Life After Welfare: Ninth Report

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Executive Summary

Since the beginning of welfare reform in Maryland, annual *Life After Welfare* study reports have provided a yearly update on how reform is progressing in our state. This report, the ninth in the series, presents a wealth of data on the characteristics and post-exit outcomes of 9,550 families who left Maryland's TANF rolls for at least one month between October 1996 (the first month of reform) and March 2004. Our method of drawing a five percent random sample from the universe of cases that close each month yields a valid statewide sample at the 99% confidence level with a ±1%. Both short- and long-term (up to seven years) employment outcomes, returns to welfare, and utilization of work supports such as Food Stamps and Medical Assistance are examined, and comparisons are made between the most recent cohort who exited between April 2003 and March 2004 and earlier cohorts of exiters (October 1996 to March 2003). Using a variety of administrative data sources, we address ten basic questions:

1. What are the characteristics of Maryland's welfare leavers?
2. Why are families leaving welfare?
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 (including S-CHIP), and child care subsidies (Purchase of Care vouchers)?
10. How many exiting children become known to the child welfare system?

Findings in today's report largely reflect trends discussed in previous reports. However, there are some important changes as well. Key findings include:

Families leaving welfare today closely resemble those who left in the earlier years. Most exiting cases consist of an African-American woman in her early thirties with one or two children, the youngest of whom is about six years old. The large majority of adults have worked in the past and are exiting from relatively short welfare spells. However, the typical leaver did receive welfare in about 30 of the 60 months immediately preceding the welfare exit.

In general, the profile of the typical exiting case is still that of a single mother with one or two children. The majority of exiting caseheads are African American (73.8%) women (95.5%) in their early thirties (mean age 32.76 years). A little more than two-fifths of exiting families reside in Baltimore City (46.2%) and another quarter reside in either Prince George's County (13.1%) or Baltimore County (11.7%). Most TANF assistance units include the adult casehead; only 15.3% are child only cases where the adult casehead is not included in the TANF grant. On average, the youngest child in exiting households is six years old (5.72) although two out of five cases (39.0%) include a child under the age of three.

The good news in these data for program managers and policy makers is that welfare exits are occurring primarily among the types of cases for whom TANF was originally designed. However, the fact that these families have both recent work experience (71.6%) and extensive welfare histories (30 months of receipt, on average, out of the previous five years) suggests that most have tried, but failed before to achieve financial self-sufficiency.

The most common reason for case closure remains "income above limit/started work". The trend of increased sanctioning for non-compliance with work activities continues, although at a much slower rate.

We continue to find that five administrative closing reasons account for more than eight out of ten TANF closures: income above limit/started work (29.9%); did not reapply/complete redetermination (18.4%); information to verify/maintain eligibility was not provided (15.4%); full family sanction for non-compliance with work requirements (13.3%); and assistance unit requested closure (7.1%). Noteworthy among our case closing findings is that the sanctioning rate increased less than one percentage point for the most recent cohort (21.8%) over last year's rate (20.9%). Although it remains of concern that one-fifth of cases in the most recent cohort are closed because of a full family sanction, it is encouraging that the increase over last year's rate is so low, especially in light of increased efforts to fully engage all TANF recipients in work or work-related activities.

One-half of household heads leaving the welfare rolls obtain employment in Maryland UI-covered jobs immediately. Rates of Maryland employment decline over time, but quarterly earnings rise. When out-of-state employment is factored in, employment rates actually increase over time.

It remains true that about one-half of former TANF caseheads are employed in a Maryland UI-covered job immediately after exiting the welfare rolls. However, the fact that this rate declines somewhat over time raises concerns about families long-term economic well-being. In the first quarter after exit, 50.2% of leavers are employed. That rate declines slightly over the next three years such that 48.4% of leavers are employed in the 12th quarter after exit. Between the third and seventh post-exit years, leavers' employment in Maryland UI-covered jobs decreases further, reaching a low of 43.7% in the seventh year. However, the findings are tempered by the fact that out-of-

state employment increases over time and that when out-of-state jobs are considered along with Maryland data, we actually see rising employment rates over time.

It is important to note that this decline may be due to a number of factors. First, the recession that occurred in 2001 and the subsequent slow rate of recovery has greatly affected single mothers, the population that comprises the majority of our leavers sample.

Second, data from Maryland's border states, presented in Appendix A, show that rates of out-of-state employment generally increase over time among TANF exiters, at least through the 20th post-exit quarter. In the first quarter after exit 4.1% of Maryland's TANF leavers are employed in Delaware, the District of Columbia, Pennsylvania, Virginia, or West Virginia. Five years later, 8.9% of the sample have employment records from one of the border states.

Finally, it's important to remember the employment rates presented here are calculated by dividing the number of leavers employed in Maryland UI-covered jobs in the time period by the total number of leavers for whom follow up data are potentially available. Ideally, over time, we would remove from the denominator anyone who is not "available" for employment in Maryland, because, for example, they have moved out of state. We estimate that this type of "sample attrition" affects at least 7% of our sample.

On a more positive note, it is encouraging to find that quarterly earnings among TANF leavers increase over time. In the first quarter after exit, former recipients earn an average of $2,923. Seven years later, in the 28th quarter after exit, sample members earn an average of $4,727, an increase of over 60%.

The majority of families leaving welfare do not return, even up to seven years later, but they do continue to participate in the Food Stamp and Medical Assistance programs.

It remains true that most families' exits from the welfare rolls are permanent ones. The majority of families who leave TANF for at least one month do not return to the welfare rolls even seven years after exiting. In the first six months after exit, however, one out of five leavers return to TANF. The recidivism rate increases through the next 18 months, reaching 34.3% by the end of the second year. It remains fairly stable after that. By the seventh year after exit, more than three out of five families have not returned to welfare. Recidivism risk appears to be highest in the first two years after exit and for young African-American Baltimore City residents with young children whose cases closed because they did not reapply for benefits, provide information needed to verify or continue their eligibility, or comply with work requirements.

Most Maryland families continue to receive Food Stamps and Medical Assistance after leaving TANF. Three-fifths of leavers (60.3%) receive Food Stamps in the first three months after their TANF exit and one-third (33.1%) are still participating seven years later. Medical Assistance (MA) participation rates are even higher with three out of four (75.3%) families including at least one member with MA coverage in the first three post-exit months and more than half (55.9%) having such coverage seven years later. Notably, at least partly because of recent policy changes and concerted outreach efforts, participation rates are markedly higher among recent leavers than among earlier leavers.

Of the three work supports examined in this study, child care subsidies are utilized the least, with only one-fifth of families receiving Purchase of Care vouchers in the first quarter after exiting TANF. Rates of child care receipt also decline over time. Our finding that two-fifths of leavers have a child under the age of three in their household would suggest that child care subsidy take-up rate are in fact low. It is also likely that the preference by some families for informal care and the statewide child care freeze affect these results. We certainly acknowledge the state's current budget problems and the uncertainty that persists about TANF/child care re-authorization. To the extent possible, however, program managers and policy makers may want to further investigate ways to encourage families leaving welfare to utilize child care vouchers and to expand former recipient families' access to the voucher program.

Recent leavers resemble earlier leavers on most background characteristics. The few differences observed suggest that in some ways, more recent leavers are better positioned to make the transition to self-sufficiency, while in other ways they may face more challenges.

Last year's report showed that recent leavers differed from earlier leavers on thirteen demographic and case characteristics. This year the number of differences has declined to only six. This decline in the number of differences suggests a stabilization in the TANF caseload and exiting cohorts.

Among the six differences, the most encouraging findings are that recent leavers have, on average, shorter welfare histories and are exiting from shorter TANF spells than their earlier counterparts. On average, recent leavers are exiting a spell that has lasted 10 months and have received welfare for 22 of the previous 60 months, compared to an average welfare spell of 19 months and average history of 31 months

for earlier leavers. This difference indicates that families exiting the welfare rolls today have been less dependent on welfare in recent years and may be better able to transition from welfare to work.

However, this positive finding is tempered by the other four differences. Recent leavers are more likely to be African American, to reside in Baltimore City, to have a child under three years of age, and to leave TANF because of a full family sanction for non-compliance with work activities. Almost eight out of ten recent leavers (78.4%) are African American and about half (49.7%) reside in Baltimore City. In contrast, less than three-fourths of leavers (73.2%) in the earlier cohorts are African American and 45.8% live in Baltimore City. The percentage of households with a child under the age of three is higher among the most recent cohort (42.5%) than among the earlier cohorts (38.6%). More than one-fifth of families leaving TANF today (21.8%) had their cases closed because of a full family sanction for non-compliance with work requirements, compared to only 12.3% of families who left TANF in previous years. All four of these factors are associated with increased risk for returning to welfare.

In terms of outcomes, recent leavers fare better than their earlier counterparts in some aspects and worse in others.

When comparing recent and earlier leavers on post-exit outcomes, we find a mixed, although still generally positive, picture. On the unequivocally positive side, recent leavers have higher participation rates in Food Stamps and Medical Assistance and lower post-exit rates of substantiated or indicated child abuse and neglect investigations. However, the results for employment, recidivism, child care subsidy receipt, and other child welfare outcomes appear less positive. More recent leavers are

significantly less likely to be employed in the first year after exiting TANF, they are more likely to return to the welfare rolls in the first three months, and are less likely to receive child care subsidies. Children in the most recent exiting cohort have higher rates of historical receipt of Intensive Family Services (IFS) and, although the numbers are small, appear to be at increased risk of post-exit involvement in IFS and of entry into foster care.

Together these results suggest that recent leavers may, indeed, be facing more and perhaps different challenges in transitioning from welfare to self-sufficiency. At the macro-level, to illustrate, it is well-documented that many of the industries in which these women usually find employment were hard-hit by the recession and are still depressed. Similarly, the most recent leavers may have more personal stressors or barriers than did earlier leavers. For example, the higher rates of historical IFS involvement among recent leavers suggests that more of these families have been identified by local Departments of Social Services as being at risk for foster care placement. The situational factors which put the family at risk for foster care placement may also be interfering with the casehead's ability to find and maintain employment. At minimum, these findings suggest that policy makers and program managers would be wise to continue to play close attention to making certain that quality, focused, individualized customer assessment, planning, and case management techniques and approaches are firmly in place and universally employed.

All in all, findings in this ninth *Life After Welfare* report continue to reflect positively on Maryland's well-crafted, bi-partisan approach to welfare reform. They also speak volumes about the hard work done by local welfare agencies, the state and, of

course, low-income women, to produce the generally positive results that we have been able to document since the inception of our state's reforms in October 1996. At the time of the initial implementation of welfare reform in our state, legislators, agencies and families faced enormous challenges, the vast majority of which our many research studies show have been met and mastered. Today's findings also indicate, however, that our work in Maryland is not done. The now old challenges associated with helping women successfully transition from welfare to work remain and new challenges are before us, including universal engagement, difficult financial times, and slow job recovery in certain relevant industries. In sum, as Maryland continues to recover from the economic downturn and prepares to deal with the unknown changes that will result from TANF reauthorization, the findings presented here provide a picture of both program successes and continuing challenges.

Introduction

Life after Welfare, Maryland's welfare leavers study, is one of the longest-running and most comprehensive leavers studies in the nation. Through this study Maryland was the first state to release outcome data concerning families affected by the massive overhaul of cash assistance undertaken in the mid-1990s. The study is ongoing and continues to provide elected and appointed officials, program staff, and advocates with valuable information about who is leaving welfare in our state and what happens to them after they exit the rolls. More specifically, *Life after Welfare* reports provide longitudinal data on demographic characteristics, welfare receipt patterns, post-exit employment, recidivism and use of other services for a continually expanding sample of past and present welfare leavers. As of this writing, the sample includes 13,572 families who exited Temporary Cash Assistance (TCA), Maryland's reformed welfare program, between October 1996 (the first month of welfare reform in Maryland) and March 2004.

Since enactment of the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) in 1996, the questions of "who's leaving welfare" and "what happens to those who leave" have been addressed in many studies across the country. However, eight years later, and three years after the expected, but still not completed Congressional re-authorization of welfare reform, these questions are still relevant and important. Despite only minor policy changes since 1996, research studies and front-line practice have begun to document significant differences between today's populations of current and exiting cash assistance customers and those from earlier years of reform. Changes have begun to be observed in both client

characteristics and post-welfare outcomes, including lower rates of post-exit employment among those who have left welfare more recently.

Some scholars attribute these trends to the intricate interplay between welfare policy and economic conditions, citing the economic boom of the mid-1990s which coincided with and contributed to the rapid caseload declines and positive employment outcomes observed during the first few years of welfare reform (Grogger, Karoly, & Klerman, 2002; Ziliak, Figlio, Davis, & Connolly, 2000). In this view, the economic recession of 2001 and sluggish recovery since then are seen as important factors in the recent stagnancy of welfare caseloads and poorer employment outcomes for leavers (Dearborn, 2002; Loprest, 2001). Other scholars cite a growing literature documenting and debating the role of various client barriers to employment (Danziger & Seefeldt, 2002; Moffitt, Cherlin, Burton, King, & Roff, 2002; Ovwigho, 2001), as well as the growing concentration of cash assistance families in urban areas (Center on Urban & Metropolitan Policy, 1999), and a larger proportion of child-only cases (Farrell, Fishman, Laud, & Allen, 2000).

The truth of the matter is that both economic conditions and changing client characteristics and circumstances are important. Both influence the outcomes achieved by individual families and the overall program-level results achieved by individual states and their local jurisdictions. Neither welfare programs nor welfare consumers exist in isolation from the larger economy or the larger society and much has changed in our nation since the outset of welfare reform in October 1996. What has not changed, however, is the need to have reliable, empirical data so that the progress of welfare reform can continue to be monitored and assessed. Providing that

type of information for Maryland was and remains the primary purpose of our *Life after Welfare* study which, because of its longitudinal nature, permits us to carry out analyses that are not possible in most other states. Specifically, because we have as much as seven years of post-welfare follow-up data for some families, we are able to make comparisons between those who left welfare in the early years of reform and those who have exited more recently. In so doing, we are able to address the following questions:

1. What are the characteristics of Maryland's welfare leavers?
2. Why are families leaving welfare?
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 (including S-CHIP), and child care subsidies (Purchase of Care Vouchers)?
10. How many exiting children become known to the child welfare system?

These 10 questions have guided our *Life after Welfare* research since its inception in October, 1996, but a few methodological adjustments have been made over the years to keep pace with new knowledge and to accommodate our large and continuously growing sample. For example, the first six reports in the series (Born, Ovwigho, Leavitt, & Cordero, 2001; Welfare and Child Support Research and Training

Group, 1997, 1998, 1999a, 1999b, 2000) included families exiting for at least one day, allowing us to analyze the outcomes and characteristics of "churners" (i.e., those who return to welfare within one month) versus other leavers. Having sufficiently addressed this issue, and to make our results more comparable to other states' studies, the sample has since been restricted to those who exit welfare for at least one month (Ovwigho, Born, Ruck, Srivastava, & Owens, 2002; Ovwigho, Born, Ruck, & Tracy, 2003).

Similarly, in the first six *Life after Welfare* reports, comparative analysis focused on annual cohorts. However, we now employ a different approach that is more germane to the welfare issues of today. That is, we now focus on comparing the most recent exiters, in this report those who left TANF between April 2003 and March 2004 to those who left earlier (i.e., between October 1996 and March 2003). Information on all leavers (October 1996 through March 2004), of course, is also provided.

These methodological adjustments were made primarily to reflect the changing TANF landscape and the information needs of welfare policy-makers and managers. In particular, continued uncertainty about TANF re-authorization, the overall economy and state fiscal conditions make it imperative that decision-makers be able to quickly adapt to changing trends in client characteristics or in the larger environment. We trust that today's report, like its predecessors, continues to provide Maryland officials with information that is helpful in monitoring and managing our state's reformed cash assistance program, Temporary Cash Assistance (TCA), and the post-welfare experiences of former recipient families.

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 ninth 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 close 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 2004 (n=114).

By design, our study universe is more inclusive than the population of interest used in many other leavers studies. Unlike most 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. In our view, this all-inclusive approach best permits us to determine case closing patterns, correlates and outcomes in Maryland. However, differences in sample definition 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 so-called "churning cases" from all analyses presented in this ninth project report. Specifically, we exclude cases that returned to cash assistance within one month of exit. Thus, of the total sample of cases that exited between October 1996 and March 2004 (n=13,572), we exclude the 4,022 (29.6%) that returned to cash assistance within one month of exit.

This ninth *Life After Welfare* report focuses on the first 90 monthly samples - families who left Temporary Cash Assistance (TCA, formerly Aid to Families with Dependent Children) between October 1996 and March 2004, the first seven and one-half years of reform. A total of 9,550 cases (13,572 - 4,022) 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 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 (i.e., the child care take-up rate).

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 shares borders with 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%).[1] This is a very important, but generally overlooked reality. Among other things, as shown in Table 1, following this discussion, out-of-state employment is particularly common among residents of two very populous Maryland jurisdictions (Montgomery and Prince George's Counties) which also have historically

[1]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.

had the 4th and 2nd largest cash assistance caseloads. 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 state residents 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 depress 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. Readers are also reminded that the earnings figures reported are not necessarily equivalent to total household income; we do not have information on earnings of other household members, if any, nor do we have data describing other income (e.g. child support, Supplemental Security Income) available to the adult members of our research sample.

Table 1. Percentage of Residents Employed Outside of the State[2]

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%**

[2]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 utilized by 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.

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 child care waiting list. However, the state budget situation has led to the situation where new applicant families that have not received TANF in the previous year are placed on a waiting list. According to the U.S. General Accounting Office (2003), similar contraction in the availability of child care has recently taken place in a number of other states.

Findings: Baseline Administrative Data

In this chapter, we present a profile of exiting families in terms of payee demographic and case characteristics, reasons for leaving welfare, and employment and welfare histories. Data on all leavers from the entire seven and one-half years of reform (October 1996 through March 2004) are presented as are separate findings for the most recent cohort of leavers (April 2003 to March 2004). Comparison data on those who left welfare in the earlier years of reform (October 1996 to March 2003) are also provided.

What Are the Characteristics of Exiting Payees?

Table 2, following this discussion, summarizes information on the five payee characteristics examined in our project (gender, age, age at first birth, ethnicity, and region of residence). The first data column in the table presents findings for all leavers (October 1996 through March 2004), the second data column describes the most recent leavers (April 2003 through March 2004), and the third column of data describes earlier welfare exiters (October 1996 through March 2003).

Characteristics of the Entire Sample

The typical payee in a family which left cash assistance in Maryland between October 1996 and March 2004 was an African-American (73.8%) female (95.5%) in her early thirties (mean age 32.7) who had her first child at age 22 and, at the time of her exit from welfare, resided in Baltimore City (46.2%), as illustrated in Table 2.[3]

[3]Age at first birth estimates are calculated using the payee's date of birth and the date of birth of her oldest child included in the assistance unit. To the extent that payees have other, older children who are not members of the assistance unit, our figures understate true age at first birth.

Do Recent Leavers Differ from Earlier Leavers?

Recent and earlier leavers are similar in terms of gender, age and age at first birth. In both groups, the overwhelming majority of payees are female (95.3% among the most recent leavers and 95.5% among earlier leavers), the average age is 32 years, and the first birth occurred when the payee was not quite 22 years of age.

Significant differences were found, however, with regard to ethnicity and place of residence. The most recent leavers were more likely to be African-American (78.3% vs. 73.2%) and to live in Baltimore City when their welfare cases closed (49.7% vs. 45.8%). These findings are consistent with and most likely related to general caseload trends in Maryland. Specifically, other of our studies have documented that Baltimore City experienced lower case closing rates than expected in the first few years of reform, but that the pace of exits has been increasing more recently (Born, Caudill, Cordero, & Kunz, 2000; Born & Herbst, 2002; Born, Ruck, & Cordero, 2001) In addition, the increased share of Baltimore City cases among leavers is consistent with changes observed in Maryland's active TANF caseload since the outset of reform (Born, Hetling-Wernyj, Lacey, & Tracy, 2003).

Table 2. Demographic Characteristics of Exiting Payees

Characteristics	Entire Sample 10/96-3/04 (n=9,550)	Most Recent Cohort 4/03-3/04 (n=983)	Earlier Cohorts 10/96-3/03 (n=8,567)
Payee's Gender (% female)	95.5% (8884)	95.3% (937)	95.5% (7947)
Payee's Age (years)			
Mean	32.76	32.93	32.74
Median	30.82	30.06	30.90
Standard Deviation	10.72	11.52	10.63
Range	18 to 89	19 to 83	18 to 89
Payee's Age at First Birth (years)			
Mean	21.87	21.63	21.90
Median	20.25	20.04	20.26
Standard Deviation	5.44	5.30	5.46
Range	13 to 48	14 to 45	13 to 48
Payee's Racial/Ethnic Background**			
African American	73.8% (6599)	78.4% (749)	73.2% (5850)
Caucasian	23.9% (2136)	19.4% (185)	24.4% (1951)
Other	2.4% (212)	2.2% (21)	2.4% (191)
Region*			
Baltimore City	46.2% (4405)	49.7% (488)	45.8% (3917)
Prince George's County	13.1% (1249)	11.7% (115)	13.3% (1134)
Baltimore County	11.7% (1116)	10.0% (98)	11.9% (1018)
Montgomery County	4.4% (421)	4.5% (44)	4.4% (377)
Anne Arundel County	4.7% (449)	4.5% (44)	4.7% (405)
Baltimore Metro Region	5.9% (564)	5.3% (52)	6.0% (512)
Southern Maryland	3.1% (296)	4.0% (39)	3.0% (257)
Western Maryland	3.5% (333)	2.3% (23)	3.6% (310)
Upper Eastern Shore	4.0% (381)	5.1% (50)	3.9% (331)
Lower Eastern Shore	3.3% (316)	3.0% (29)	3.4% (287)

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

What are the Characteristics of Exiting Cases?

Table 3 presents findings on five important case characteristics (assistance unit size, case type, number of children, age of youngest child, and presence of a child under three years of age) which we have been tracking over time. Findings for all sample cases appear in the first data column, those describing the most recent leavers

are in the second data column and, for comparison purposes, case characteristics for all other leavers are shown in the last data column in Table 3.

Characteristics of the Entire Sample

On average, a Maryland cash assistance case which has closed since the start of welfare reform in late 1996 consisted of a two or three person assistance unit (mean size 2.6 persons), typically the payee and her one or two children (mean number of children 1.74). In the typical case, the youngest child was not quite six years old (mean age 5.7 years) and relatively few cases (15.3%) were child-only cases. Roughly two of every five cases (39.0%) contained at least one child under the age of three years.

Do Recent Leavers Differ from Earlier Leavers?

The most recent leavers and earlier leavers have similar profiles on four of the five case-level characteristics: assistance unit size; case type (percent of child-only cases); number of children; and age of the youngest child in the assistance unit. A statistically significant difference was observed, however, with regard to the percentage of cases in each cohort which contained at least one child under three years of age. Among the most recent exiters, 42.5% of all assistance units contained a child under three, compared to 39.0% of cases which had left welfare earlier.

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Table 3. Demographic Characteristics of Exiting Cases

Characteristics	Entire Sample 10/96-3/04 (n=9,550)	Most Recent Cohort 4/03-3/04 (n=983)	Earlier Cohorts 10/96-3/03 (n=8,567)
Assistance Unit Size			
Mean	2.61	2.65	2.61
Median	2.00	2.00	2.00
Standard Deviation	1.18	1.27	1.16
Range	1 to 11	1 to 11	1 to 9
% child only cases	15.3% (1460)	16.9% (166)	15.2% (1294)
Number of Children			
Mean	1.74	1.79	1.73
Median	1.00	2.00	1.00
Standard Deviation	1.06	1.14	1.05
Range	0 to 10	0 to 10	0 to 8
Age of Youngest Child			
Mean	5.72	5.70	5.72
Median	4.28	3.75	4.33
Standard Deviation	4.71	4.94	4.69
Range	<1 mo to 18 yrs	<1 mo to 18 yrs	<1 mo to 18 yrs
% households with a child under 3*	39.0% (3543)	42.5% (396)	38.6% (3147)

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

What are Payee's Experiences with the Welfare System and Employment?

Practice wisdom and empirical research have confirmed that welfare-to-work transitions are often more difficult for individuals who have received cash assistance for extended periods of time and for those with little or no history of participation in the labor force. The five year limit on receipt of federally-funded cash assistance, increased work participation requirements and the new emphasis on universal engagement of all adult recipients increase the importance of examining the welfare and employment histories of adults in our sample.

We begin by discussing clients' historical receipt of cash assistance benefits in Maryland, specifically the length of their most recent welfare spells and the total number of months of TCA receipt in the five years leading up to the exit that brought them into

our sample. This information, for the entire sample and separately for the most recent and earlier exiting cohorts is presented in Table 4, which follows the discussion. We then look at clients' histories of prior employment in Maryland jobs covered by the Unemployment Insurance (UI) system. Those findings, for the entire sample and the two cohorts (recent and earlier leavers) appear in Table 5.

Welfare Receipt History

The majority of families who left welfare between October 1996 and March 2004 were exiting from short welfare spells, as shown in the top half of Table 4. More than three-fifths (63.0%) had been receiving aid for 12 months or less at the time of exit. An additional 18% or roughly one in five had received welfare for 13-24 months, meaning that more than four of every five (81%) leavers had been continuously receiving cash assistance for two years or less at the time of exit. Mean or average length of the exit spell for all leavers was roughly one and one-half years (18.1 months) and, notably, fewer than one in 10 (8.6%) had been receiving cash assistance for more than four years.

Recent and earlier leavers differ significantly on the length of the welfare spell leading up to the exit which brought them into our sample. Average spell length was considerably shorter (10.7 months) among recent leavers than among those who left welfare earlier (19.0 months). More than nine of every ten (92.2%) recent leavers were exiting a spell of two years or less, compared to about eight of every ten (79.7%) earlier leavers. In addition, only 1.8% of the most recent leavers had been receiving assistance for more than four years, compared to 9.2%, or almost one of every ten leavers within the earlier cohorts.

It is important to consider the length of the welfare spell from which families are exiting, but this measure provides only a partial and understated picture of families' welfare use over time. Thus, in the bottom half of Table 4 we present information on the total number of months of benefit receipt (not necessarily continuous) in the five year period immediately preceding the TCA exits that brought families into our sample.[4]

Among the entire sample, the typical payee averaged 30 months of cash assistance receipt during the preceding five year or 60 month period, meaning that the typical adult in our sample was on welfare about half of the time. Less than half (44.7%) of the entire sample had received assistance for two years or less in the previous five years. Four of every ten (39.9%) leavers had received welfare for more than three years, and one quarter (25.8%) had received assistance for more than 48 of the 60 months preceding their exit.

Differences between recent and earlier leavers on this dimension are significant, the recent leavers having considerably shorter welfare histories than earlier leavers. Almost two-thirds (64.7%) of the most recent exiters had two years or less of TCA receipt in the five years prior to their exit, compared to slightly more than two-fifths (42.4%) of leavers within the earlier cohorts. Twice as many earlier leavers (42% vs. 21.2%) had more than three years of benefit receipt in the five years leading up to their exit from welfare. On average, recent leavers had received TCA in 21.5 of the past 60 months, compared to 31.27 months for the earlier leavers.

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[4]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).

Table 4. Welfare Receipt History of Exiting Payees

	Entire Sample 10/96-3/04 (n=9,950)	Most Recent Cohort 4/03-3/04 (n=983)	Earlier Cohorts 10/96-3/03 (n=8,567)
Length of Exiting Spell* **			
12 months or less	63.0% (6018)	77.9% (766)	61.3% (5252)
13-24 months	18.0% (1721)	14.3% (141)	18.4% (1580)
25-36 months	6.8% (653)	4.1% (40)	7.2% (613)
37-48 months	3.6% (345)	1.8% (18)	3.8% (327)
49-60 months	2.3% (215)	0.6% (6)	2.4% (209)
More than 5 years	6.3% (598)	1.2% (12)	6.8% (586)
Mean***	18.17 months	10.74 months	19.02 months
Median	9.14 months	6.87 months	9.53 months
Standard deviation	27.67 months	14.89 months	28.65 months
TCA Receipt in 5 Yrs Prior to Exit* **			
12 months or less	26.7% (2547)	42.1% (414)	24.9% (2133)
13-24 months	18.0% (1722)	22.6% (222)	17.5% (1500)
25-36 months	15.4% (1473)	14.1% (139)	15.6% (1334)
37-48 months	14.1% (1342)	10.9% (107)	14.4% (1235)
49-60 months	25.8% (2461)	10.3% (101)	27.6% (2360)
Mean***	30.27 months	21.55 months	31.27 months
Median	28.00 months	16.00 months	30.00 months
Standard deviation	19.45 months	16.74 months	19.49 months

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

Employment History

It has often been said and, indeed, other of our studies have found, that one of the best predictors of the likelihood of an adult welfare recipient's future employment is whether they have a history of paid employment in the recent past. In today's work-focused welfare system where a main program goal is moving recipients as quickly as possible from welfare to work, it is thus very important to understand the extent to which women leaving welfare have had prior experience in the labor market. For this reason, Table 5 following this discussion, highlights payees' experiences with UI-covered employment during the two years (eight quarters) before their welfare spell entry as well

as the two year period (eight quarters) before the welfare exit which brought them into our sample.

Overall, findings are encouraging. Among all leavers, the large majority (70.7%) had worked in a UI-covered Maryland job in the two years before coming onto welfare and in the two years preceding their welfare exit (71.6%). Moreover, there are no statistically significant differences between recent and earlier leavers on either measure. More than seven of 10 leavers in both cohorts had worked in the two years before their most recent welfare spell and in the two years immediately preceding the welfare exit that brought them into our sample.

These statistics are positive and imply the presence of a work ethic among this population and a high likelihood that most payees will be able to obtain employment. However, they also offer a cautionary, if implicit, warning that, for some leavers, the welfare-to-work transition may not be as easily accomplished as the data may make it appear. That is, the fact that we are studying these families because they have exited welfare means that while the majority of them have worked in the past, their employment did not last, for whatever reason, and they had to turn to welfare for income support.

Table 5. Employment History of Exiting Payees

	Entire Sample 10/96-3/04 (n=9,950)	Most Recent Cohort 4/03-3/04 (n=983)	Earlier Cohorts 10/96-3/03 (n=8,567)
% working at some point in eight quarters preceding spell entry	70.7% (6733/9519)	73.0% (715/980)	70.5% (6018/8539)
% working at some point in eight quarters preceding spell exit	71.6% (6815/9519)	73.0% (715/980)	71.4% (6100/8539)

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 31 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

Why Are Families Leaving Welfare?

Across the nation welfare reform has been very successful in reducing caseloads, but as Maryland policy-makers have long understood , that fact alone is an insufficient gauge of whether or not the reforms of 1996 have been a success. At the outset of reform many observers were concerned about how caseload reductions were being achieved across the country. Specifically, many were concerned that declining caseloads might be resulting from high rates of sanctioning and families reaching state and/or federal time limits. With TANF re-authorization and increases in work participation requirements on the horizon, questions about the reasons why families leave welfare remain important to address. For this reason, we have examined administratively-recorded case closing reasons in each of our *Life After Welfare* reports. We describe our latest results in this section and illustrate findings in Figure 1, which follows the discussion.

Administratively-recorded case closing reasons constitute a set of pre-determined codes from which caseworkers must choose and thus do not always

capture the full range or complexity of reasons why families leave welfare. As our research has repeatedly demonstrated, the administratively-recorded closing codes also significantly understate the true rate of work-related welfare exits.[5] Despite these important limitations, it remains useful to examine the reasons why families leave welfare as these reasons are reflected in administrative case closing codes. The analysis is particularly important because administrative case closing reasons are often the only readily available measure of full family sanctioning and because prior research has shown that administrative case closing reasons are correlated with important post-exit outcomes such as employment and recidivism (Ovwigho, Tracy, & Born, 2004).

As shown in Figure 1, the most common reason for case closure among the entire sample was Income Above Limit/Started Work, accounting for three of every 10 (29.9%) closures since October 1996. Failure to Reapply/Complete Redetermination was the second most common reason, accounting for not quite one in five (18.4%) closures over time. For the sample as a whole, the third and fourth most common case closure reasons were Eligibility/Verification Information Not Provided (15.4%) and Work Sanction (13.3%). Rounding out the top five reasons was case closure at the request of the client, accounting for 7.1% of all exits since the outset of welfare reform in our state. Combined, these five reasons accounted for 84.1% of all case closures, a pattern that has prevailed for the past several years.

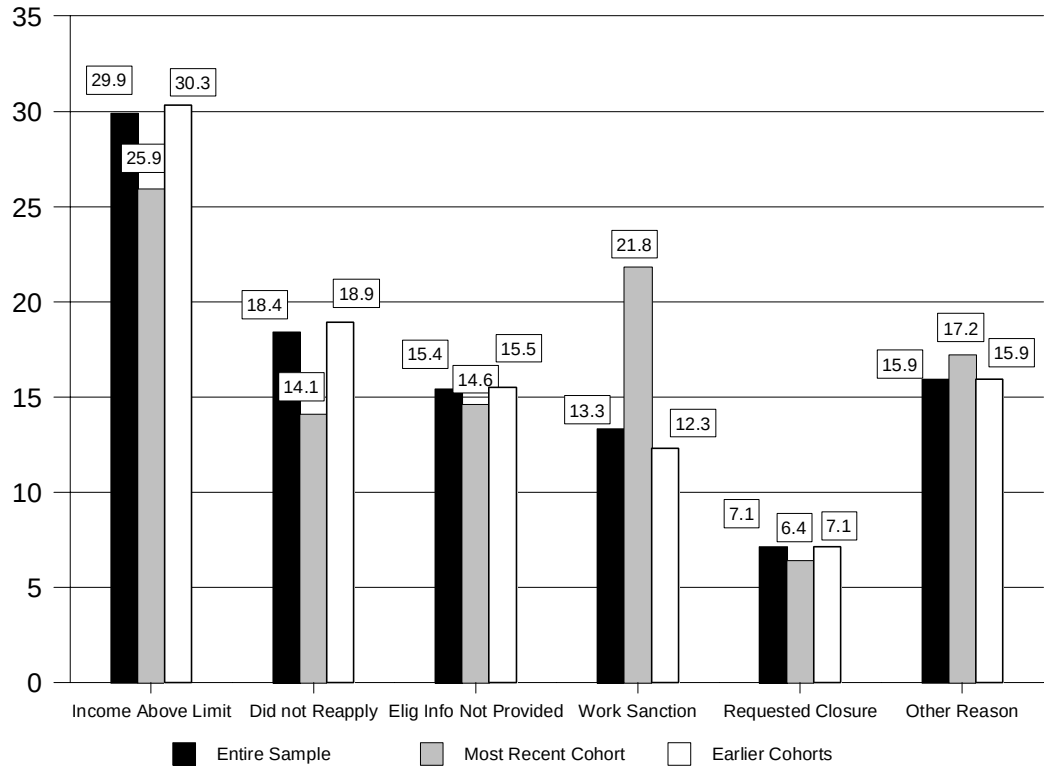
There are both similarities and differences between recent and earlier leavers with regard to administrative case closing reasons. For both groups the most common

[5]One analysis, to illustrate, compared UI wage data with TCA case closing reasons and found that the true rate of employment among exiters was at least 25% higher than was reflected in the administrative case closing codes.

closing reason was Income above Limit/Started Work. However, only one-quarter (25.9%) of the most recent leavers' cases were closed for that reason, compared to three of every ten (30.3%) cases which closed earlier. Also notable is that the second most common closing code among recent leavers was full family sanction for non-compliance with work activities, accounting for just about one in five (21.8%) exits. In contrast, the second most common reason among earlier leavers was Failure to Reapply/Complete Redetermination (18.9%). Work sanctioning, among earlier leavers, was the fourth most common reason for case closure, accounting for 12.3% of all closures.

The increase in work sanctions represents continuation of a trend observed and documented in the past two annual *Life after Welfare* reports such that, roughly, the rate of work sanctioning among more recent welfare leavers has been and remains about double the rate among earlier leavers (i.e., 21.8% vs. 12.3%). While this degree of sanctioning remains a matter of concern, it is not an unexpected trend given that we and the nation are now into our eighth year of welfare reform. It should also be pointed out that the increase in work sanctions has been occurring incrementally, suggesting that it has not been used as a wholesale method of caseload reduction, as some had feared. Indeed, there has been only a very small increase in the percentage of work sanctions documented in last year's *Life After Welfare* report and this year's annual update (20.9% vs. 21.8%).

Figure 1: Case Closure Reasons



Findings: Post-Exit Employment

Moving families from welfare to work is a major goal of the TANF program and tracking those transitions is a major purpose of our state's legislatively-mandated *Life After Welfare* research project. The persistently sluggish economy of recent years, particularly the documented job losses and/or slower job growth in occupations in which low-income women have traditionally worked increases the importance of monitoring the post-exit employment outcomes of welfare leavers. This chapter presents that type of information, reporting on the extent to which former payees work in Maryland UI-covered jobs after leaving welfare, how much they earned, and which industries employ them.[6] Findings are presented for the entire sample and for recent leavers (April 2003 through March 2004) and earlier leavers (October 1996 through March 2003).

Correct interpretation of these findings requires understanding the reasons why our results understate the true rate of employment among welfare leavers as well as the limitations of our employment and earnings data. First and as mentioned previously, out-of-state employment is almost five times higher among Maryland residents (17.4%) than among U.S. residents as a whole (3.6%). This is largely because ours is a small state which shares borders with four other states and the District of Columbia and because the majority of state residents live within commuting distance of Washington, D.C. Out-of-state employment data presented in Appendix A indicate that, at minimum, four to nine percent of adults in our sample may not show up as working in Maryland,

[6] All reported earnings figures are standardized to 2003 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.

but are or were employed outside the state.[7] Notably, also, we have no data on federal jobs (civilian or military) in Maryland or elsewhere. Because the number of federal jobs in Maryland and the nation's capital is very large, our lack of access to these data also depresses our employment findings, albeit to an unknown degree.

In terms of the limitations of UI employment and wage data, the most important is that the data are reported quarterly which means that we can not determine or infer hourly or weekly wages or ascertain if the person worked full- or part-time or if they worked during the entire quarter or only part of the period. These data are also not available in real time, often lagging two to three quarters behind calendar time. Thus, follow-up employment data for this report were available through the first quarter of 2004 (January to March 2004). Table 6, on the next page, shows the number of quarters of follow-up employment data which are available depending on the quarter in which families left cash assistance.

Limitations notwithstanding, UI employment and earnings data are invaluable in documenting and assessing the post-welfare employment-related outcomes of adults who have left welfare. These data not only permit us to ascertain how many leavers work after exiting, but also to begin to address important questions about employment stability, quarterly earnings patterns, characteristics of employed versus non-employed leavers, and the types of industries which typically provide employment for welfare leavers in Maryland.

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[7] Although we have been able to obtain limited data on UI-covered employment in bordering jurisdictions, the time periods covered by those data differ from the Maryland data used in compiling this report. Thus, we present available information on out-of-state employment in Appendix A, but do not include those data in the findings reported in this chapter.

Table 6. Number of Quarters of Post-Exit Employment Data by Sample Month

Sample Months	Exit (n=9,519)	1 Qtr (n=9,268)	2 Qtr (n=9,021)	3 Qtr (n=8,754)	4 Qtr (n=4,164)	8 Qtr (n=7,548)	12 Qtr (n=6,524)	16 Qtr (n=5,439)	20 Qtr (n=4,335)	24 Qtr (n=2,684)	28 Qtr (n=971)
Oct 96-Mar 97	√	√	√	√	√	√	√	√	√	√	√
Apr 97-Sep 97	√	√	√	√	√	√	√	√	√	√	
Oct 97-Mar 98	√	√	√	√	√	√	√	√	√	√	
Apr 98-Sep 98	√	√	√	√	√	√	√	√	√		
Oct 98-Mar 99	√	√	√	√	√	√	√	√	√		
Apr 99-Sep 99	√	√	√	√	√	√	√	√			
Oct 99-Mar 00	√	√	√	√	√	√	√	√			
Apr 00-Sep 00	√	√	√	√	√	√	√				
Oct 00-Mar 01	√	√	√	√	√	√	√				
Apr 01-Sep 01	√	√	√	√	√	√					
Oct 01-Mar 02	√	√	√	√	√	√					
Apr 02-Sep 02	√	√	√	√	√						
Oct 02-Mar 03	√	√	√	√	√						
Apr-Jun 03	√	√	√	√							
Jul-Sep 03	√	√	√								
Oct-Dec 03	√	√									
Jan-Mar 04	√										

Note: Sample sizes listed in this table are slightly smaller than those listed in the previous section because employment data are missing for 31 sample members

How Many Work in UI-Covered Jobs Right Away?

We begin by examining UI-covered Maryland employment among exiting adults during the calendar quarter in which their welfare cases closed. As shown in Table 7, at the end of our discussion of employment, about one of every two leavers were employed in the same quarter in which they left welfare (49.9%). Among those with a recent (past two years) history of employment, the percent working was even higher: 63%. This latter finding is not surprising because it has been well-documented that there is a positive relationship between recent work experience and more permanent exits from welfare (Born, Ovwigho, & Cordero, 2002; Bruce, Barbour, & Thacker, 2004; Harris, 1996; Loprest, 1999).

These are generally heartening findings, but they are tempered by the fact that, while this year's overall employment percentage is only negligibly lower (0.6%) than last year's, it is 1.7% lower than we reported two years ago. In addition, the percent of recent leavers who worked in the welfare exit quarter (43.6%) is significantly lower than the percent among those who left welfare earlier (50.6%). The same pattern is found among those with recent pre-exit work experience. Among those who left welfare most recently and who had a recent work history, the percent employed in the welfare exit quarter (54.4%), while still impressive, was significantly lower than among their peers who had left welfare in earlier years (64.0%).

Though it is beyond the scope of this paper to confirm, we strongly suspect these employment statistics and trends reflect the lingering effects of the recession of 2001, not diminished work effort on the part of welfare leavers or the agencies attempting to help them make the welfare-to-work transition. What the numbers do confirm, however,

is that welfare does not exist in isolation from the larger society and that the success of welfare to work efforts does depend, at least in part, on the types and numbers of jobs available in local communities.

Does Work Effort Persist Over Time?

As noted previously, the large majority of women who receive (and leave) cash assistance have worked for pay outside the home. For many, however, employment did not last and they have cycled between welfare and employment. In today's time-limited, work-oriented welfare system, the ability to sustain employment over an extended period of time, whether or not in the same job, is critical to families' financial well-being and to the state's ability to meet federal program performance expectations. Thus, we also examine employment in the quarters and years after study families' welfare cases closed.

Among all leavers (October 1996 through March 2004), just under two-thirds (64.6%) worked in a Maryland job covered by the UI program at some point during the first year after leaving welfare. As shown in Table 7, about one of every two (50.2%) worked in the first post-welfare quarter, a finding that remains relatively unchanged, although slightly lower, up to and through the 12th quarter or third year post-exit.[8] Among those for whom we have the greatest amount of follow-up data (i.e., those who left welfare from late 1996 to mid-1997), the table shows that a full seven years after

[8] This employment figure, as all others in this chapter, excludes "churners" or those who returned to welfare within 30 days of exiting. Also note that Table 7 reflects the total percentage of exiters working in each listed quarter. This does not necessarily mean that sample members were employed in each quarter leading up to each follow-up point or that it is the same sample members who are working at each of the measuring points.

leaving welfare (i.e., the 28th post exit quarter), some 43.7% of all adults were employed in a UI-covered Maryland job.

Not surprisingly, post-exit employment rates among those with a recent history of employment were higher at all measuring points. About three-fifths of these adults (62.2%) worked in the first post-exit quarter, a proportion that remains generally the same, though marginally lower, through the end of their second post-exit year (i.e., the 8th post exit quarter). Even at the seven year post-exit mark, among clients for whom we have this follow-up data, about one of every two (49.5%) adults with recent pre-exit employment, were working.

In terms of recent vs. earlier welfare leavers, the data show that persistent work effort is common among both groups, but also that in each of the first four post-welfare quarters, more earlier leavers than recent leavers were employed and the difference is statistically significant. The same pattern holds when we compare recent and earlier leavers with recent, past work experience. Although at least one of every two such adults in both groups was employed in a Maryland UI-covered job in all four quarters after leaving welfare, there were roughly seven percent more such workers among early exiters than among more recent leavers.

These findings showing higher rates of employment among earlier leavers and incremental, but persistent declines over time in the percent working, are not new, but rather continue trends documented in our last two annual reports. A variety of factors likely account for today's findings and recent years' trends. First and foremost is the fact that low-income women, including former welfare recipients, were the group most adversely affected by the recession of 2001 and the slow recovery which has followed

it. For example, it has been well-documented that the industries in which welfare leavers are most commonly employed have been hit especially hard in recent years, some sectors such as temporary help being down by more than 20% (Boushey & Rosnick, 2004). Our *Life After Welfare* project is not able to definitively determine the effect of these larger economic realities on the post-welfare employment rates documented in this paper. However, most observers think that early-year, generally positive employment findings about welfare leavers across the nation resulted from a combination of the reforms themselves and a robust economy. Thus, it seems equally reasonable to assume that economic factors would also exert influence when times are not so good. Published sectoral job, employment and unemployment statistics certainly support this viewpoint and we would concur that our recent years' post-welfare employment findings have, indeed, been affected by the recession and the sluggish pace of recovery.

In considering these findings, one must also take heart from the fact that our data do paint the worst case picture of post-exit employment among Maryland welfare leavers. As noted previously, we simply do not have all of the data necessary to capture all paid employment by the adults in our sample. For example, the data presented in Appendix A show that rates of out-of-state employment generally increase during the first five post-welfare years. For the sample as a whole, in fact, when the out-of-state data are combined with the Maryland UI data, we find increasing employment rates through at least the third post-exit year.

Finally, it is important to note that the employment figures presented in Table 7 represent the total number of leavers employed in Maryland UI-covered jobs in any

given time period divided by the total number of leavers for whom follow-up data are potentially available. This is an admittedly crude measure because it not only includes those who work out of state (and have no employment in Maryland), but also persons who are not "available" for work because they have moved out of state, been incarcerated or are deceased. Based on a preliminary analysis of the data we estimate that this type of "sample attrition" affects at least seven percent of our sample. In subsequent reports, we hope to be able to remove such persons from our denominator.

Considering everything, we would reach two basic conclusions about post-welfare employment among Maryland welfare leavers. The first is that employment is reasonably high and is actually better than reported in this paper for the reasons noted. The second is that the lower employment rates among the most recent leavers, even if attributable to conditions in the larger economy, should be a matter of attention and concern going forward. As we embark on a universal engagement strategy at the same time that research has begun to document the existence of less visible, but important barriers (e.g., mental health, learning disabilities) and while many so-called 'pink collar' occupations remain depressed, it is important to pay close attention to the interactions and effects of these phenomena on families.

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

For each post-exit quarter displayed, Table 7 also provides information about mean and median earnings achieved by all leavers in our sample and, separately, by those who left cash assistance most recently and in earlier years of reform. The table shows that, for the sample as a whole, those who worked in the same quarter in which

they left welfare, had mean or average earnings of $2,573 (median $2,113).[9] As expected, mean earnings in the first, full post-exit quarter were higher ($2,923) as were median earnings ($2,508) among those who worked in that period.

The trend over time in earnings is an upward one: at each measuring point, mean or average earnings are higher than they were in all preceding periods. Mean earnings, for the entire sample, were $2,923 in the first exit quarter and $4,727 in the 28th quarter or seven years post-exit. The pattern with regard to median earnings was similar such that, among those working in the 28th quarter after leaving welfare, median quarterly earnings were $4,197.

Recent and earlier leavers who work have only marginally different mean quarterly earnings during the first three post-exit quarters (nine months) despite the fact that recent leavers are less likely to be working at all three measuring points. On average, recent leavers earned $2,881 in the first post-exit quarter while earlier leavers earned $2,927. The earnings trend is upward for both groups. Average second post-exit quarter mean earnings were $2,963 and $3,063 for recent and earlier leavers, respectively, while earnings in the third post-welfare quarter averaged $3,170 (recent leavers) and $3,162 (earlier leavers).

Due to the quarterly nature of UI wage data, we are unable to tell if these earnings increases are due to wage or salary increases, to additional hours worked, or to some combination of both. Absent the ability to also determine if these are earnings from full- or part-time and full or partial quarter employment, it is a matter of personal

[9]Although not shown in the table, mean earnings in the quarter of exit for those with a recent history of employment were higher ($2668) as were median earnings among this group ($2208).

opinion whether to view these data in a positive light (i.e., earnings do go up considerably over time) or more negatively (i.e., mean earnings at the time of exit are relatively low). What the data do seem to suggest though is that, based on their own earnings (which do not necessarily represent total household income), many of these families' independence from welfare may be fragile or tenuous, especially in the first few months after case closure. It does seem likely that a not insignificant proportion of leavers could benefit from such things as aggressive pursuit of child support, participation and in Earned Income Tax Credit programs. Many might also be eligible for and could benefit from participation in such support services as Food Stamps, Medical Assistance and child care subsidies.

Table 7. UI-Covered Employment in Maryland in the Quarters After TCA Exit

UI-Covered Employment	Entire Sample 10/96-3/04	Most Recent Cohort 4/03-3/04	Earlier Cohorts 10/96-3/03
Quarter of TCA Exit			
Percent Working***	49.9%	43.6%	50.6%
Percent with Pre-Exit Wage History Working***	63.0%	54.4%	64.0%
Mean/Median Earnings	$2,573/$2,113	$2,396/$1,857	$2,590/$2,149
1st Quarter After TCA Exit			
Percent Working**	50.2%	44.2%	50.8%
Percent with Pre-Exit Wage History Working**	62.2%	55.5%	62.8%
Mean/Median Earnings	$2,923/$2,508	$2,881/$2,430	$2,927/$2,513
2nd Quarter After TCA Exit			
Percent Working**	49.2%	42.9%	49.5%
Percent with Pre-Exit Wage History Working**	60.5%	52.3%	61.0%
Mean/Median Earnings	$3,056/$2,656	$2,963/$2,478	$3,062/$2,676
3rd Quarter After TCA Exit			
Percent Working*	48.5%	41.4%	48.6%
Percent with Pre-Exit Wage History Working*	59.4%	50.0%	59.6%
Mean/Median Earnings	$3,162/$2,755	$3,170/$2,727	$3,162/$2,759
4th Quarter After TCA Exit			
Percent Working	48.8%		48.8%
Percent with Pre-Exit Wage History Working	59.4%		59.4%
Mean/Median Earnings	$3,231/$2,851		$3,231/$2,851
8th Quarter After TCA Exit			
Percent Working	48.4%		48.4%
Percent with Pre-Exit Wage History Working	58.0%		58.0%
Mean/Median Earnings	$3,535/$3,164		$3,535/$3,164
12th Quarter After TCA Exit			
Percent Working	48.4%		48.4%
Percent with Pre-Exit Wage History Working	57.2%		57.2%
Mean/Median Earnings	$3,789/$3,499		$3,789/$3,499
16th Quarter After TCA Exit			
Percent Working	46.5%		46.5%
Percent with Pre-Exit Wage History Working	55.5%		55.5%
Mean/Median Earnings	$4,134/$3,838		$4,134/$3,838
20th Quarter After TCA Exit			
Percent Working	46.4%		46.4%
Percent with Pre-Exit Wage History Working	54.7%		54.7%
Mean/Median Earnings	$4,380/$4,166		$4,380/$4,166
24th Quarter After TCA Exit			
Percent Working	45.2%		45.2%
Percent with Pre-Exit Wage History Working	52.4%		52.4%
Mean/Median Earnings	$4,645/$4,325		$4,645?$4,325
28th Quarter After TCA Exit			
Percent Working	43.7%		43.7%
Percent with Pre-Exit Wage History Working	49.5%		49.5%
Mean/Median Earnings	$4,727/$4,197		$4,727/$4,197

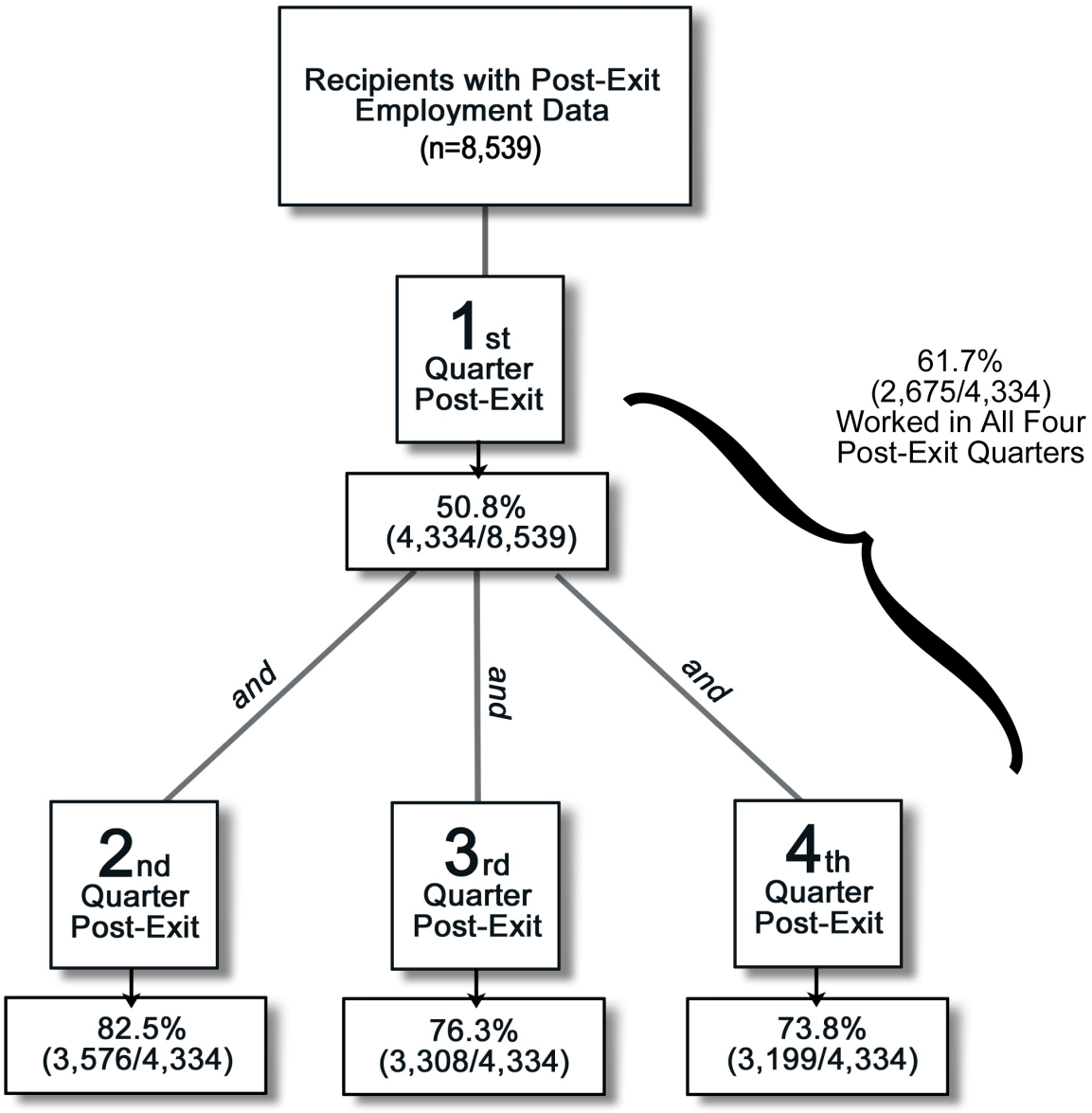
Note: Earnings are only for those working. Also, as noted previously, these are aggregate quarterly earnings. We do not know how many weeks or hours an individual worked, so hourly wage can not be computed from these data.
*p<.05, **p<.01, ***p<.001

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

Data presented in Table 7 speak to the overall rates of employment by adults in former recipient families at various points after their welfare cases have closed. These data though do not speak to the also important question of employment stability. Because the research literature documents often intermittent or unstable employment patterns among low-income women, including those who formerly received welfare, it is important to examine the issue of stability. Figure 2, following, looks at the degree of employment (not job) stability for sample members (n=8,539) for whom we have one full-year of post-welfare data on UI-covered jobs in Maryland; by definition, the most recent leavers are not represented in Figure 2.

As Figure 2 illustrates, about half of the 8,539 payees were employed in a UI-covered job in Maryland in the first quarter after exiting welfare (50.8%, n=4,334). Of those, more than eight of ten (82.5%, or n=3,576) also worked in the second post-exit quarter. About three-quarters of the sample worked in the first and third quarters after exit (76.3%, or 3,308/4,334); nearly as many who worked in the first quarter after exit also worked in the fourth post-exit quarter (73.8%, or 3,199/4,334). Overall, 61.7% of those who worked in the first quarter after exit also worked in each quarter following, up to four quarters (or one year) after exiting the welfare rolls (n=2,675/4,334).

Figure 2. Employment Stability in First Four Post-Exit Quarters



Do Employed Leavers Differ From Unemployed Leavers?

For policy-makers and program managers, it is also important that we look behind the employment statistics in an effort to ascertain if there are any client or case characteristics associated with leaving welfare for work. To address this issue, we compare data for payees who worked in a Maryland UI-covered job in the first post-exit quarter to data for payees who did not. Findings are discussed in this section of the report and also are shown in Table 8 which follows the text.

Differences are numerous and statistically significant; the two groups differ significantly on seven of the nine characteristics studied.[10] The following bulleted list summarizes these findings:

- *Age/Age at First Birth*: On average, employed leavers are younger (30.9 years) than non-employed leavers (34.65 years) and began childbearing at an earlier age (21.2 years versus 22.5 years).

- *Racial/Ethnic Background*: Employed leavers are more likely to be African American (75.8%) than are non-employed leavers (71.6%), and less likely to be members of ethnic groups other than Caucasian or African-American (1.8% versus 2.8%).

- *Size of Assistance Unit/Child-Only Cases*: Employed leavers are less likely to head child-only cases (11.1% versus 19.1%) and have larger assistance units, on average (2.66 persons versus 2.56 persons)[11].

- *Age of Youngest Child*: Perhaps surprisingly, the children of employed leavers, on average, are almost a year younger (5.3 years) than the children of non-employed leavers (6.1 years). Moreover, two out of five (41.7%) cases with an employed household head contained at least one

[10] We did not compare working and non-working payees on region of residence because local jurisdictions vary significantly in their rates of in-state and out-of-state employment. Thus, any jurisdictional variations observed between employed and non-employed leavers would at least partly reflect differences in out-of-state employment rather than true differences in likelihood of leaving welfare for work.

[11] Despite the unique nature of child-only cases, and the disproportionate percent of child-only cases among non-employed leavers, analyses run excluding child-only cases from both groups did not change the findings presented in Table 8 substantially.

child under the age of three, compared to just over one in three cases (35.7%) with a non-employed head of household.

- *Case Closing Reason*: Employed leavers were more than twice as likely to exit welfare due to Income Above Limit/Started Work (41.9%) than non-employed leavers (18.2%), and less likely to exit because of Failure to Reapply/Complete Redetermination (16.5% versus 20.3%) or because of a Work Sanction (9.8% vs. 16.3%).

- *Welfare Receipt*: Employed leavers, on average, were exiting from shorter (17.9 months) spells of continuous welfare use than were those who did not work in a Maryland UI-covered job in the first quarter after their welfare cases closed (18.8 months).

Perhaps surprisingly, there are no significant differences between the two groups in the number of children in their assistance unit (i.e., on the welfare grant at the time of exit) or in the number of months in which welfare benefits were received within the past five years. Both groups average 1.7 children on the grant and both had received welfare about half of the time (30 months) in the past five years.

Table 8. Characteristics of Employed and Non-Employed Leavers

Characteristics	Employed (n =4,751)	Not Employed (n =4,768)	Entire Sample (n =9,519)
Payee's Age* **			
Mean	30.94 years	34.65 years	32.79 years
Median	28.96 years	33.05 years	30.86 years
Standard Deviation	9.22 years	11.73 years	10.71 years
Payee's Age at First Birth* **			
Mean	21.25 years	22.54 years	21.87 years
Median	19.88 years	20.81 years	20.25 years
Standard Deviation	4.98 years	5.82 years	5.43 years
Payee's Racial/Ethnic Background* **			
African American	75.8%	71.6%	73.7%
Caucasian	22.3%	25.7%	24.0%
Other	1.8%	2.8%	2.3%
Assistance Unit Size* **			
Mean	2.66	2.56	2.61
Median	2.00	2.00	2.00
Standard Deviation	1.13	1.21	1.17
% child only***	11.1%	19.1%	15.1%
Number of Children			
Mean	1.75	1.72	1.74
Median	1.00	1.00	1.00
Standard Deviation	1.04	1.07	1.06
Age of Youngest Child* **			
Mean	5.34 years	6.15 years	5.74 years
Median	3.91 years	4.87 years	4.32 years
Standard Deviation	4.52 years	4.88 years	4.71 years
% of households with a child under 3***	41.7%	35.7%	38.7%
Closing Code* **			
Income Above Limit/Started Work	41.9%	18.2%	30.1%
Failed to Reapply/Complete Redetermination	16.5%	20.3%	18.4%
Eligibility/Verification Information Not Provided	15.2%	15.6%	15.4%
Work Sanction	9.8%	16.3%	13.0%
Assistance Unit Requested Closure	5.8%	8.4%	7.1%
Total Cases Closing For These Reasons	87.2% (4,144)	75.9% (3,621)	81.6% (7,765)
Length of Exiting Spell			
Mean**	17.93 months	18.89 months	18.41 months
Median	9.09 months	9.37 months	9.27 months
Standard Deviation	26.51 months	29.36 months	27.96 months
Welfare Receipt in the 5 Years Prior to Exit			
Mean	30.14 months	31.02 months	30.58 months
Median	28.00 months	30.00 months	29.00 months
Standard Deviation	19.32 months	19.59 months	19.46 months

What Types of Industries Hire Former Welfare Recipients?

For obvious reasons, no analysis of the post-welfare employment and earnings experiences of former recipient adults, primarily women, would be complete without examination of the types of industries in which jobs are most often found. This type of information is valuable in assessing the likely stability of women's post-welfare jobs, opportunities for wage or job advancement and, more globally, the employment prospects for subsequent cohorts of welfare leavers. Typically, former welfare recipients have worked in jobs which, relative to others, have often been considered low-skill, low-wage, or stagnant and often characterized by high turnover. Nationwide, service sector employment has been particularly common in restaurants and bars, nursing homes, hotels and motels, department stores and other retail establishments, and temporary help service firms (Burtless, 1997; Spalter-Roth, Burr, Hartman, & Shaw, 1995; Zill, Moore, Nord & Steif, 1991). Previous *Life after Welfare* reports have documented a similar reality among Maryland welfare leavers.

Unfortunately, and as we think is reflected in our earlier employment rate findings, Census data indicate that eight of the most common industry sectors employing former welfare recipients were especially hard hit by the recession in 2001 and have been very slow to recover. Compared to the projected job market based on 1990s job growth, to illustrate, employment is currently down in sectors such as temporary help (-22.3%), accommodations (-11.3%) and child day care (-7.3%; Boushey & Rosnick, 2004).

To monitor the industries in which Maryland leavers find work and to ascertain if these industries may have changed in response to larger economic conditions, we use

the 2002 North American Industry Classification System (NAICS), the official industry classification of the United States to code the sectors and industries which hire former welfare recipients in Maryland.[12]

Figure 3 follows this discussion and presents data on 3,399 jobs held by 3,399 Maryland welfare leavers in the first post-welfare quarter, showing the top five industry categories represented by these jobs.[13] As shown, the top five sectors, combined, account for over four-fifths of jobs which could be classified (82.3%, n=2,796/3,399).[14] At a general level the top five are: professional and business services (23.7%); trade, transportation and utilities (22.5%); education and health services (20.5%); leisure and hospitality (10.0%); and other services (5.6%).

More specifically, Table 9 shows that women leaving welfare in Maryland most often find employment in the following areas: administrative and support services (primarily employment placement agencies); food service and drinking places; nursing and residential care facilities; general merchandise stores; educational services; professional, scientific and technical services; ambulatory health services; gasoline stations; religious, grant-making and related organizations; executive and other government support; and hospitals. Together, the 2,233 positions in these 11 fields account for just about two-thirds (65.6%) of the 3,399 first post-welfare jobs obtained by the women in our sample whose first jobs could be classified. Table 9 includes this

[12]See Appendix B for a detailed list.

[13] An additional 1,260 jobs for 1,260 exiters could not be classified based on the information available. Following Bureau of Labor Statistics standards, we aggregated the 25 NAICS sectors into 12 main categories (Maryland Department of Labor, Licensing, and Regulation, 2004).

[14]For sample members with more than one employer during the study quarter, we coded the employer from whom the largest amount of wages were received.

information and shows the rest of the employment fields which make up the “top 25" sources of first post-welfare jobs for adults leaving welfare in our state between October 1996 and March 2004.

Figure 3: Top Five Employment Sectors in Quarter After Exit (NAICS)

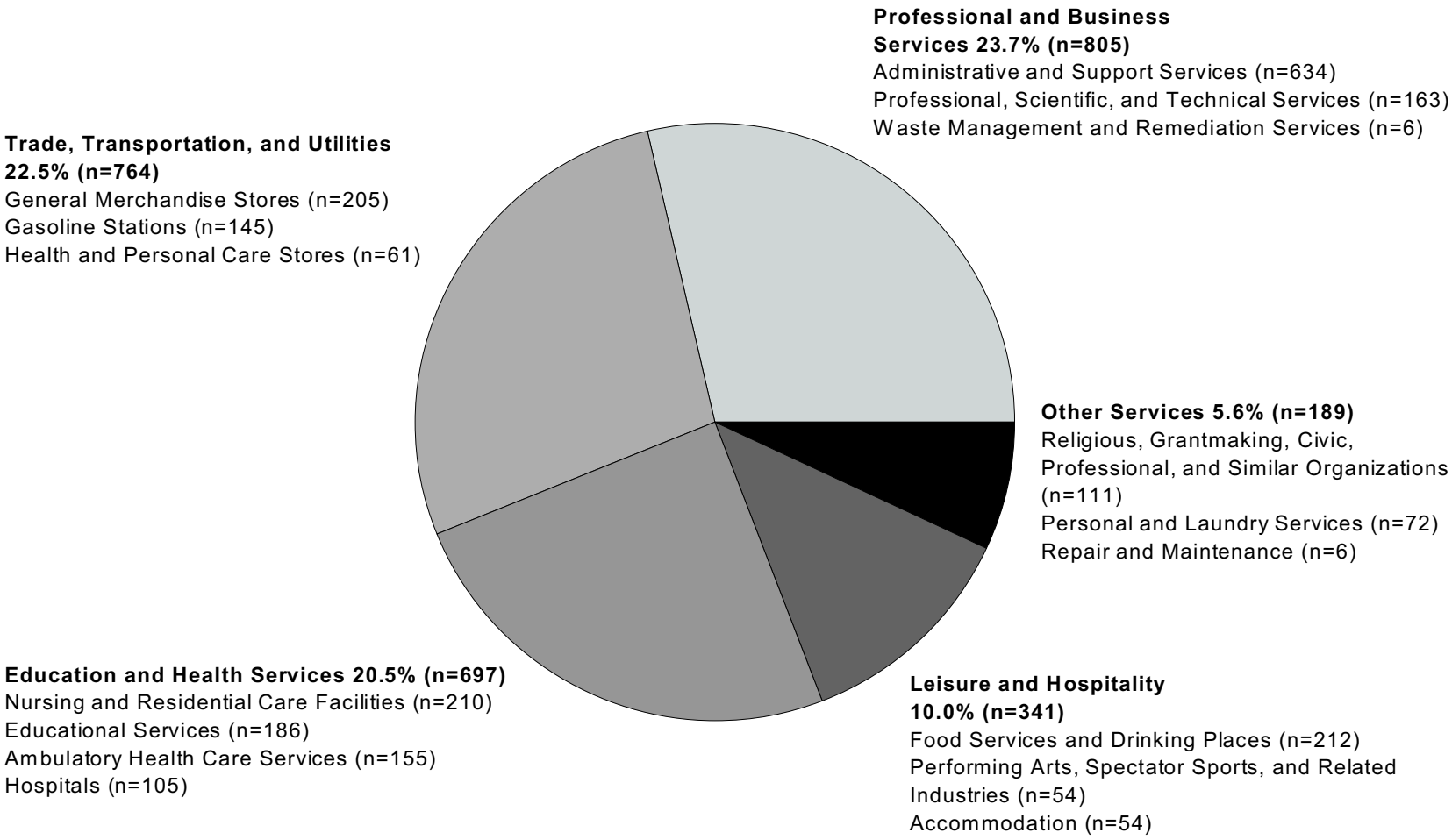


Table 9. The Top 25 Industries in the First Quarter After Exiting

Type of Employer/Industry (NAICS)	Frequency	Percent
Administrative and Support Services	634	18.7%
Food Services and Drinking Places	212	6.2%
Nursing and Residential Care Facilities	210	6.2%
General Merchandise Stores	205	6.0%
Educational Services	186	5.5%
Professional, Scientific, and Technical Services	163	4.8%
Ambulatory Health Care Services	155	4.6%
Gasoline Stations	145	4.3%
Religious, Grantmaking, Civic, Professional, and Similar Organizations	111	3.3%
Executive, Legislative, and Other General Government Support	107	3.1%
Hospitals	105	3.1%
Personal and Laundry Services	72	2.1%
Food Manufacturing	62	1.8%
Health and Personal Care Stores	61	1.8%
Wholesale Electronic Markets and Agents/Brokers	57	1.7%
Credit Intermediation and Related Activities	57	1.7%
Transit and Ground Passenger Transportation	56	1.7%
Performing Arts, Spectator Sports, and Related Industries	54	1.6%
Accommodation	54	1.6%
Clothing and Clothing Accessories Stores	49	1.4%
Food and Beverage Stores	46	1.4%
Social Assistance	41	1.2%
Insurance Carriers and Related Activities	36	1.1%
Real Estate	36	1.1%
Justice, Public Order, and Safety Activities	33	1.0%

Note: Data are based on 3,399 jobs held by 3,399 exiters. The entire sample included 4,659 former payees who worked in the first quarter after exit, but the industry could not be classified for 1,260 jobs.

Findings: Recidivism

The preceding chapter demonstrates that at least one of every two exiting adults works at the time of or immediately after leaving welfare. Another not uncommon outcome for welfare exiters, under AFDC and TANF, has unfortunately been a return to the cash assistance rolls. Prior *Life After Welfare* reports found that many returns to welfare occur within the first month and are thus a type of "administrative churning," but also that about one in three families returns to welfare within the first four years (Ovwigho, et al., 2002). Returns to welfare or recidivism is a complex phenomenon which, considered in isolation, is not an adequate indicator of the success or failure of welfare reform programs or adult leavers' attempts to remain off the cash assistance rolls. However, examination of returns to welfare can yield information which can be quite useful in both welfare policy and front-line welfare practice. Thus, we have tracked and reported on recidivism throughout our leavers project, including updated information in this chapter of today's report.

Table 10, following, shows the amount of follow-up data available. Because our sample families exited in different months between October 1996 and March 2004, we have different amounts of follow-up data for the various exit cohorts. Three month recidivism data are available for all families (n=9,550), while seven year follow-up data are only available for families who exited during the first nine months (October 1996 through June 1997). Although most state-level leavers' studies track returns to welfare for a relatively short period of time (e.g., six months), we track leavers for as long as our data permit in order to help detect possible trends or patterns in recidivism over time and to provide Maryland officials with as much information as possible about this important subject.

Table 10. Amount of Recidivism Data Available by Sample Month

Sample Month n	3 mo 9550	6 mo 9299	12 mo 8784	24 mo 7829	36 mo 6815	48 mo 5721	60 mo 4663	72 mo 3099	84 mo 1436
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	✓	✓	✓						
Apr-Jun 2003	✓	✓	✓						
Jul-Sep2003	✓	✓							
Oct-Dec 2003	✓	✓							
Jan-Mar 2004	✓								

How Many Families Return to Welfare?

Table 11, following this discussion, illustrates the recidivism rates for our entire sample as well as the separate rates for the most recent and earlier leavers. For the entire sample, the three month recidivism rate is 14.0%, the six month rate is 20.4% and, by the end of the first post-exit year, about one in four families (27.3%) have returned to cash assistance. These rates are essentially unchanged from those we reported last year and, overall, are a considerable improvement over recidivism rates historically recorded under the AFDC program.

In contrast to last year's *Life after Welfare* report which found no differences between recent and early leavers on this measure, this updated analysis does reveal a statistically significant difference in three month recidivism rates. At this measuring point, recent leavers have a higher rate of return (16.3%) than did earlier leavers (13.8%). This particular finding concerning very early returns to welfare among those exiting assistance now may have implications for 'back-end' case assessment and/or case closing practices because the data show no significant differences in recidivism between recent and early leavers at the 6 month or 12 month post-exit points. In both groups, about one in five families had returned to welfare at the 6 month point and, by 12 months post-exit, about one in four had experienced a subsequent TCA spell.

Table 11 shows that, over time, recidivism rates change very little. In other words, when returns to welfare do occur, the bulk of them take place within the first two years, most often within the first three months. In terms of welfare policy and practice, these findings suggest that the first few months after case closure may be a time when

families' situations are fragile and case management/support services could be of great value in assisting them to remain independent.

Although programmatic interest in recidivism statistics is understandably great, it is equally important to appreciate the flip side of those numbers for they are actually a much better expression of the hard work done by families and welfare agencies to carry out the mission and the mandates of the new welfare system. That is, it is important to state that the majority of families - recent leavers as well as earlier ones - do not return to welfare after exiting. At the end of the first post-welfare year, more than 70% of families have not returned. Even as long as seven years after leaving welfare, more than three-fifths of exiting families had not received even one month of cash assistance since the exit that brought them into our sample.

Table 11. Recidivism Rates by Cohort

	% not returning to TCA by this time		
Months Post-Exit	**Entire Sample**	**Most Recent Cohort**	**Earlier Cohorts**
3 mos*	86.0%	83.7%	86.2%
6 mos	79.6%	79.1%	79.7%
12 mos	72.7%	74.2%	72.6%
24 mos	65.7%		65.7%
36 mos	62.8%		62.8%
48 mos	61.7%		61.7%
60 mos	61.4%		61.4%
72 mos	61.3%		61.3%
84 mos	63.5%		63.5%
	% returning to TCA by this time		
	Entire Sample	**Most Recent Cohort**	**Earlier Cohorts**
3 mos*	14.0%	16.3%	13.8%
6 mos	20.4%	20.9%	20.3%
12 mos	27.3%	25.8%	27.4%
24 mos	34.3%		34.3%
36 mos	37.2%		37.2%
48 mos	38.3%		38.3%
60 mos	38.6%		38.6%
72 mos	38.7%		38.7%
84 mos	36.5%		36.5%

Note: Differences in sample size across follow up periods may result in the appearance that cumulative returns to welfare decrease over time. As with the other analyses presented in this report, cases which return to TCA within one month are excluded. *p<.05 **p<.01 ***p<.001

What are the Risk Factors for Recidivism?

Although recidivism rates have not increased appreciably over the course of welfare reform, it remains an area to which attention should be paid, particularly

because of the lifetime time limit which is, and virtually all observers agree will remain, a a feature of the cash assistance program for low-income families. While a certain amount of recidivism is inevitable due to catastrophic events and personal crises, information about factors which heighten the likelihood of a return to welfare can be potentially very useful to front-line staff and managers. In light of the consistent finding over the years that the three month period immediately after case closure is the one in which recidivism is most likely to take place, information about risk factors associated with these very early returns may be of particular value. For this reason we have consistently included an analysis of recidivism risk factors in our reports and this chapter presents updated information on this important topic. Specifically, Table 12, which follows this discussion, presents empirical data comparing those who return to welfare within three months to those who do not experience early returns on 13 individual and case characteristics.

The two groups differ significantly on 10 of the 13 variables examined.[15] Precise statistics and percentages can be found in Table 12, but in general, recidivist adults were younger, had their first children at earlier ages, were more likely to be African-American and to reside in Baltimore City and less likely to be working in the quarter in which their welfare cases closed. They also had received more months of welfare benefits in the past five years, on average, than had non-recidivists. The cash assistance units (cases) of those who experienced early returns to welfare were larger

[15]The only three variables where the groups did not differ significantly were percentage of households with a child under three (roughly two-fifths in both groups), average length of the welfare spell which brought them into our sample (18 months for both groups), and percent with a pre-exit history of employment in a UI-covered Maryland job (roughly 70% for both groups).

than the cases of those who did not return, contained more children and younger children. Recidivists' welfare cases were also more likely to have closed because they failed to reapply/complete the redetermination process or because of a full family sanction for non-compliance with work requirements.

This profile is essentially unchanged from that described in last year's report, including the two important and significant differences related to welfare use over a five year period and employment at the time of leaving welfare. In the five years or 60 months prior to exiting, nearly half (46.6%) of non-recidivists had received welfare for 24 months or less, compared to only one in three (33.2%) recidivists. In contrast, about half (50.2%) of all recidivists had received aid for more than 36 months out of the past 60, compared to just under two-fifths (38.2%) of those who did not experience an early return to welfare. It also remains notable that the two groups do not differ in the extent to which they had a pre-exit history of participation in the labor force (about 70% in both groups had worked), but recidivists are significantly less likely to be working in a UI-covered Maryland job at the time of leaving welfare. As shown in the last row of Table 12, about one of every two non-recidivists (51.3%) were working in the welfare exit quarter, compared to just about one of every three adults (34.0%) who experienced an early return to cash assistance

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Table 12. Comparisons between Recidivists and Non-Recidivists

Characteristics	Non-Recidivists	Recidivists	Entire Sample
Payee's Age* **			
Mean	32.95 years	31.63 years	32.76 years
Median	30.95 years	29.76 years	30.82 years
Standard deviation	10.84 years	9.91 years	10.72 years
Payee's Age at First Birth*			
Mean	21.91 years	21.59 years	21.87 years
Median	20.28 years	20.02 years	20.25 years
Standard deviation	5.44 years	5.43 years	5.44 years
Payee's Racial/Ethnic Background* **			
African-American	72.5%	81.4%	73.8%
Caucasian	25.1%	16.5%	23.9%
Other	2.4%	2.1%	2.4%
Region* **			
Baltimore City	45.0%	53.7%	46.2%
Prince George's County	13.2%	12.3%	13.1%
Baltimore County	11.8%	11.2%	11.7%
Montgomery County	4.5%	3.7%	4.4%
Anne Arundel County	4.6%	5.4%	4.7%
Baltimore Metro Region	6.3%	3.6%	5.9%
Southern Maryland	3.3%	1.8%	3.1%
Western Maryland	3.7%	2.4%	3.5%
Upper Eastern Shore	4.2%	3.0%	4.0%
Lower Eastern Shore	3.4%	3.0%	3.3%
Assistance Unit Size* **			
Mean	2.59	2.76	2.61
Median	2.00	2.00	2.00
Standard deviation	1.17	1.22	1.18
Number of Children* **			
Mean	1.72	1.86	1.74
Median	1.00	2.00	1.00
Standard deviation	1.04	1.14	1.06
Age of Youngest Child*			
Mean	5.77 years	5.43 years	5.72 years
Median	4.32 years	3.94 years	4.28 years
Standard deviation	4.75 years	4.49 years	4.71 years
Percent less than 3 years	38.8%	40.3%	39.0%
Closing Code* **			
Income Above Limit/Started Work	31.6%	18.9%	29.9%
Failed to Reapply/Complete Redetermination	17.5%	24.0%	18.4%
Eligibility/Verification Information Not Provided	14.5%	21.1%	15.4%
Work Sanction	12.2%	19.6%	13.3%
Assistance Unit Requested Closure	7.8%	2.4%	7.1%
Total Closings Accounted for by These 5	83.6%	86.0%	84.1%

Characteristics	Non-Recidivists	Recidivists	Entire Sample
Length of Exiting Spell			
12 Months or less	62.9%	63.5%	63.0%
13 - 24 Months	18.0%	18.2%	18.0%
25 - 36 Months	6.9%	6.2%	6.8%
37 - 48 Months	3.6%	3.4%	3.6%
49 - 60 Months	2.4%	1.6%	2.3%
More than 60 mos.	6.1%	7.2%	6.3%
Mean (months)	18.08	18.74	18.17
Median (months)	9.04	9.50	9.14
Standard deviation (months)	27.53	28.50	27.67
Welfare Receipt in 5 Years Prior to Exit* **			
12 Months or less	28.1%	18.1%	26.7%
13 - 24 Months	18.5%	15.1%	18.0%
25 - 36 Months	15.2%	16.6%	15.4%
37 - 48 Months	13.7%	16.3%	14.1%
49 - 60 Months	24.5%	33.9%	25.8%
Mean (months)***	29.46	35.21	30.27
Median (months)	27.00	37.00	28.00
Standard deviation (months)	19.42	18.94	19.45
Percent with a Pre-Exit Employment History	71.8%	70.5%	71.6%
Percent Working in the Exit Quarter* **	51.3%	34.0%	44.5%

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

Findings: Receipt of Other Benefits

In addition to the powerful income boost that Earned Income Tax Credit programs provide for low-income families, including those making the transition from welfare to work, programs such as Food Stamps, Medical Assistance and child care subsidies can also be important and vital supplements. In the early years of reform, there were concerns that certain restrictions and requirements of the PRWORA legislation might make access to these benefits difficult and cumbersome, and that many leavers were unaware of their eligibility for them (Dion & Pavetti, 2000; Farrell, Fishman, Langley, & Stapleton, 2003). Anecdotally, it was often reported that many clients mistakenly believed that having left cash assistance they did not qualify for the other benefits.

In recent years there have been changes focused particularly on increasing awareness of and access to Food Stamps and Medical Assistance. Studies are beginning to emerge which document increased participation by welfare exiters, suggesting that policy changes and outreach campaigns have been successful at least to some degree (Holcomb, Tumlin, Koralek, Capps, & Zuberi, 2003; Zedlewski & Rader, 2004). Almost all observers agree that, in a not insignificant number of cases, the benefits provided by these programs can make the difference between independence and a return to dependence for families who have left welfare. Thus, it remains important to track post-exit participation rates; this chapter presents our most recent findings concerning Food Stamp, Medical Assistance, and child care subsidy take-up rates among Maryland families exiting cash assistance.

How Many Families Receive Food Stamps After Leaving Welfare?

Table 13, following this discussion, presents our most recent findings concerning post-TANF Food Stamp receipt patterns for all exiters and, separately, for the most recent and earlier leavers.[16] For the entire sample, the trend is one of high participation initially and steadily decreasing participation over time. About three of every five (60.3%) families took part in the Food Stamp program during the first three months after exit, to illustrate, but just about one-third (33.1%) were participating seven years after leaving welfare.

The same pattern prevailed for both recent leavers and earlier leavers. Participation rates in both cohorts decline over time, at least partially due to an increase in self-sufficiency and a decrease in need. Notably, however, Food Stamp participation is significantly higher among more recent leavers than among earlier leavers through the entire first post-welfare year. As shown in Table 13, for example, nearly three of every four recent leavers (72.9%) received Food Stamps during the first three post-exit months compared to not quite three of every five (58.8%) earlier leavers. In fact, at 7 to 12 months post-exit, the percentage of recent leavers taking part in Food Stamps (61.8%) was higher than the participation rate among earlier leavers during the first three months after exit (58.8%). These data would appear to strongly suggest that recent policies and state and local office outreach efforts have made a positive impact for Maryland leavers in improving access to this important work support.

[16]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.

Table 13. Food Stamp Participation Rates

	Total 10/96-3/04	Most Recent Cohort 4/03-3/04	Earlier Cohort 10/96-3/03
Months 1-3	60.3%	72.9%	58.8%
Months 4-6	55.1%	69.3%	53.9%
Months 7-12	54.3%	61.8%	54.1%
Months 13-24	54.3%		54.3%
Months 25-36	47.0%		47.0%
Months 37-48	41.9%		41.9%
Months 49-60	37.7%		37.7%
Months 61-72	35.6%		35.6%
Months 73-84	33.1%		33.1%

How Many Families Receive Medical Assistance After Leaving Welfare?

Access to medical coverage is important for all families, but perhaps especially so for low-income families with children who are leaving welfare. Thus, Medical Assistance participation among exiting families is something we track in our study. Since the time of our last *Life After Welfare* report significant federal legislation has been enacted, allowing legal immigrants to become eligible for assistance after demonstrating five, rather than PRWORA's previous ten, years of work history (Immigrant Children's Health Improvement Act of 2003, S.845 and H.R.1689). This change could be especially beneficial for child-only cases in our sample headed by immigrant parents, though there may also be effects for other sample members due to continued outreach efforts on Maryland's part to insure that clients receive transitional Medical Assistance coverage after their cash assistance cases close.

Table 14, following this discussion, presents Medical Assistance participation rates for the recent and earlier leavers and for the entire sample. The top portion of the table presents data for payees only, the middle portion presents Medicaid/MCHIP

(Maryland Children's Health Insurance Program) coverage for children only, and the bottom portion indicates whether or not any family member was enrolled in one of these programs following their exit from cash assistance.

The overall picture is a very positive one. The large majority of all payees (71.5%), children (89.3%) and cases (75.3%) who left welfare in Maryland between October 1996 and March 2004 had Medical Assistance coverage during the first three months after their welfare exit. For both adults and children, moreover, participation remains high over an extended period of time and participation declines much more slowly than was true for Food Stamps. As late as seven years after leaving welfare, roughly half of all payees (49.3%) and half of all children (47.8%) still had Medical Assistance coverage.

Participation rates among the most recent leavers are even more impressive. Almost all adults (93.7%) and all children (89.3%) take part during the first three months after leaving welfare and, at the end of the first full post-exit year, participation remains extremely high (82.5% for adults, 77.9% for children). As shown in Table 14, all first-year participation rates, for adults and for children, are dramatically higher among the most recent leavers than among earlier leavers. These findings do offer strong empirical evidence that policy changes and concerted outreach have made a significant difference in participation rates and, most likely, in the lives and health of children and adults.

Table 14. Medical Assistance Participation Rates

	Total 10/96-3/04	Most Recent Cohort 4/03-3/04	Earlier Cohort 10/96-3/03
Payee Received MA			
Months 1-3	71.5% (6,832/9,550)	93.7% (921/983)	69.0% (5,911/8,567)
Months 4-6	63.5% (5,906/9,299)	80.5% (589/732)	62.1% (5,317/8,567)
Months 7-12	63.5% (5,580/8,784)	82.5% (179/217)	63.0% (5,401/8,567)
Months 13-24	63.7% (4,985/7,829)		63.7% (4,985/7,829)
Months 25-36	62.7% (4,271/6,815)		62.7% (4,271/6,815)
Months 36-48	59.0% (3,376/5,721)		59.0% (3,376/5,721)
Months 49-60	55.7% (2,598/4,663)		55.7% (2,598/4,663)
Months 61-72	51.8% (1,605/3,099)		51.8% (1,605/3,099)
Months 73-84	49.3% (708/1,436)		49.3% (708/1,436)
Child(ren) Received MA			
Months 1-3	70.3% (6,714/9,550)	89.3% (878/983)	68.1% (5,836/8,567)
Months 4-6	63.2% (5,878/9,299)	76.8% (562/732)	62.1% (5,316/8,567)
Months 7-12	64.3% (5,650/8,784)	77.9% (169/217)	64.0% (5,481/8,567)
Months 13-24	66.1% (5,174/7,829)		66.1% (5,174/7,829)
Months 25-36	65.6% (4,472/6,815)		65.6% (4,472/6,815)
Months 36-48	62.1% (3,555/5,721)		62.1% (3,555/5,721)
Months 49-60	57.0% (2,660/4,663)		57.0% (2,660/4,663)
Months 61-72	52.2% (1,619/3,099)		52.2% (1,619/3,099)
Months 73-84	47.8% (686/1,436)		47.8% (686/1,436)
Anyone in the AU Received MA			
Months 1-3	75.3% (7,195/9,550)	95.2% (936/983)	73.1% (6,259/8,567)
Months 4-6	68.5% (6,368/9,299)	83.1% (608/732)	67.2% (5,760/8,567)
Months 7-12	69.9% (6,136/8,784)	85.3% (185/217)	69.5% (5,951/8,567)
Months 13-24	71.5% (5,597/7,829)		71.5% (5,597/7,829)
Months 25-36	71.7% (4,885/6,815)		71.7% (4,885/6,815)
Months 36-48	68.1% (3,898/5,721)		68.1% (3,898/5,721)
Months 49-60	64.1% (2,990/4,663)		64.1% (2,990/4,663)
Months 61-72	60.0% (1,858/3,099)		60.0% (1,858/3,099)
Months 73-84	55.9% (803/1,436)		55.9% (803/1,436)

How Many Families Receive Child Care Subsidies After Leaving Welfare?

One of the most commonly-cited barriers to women's ability to join, return to or remain in the workforce full-time is child care availability, cost or both. Single parent women attempting to make the transition from welfare to work may face even greater difficulties in this regard due to non-standard or variable work hours or the presence of

young children in the home. We know, for example, that two-fifths of all exiting families contain at least one child under the age of three years and that the youngest child in our exiting families is, on average, about six years old. Thus, child care may indeed be a barrier to employment for a number of leavers in our sample, and in the Maryland welfare population at large.

One of the most tangible ways to address such a widespread potential challenge is to offer child care subsidies, as Maryland does, to support families in moving and staying off the welfare rolls. Table 15 presents data on the take-up rates for child care subsidy among exiting families with at least one child under the age of 13 who exited TCA between April 2000 and March 2004 (n=3,412 cases). The percentages reported here indicate subsidy utilization and vouchers **paid** through March 2004 on behalf of case heads in our sample for any (not necessarily all) of their children, according to data from the Child Care Automated Management Information System (CCAMIS).

Utilization rates range from roughly one case in five at or near the time of the welfare exit (18.5%) to about 10% during roughly the third through seventh year after the welfare case closure. One would expect participation to decline over time as children become older and household income increases, through recent extreme pressures on public agency budgets and restrictions resulting therefrom may also be causal.

Take-up rates are similar for the most recent leavers and earlier leavers during the first six months post-exit, but other factors may also be at work, as the subsequent decrease in participation is much sharper among recent leavers than among earlier leavers. By the 3rd quarter post-exit, only one in ten recent leavers used a child care

subsidy (10.3%), compared to about one in six among the earlier cohort (16.7%). It is beyond the scope of this paper to tease out all the reasons why this particular difference exists. Certainly, some families prefer informal care and make those arrangements for their children and others may simply not wish to be involved with the child care subsidy/voucher program. It also seems likely that our findings are at least partly related to the state's budgetary problems which, among other things, led to a statewide freeze on child care subsidies/vouchers and a lengthy waiting list which includes non-TANF applicants, as well as welfare leavers who had been off the rolls for a year or more.[17] Despite the child care program's fiscal pressures, we would note that utilization rates are generally on par with those reported in other states and in last year's *Life after Welfare* report, with the exception of the drop-off in participation among the most recent leavers during the 2nd quarter after they left welfare.

[17]The waiting list is projected to decrease this year due to a 23% attrition rate, according to the Analysis of the SFY 2005 Maryland Executive Budget, 2004, Operating Budget for the Child Care Administration, Department of Human Resources, N00D01.

Table 15. Child Care Subsidy Utilization

	Total 4/00-3/04		Most Recent Cohort 4/03-3/04		Earlier Cohort 4/00-3/03	
Quarter of Exit	18.5%	(632/3,412)	18.1%	(149/822)	18.6%	(483/2,590)
1st Post-Exit	17.5%	(558/3,193)	16.9%	(102/603)	17.6%	(456/2,590)
2nd Post-Exit	17.2%	(512/2,981)	14.3%	(56/391)	17.6%	(456/2,590)
3rd Post-Exit	16.3%	(451/2,313)	10.3%	(18/174)	16.7%	(433/2,590)
4th Post-Exit	16.0%	(415/2,590)			16.0%	(415/2,590)
5th Post-Exit	15.5%	(369/2,384)			15.5%	(369/2,384)
6th Post-Exit	15.9%	(346/2,176)			15.9%	(346/2,176)
7th Post-Exit	15.8%	(312/1,972)			15.8%	(312/1,972)
8th Post-Exit	15.0%	(266/1,768)			15.0%	(266/1,768)
9th Post-Exit	13.9%	(219/1,577)			13.9%	(219/1,577)
10th Post-Exit	13.2%	(180/1,362)			13.2%	(180/1,362)
11th Post-Exit	12.3%	(139/1,130)			12.3%	(139/1,130)
12th Post-Exit	10.5%	(95/906)			10.5%	(95/906)
13th Post-Exit	9.8%	(67/686)			9.8%	(67/686)
14th Post-Exit	8.2%	(38/463)			8.2%	(38/463)
15th Post-Exit	9.2%	(21/229)			9.2%	(21/229)

Findings: Child Welfare

Considering that two-thirds of all cash assistance recipients nationwide and in Maryland are children, it is safe to say that no population of Americans is as greatly affected by welfare reform as are children. At the outset of reform there was some concern that certain aspects of the new program, such as increased work requirements, time limits and sanctions, could have deleterious effects on child well-being. Most specifically, the concern was that welfare reform would cause large numbers of children to come into foster care or to be abused or neglected. Fortunately, these dire predictions have not come true. To everyone's relief, published research to date, including our *Life After Welfare* project, have not demonstrated a link between welfare reform and adverse child welfare events. What previous analyses of our data have shown is that among all children leaving cash assistance, the best predictor by far of future child welfare involvement is a history of child welfare involvement (Ovwigho, Leavitt, & Born, 2003). In terms of child welfare caseloads overall, it appears that welfare reform has not had any substantial effect, positive or negative (Geen, Fender, Leos-Urbel, & Markowitz, 2001).

The subject remains unquestionably important, however, and we continue to track the extent of post-exit child welfare involvement among the youngsters in our welfare leavers sample. Particularly in these less rosy and more stressful economic times, it is as important as ever to monitor the child welfare effects of welfare reform to insure that children do not become unintended victims of a program meant to improve their well-being. Thus, following this discussion, Table 16 illustrates findings for the

child welfare topics we examine: Child Protective Services investigations,[18] Intensive Family Services case openings and kinship care and foster care placements. In addition to looking at child welfare involvement after leaving welfare, we provide baseline data regarding children's historical involvement in these programs, so that our findings may be put in proper context. Our follow-up periods include 90 days after exit, six months after exit, and 12 months after exit. The follow-up period was limited to one year as we believe that any child welfare event occurring as a result of the welfare exit would happen within this time frame.

As shown in Table 16, more than one-fifth (21.7%) of the children in our sample had at least one indication or substantiation of abuse or neglect before exiting welfare. For the most part, however, these events did not occur in the three month period right before the family left welfare; only 2.1% of youngsters had an indicated or confirmed neglect or abuse report during that time frame. Given the historical level of protective services involvement in this child population, post-welfare rates are quite low throughout the entire first post-welfare year. During the first follow-up period (90 days after exit), 1.5% of children were the subject of an investigation that either substantiated or indicated abuse or neglect. Although the rates remain low, particularly when contrasted with youngsters' past histories, we do find that by six months after leaving welfare, this percentage had nearly doubled (2.8%) and by the end of the first full year, 4.9% of children had substantiated or indicated abuse or neglect investigations.

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

Overall there was very little difference between the most recent cohort and the earlier cohorts in terms of historical abuse and neglect investigations; roughly one-fifth of children in both groups had been the subject of substantiated or indicated investigations at some point in their lives. In the period immediately before their families left welfare (90 days), however, the two groups were significantly different. Only 1.5% of children in the most recent cohort had substantiated or indicated investigations compared to 2.1% of children in the earlier cohorts.

Differences between the two cohorts were not statistically significant during most of the follow-up period, but by 12 months after exit the difference was significant. By the end of the first year after exit 2.9% of children in the most recent cohort had been the subject of substantiated or indicated investigations, compared to 4.9% of children in the earlier cohorts. In other words, in comparison to the earlier cohorts, children in the most recent cohorts were almost half as likely to have had a substantiated or indicated investigation in the first post-exit year. This result is particularly encouraging given concerns that exiting welfare for work may be more difficult for the recent cohort than for their earlier exiting counterparts.

Compared to children in our sample who had a history of child abuse or neglect, a very small percentage of our sample had a pre-exit history with Intensive Family Services. Only 3.5% of our overall sample had an Intensive Family Services history, and only 0.3% had involvement in the 90 days before their exit. This percentage rises slightly during the follow-up period, but it remains low throughout and markedly lower than the historical rate. Only 0.4% of our sample had involvement with Intensive Family

Services in the 90 days after their exit, 0.8% at the six month post-exit point, and 1.3% at the end of the first full post-welfare year.

Historically and after leaving cash assistance, children in the most recent cohort of welfare leavers were more likely to have been involved with Intensive Family Services (IFS) than were children from the earlier cohorts. Before the welfare exit, in fact, their rate of involvement (6.2%) was nearly double that of children in the earlier cohort (3.2%), including involvement in the months immediately before the welfare exit occurred (0.6% vs. 0.3%). IFS involvement was low among both groups of youngsters during the year after their families left welfare, but the rate was significantly higher among recent leavers at the six month point (1.4% vs. 0.7%). However, the difference was no longer statistically significant by the 12th post-exit month.

We also examined kinship care placements. Roughly one in twenty (4.8%) youngsters had a history of kinship care, but few had been in care right before leaving welfare (0.6%) and few entered care immediately after their families' welfare cases closed (0.3%). By the end of the first full post-welfare year, only 1% of all children in our sample had experienced a kinship placement. There were no significant differences between the two groups of children on any of the kinship care measures.

Our final child welfare outcome measures concern foster care placements. Among all children, about one in 20 (5.6%) had been in foster care at some point in the past, including 1.1% who had been in care at some point during the 90 days before their families left cash assistance. Children's post-welfare foster care involvement was low: 0.5% at 90 days post-exit; 0.9% at 6 months post-exit; and 1.8% by the end of the first post-welfare year.

Patterns were very similar for children whose families left welfare most recently and those whose families had exited earlier. The only significant difference is that, by the sixth month post-exit, 1.7% of children in the most recent cohort had come into care compared to 0.9% of youngsters from the earlier cohort.

These child welfare findings are generally consistent with what we have found in past years. Essentially, children's post-exit rates of child welfare involvement are quite low compared to their past histories and welfare reform in Maryland has not led to increases in child abuse/neglect or to the placement of children in kinship or foster care. From a broader policy perspective, however, the fact that one in five children has subsequently been involved in an abuse or neglect investigation where the outcome was an indication or substantiation of the complaint, does make it clear that there is considerable overlap between the child welfare and cash welfare populations.

Table 16. Child Welfare Entries Among Exiting Children

	Entire Sample 10/96-4/04 (n = 16,686)	Most Recent Cohort 4/03-3/04 (n = 1,741)	Earlier Cohorts 10/96-3/03 (n = 14,945)
Child Abuse/Neglect			
History before Exit	21.7%	21.8%	21.7%
90 days before Exit*	2.1%	1.5%	2.1%
90 days after Exit	1.5%	1.1%	1.5%
6 months after Exit	2.8%	2.1%	2.9%
12 months after Exit*	4.9%	2.9%	4.9%
Intensive Family Services			
History before Exit***	3.5%	6.2%	3.2%
90 days before Exit*	0.3%	0.6%	0.3%
90 days after Exit	0.4%	0.2%	0.4%
6 months after Exit**	0.8%	1.4%	0.7%
12 months after Exit	1.3%	1.6%	1.3%
Kinship Care			
History before Exit	4.8%	5.5%	4.8%
90 days before Exit	0.6%	0.9%	0.6%
90 days after Exit	0.3%	0.2%	0.3%
6 months after Exit	0.6%	0.5%	0.6%
12 months after Exit	1.0%	0.5%	1.0%
Foster Care			
History before Exit	5.6%	5.3%	5.6%
90 days before Exit	1.1%	0.8%	1.2%
90 days after Exit	0.5%	0.3%	0.5%
6 months after Exit**	0.9%	1.7%	0.9%
12 months after Exit	1.8%	2.1%	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". The "90 days before" variables include the exit month as well.
*p<.05 **p<.01 ***p<.001

Conclusions

Since the beginning of welfare reform in Maryland, the annual *Life After Welfare* reports have provided empirical data on the TANF program and the families it serves. The consistency in study methods and reporting over time allow us to consider today's findings in a historical context and with an eye towards what they may portend for the future. We believe the data suggest several conclusions for policy makers and program managers to consider.

1. **Families leaving welfare today closely resemble those who left in the earlier years. Most exiting cases consist of an African-American woman in her early thirties with one or two children, the youngest of whom is about six years old. The large majority of adults have worked in the past and are exiting from relatively short welfare spells. However, the typical leaver did receive welfare in about 30 of the 60 months immediately preceding the welfare exit.**

Eight years after welfare reform began the profile of the typical TANF leaver remains that of a single mother who has previously cycled between welfare and employment. The good news for program managers and policy makers is that welfare exits are occurring primarily among the types of cases for whom TANF was originally designed. However, the fact that these families have both recent work experience and a fairly extensive welfare history suggests that most have tried, but failed before, to achieve financial self-sufficiency.

2. **The most common reason for case closure remains "income above limit/started work". The trend of increased sanctioning for non-compliance with work activities continues, although at a much slower rate.**

Three out of ten families had their TANF cases closed with the administrative reason "income above limit/started work". Although this percentage understates the

number of former TANF caseheads who are employed at or immediately after their welfare exit, it is good news because this code automatically triggers transitional benefits that can help support families as they adjust to life without welfare.

Also noteworthy among our case closing findings is the use of full family sanctions for non-compliance with TANF work requirements. The sanctioning rate increased less than one percentage point over last year's rate for the most recent cohort. Although it remains of concern that one-fifth of cases in the most recent cohort are closed because of a full family sanction, it is encouraging that the increase over last year's rate is so low, especially in light of the increased emphasis that has been placed on a front-line strategy of universal client engagement.

3. Post-exit outcomes related to welfare recidivism, utilization of work supports, and child welfare entries are generally positive. Our findings regarding employment rates and earnings are somewhat mixed, although still generally positive.

It remains true that the majority of families who leave TANF for at least one month do not return to the welfare rolls, even seven years after their initial exit. In other words, for most families, their welfare exit is a permanent one. Recidivism risk appears to be highest in the first two years after exit and for young African-American Baltimore City residents with young children whose cases closed because they did not reapply for benefits, provide information needed to verify their eligibility, or comply with work requirements.

It also remains true that about one-half of former TANF caseheads are employed in a Maryland UI-covered job immediately after exiting the welfare rolls. However, the fact that this rate declines over time may raise concerns about families' long-term

economic well-being. As noted in the text, the decline may be due to a variety of factors including the economic downturn, increased rates of out of state employment, and/or sample attrition. Because we do not see a corresponding increase in returns to TANF, we tend to believe that the latter two factors are the main contributors to the declining employment rates. Indeed, if out of state employment numbers are combined with Maryland employment data, we see that employment rates actually increase over the first three post-exit years. Quarterly earnings for leavers employed in Maryland jobs do increase over time. Seven years after leaving TANF, employed caseheads are earning 50% more than what they earned upon their initial exit.

Most Maryland families continue to receive Food Stamps and Medical Assistance after leaving TANF and, almost certainly because of recent policy changes and concerted outreach efforts, participation rates are markedly higher among more recent leavers than among earlier leavers. Participation in both programs remains relatively high over time, particularly in the Medical Assistance program where three-fifths are participating even seven years after leaving cash assistance. Food Stamp participation declines at a faster rate, although one-third of families are still receiving these benefits seven years after leaving welfare. The decline in Food Stamp participation over time may in fact be good news if it is a result of increases in family income.

Of the three work supports examined in this study, child care subsidies continue to have the lowest take-up rate. Only one-fifth of families use purchase of care vouchers in the first quarter after exiting TANF and the use rate declines thereafter. Given that two-fifths of exiting households have a child under the age of three, these

rates may seem low, but are on par with take-up rates reported in other studies. It is also likely that the preference by some families for informal care and the statewide child care freeze affect these results. We certainly acknowledge the state's current budget problems and the uncertainty that persists about TANF/child care re-authorization. To the extent possible, however, program managers and policy makers may want to further investigate ways to encourage families leaving welfare to utilize child care vouchers and to expand former recipient families' access to the voucher program.

4. Recent leavers resemble earlier leavers on most background characteristics. The few differences suggest that in some ways, more recent leavers are better positioned to make the transition to self-sufficiency, while in other ways they may face more challenges.

In last year's report we found that recent leavers differed from earlier leavers on thirteen demographic and case characteristics. This year the number of differences has declined to only six. The fact that the number of differences between earlier and later leavers is smaller suggests a stabilization in the TANF caseload and exiting cohorts.

Among the six differences, the most encouraging findings are that recent leavers have, on average, shorter welfare histories and are exiting from shorter TANF spells than their earlier counterparts. This difference may indicate that families exiting the welfare rolls today have been less dependent on welfare in recent years and may be better able to transition from welfare to work.

However, this positive finding is tempered by the other four differences. Recent leavers are more likely to be African American, to reside in Baltimore City, to have a child under three years of age, and to leave TANF because of a full family sanction for

non-compliance with work activities. All four of these factors are associated with increased risk for returning to welfare.

5. In terms of outcomes, recent leavers fare better than their earlier counterparts in some respects as not as well in others.

When comparing recent and earlier leavers on post-exit outcomes, we find a mixed, although still generally positive, picture. On the unequivocally positive side, recent leavers have higher participation rates in Food Stamps and Medical Assistance and lower post-exit rates of substantiated or indicated child abuse and neglect investigations. However, the results for employment, recidivism, child care subsidy receipt, and other child welfare outcomes appear less positive. More recent leavers are significantly less likely to be employed in the first year after exiting TANF, they are more likely to return to the welfare rolls in the first three months, and are less likely to receive child care subsidies. Children in the most recent exiting cohort have higher rates of historical receipt of Intensive Family Services (IFS) and, although the numbers are small, appear to be at increased risk of post-exit involvement in IFS and of entry into foster care.

Together these results suggest that recent leavers may, indeed, be facing more and perhaps different challenges in transitioning from welfare to self-sufficiency. At the macro-level, to illustrate, it is well-documented that many of the industries in which these women usually find employment were hard-hit by the recession and are still depressed. Similarly, the most recent leavers may have more personal stressors or barriers than did earlier leavers. For example, the higher rates of historical IFS involvement among recent leavers suggests that more of these families have been

identified by local Departments of Social Services as being at risk for foster care placement. The situational factors which put the family at risk for foster care placement may also be interfering with the casehead's ability to find and maintain employment. At minimum, these findings suggest that policy makers and program managers would be wise to continue to play close attention to making certain that quality, focused, individualized customer assessment, planning, and case management techniques and approaches are firmly in place and universally employed.

All in all, findings in this ninth *Life After Welfare* report continue to reflect positively on Maryland's well-crafted, bi-partisan approach to welfare reform. They also speak volumes about the hard work done by local welfare agencies, the state and, of course, low-income women, to produce the generally positive results that we have been able to document since the inception of our state's reforms in October 1996. At the time of the initial implementation of welfare reform in our state, legislators, agencies and families faced enormous challenges, the vast majority of which our many research studies show have been met and mastered. Today's findings also indicate, however, that our work in Maryland is not done. The now old challenges associated with helping women successfully transition from welfare to work remain and new challenges are before us, including universal engagement, difficult financial times, and slow job recovery in certain relevant industries. In sum, as Maryland continues to recover from the economic downturn and prepares to deal with the unknown changes that will result from TANF reauthorization, the findings presented here provide a picture of both program successes and continuing challenges.

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Appendix A: Estimating Out of State Employment

As mentioned, employment data in the body of this report pertains to Maryland jobs covered by the state's Unemployment Insurance (UI) program. Because Maryland is small and borders four states and the District of Columbia, out-of-state employment is an attractive and accessible option for many residents. In fact, 2000 Census data show that Maryland residents are almost five times more likely to work out-of-state than the U.S. populace (17.4% vs. 3.6%). Also significant within Maryland, the nation's capitol and Virginia, but not measured in our study, is federal employment, both civilian and military.

As a result, our Maryland-only findings understate true employment rates among our sample. To provide a more accurate, though still incomplete, employment picture, we obtained, through interstate data-sharing agreements, UI-covered employment data from Delaware, the District of Columbia, Ohio, Pennsylvania, Virginia, and West Virginia. Table A-1, on the next page, displays the number of quarters of follow-up data available for each exiting cohort, as well as the sample size for each cohort.

These data were used to calculate out-of-state employment rates among our exiting adults and combined with the Maryland data to produce Table A-2. While more complete than estimates using Maryland UI data only, readers are reminded that Table A-2 still underestimates employment because federal jobs in Maryland and bordering jurisdictions and non-UI-covered employment within Maryland, are not included.

Table A-1. Number of Quarters of Out of State Post-Exit Employment Data

Sample Months n	Exit 4931	1 Qtr 5056	2 Qtrs 5227	3 Qtrs 5443	4 Qtrs 5613	8 Qtrs 6343	12 Qs 6258	16 Qs 5195	20 Qs 3961	24 Qs 2287	28 Qs 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	✓	✓	✓	✓	✓	✓					
Jan-Mar 2002	✓	✓	✓	✓	✓	✓					
Apr-Jun 2002	✓	✓	✓	✓	✓						
Jul-Sep 2002	✓	✓	✓	✓	✓						
Oct-Dec 2002	✓	✓	✓	✓	✓						
Jan-Mar 2003	✓	✓	✓	✓	✓						
Apr-Jun 2003	✓	✓	✓	✓							
Jul - Sep 2003	✓	✓	✓								
Oct-Dec 2003	✓	✓									
Jan-Mar 2004	✓										

Table A-2, which follows this discussion, presents data for those working in UI-covered jobs in Maryland and bordering states, separately and combined. Key findings are that, in the quarter of welfare exit nearly half (48.0%) of the sample was working in Maryland and 4.1% were working outside the state. Perhaps notably, persons working outside Maryland had substantially higher average earnings ($3,479) than did in-state workers ($2,593). Also noteworthy is that the percent employed outside of Maryland consistently increased over time. In the 1st post-welfare quarter, to illustrate, 5.1% of sample members were employed outside of Maryland. By the 20th post-exit quarter, the rate has increased to 8.9%.

Finally, it is obvious that employment estimates based solely on Maryland UI-covered jobs underestimate actual employment by former adult recipients of cash assistance by at least 2% and possibly by as much as 6%. Mean and median post-welfare earnings are also depressed when only Maryland data are utilized in the calculations. When out-of-state employment data are factored in, mean and median earnings are higher and rise in every quarter examined.

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

UI-Covered Employment	Maryland	Border States	Total
Quarter of TCA Exit			
Percent Working	48.0%	4.1%	50.6%
Mean Earnings	$2,592.64	$3,478.55	$2,735.77
Median Earnings	$1,993.59	$2,650.05	$2,080.00
1st Quarter After TCA Exit			
Percent Working	47.8%	5.1%	51.4%
Mean Earnings	$3,052.97	$3,512.91	$3,187.11
Median Earnings	$2,626.53	$2,549.54	$2,679.71
2nd Quarter After TCA Exit			
Percent Working	47.5%	5.2%	51.0%
Mean Earnings	$3,173.74	$3,599.57	$3,318.27
Median Earnings	$2,739.03	$2,947.53	$2,799.54
3rd Quarter After TCA Exit			
Percent Working	47.2%	5.4%	50.9%
Mean Earnings	$3,214.87	$3,528.37	$3,362.27
Median Earnings	$2,729.01	$2,764.12	$2,831.79
4th Quarter After TCA Exit			
Percent Working	47.5%	5.5%	51.1%
Mean Earnings	$3,285.11	$3,868.60	$3,465.87
Median Earnings	$2,883.27	$3,097.96	$3,002.92
8th Quarter After TCA Exit			
Percent Working	47.9%	6.0%	52.5%
Mean Earnings	$3,546.18	$4,251.14	$3,718.21
Median Earnings	$3,162.83	$3,603.12	$3,267.78
12th Quarter After TCA Exit			
Percent Working	48.9%	7.4%	54.2%
Mean Earnings	$3,784.38	$3,970.00	$3,956.13
Median Earnings	$3,482.30	$3,396.36	$3,610.45
16th Quarter After TCA Exit			
Percent Working	46.8%	8.5%	53.1%
Mean Earnings	$4,143.84	$4,130.15	$4,376.35
Median Earnings	$3,855.47	$3,612.62	$4,067.10
20th Quarter After TCA Exit			
Percent Working	47.3%	8.9%	53.4%
Mean Earnings	$4,403.46	$4,475.99	$4,644.63
Median Earnings	$4,149.46	$3,821.30	$4,296.24
24th Quarter After TCA Exit			
Percent Working	45.4%	7.5%	50.9%
Mean Earnings	$4,669.02	$4,443.07	$4,820.53
Median Earnings	$4,325.41	$3,413.92	$4,366.49
28th Quarter After TCA Exit			
Percent Working	45.3%	4.2%	47.7%
Mean Earnings	$4,662.05	$3,228.88	$4,711.89
Median Earnings	$4,162.05	$2,053.46	$4,183.10

Appendix B. Table of Industries Employing Former Welfare Recipients (NAICS)

Goods-Producing		
Natural Resources and Mining	***0.4%***	***14***
Agriculture, Forestry, Fishing and Hunting		**14**
Crop Production		8
Animal Production		6
Construction	***1.4%***	***49***
Construction		**49**
Construction of Buildings		11
Heavy and Civil Engineering Construction		2
Specialty Trade Contractors		36
Manufacturing	***4.6%***	***158***
Manufacturing		**158**
Food Manufacturing		62
Textile Mills		1
Textile Product Mills		1
Apparel Manufacturing		4
Paper Manufacturing		5
Printing and Related Support Activities		10
Petroleum and Coal Products Manufacturing		4
Chemical Manufacturing		5
Plastics and Rubber Products Manufacturing		2
Nonmetallic Mineral Product Manufacturing		7
Primary Metal Manufacturing		1
Fabricated Metal Product Manufacturing		14
Machinery Manufacturing		6
Computer and Electronic Product Manufacturing		7
Electrical Equipment, Appliance, and Component Manufacturing		3
Transportation Equipment Manufacturing		12
Furniture and Related Product Manufacturing		6
Miscellaneous Manufacturing		8
Service-Producing		
Trade, Transportation, and Utilities	***22.5%***	***764***
Wholesale Trade		**81**
Merchant Wholesalers, Durable Goods		15
Merchant Wholesalers, Nondurable Goods		9
Wholesale Electronic Markets and Agents and Brokers		57
Retail Trade		**604**
Motor Vehicle and Parts Dealers		16
Furniture and Home Furnishings Stores		7
Electronics and Appliance Stores		7
Building Material and Garden Equipment and Supplies Dealers		30

Food and Beverage Stores		46
Health and Personal Care Stores		61
Gasoline Stations		145
Clothing and Clothing Accessories Stores		49
Sporting Goods, Hobby, Book, and Music Stores		10
General Merchandise Stores		205
Miscellaneous Store Retailers		22
Nonstore Retailers		6
Transportation and Warehousing		**78**
Air Transportation		1
Truck Transportation		4
Transit and Ground Passenger Transportation		56
Support Activities for Transportation		7
Postal Service		1
Couriers and Messengers		8
Warehousing and Storage		1
Utilities		**1**
Utilities		1
Information	***2.1%***	***73***
Information		**73**
Publishing Industries except Internet		1
Motion Picture and Sound Recording Industries		15
Broadcasting except Internet		7
Internet Publishing and Broadcasting		26
Telecommunications		18
Internet Service Providers, Web Search Portals, and Data Pro		3
Other Information Services		3
Financial Activities	***4.8%***	***163***
Finance and Insurance		**113**
Other Financial Activities		4
Monetary Authorities - Central Bank		5
Credit Intermediation and Related Activities		57
Securities, Commodity Contracts, and Other Financial Investm		9
Insurance Carriers and Related Activities		36
Funds, Trusts, and Other Financial Vehicles		2
Real Estate and Rental and Leasing		**50**
Real Estate		33
Rental and Leasing Services		17
Professional and Business Services	***23.7%***	***805***
Professional, Scientific, and Technical Services		**163**
Professional, Scientific, and Technical Services		163
Management of Companies and Enterprises		**2**
Management of Companies and Enterprises		2

Administrative and Support and Waste Management and Remediation Services		**640**
Administrative and Support Services		634
Waste Management and Remediation Services		6
Education and Health Services	***20.5%***	***697***
Educational Services		**186**
Educational Services		186
Health Care and Social Assistance		**511**
Ambulatory Health Care Services		155
Hospitals		105
Nursing and Residential Care Facilities		210
Social Assistance (includes Child Day Care)		41
Leisure and Hospitality	***10.0%***	***341***
Arts, Entertainment, and Recreation		**75**
Performing Arts, Spectator Sports, and Related Industries		54
Amusement, Gambling, and Recreation Industries		21
Accommodation and Food Services		**266**
Accommodation		54
Food Services and Drinking Places		212
Other Services	***5.6%***	***189***
Other Services, except Public Administration		**189**
Repair and Maintenance		6
Personal and Laundry Services		72
Religious, Grantmaking, Civic, Professional, and Similar Org		111
Public Administration	***4.3%***	***146***
Public Administration		**146**
Executive, Legislative, and Other General Government Support		107
Justice, Public Order, and Safety Activities		32
Administration of Human Resource Programs		5
Administration of Environmental Quality Programs		1
Administration of Housing Programs, Urban Planning, and Comm		1
TOTAL CLASSIFIED	***100.0%***	***3,399***
Unclassified/Missing		1,260
TOTAL SAMPLE		***4,659***