APRIL 2019

INTERGENERATIONAL CASH ASSISTANCE:
WHO IS EXPERIENCING THE CYCLE OF POVERTY?

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Intergenerational poverty occurs when a family experiences ongoing poverty and the children in that family become adults who also face poverty. The transfer of poverty from one generation to the next is common, as research has shown that children raised in poverty are likely to remain poor as adults (Wagmiller & Adelman, 2009; Stevens, 2013). There is a distinction between situational poverty and intergenerational poverty, however. Individuals can experience a crisis resulting in short-term poverty that requires public assistance. This can include having a baby without maternity leave or losing a job that does not have Unemployment Insurance benefits. With short-term public assistance, these individuals can overcome the crisis. This is situational poverty even if it occurs in two separate generations (Utah Intergenerational Welfare Reform Commission, 2018).

Intergenerational poverty can be defined as long-term receipt—at least one year—of public benefits as a child *and* as an adult. Maryland's Two-Generation Family Economic Security Commission (2018) found that 40% of adults who received Temporary Cash Assistance (TCA, Maryland's TANF program) in recent years also received Food Supplement Program (FSP, Maryland SNAP program) benefits as a child. In Utah, 28% of adults receiving cash assistance, Supplemental Nutrition Assistance Program, or Medicaid benefits in 2017 also received public benefits as a child (Utah Intergenerational Welfare Reform Commission, 2018). Given the means-tested eligibility of these programs, intergenerational receipt of public benefits is one way to determine the extent of intergenerational poverty.

This report examines the characteristics and employment outcomes of young adults who have intergenerational receipt of cash assistance benefits in Maryland. We focus on young adults between the ages of 18 and 24 for a few reasons. First, the young age of the adults ensures we have information on their cash assistance receipt for their entire childhood, allowing us to identify all young adults with benefit receipt as a child and as an adult. Second, young parents are more likely to be poor compared to their

REPORT HIGHLIGHTS

- Intergenerational poverty, defined as the receipt of cash assistance for one year or more as a child *and* as an adult, was experienced by 42% of young TCA adults.
- These young adults were more likely to have out-of-home foster care placements during their childhood, more likely to have been teenage parents, and less likely to have a high school diploma, compared to their counterparts without intergenerational poverty.
- They are substantially more likely to cycle off and on the TCA program. Their cases are more likely to close for non-compliance with work requirements and less likely to close for income above the eligibility threshold.
- Although employment participation in the second follow-up year was similar between young adults experiencing intergenerational poverty and those who were not, the former were much more likely to combine employment with TCA participation.
- Combining TCA and work resulted in annual earnings just over $6,000, compared to earnings just over $9,000 among young adults who were not facing intergenerational poverty.

older counterparts, increasing the odds that their children will also be poor. Nationally, the most recent poverty rate among all families with children was 14% (U.S. Census Bureau, 2018b). Parents in their late 30s and early 40s had a poverty rate two percentage points lower than this average. On the other hand, more than 33% of parents under the age of 24 had incomes below the poverty threshold. Third, young parents are more likely to have young children who can benefit from investments aimed at mitigating the likelihood for intergenerational poverty. Investments in high-quality early childhood education positively impact children's high school and college graduation rates, employment participation, and earnings (Garcia, Heckman, Leaf, & Prados, 2016).

Expanding knowledge about adults who are likely to experience intergenerational poverty can inform interventions for them and their children. This is particularly important for the two-generation approach of the Maryland Department of Human Services (DHS). DHS has embraced the concept of supporting parents and their children through the services provided by its three administrations.[1] Initial interventions identified by DHS to address the cycle of poverty will be further informed by the answers to the following questions:

1) What percentage of young adult TCA recipients also received cash assistance as a child?
2) How does TCA receipt as an adult compare between those who received cash assistance as a child and those who did not?
3) What are the short-term employment outcomes of those who received cash assistance as a child, and how does that compare to those who did not receive assistance as a child?

Data & Study Population

Study Population

The 5,964 adults between the ages of 18 and 24 who received Temporary Cash Assistance (TCA) benefits in Maryland during state fiscal year (SFY) 2016 are the focus of this study. For this report, the study month is the first month in SFY 2016 that adult recipients received benefits. For example, a family could apply for TCA in January 2016 but might not actually receive benefits until February 2016. We would consider February 2016 the study month. However, benefits are retroactive to the date that a family applied for assistance, so this family would receive prorated benefits for January.

Although adult recipients are selected for this report due to their receipt of TCA benefits in SFY 2016, we include all months of their cash assistance receipt as an adult and as a child. For receipt as a child, this includes all months of cash assistance received from birth to age 17.[2] For receipt as an adult, this includes all months of benefit receipt beginning with their first month of receipt as an adult through the two years after the study month. These counts

[1] The Family Investment Administration is taking the lead on two-generation initiatives as it administers most of the public benefits programs in the state. The Child Support Administration and Social Services Administration may also have roles as two-generation initiatives unfold.

[2] For adults who were 24 years old during SFY 2016, we are missing data on their cash assistance receipt before age one.

are used to determine whether they have received 12 months or more of cash assistance as a child or as an adult.

Data

The Client Automated Resource and Eligibility System (CARES) and its predecessor, the Automated Information Management System/Automated Master File (AIMS/AMF) are the administrative data systems for the Temporary Cash Assistance (TCA) and Aid to Families with Dependent Children (AFDC) programs, respectively. CARES and AIMS/AMF provide individual- and case-level data on demographics and program participation for families receiving cash assistance. Maryland fully converted to CARES data in 1998, but we have AIMS/ AMF data between 1993 and conversion.

This historical data is necessary to determine whether current adult TCA recipients received cash assistance benefits as a child. There are limitations to this data source. First, we are missing data to determine if young adults who were 24 years old in SFY 2016 received cash assistance before age one (n=2,733). These individuals were born in 1992, and our data begins in 1993. Second, we are missing information on whether any of the young adults received cash assistance in another state while they were children.

Additional demographic data is from WORKS, which the Maryland Department of Human Services uses to document participation in work activities. The WORKS system also identifies individuals who are exempt from participation in these activities. A long-term disability is one such exemption, and we identify disability through this data system.

The Maryland Children's Electronic Social Services Information Exchange (MD CHESSIE) is the automated child welfare case management system. It supports the delivery and management of child welfare services. We identify out-of-home placements through MD CHESSIE.

The Maryland Automated Benefits System (MABS) is the administrative data system for Unemployment Insurance (UI). The MABS system includes data from all employers covered by the state's Unemployment Insurance (UI) law and the Unemployment Compensation for Federal Employees (UCFE) program. Together, these account for approximately 91% of all Maryland civilian employment.

There are a variety of limitations to MABS data. MABS only reports data on a quarterly basis, which means that it is not possible to calculate weekly or monthly employment and earnings. Another limitation is that MABS does not contain data on certain types of employment, such as self-employment, independent contractors (including *gig economy* workers), and informal employment; consequently, earnings from under-the-table jobs are not included. Finally, MABS has no information on employment outside Maryland. Because out-of-state employment is common in Maryland,[3] we are likely understating employment and may be missing some earnings.

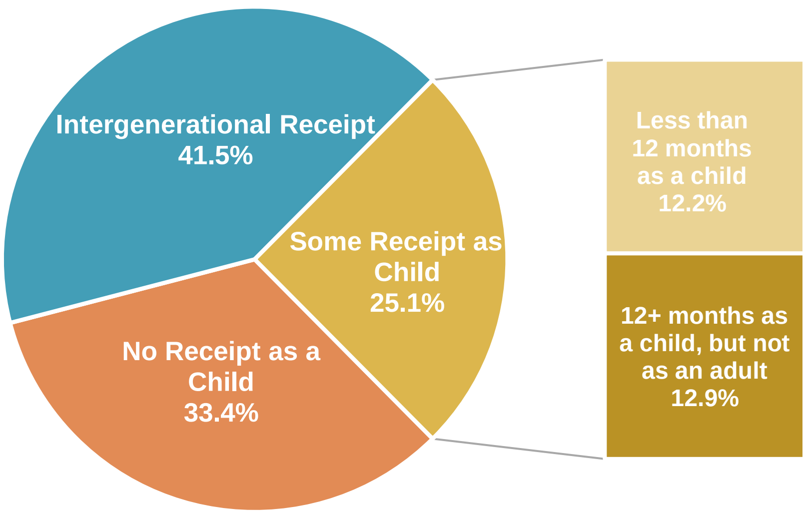
[3] About one in six (16.9%) Maryland residents works out of state, which is over four times greater than the national average (3.7%) (U.S. Census Bureau, 2017).

Findings

Maryland's Two-Generation Family Economic Security Commission (2018) measures *intergenerational poverty* as the receipt of public benefits for at least 12 months as an adult and at least 12 months as a child. The current report focuses solely on the intergenerational receipt of cash assistance. This includes receipt from both the TCA program and its predecessor, the Aid to Families with Dependent Children (AFDC) program.

Using this definition, Figure 1 provides the percentage of young adults receiving TCA who are experiencing intergenerational poverty. One in three (33.4%) young adults did not receive any cash assistance as a child. Consistent with the Commission's (2018) finding, two in five (41.5%) young adults received cash assistance for 12 months or more as a child as well as an adult. These young parents have experienced intergenerational poverty. However, another quarter (25.1%) of young TCA parents received some cash assistance as a child, but did not meet the standard for intergenerational poverty.

Figure 1. What Percent of Young Adults have Experienced Intergenerational Cash Assistance Receipt?



No Receipt as a Child	Some Receipt as a Child	Intergenerational Receipt
• Individuals did not have any cash assistance receipt as a child.	• Individuals received less than 12 months of cash assistance as child; or • Individuals had at least 12 months of cash assistance receipt as a child but not as an adult.	• Individuals received 12 months or more of cash assistance as both a child and as an adult. They are experiencing intergenerational poverty.

A young TCA parent could receive cash assistance as a child and not experience intergenerational poverty in two ways. First, cash assistance receipt did not exceed the minimum of 12 months as a child; 12% of young adults were in this category. Even if their cash assistance receipt surpasses 12 months as an adult, these individuals will not meet the intergenerational poverty standard because their receipt as a child never exceeded 12 months. For these young adults, situational poverty experienced as a child likely led to their families' need for public benefits.

Second, young adults received cash assistance for 12 months or more as a child, but they have not reached this minimum as an adult. Although only 13% of young adults are in this category, it is possible that their receipt as an adult can reach 12 months at some point after this report's study period. If this happens, they would then meet the definition for intergenerational poverty. At minimum, then, 42% of young TCA parents experienced intergenerational poverty, but there is a potential maximum for 54% of young parents to meet this definition.

Demographic & Case Characteristics

In general, Maryland TCA recipients are African American women in their early 30s who have a high school diploma, and they have never been married (Nicoli & Passarella, 2017). Excluding age, this typical profile fits these young adults, as shown in Table 1. For instance, across all three groups, more than nine in 10 are unmarried women. Yet, there is important variation among the three groups.

The majority of individuals in each group are African American, but those who are experiencing intergenerational cash assistance receipt are disproportionately so. Just over nine in 10 (91.3%) adults in that group are African American compared to just over eight in 10 (82.0%) among those who had some cash assistance receipt as a child and less than seven in 10 (67.7%) who had no receipt as a child. About one quarter (26.1%) of adults who had no cash assistance as a child were Caucasian, and only 8% of those with intergenerational receipt were Caucasian.

This difference in race and ethnicity may be rooted in where these individuals reside. Two thirds (66.8%) of those with intergenerational receipt reside in Baltimore, a city in which more than six in 10 residents are African American and the poverty rate among families is nearly three times the state average (U.S. Census Bureau, 2018a, 2018c). Conversely, only 22% of young adults with no cash assistance receipt as a child reside in Baltimore City.

A sizeable minority of these young adults were teenage parents. Compared to the general TCA population (16.1%), these young adults have a higher rate of teenage pregnancy. One in five (20.7%) adults with no cash assistance as a child was a teenage parent, as were one quarter (25.3%) of those with some receipt as a child. One in every three (33.6%) young adults experiencing intergenerational receipt was also a teenage parent.

The higher rate of teenage pregnancy among young adults experiencing intergenerational poverty may have led them to drop out of high school. Nearly half (44.7%) of those with intergenerational receipt do not have a high school diploma. Yet, young adults with some receipt as a child also appear to have low rates of high school completion; two in five (39.8%) had not graduated from high school. About one quarter (26.2%) of those with no receipt as a child had not graduated from high school, and they had slightly higher rates of additional education beyond high school.

Long-term disabilities are not common. Less than 8% had a disability lasting more than 12 months among those with no or some cash assistance receipt as a child. A slightly higher percentage—13%—of adults with intergenerational receipt have a long-term disability.

Another factor that may play a role in these young parents' current need for public assistance benefits is their childhood history with the child welfare program. Children who have been victims of child abuse or neglect, especially those who experienced an out-of-home placement, may face challenges and barriers that are more pronounced than among other low-income individuals (Gypen, Vanderfaeillie, De Maeyer, Belenger, Van Holen, 2017). Generally, individuals with out-of-home placements have lower educational attainment, lower employment participation, lower earnings, negative health outcomes, and unstable housing (Gypen et al., 2017; Rebbe, Nurius, Ahrens, & Courtney, 2017). This population is certainly not monolithic, and some individuals can experience the effects of adverse childhood experiences to varying degrees (Rebbe et al., 2017).

Table 1. Demographic Characteristics

	No Receipt as a Child *(n=1,990)*	**Some Receipt as a Child** *(n=1,497)*	**Intergenerational Receipt** *(n=2,477)*
Gender			
Female	96.3%	94.5%	98.7%
Race & Ethnicity			
African American^	67.7%	82.0%	91.3%
Caucasian^	26.1%	16.4%	7.8%
Hispanic	5.2%	1.3%	0.7%
Other^	1.0%	0.3%	0.2%
Marital Status			
Never Married	91.1%	93.6%	93.6%
Married	4.2%	2.1%	1.3%
Previously Married+	4.8%	4.3%	5.2%
Teenage Parent			
Younger than 18 at birth of first child	20.7%	25.3%	33.6%
Disability			
Long-term Disability	7.7%	6.0%	13.3%
Educational Attainment			
No High School Diploma	26.2%	39.8%	44.7%
Completed High School#	65.7%	54.2%	50.5%
Education after High School	8.1%	6.0%	4.7%
Residence *(Top 3 Jurisdictions)*			
Baltimore City	22.3%	44.7%	66.8%
Prince George's County	16.5%	7.9%	5.0%
Baltimore County	11.6%	9.8%	9.9%

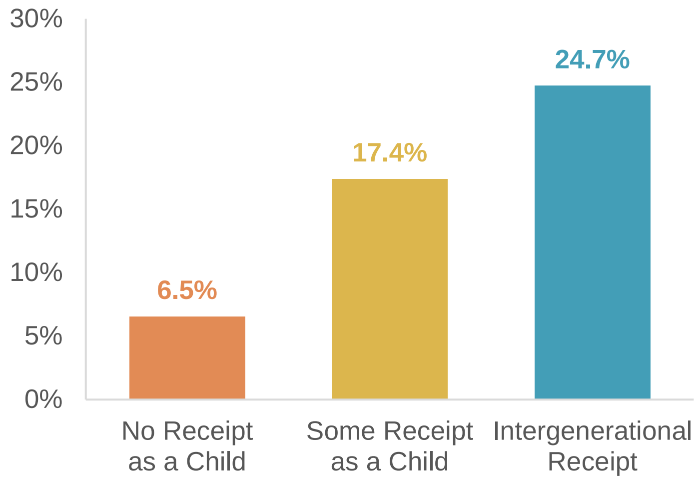
Note: ^ Non-Hispanic. + Previously married includes individuals who are divorced, separate, or widowed. # General Education Development Program (GED) certificates are included in high school completion rates. Valid percentages are shown.

Regardless of young adults' interaction with the cash assistance program as a child, all three groups had individuals with an out-of-home placement, as displayed in Figure 2. One quarter (24.7%) of young adults with intergenerational cash assistance receipt had an out-of-home placement as a child. Likewise, just under one in five (17.4%) young adults with some cash assistance receipt had a similar experience. Only 7% of those with no cash assistance receipt had a childhood out-of-home placement.

Despite the higher percentages among young adults who had cash assistance receipt as a child, all of these individuals had a median of about three years in their out-of-home placements. In recent years, Maryland has been attempting to decrease the amount of time children are placed outside of their homes, with the median placement declining from 24 to 19 months between 2013 and 2017 (Maryland Department of Human Services, 2018). Still, for these young adults, a substantial amount of their childhood was spent in an out-of-home placement, and they may face many barriers associated with adverse childhood experiences.

Along with the demographic differences between these three groups of young TCA parents, we also find some differences with the composition of their TCA cases (Table 2). The vast majority of these cases include just a single adult recipient, and the young adults experiencing intergenerational poverty are slightly less likely to have a second adult on the case. Only 4% of this group had two adult recipients, compared to about 8% for both young adults who

Figure 2. Percent with an Out-of-Home Placement as a Child



received some cash assistance as a child and those who did not receive any cash assistance as a child. Although unmarried adults in the same household can receive TCA benefits, these percentages of two-adult cases align with the low rates of marriage among all of these young adults.

Even though these are young parents, a substantial percentage have multiple children. More than half of each group had a single child on the case, and between 8% and 14% did not have any recipient children on the case, most likely because the young adult was pregnant.[4] However, nearly two in five (38.8%) adults experiencing intergenerational welfare receipt had two or more children. One quarter (24.3%) of those with some cash assistance receipt as a child also had two or more children. Contrary to other demographic trends, those with no cash assistance receipt did not have the lowest percentage with two or more

[4] Among cases with no recipient children, more than eight in 10 female adults were pregnant across each of the three groups. The remaining cases include children receiving payments from an adoption, foster care, or Supplemental Security Income (Maryland Department of Human Resources, 2008a).

children; just under one in three (30.7%) had multiple children on their TCA cases.

Given the age of these parents, it is likely that many of them have young children who may require full-time childcare in order for the adult to work or attend school. In the general TCA caseload, about two in five cases have a child under the age of three (Nicoli & Passarella, 2017), but young children are much more common among these young parents. Seven in 10 (71.4%) young adults experiencing intergenerational poverty have a child under the age of three, and eight in 10 of the other two groups also have a very young child in the house.

Some of these children may be infants in which parents may be more likely to stay at home to care for the newborn. In Maryland, a parent with an infant who is 12 weeks old or younger is exempt from participation in a work activity (Maryland Department of Human Resources, 2008b). Additionally, the TCA program provides parents with an exemption from work requirements when they have a child under the age of one (Maryland Department of Human Resources, 2008b). This exemption is permitted for 12 months over the parent's lifetime, so if the entire 12 months is used to care for one child and a subsequent child is born, then the parent will only be exempted from work participation until the infant is 12 weeks old.

In the general TCA caseload about one in 10 families are exempt from work requirements due to having a child under the age of one (Nicoli & Passarella, 2017), but again, this is more common among young parents. One in three parents with no receipt as a child (33.5%) and those with some receipt as a child (34.2%) were exempt from work requirements while they were caring for a child under the age of one. While more common than the general caseload, young adults experiencing intergenerational poverty were less likely than the other two groups to have this exemption. Just over one in five (21.5%) of these young adults had this exemption, which may mean that they have already exhausted their 12-month exemption or they do not currently have a child under the age one in the household.

Table 2. Case Characteristics

	No Receipt as a Child *(n=1,990)*	Some Receipt as a Child *(n=1,497)*	Intergenerational Receipt *(n=2,477)*
Number of Adult Recipients			
1	91.3%	91.8%	96.5%
2	8.7%	8.2%	3.5%
Number of Child Recipients			
0	12.0%	13.9%	7.9%
1	57.2%	61.8%	53.3%
2	23.3%	17.9%	27.1%
3 or more	7.4%	6.4%	11.7%
Young Children			
Youngest child is under age 3	81.4%	81.2%	71.4%
Work exemption for child under age 1	33.5%	34.2%	21.5%

Cash Assistance Receipt

Accounting for the construction of the three groups for this report, we already have a sense of the young adults' use of cash assistance. Still, by examining their histories with the program more closely we find variation not only across groups but also within groups. Table 3 examines cash assistance receipt as a child (excluding the group without any receipt as a child) and as an adult. The young adults who received some assistance as a child but do not meet the definition for intergenerational poverty received cash assistance as a child for an average of about three years (36.8 months) compared to about six years (72.4 months) for those experiencing intergenerational poverty. Yet the median of 13 months among those with some receipt as a child suggests substantial variation in their receipt. In fact, nearly half (48.4%) received cash assistance for less than one year as a child. The other half, then, received cash assistance for more than one year with just over one in five (22.0%) receiving cash assistance for five years or more as a child. The latter half of this group includes those who have the potential to meet the definition of intergenerational poverty if their benefit receipt as an adult exceeds 12 months after this report's study period (see the discussion on page 5 for more information).

By definition, young adults experiencing intergenerational poverty received benefits for more than one year as a child. There is an even split between those who received cash assistance between one and five years as a child (50.7%) and those who received benefits for five years or more (49.3%).

Because young adults experiencing intergenerational welfare receipt have also received 12 months or more of cash assistance as an adult, it is not surprising that their receipt in SFY 2016 is not their first spell of receipt as an adult. In fact, only one quarter (24.6%) were in their first spell of benefit receipt. This means that three

Table 3. Cash Assistance Receipt

	No Receipt as a Child *(n=1,990)*	Some Receipt as a Child *(n=1,497)*	Intergenerational Receipt *(n=2,477)*
Receipt as a Child			
Less than 1 year	0%	48.4%	0.0%
1 to 3 years	0%	18.6%	28.6%
3 to 5 years	0%	11.0%	22.1%
5 to 9 years	0%	11.4%	25.4%
9 years or more	0%	10.6%	23.9%
Average [median] months	0 [0]	36.8 [13]	72.4 [58]
First TCA Spell as an Adult			
First Spell	53.6%	60.1%	24.6%
Receipt as an Adult			
Less than 1 year	41.6%	69.1%	0.0%
1 to 3 years	47.7%	24.0%	69.8%
3 to 5 years	9.4%	4.9%	23.3%
5 years or more	1.3%	1.9%	6.8%
Average [median] months	17.3 [14]	13.2 [9]	30.5 [26]

Note: Receipt as a child captures all months of cash assistance received as a child back to April 1993; see the methods section for limitations. Receipt as an adult captures all months of TCA benefits received from the first benefit month as an adult through the two years after the study month, which is their first month of receipt during SFY 2016.

quarters of these young adults have already had their cases closed at least once, and they have returned to the program for additional benefit receipt. Conversely, more than half (53.6%) of those with no receipt as a child and three in five (60.1%) of those with some receipt as a child experienced their first spell of cash assistance as an adult in SFY 2016.

Predictably, young parents experiencing intergenerational poverty have more months of cash assistance receipt as an adult than the other two groups. On average, they received about two and a half years (30.5 months) as an adult. Seven in 10 (69.8%) received benefits between one and three years, and a few (6.8%) received for more than five years. Young adults with some cash assistance as a child received just over one year (13.2 months) of benefits as an adult, on average. The majority (69.1%) of these parents received benefits for less than one year as an adult. Those with no receipt as a child had a slightly higher average number of months (17 months) than adults with some receipt as a child. Although two in five (41.6%) received benefits for less than one year, nearly half (47.7%) received one to three years of benefits as an adult.

Case closure is virtually guaranteed for all families at some point during their tenure on the TCA program. Their cases can close for a number of reasons, including income that exceeds the eligibility threshold, failure to provide required documentation, or noncooperation with program requirements. Closure as a result of stable employment is the ideal outcome, but a case that remains open for extended periods of time is unlikely to have stable employment. The same is true for cases that close and reopen. Table 4 provides the number of times these young adults' cases closed over a two-year follow-up period.

Few cases did not have any closures, although this was less likely to occur among young adults facing intergenerational poverty. Instead, two in five (43.8%) adults with intergenerational receipt experienced four or more closures, and less than one in five (17.8%) had a single closure. The other two groups of young parents were more likely to have one closure, which may indicate an exit due to stable employment. Less than half of those with some receipt as a child (48.4%) and of those with no receipt as a child (44.0%) had a single closure.

Case closures due to noncompliance with the work requirement are common in the general TCA caseload and have been the largest single closure reason for many years (McColl & Nicoli, 2018). This is no different for these young parents, as Figure 3 provides the top three reasons for each group's first case closure. Across all three

Table 4. Number of Case Closures

	No Receipt as a Child *(n=1,990)*	Some Receipt as a Child *(n=1,497)*	Intergenerational Receipt *(n=2,477)*
No closures	5.1%	5.4%	1.7%
1	44.0%	48.4%	17.8%
2	22.2%	23.7%	21.2%
3	14.2%	12.4%	17.2%
4 or more	19.5%	15.5%	43.8%

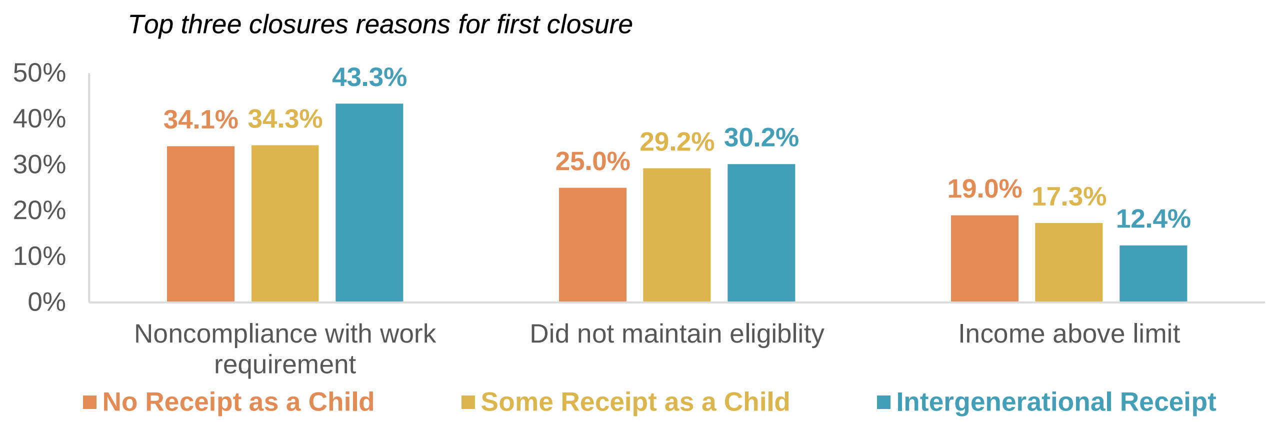
Note: The count of case closures is based on the number of times the case was closed during the two years after the study month.

groups, one third or more of closures were due to noncompliance with the work requirement. This requirement mandates that adult recipients participate in a work-related activity—unsubsidized employment, work experience, job search, education, on-the-job training, among others—for a specified amount of time. When adult recipients do not participate or complete all of their hours, their cases are closed until the adults comply with the requirement. Although this is the most common reason for closure among all three groups, those experiencing intergenerational cash assistance receipt were nearly 10 percentage points more likely to have a closure for this reason (43% vs. 34% for the other two groups). Prior research found that families' cases closed for noncompliance with the work requirement are more disadvantaged than those closing for other reasons. For example, those families are more likely to quickly return to the program, the adults on those cases are less likely to be employed, and earnings are lower among the employed adults (Nicoli, 2016).

The next most common reason for case closure was related to eligibility. This usually means the adult recipient did not provide required information as a part of the continued eligibility process. Between 25% and 30% of cases closed for this reason across the three groups of young parents, which is slightly higher than the percentage among the general caseload (21%) (McColl & Nicoli, 2018).

Income above the eligibility limit is the third most common reason for closures. This generally indicates that the adult recipient has obtained employment in which the earnings exceed the threshold for continued benefit receipt, but it can also be due to the receipt of disability benefits or child support payments. Just over 10% (12.4%) of those with intergenerational cash assistance receipt closed for this reason, compared to slightly less than 20% for those with no receipt as a child (19.0%) and for those with some receipt as a child (17.3%). Contrary to closures for noncompliance, cases closing for income above limit have more positive outcomes. The adults on these cases are more likely to have graduated from high school and to have additional education beyond high school compared to cases closed for other reasons (James & Passarella, 2016). Furthermore, those with an income above limit closure are significantly more likely to be employed before and after their TCA spell, and they earn substantially more (James & Passarella, 2016).

Figure 3. Case Closure Reason



Employment & Earnings

Employment participation before receiving TCA is usually a positive indicator for employment after leaving the TCA program (James & Nicoli, 2016). Considering their age, many of these young adults may not have had the opportunity to obtain employment. However, according to Figure 4, at least three in five young adults across all three groups were employed at some point in the year before receiving TCA in SFY 2016. Those with no cash assistance receipt as a child had the lowest level of employment participation at 60% followed by those with intergenerational receipt (62.5%). Young adults with some receipt as a child had the highest rate of employment at nearly 70%.

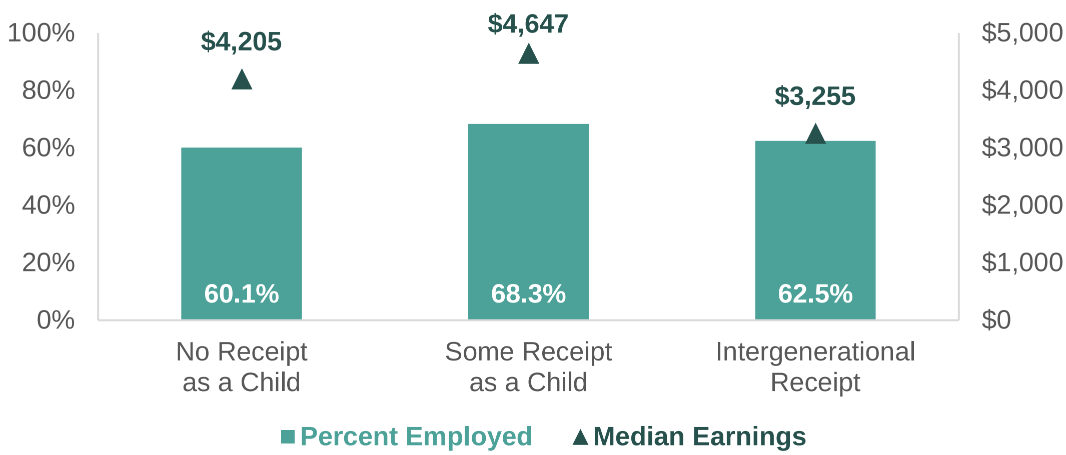
Adults with some receipt as a child also had the highest median earnings. They earned about $4,650 during that year, while young adults with no receipt as a child earned slightly less ($4,205). Employed adults experiencing intergenerational receipt earned the lowest amount during that year at $3,255, which is nearly $1,400 less than those with some receipt as a child. Clearly, these earnings are very low for all young adults, and these low earnings are likely part of the reason they began receiving TCA benefits.

During SFY 2016, the majority of young adults had a combination of TCA receipt and employment. Examining their employment one year after they began receiving TCA in 2016 provides a better picture of young adults' initial outcomes. At this point, the young adults will likely have had at least one TCA case closure and may be working to support themselves and their families. Although TCA cases may close, returns to the program are common (Nicoli & Passarella, 2018), so it is important to examine TCA participation to gauge their independence from the program. Therefore, Figure 5 examines the percent of young adults who received TCA and who were employed during the second year after their initial month of TCA benefits in 2016.

On the whole, young adults who do not meet the standard for intergenerational receipt were more likely to be employed, while those who do meet the standard were more reliant on the TCA program. More

Figure 4. Percent Employed & Earnings before Receiving TCA

Year before current spell of TCA receipt as an adult



than half (54.4%) of those with some receipt and more than two in five (43.7%) of those with no receipt were employed during the second year with no TCA participation. Conversely, only one quarter (26.2%) of those with intergenerational receipt were solely employed during that year.

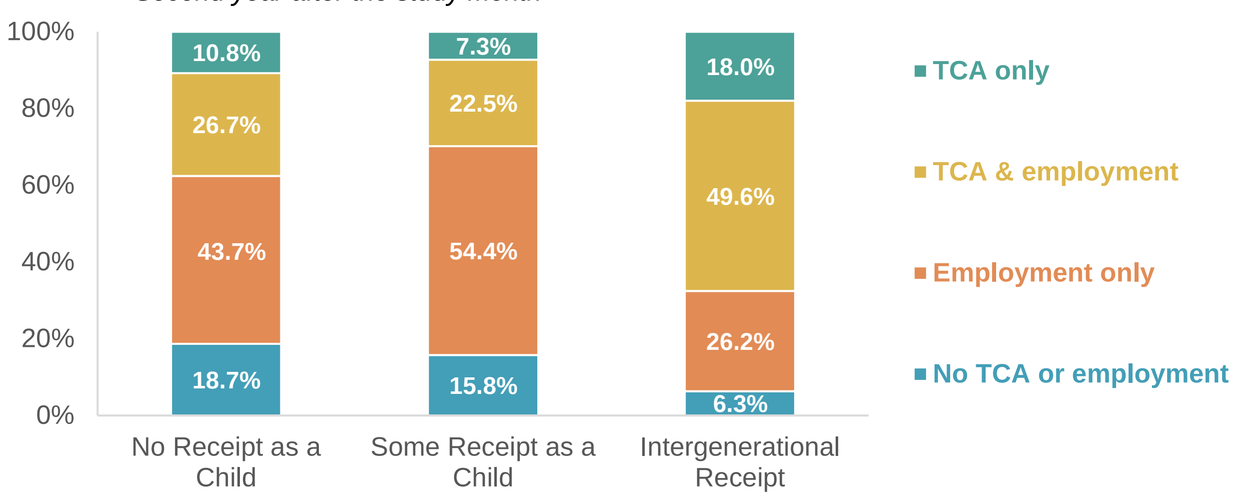
Some young adults combined employment and TCA receipt during that year. This could mean that their employment and TCA receipt were concurrent or that there were months in which they only received TCA benefits and other months in which they were only employed. About one quarter of young adults with no cash assistance receipt as a child (26.7%) and those with some receipt as a child (22.5%) had a combination of TCA participation and employment during the second year. Half (49.6%) of young adults experiencing intergenerational receipt had this combination, suggesting that they may have had more difficulty obtaining employment that allowed them to leave the program. Alternatively, they may have struggled to maintain employment and returned to TCA.

Receiving TCA benefits without any employment was not common, but it occurred more frequently among those with intergenerational receipt. Just under one in five (18.0%) of those with intergenerational poverty received TCA benefits during the year without any employment. This was the smallest category for the other two groups of young adults and did not exceed 11%.

The final category includes young adults who had neither TCA benefits nor employment. Only 6% of young adults with intergenerational receipt were disconnected from the TCA program and employment. The other two groups were more likely to be disconnected from these sources of income, but this represented less than one in five young adults. A full year without any cash from benefits or employment may be a very unstable situation for these young parents. Fortunately, based on prior research, the percentage of families disconnected from all sources of cash or public assistance, including child support payments, disability payments, or food assistance benefits, is small (Nicoli & Passarella, 2018).

Figure 5. TCA & Employment Status

Second year after the study month



Note: The study month represents the first month of TCA receipt during SFY 2016.

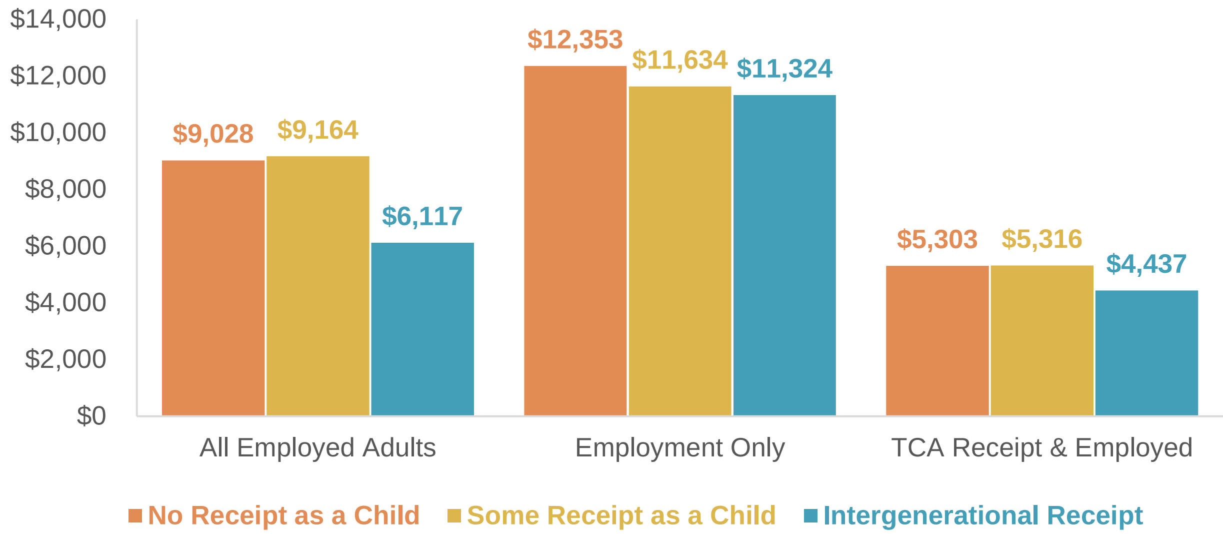
Employment is common among the young adults in each group. At least seven in 10 were employed at some point during the second year. However, earnings will likely be lower for young adults who combined employment with TCA benefits for two reasons. First, adults can earn only a small amount before their cases are closed for income above the eligibility threshold. Second, even if employment was not concurrent with TCA benefits, the months in which adults received TCA benefits are months in which the adult was not employed. Essentially, there are very low earnings throughout the entire year if employment is concurrent with TCA, or potential annual earnings are reduced when there are months without any employment. To address this issue, Figure 6 provides the earnings of all employed young adults across all three groups and compares that to the earnings of those who were solely employed during the year and those who combined TCA and employment during the year.

As expected, the earnings of all employed young adults were reduced by those who combined TCA benefits and employment. Among all employed adults, the median annual earnings for those who do not meet the standard for intergenerational receipt were just over $9,000; the median earnings for those with intergenerational receipt were about $3,000 lower. However, young adults who were solely employed during the year earned more than $11,000. Those with intergenerational receipt earned the lowest amount at $11,324, and the highest earners—those with no receipt as a child—earned about $1,000 more. Hence, when those with intergenerational receipt are able to be employed with no TCA receipt, their earnings are comparable to the other two groups. This point is obscured when only examining the earnings of all employed adults.

Those who combined employment with TCA receipt earned the least. At about $4,400, young adults with intergenerational receipt earned the lowest amount, and the other two groups earned about an additional $1,000. Given that half of the employed adults with intergenerational receipt combined TCA receipt and employment, the earnings of $4,400 are much more representative of this group than the one quarter who earned $11,324. On the other hand, the other two groups of young adults were more likely to be solely employed than to combine TCA and employment, so the earnings around $12,000 are more representative of their employment outcomes.

Figure 6. Median Annual Earnings

Among adults employed in the second year after the study month



Note: The study month represents the first month of TCA receipt during SFY 2016.

Conclusions

Maryland Lieutenant Governor Boyd Rutherford stated, "Poverty must not be the legacy that's handed down from generation to generation or accepted as a way of existence. Ending the cycle of multigenerational poverty is critical to ensuring a better quality of life for all Maryland families" (Cumberland Times-News, 2018). With the leadership of Rutherford and the expertise of the Maryland Department of Human Services, the Maryland Two-Generation Family Economic Security Commission (2018) identified some initial steps toward this vision. For example, a transitional TCA benefit will be provided to families whose TCA cases close due employment. This initiative is intended to help stabilize these families as they transition from cash assistance to employment.

The goal of this report is to provide more insight into *who* is experiencing intergenerational poverty and provide the Commission with valuable information to use for next steps. Measured by those receiving one year or more of cash assistance benefits as both a child and as an adult, we find that two in every five young adults receiving TCA was experiencing intergenerational poverty. By all accounts, these young adults are more disadvantaged than their peers. Compared to other young adults receiving TCA, those with intergenerational cash assistance receipt were more likely to have an out-of-home placement as a child due to abuse or neglect. They were also more likely to be teenage parents, and potentially as a consequence, nearly half did not have a high school diploma. Furthermore, they were more likely to rely on cash assistance benefits for longer periods of time as evidenced by their higher rates of cycling off and on the TCA program. More than two thirds were receiving TCA during the second follow-up period, compared to two in five young adults who did not receive cash assistance as a child.

Even with these hardships, three in every four young adults with intergenerational receipt were employed during the second follow-up year. However, the majority of that employment was coupled with TCA benefits, so they earned the lowest of their peers: just over $6,000, compared to $9,000 among those with no cash assistance benefits as a child. On a promising note, those who were employed without any cash assistance during that year earned about $11,300, which is close to the $12,300 earned among those without cash assistance as a child. Assisting these individuals in obtaining employment with adequate wages and providing employment retention services may prove beneficial to continued wage growth.

Despite the cycle of poverty experienced by these young adults, research points to opportunities to mitigate the transfer of poverty to their children. In fact, identifying that their earnings are nearly on par with their counterparts when they are employed with no TCA benefits is notable, because investments in adults' employment opportunities and earnings can be advantageous for their children's future. Small income growth, as little as $3,000 annually among families with poverty-level wages, can have a substantial, positive effect on children's subsequent earnings as adults (Duncan & Magnuson, 2011). This is particularly true for income growth occurring during early childhood years.

Education is another pathway to influence outcomes. Research is clear on the importance of high-quality early childhood programs for children's futures (Garcia et al., 2016). Still, educational investments in young adults, particularly those without a high school degree, may also prove beneficial for both young adults and their children. Adult TCA recipients who have education beyond high school are more likely to gain economic stability, more likely to work in higher-paying industries, and to earn more than those without a high school diploma or those with only a high school diploma (James & Nicoli, 2016; Nicoli & Passarella, 2013, 2014). It is crucial, then, for these young adults to obtain their high school diplomas. Moving the needle, however, may require additional education in the form of post-secondary credentials that could further increase their chances for self-sufficiency. Along with educational opportunities provided through the TCA program, individuals who had an out-of-home placement in Maryland have access to free tuition at Maryland state universities (Maryland Department of Human Services, 2018).

A two-generation model is a promising approach to intergenerational poverty. Investing in opportunities and services for both children and adults, especially those experiencing the cycle of poverty, is a necessary component of a two-generation model. Ideally, education can be one avenue to alleviating poverty, but it requires investments on the part of both public programs and the families affected by intergenerational poverty. Nonetheless, commitment to breaking the cycle of poverty is essential for Maryland's families to thrive.

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Acknowledgements

The authors would like to thank Somlak Suvanasorn and Dr. Terry Shaw for their assistance in the collection and processing of data for this research brief as well as Dr. Lisa Thiebaud Nicoli for her assistance with editing the brief. This brief was prepared by the Ruth Young Center at the University of Maryland School of Social Work with support from its long time research partner, the Maryland Department of Human Services.

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