk (Ovwigho, Srivastava, and Born, 2003).

In terms of family well-being, these persistently high rates of Food Stamp and Medical Assistance participation are positive. However, the fact that sizable proportions of families are still participating in one or the other of these means-tested program as long as six years after leaving welfare, suggests that independence from cash assistance does not necessarily equate to lack of need for governmental services. The finding suggests, too, that larger community-wide challenges remain in terms of adult education and skill development and job/career progression and advancement.

- **Approximately one-fifth of families with a child under the age of 13 receive a subsidy to help pay for child care. Subsidy receipt rates decline over time.**

In the first three quarters after exiting welfare, a little less than one out of five families receive a child care subsidy. By the 11th post-exit quarter, only 12.2% of families receive a subsidy. Child care use and subsidy receipt should remain an area of concern, because the majority of families leaving cash assistance do include at least one child under the age of 13 and roughly two of five include a child under three.

- **This eighth project report, consistent with the previous seven, shows that the vast majority of children do not experience a child welfare event after exiting the welfare rolls. Indeed, rates of child abuse and neglect following exit are significantly lower than would be expected based on childrens' pre-exit child welfare histories.**

By the end of the first post-exit year, only 5.2% of children have been the subject of a substantiated or indicated child abuse or neglect investigation and less than 2% have entered foster care. These rates are significantly lower than historical rates of child abuse and neglect and foster care placement among these children. In fact, one-fifth of children have a pre-exit history of substantiated or indicated child abuse or neglect and 5.6% have a history of foster care placement.

- **Finally, our most general conclusion is that Maryland's bi-partisan, empirically-based welfare reform program continues to yield generally positive results.**

Children are not coming into foster care or being involved in child abuse or neglect. Most exiting adults do work after leaving welfare, their work effort persists over time, they do not come back on welfare and they do avail themselves of other program benefits, in particular Food Stamps and Medical Assistance. In our view, the findings in today's report raise no immediate red flags and suggest no program modifications or issues that need to be addressed on an urgent basis.

At the same time, there are some hints in these updated findings of trends or situations to which it might be wise to devote some conceptual and operational thought. One that bears repeating, in our view, is the concentration of the active welfare caseload in but two of the state's 24 subdivisions, Baltimore City and Prince George's County, which together account for 68% of the state total. This does not necessarily mean that the caseloads in these locales are disproportionately "hard to serve". However, it does mean that for reasons of scale alone, any new initiatives or enhanced performance requirements imposed on or by the state will require meticulous planning, implementation, and operation in these two subdivisions in order for statewide goals to be achieved.

Second, the fact that, statewide, the most recent welfare leavers are less likely to work immediately after exiting – despite having shorter welfare careers and more recent past work experience – suggests that the transition from welfare to work may be more difficult in today's less robust economy. This, coupled with the near certainty that work requirements will go up, not down, as a result of re-authorization, only adds to the importance of careful planning, implementation and outcome monitoring. This is true not only in Baltimore City and Prince George's County, of course, but in all jurisdictions and across all service providers. In other words, while we should rightly take pride in what has been achieved through our state's bi-partisan welfare reform program, many old challenges remain and many new ones will soon be upon us. Thankfully, Maryland remains well-positioned to meet these old and new challenges because of the continued strong commitments to welfare reform and to low-income children and their families on the part of elected and appointed officials, DHR/DSS staff, advocates, and others.

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Appendix A. UI-Covered Employment in Bordering States

As mentioned in the body of this report, all employment figures and findings are based exclusively on data from Maryland's Unemployment Insurance data system (MABS). However, census figures indicate that employment in bordering states and the District of Columbia is not uncommon among Maryland residents. Indeed, 2000 Census data show the rate of out-of-state employment by Maryland residents (17.4%) is almost five times greater than the national rate (3.6%). Federal employment, civilian and military, is also significant within Maryland, but unmeasured in our *Life After Welfare* study.

Without question, our Maryland-only employment findings understate the true rates of employment among the adults in our study sample. In order to partially assess the extent of the underestimate, we obtained, through interstate data sharing agreements, UI-covered employment data from Delaware (1^{st} quarter 2000 through 4^{th} quarter 2002), the District of Columbia (2^{nd} quarter 1999 through 4^{th} quarter 2002), Ohio (2^{nd} quarter 2001 through 4^{th} quarter 2002), Pennsylvania (2^{nd} quarter 2000 through 4^{th} quarter 2002), Virginia (1^{st} quarter 1999 through 4^{th} quarter 2002), and West Virginia (2^{ND} quarter 1999 through 4^{th} quarter 2002). These data were combined with our Maryland UI data in order to assess rates of out-of-state employment (excluding federal jobs) among our exiting sample. Although more complete than estimates based solely on MABS data, readers should be aware that the figures in this appendix are still an underestimate as they do not include federal government employment in Maryland or the bordering jurisdictions or non-UI-covered employment within Maryland. The lack of data on federal employment is especially notable because, as noted in the body of the report, there are more than 125,000 such jobs within Maryland alone and the majority of Maryland residents live within commuting distance of Washington, D.C. With these caveats in mind, Table A-1, following, displays the number of quarters of follow-up data available for each exiting cohort.

Table A-1. Number of Quarters of Post-Exit Employment Data by Sample Month

Sample Months n	Exit 2980	1 Qtr 3352	2 Qtrs 3789	3 Qtrs 4221	4 Qtrs 4631	8 Qtrs 5290	12 Qtrs 5199	16 Qtrs 3963	20 Qtrs 2287	24 Qtrs 503
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	✓	✓	✓	✓	✓					
Apr-Jun 2001	✓	✓	✓	✓	✓					
Jul-Sep 2001	✓	✓	✓	✓	✓					
Oct-Dec 2001	✓	✓	✓	✓	✓					

Table A-2, following, presents the results of our employment analyses including data from bordering states. In the quarter of exit, 2.8% of former TCA caseheads worked in a bordering state, with mean earnings of $3,590.94 and median earnings of $2,617.50. Inclusion of this out-of-state employment raises the overall percent working by 2.0% to 52.0%; median earnings also increase by about $90.

In the 1st through 24th quarters after exit, 3.7% (1st and 2nd quarters after exit) to 7.4% (20th quarter after exit) of the statewide sample worked outside of Maryland. Thus, our figures based on only Maryland UI-covered employment understate post-exit employment in these quarters from 3 to 6%, taking into account leavers who work both in Maryland and out of state during a particular quarter. Inclusion of employment data from other states also results in slightly higher mean and median earnings estimates and continues to reflect the trend of increasing earnings over time.

Table A-2. UI-Covered Employment in Maryland and Bordering States in Post-Exit Quarters

UI-Covered Employment	Maryland	Border States	Total
Quarter of TCA Exit			
Percent Working	50.0%	2.8%	52.0%
Mean Earnings	$2,511.37	$3590.94	$2,604.31
Median Earnings	$1,924.96	$2,617.50	$2,015.25
1st Quarter After TCA Exit			
Percent Working	49.6%	3.7%	52.5%
Mean Earnings	$2,951.67	$3,105.98	$3,004.53
Median Earnings	$2,530.05	$2,222.00	$2,571.04
2nd Quarter After TCA Exit			
Percent Working	48.5%	3.7%	51.3%
Mean Earnings	$3,073.90	$3,284.75	$3,142.96
Median Earnings	$2,664.02	$2,049.00	$2,685.54
3rd Quarter After TCA Exit			
Percent Working	48.7%	4.0%	51.7%
Mean Earnings	$3,100.29	$3,388.07	$3,177.77
Median Earnings	$2,607.70	$2,641.00	$2,668.20
4th Quarter After TCA Exit			
Percent Working	48.3%	4.1%	51.4%
Mean Earnings	$3,192.99	$3,866.23	$3,308.08
Median Earnings	$2,792.73	$3,005.50	$2,861.52
8th Quarter After TCA Exit			
Percent Working	48.8%	5.0%	53.1%
Mean Earnings	$3,468.30	$4,352.31	$3,592.95
Median Earnings	$3,085.01	$3,907.50	$3,180.12
12th Quarter After TCA Exit			
Percent Working	50.0%	6.8%	55.4%
Mean Earnings	$3,690.90	$3,795.72	$3,803.94
Median Earnings	$3,414.14	$3,320.00	$3,503.49
16th Quarter After TCA Exit			
Percent Working	48.6%	7.1%	54.6%
Mean Earnings	$4,124.26	$4,254.18	$4,225.20
Median Earnings	$3,879.38	$3,760.00	$3,938.00
20th Quarter After TCA Exit			
Percent Working	48.7%	7.4%	54.4%
Mean Earnings	$4,413.06	$4,406.46	$4,554.28
Median Earnings	$4,148.79	$4,131.50	$4,247.50
24th Quarter After TCA Exit			
Percent Working	49.3%	6.0%	54.9%
Mean Earnings	$4,507.69	$4,357.57	$4,517.29
Median Earnings	$4,066.86	$3,569.00	$4,066.86

Note: 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. Data on federal government jobs are not included.

The statewide estimates presented in Table A-2, however, mask wide variations in out-of-state employment among residents of Maryland's 24 jurisdictions. This reality is illustrated in Table A-3, following. The table shows that employment in bordering states is relatively rare among Baltimore City leavers, but quite common among Prince George's County leavers, the other 22 of the jurisdictions falling somewhere in between these two extremes. As can be seen in Table A-3, 3% or less of Baltimore City exiters work out-of-state in any given quarter. In contrast, approximately one in five Prince George's County leavers works in a bordering state. These results indicate that jurisdictions vary in the extent to which the true employment rates among welfare leavers can be assessed using only data on Maryland jobs covered by the Unemployment Insurance program.

Table A-3. UI-Covered Employment in Maryland and Bordering States by Jurisdiction

UII-Covered Employment	Baltimore City	Prince George's County	Other 22 Counties
Quarter of Exit			
% working in MD***	50.1%	39.3%	52.8%
% working in other state***	0.5%	17.0%	2.0%
Total % working	50.5%	52.1%	54.1%
1st Quarter after Exit			
% working in MD***	49.2%	37.6%	53.8%
% working in other state***	0.6%	20.6%	3.1%
Total % working**	49.6%	54.4%	56.1%
2nd Quarter after Exit			
% working in MD***	47.4%	40.7%	52.5%
% working in other state***	0.8%	19.9%	2.7%
Total % working***	48.1%	56.1%	54.3%
3rdQuarter after Exit			
% working in MD***	48.2%	39.1%	52.3%
% working in other state***	1.0%	20.1%	3.0%
Total % working**	49.0%	54.4%	54.6%
4th Quarter after Exit			
% working in MD***	47.9%	37.3%	52.4%
% working in other state***	0.9%	20.6%	3.0%
Total % working**	48.7%	53.2%	54.5%
8th Quarter after Exit			
% working in MD***	51.0%	36.4%	50.7%
% working in other state***	1.0%	20.8%	3.7%
Total % working	52.0%	54.7%	53.8%
12th Quarter after Exit			
% working in MD***	53.2%	37.3%	51.5%
% working in other state***	1.5%	23.0%	6.3%
Total % working	54.3%	55.6%	56.3%
16th Quarter after Exit			
% working in MD***	52.1%	34.7%	50.4%
% working in other state***	1.8%	21.8%	6.6%
Total % working	53.8%	53.7%	55.7%
20th Quarter after Exit			
% working in MD***	56.3%	32.6%	48.4%
% working in other state***	3.0%	22.8%	5.7%
Total % working**	58.6%	49.6%	52.8%

Appendix B. Industries of Employment by Standard Industry Classification Codes

In the Post-Exit Employment findings chapter of this report, we present data on employers who hire Maryland welfare leavers. The data in that chapter are categorized based on the North American Industry Classification System 2002 (NAICS), a change from previous reports that have traditionally reported industry data based on the Standard Industry Classification (SIC) system. As explained in the body of today's report, we made the change because NAICS is being phased in and SIC is being phased out by government and industry as the generally-accepted classification system. However, we thought some readers might be interested in being able to do direct comparison between the NAICS-coded industry data for this eighth project report and the SIC-coded data contained in earlier reports. Thus, this Appendix presents certain comparable SIC data. Specifically, we present and discuss the SIC codes for the employers for whom former TANF recipients worked in the first quarter after exit.

The vast majority (80.5% or 3,403/4,227) of employed exiters worked for only one employer in the first post-exit quarter. For the remaining 19.5% with more than one employer, we consider the post-exit employer from whom the former TANF casehead received the highest quarterly earnings. The employment data represent 3,068 jobs that could be classified by industry, held by 3,068 leavers in the first post-exit quarter.[36] For ease of interpretation we present data at the most general (SIC 1, Figure B-1) and most specific (SIC 4, Table B-1) levels of classification. In sum, these data indicate the following:

[36] An additional 1,159 jobs for 1,159 exiters could not be classified.

- The most frequent employer type in the first post-exit quarter is wholesale and retail trade, accounting for a little less than one-third (27.5%, n=844/3,068) of all jobs where the industry could be identified. Just over half (56.9%; n=480/844) of the jobs in this sector are: eating places (n=189); department stores (n=162); and delicatessens (n=129).

- The second most common industry type (n=817/3,068) is personal services, accounting for 26.6%, or just over one-fourth, of the total. Slightly more than three-fifths (62.4%, n=510/817) of employers classified as personal services are employment agencies (n=391), building maintenance services (n=68), and security systems services (n=51).

- The next most common industry is organizational services (n=799/3,068), accounting for approximately one of every four (26.0%) employers in the sample. Skilled nursing care facilities (n=167); general medical and surgical hospitals (n=84); and colleges, universities, and professional schools (n=48) are the three most common employers within this classification.

- Combined, these three industries account for four-fifths (80.2%, n=2,460/3,068) of the employers for which former recipients worked in the first quarter after their welfare exit.

These findings differ slightly from what we reported in the chapter on post-exit employment in last year's report on leavers (Ovwigho, et al., 2002). In that report, organizational services was the second most common industry type and personal/ business services was the third. However, the notable and most important finding is this: in the aggregate, the top three industries have remained the same since we first began collecting this data in 1996. Wholesale/retail trade, personal/business services, and organizational services have been the "top three" industries in which former recipients have found jobs since we initiated this study more than seven years ago. Moreover, in this and all prior reports (September 1997, March 1998, March 1999, October 1999, October 2000, October 2001, October 2002), these three industries, together, have accounted for at least three-fourths of all first post-welfare jobs secured by recipients.[37]

At the more specific level of analysis (SIC 4, Table B-1) there has also been little change over time. Since the inception of welfare reform in Maryland, the four specific fields in which former recipients have most often found jobs have been and remain: temporary/employment agencies; eating/drinking places; department stores; and, nursing homes/hospices. For this report, Delicatessens account for the fifth most common employer. (For our last report, Grocery Stores tied with Sanitary/Commercial and Residential as the fifth most common industry to employ leavers). Together, these five specific industries account for 33.8% of jobs in the first post-exit quarter.

At the most specific level of employer type, the fact that more than two-thirds (66.2%) of all first post-welfare jobs are not accounted for by the “top five” (see Table B-1 in this Appendix) suggests that not all exiting payees are concentrated in these types of jobs. While some concentration clearly does exist, it is also true that adults leaving welfare are moving into varied employment situations. Nonetheless, the concentration of exiters in three general industry areas over several years (see Figure B-1 in this Appendix) reinforces the need for job retention/support services, and also for strategies to promote and make possible job advancement and the acquisition of new skills. As we continue to move forward with welfare reform, job/skill advancement efforts, especially on behalf of/for employed former recipients, would likely play a

[37] The figures for the first six reports are 78.7% (September 1997), 78.1% (March 1998), 78.8% (March 1999), 78.6% (October 1999), 77.2% (October 2000), 77.9% (October 2001), and 75.2% (October 2002).

prominent role in preventing recidivism, and would assist adult recipients and their families in moving forward financially.

Figure B-1. Top Five Employment Sectors in Quarter After Exit (by SIC Code)

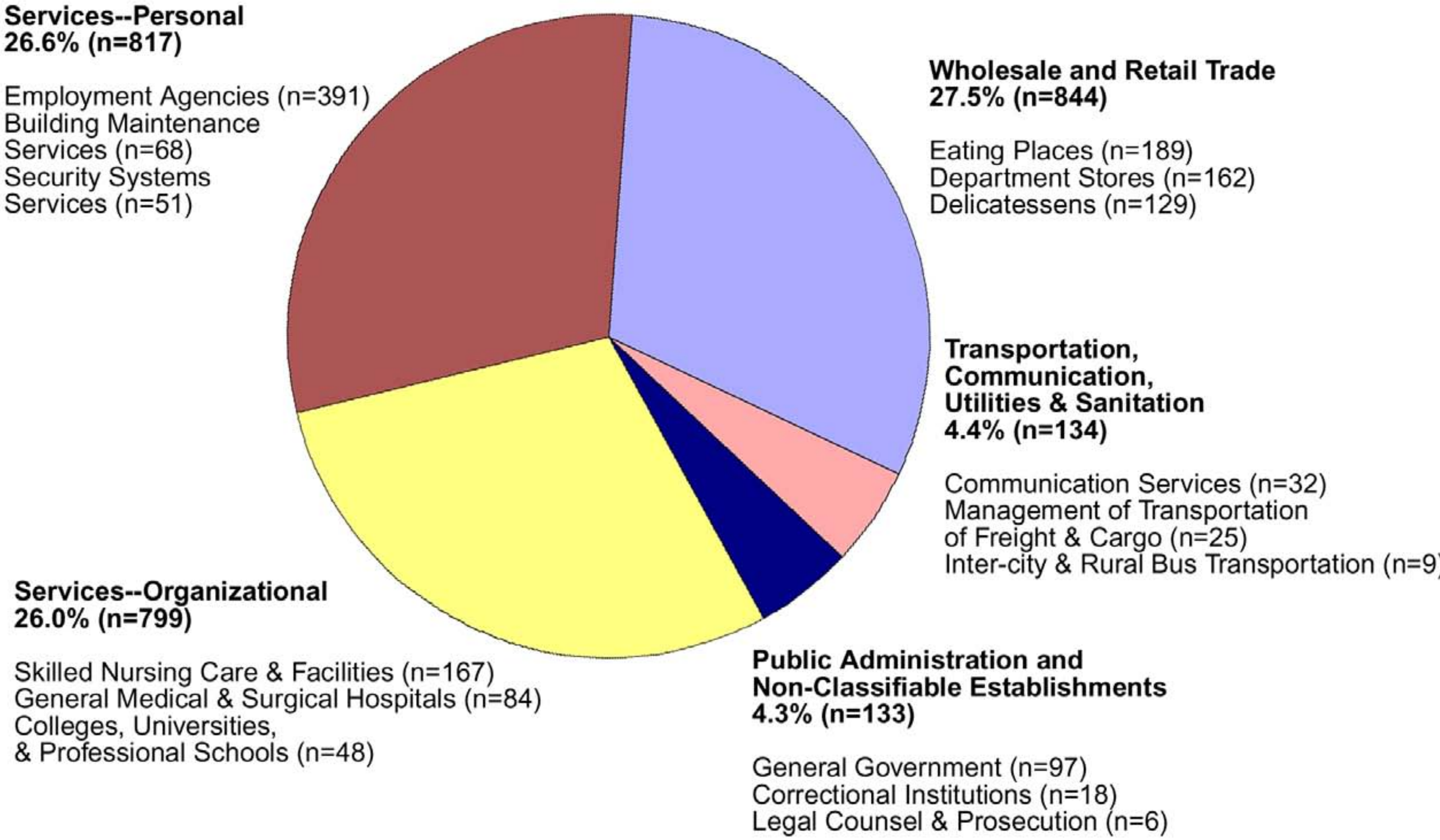

Table B-1. The Top 25 Employers/Industries in the First Quarter after Exiting by SIC Code

Type of Employer/Industry (SIC4)	Frequency	Percent
Employment agencies, temporary help	391	12.7
Eating Places	189	6.2
Skilled Nursing Care Facilities (Nursing Homes and Hospices)	167	5.4
Department Stores	162	5.3
Delicatessens	129	4.2
General Government, NEC	97	3.2
General Medical and Surgical Hospitals	84	2.7
Building Maintenance Services, NEC	68	2.2
Drug Stores and Proprietary Services	51	1.7
Security Systems Services	51	1.7
Colleges, Universities and Professional Schools	48	1.6
Hotels and Motels	46	1.5
Offices and Clinics of Physicians	41	1.3
Home Care Services, including Temporary Nursing	39	1.3
Schools and Educational Services, NEC (Driving Schools)	38	1.2
Elementary and Secondary Schools	37	1.2
Social Services, NEC	37	1.2
Services, NEC (Individual Employers, Sole Proprietors)	36	1.2
Communication Services, NEC	32	1.0
Beef Cattle Feedlots	31	1.0
Management Services (including Property)	30	1.0
Labor Unions and Similar Organizations	29	0.9
Child Day Care Services	27	0.9
Arrangement of Transportation of Freight and Cargo	25	0.8
Direct Mail Advertising Services	25	0.8

Note: Data are based on 3,068 jobs held by 3,068 exiters. The entire sample included 4,227, but 1,159 cases had missing SIC code data.