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New TANF Entrants:
Short-Term Outcomes

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After years of decline, Maryland's Temporary Assistance for Needy Families (TANF) caseload began rising in 2007 and continued to rise through 2010, reflecting the impact of the Great Recession. The caseload started to decline the following year. However, it has not yet reached pre-recession levels. In 2008, the *Life on Welfare: TANF Entrants* report profiled families who began receiving cash assistance in the midst of the Great Recession (Saunders, Young, & Born, 2010).

To explore the realities of caseheads entering Temporary Cash Assistance (TCA, Maryland's TANF program) during the Great Recession, this brief takes a second look at the 2008 entrants, providing follow-up information on their welfare use and employment outcomes. This study classifies 2008 entrants as "new" and "returning" caseheads. While both groups began receiving TCA in October 2008, the "new" caseheads had not been TCA caseheads in the previous five years, but the "returning" caseheads had been.

The initial report found that new caseheads were more likely to be younger than 20 years old (13.8% vs. 3.0%), more likely to be men (10.4% vs. 1.6%), and less likely to be African American (66.3% vs. 83.2%) than families that returned to cash assistance during the recession (Saunders et al., 2010). Also, new caseheads were less likely to be employed in the year prior to their TCA receipt in October 2008 than returning entrants (56.3% vs. 64.4%). However, among those that were working, new caseheads' total average earnings in the previous year were higher than those of returning caseheads ($10,613 vs. $6,874).

Considering the differences found at the time of TCA entry in October 2008, we explore whether there continue to be differences between new and returning entrants. The current brief presents information regarding these new and returning entrants' TCA usage and employment outcomes over a four-year period through October 2012. Specifically, we examine the following questions:

1. What are the TCA usage patterns over the four follow-up years for entrants?
2. What are the case closure reasons for entrants who exit TCA?
3. What are the rates of employment and annual earnings for entrants?
4. What is the relationship between work and welfare among entrants?

This study provides an opportunity for program managers and policymakers to understand the short-term TCA usage and employment outcomes of new TCA entrants compared to returning entrants during and after an economic downturn. Furthermore, it provides important information for policymakers in responding to families who have finally exhausted all of their resources and find themselves requiring cash assistance, even today.

Methods

This study is a follow-up to the *Life on Welfare: TANF Entrants* report published in 2010. For more details on the methods specific to this brief, please refer to the earlier report's methods section (Saunders et al., 2010).

Sample

The sample for this brief was drawn from the universe of cases receiving TCA in October 2008 (n=21,553). The analyses were limited to the 2,128 cases, 9.9% of the universe, which had not received TCA in the previous month. The 2,128 entrant cases were distinguished between those with a "new" casehead (n=1,008) and a "returning" casehead (n=1,120). "New" caseheads were defined as clients who had not been a TCA casehead in Maryland during the preceding 60 months, and "returning" caseheads were those who were returning to TCA in the study month after previously heading a TCA case at some point during the preceding 60 months.

Data Sources

Study findings were based on analyses of administrative data retrieved from computerized management information systems maintained by the State of Maryland. Individual- and case-level demographic characteristics and program participation data came from the Client Automated Resources and Eligibility System (CARES), and the Maryland Automated Benefits System (MABS) provided the employment data. Out-of-state employment is not included in this data, although out-of-state employment by Maryland residents (17.4%) is more than four times greater than the national average. Additionally, Unemployment Insurance (UI) earnings data are reported on an aggregated, quarterly basis; therefore, we do not know, for any given quarter, for how much of that period the individual was employed. It is also important to remember that the earnings figures reported do not necessarily equal total household income; we have no information on earnings of other household members, if any, or data about any other income.

Analyses

Throughout this brief, descriptive analyses were used to examine the TCA utilization for new and returning entrants between October 2008 and October 2012. Chi-square and analysis of variance (ANOVA) tests identified differences between new and returning entrants.

Cumulative TCA Receipt

To explore whether the identified differences between new and returning entrants affect their outcomes, this brief begins by examining the TCA receipt of new entrants compared to returning entrants. Table 1 shows the cumulative months of TCA receipt among new and returning entrants between November 2008 and October 2012. This cumulative count can be comprised of one welfare spell, consisting of consecutive months of TCA receipt before a closure, or it can be comprised of several welfare spells interrupted by months without any cash assistance. Throughout the four-year follow-up period, new entrants received fewer months of TCA than returning entrants, which is not surprising due to returning entrants recent history with cash assistance.

Specifically, new entrants received about five fewer months of TCA than returning entrants (17 vs. 22 months), on average. Half (49.5%) of new entrants received TCA for 12 months or less, compared to less than two-fifths (37.6%) of returning entrants. On the other hand, nearly one-quarter (23.2%) of returning entrants received TCA for 37 months or more in the four follow-up years, while only one in seven (14.6%) new entrants had this many cumulative months of receipt. About 5% of cases in both groups received TCA in all 48 months during the follow-up period, meaning they never left TCA. Conversely, 2% or less of cases in both groups only received TCA in the sample month, October 2008. This emphasizes that the majority of new and returning entrants received TCA for some, but not all of the follow-up period.

Table 1. Cumulative TCA Receipt

	New Entrants (n=1,008)		Returning Entrants (n=1,120)	
Months of Receipt*** ***Nov. 2008 to Oct. 2012***				
0 months	2.0%	(20)	1.3%	(15)
1-6 months	26.7%	(269)	18.1%	(203)
7-12 months	22.8%	(230)	18.2%	(204)
13-24 months	22.1%	(223)	22.0%	(246)
25-36 months	11.8%	(119)	17.1%	(192)
37-47 months	9.9%	(100)	17.9%	(201)
48 months	4.7%	(47)	5.3%	(59)
Average*** [Median]	17	[12]	22	[19]

Note: Counts may not sum to actual sample size because of missing data for some variables. Valid percentages are reported. *p<.05, **p<.01, ***p<.001

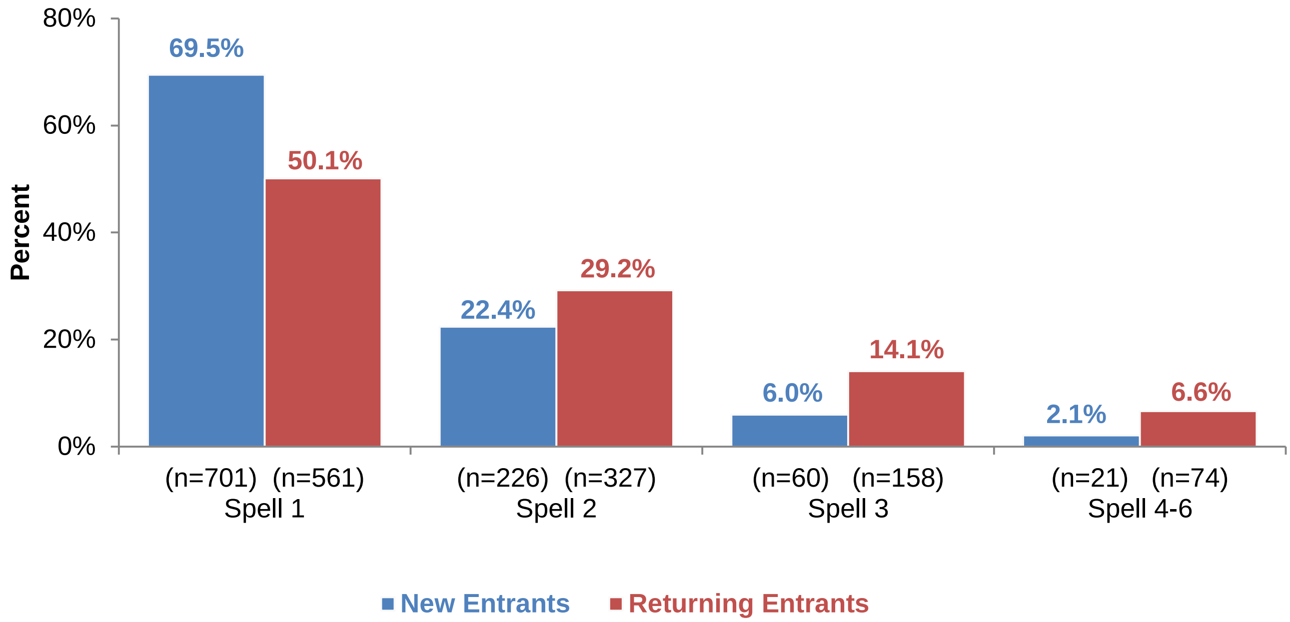
Welfare Spells

Each of the TCA cases in the sample have at least one welfare spell comprised of the number of months they received beginning in October 2008 until the case was closed. Some cases may have a welfare spell lasting a single month, while others may have a spell lasting throughout the entire four-year follow-up period. The length and frequency of welfare spells provide information about the self-sufficiency of the families. That is, clients who have one short welfare spell may be more likely to have found employment providing wages that can support a family, while others may have barriers to employment, potentially increasing the length and number of their welfare spells. Figure 1 presents the number of welfare spells experienced by new and returning entrants over the four-year period, and Figure 2 presents the average number of months of TCA receipt in each welfare spell.

New entrants experienced fewer spells than returning entrants. Indeed, most (69.5%) new entrants had only one spell, while half (50.1%) of returning entrants had only one spell. Stated another way, 30.5% of new entrants resumed welfare receipt at some point during the four-year follow-up period, while half (49.9%) of returning entrants did the same. Hence, returning entrants were more likely to have multiple spells than new entrants. About 1 in 5 (22.4%) new and 3 in 10 (29.2%) returning cases had a total of two welfare spells. Likewise, having three spells was also more common among the returning entrants (14.1%) than the new entrants (6.0%). Few new (2.1%) and returning (6.6%) entrants had four or more spells during the four-year follow-up period.

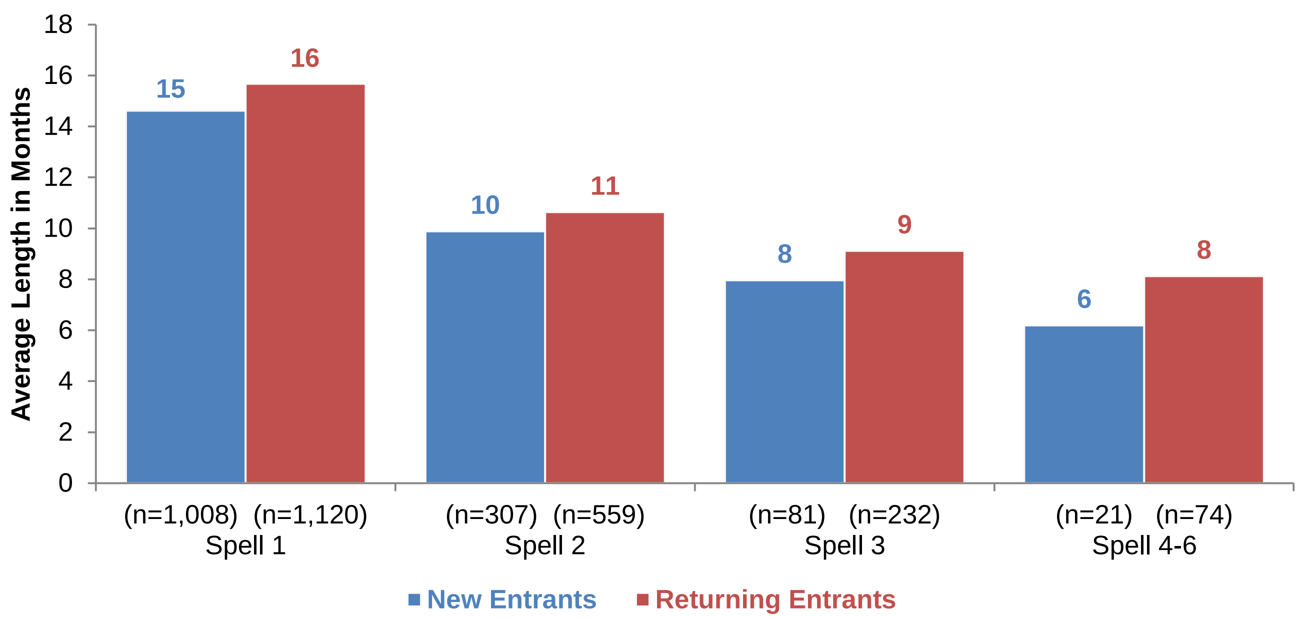
In addition to more spells, returning entrants received about one more month of receipt than new entrants in each spell. However, the differences in spell length were not statistically significant between the two groups. Nonetheless, it appears that families receive cash assistance for less and less time with each subsequent welfare spell, meaning the length of a welfare spell decreases as the number of spells increase. For example, new entrants had an average spell length of 15 months in their first spell, but among those new entrant cases with a second welfare spell, the average length was 10 months. This pattern continued with each subsequent spell. Similarly, during the first spell, returning entrants had 16 months of receipt, but this was reduced to 11 months during the second spell.

Figure 1. Total Number of Welfare Spells***



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

Figure 2. Average Length of Each Welfare Spell



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

Case Closure Definitions

Work Sanctions

Cases designated as work-eligible must participate in a work-related activity. Noncompliance with this requirement results in a full-family sanction from TCA in Maryland. In order to begin receiving benefits again, the casehead must be compliant with their work-related activity for 1 day with the 1st sanction, 10 days with the 2nd sanction, and 30 days for additional sanctions.

Eligibility Information Not Provided

Case closure occurs when the client does not provide appropriate documentation required for benefit receipt or does not show up for a scheduled appointment. Often these cases reopen once clients fulfill the requirements.

Income above Limit

Forty percent of a casehead's earned income is disregarded, but if that remaining income is still above the eligibility threshold, then the case will be closed. Generally, this closure is an indication that the casehead has obtained employment and the earnings exceed eligibility. Receipt of child support can also result in income above the eligibility limit.

Case Closure Reasons

In addition to TCA receipt, case closure reasons can provide clues about the clients' outcomes, such as their likelihood to return to TCA or to obtain gainful employment. Case closure reasons are documented by caseworkers every time a welfare spell ends. However, the documented closure reason may not always fully explain the circumstances surrounding the case closure. After all, these closure reasons are solely based on information that the caseworker has available (Ovwigho, Tracy, & Born, 2004). Despite this limitation, the case closure reasons provide valuable information on why the case closed.

For the purpose of this brief, only the three most common closure reasons are discussed: work sanctions, eligibility information not provided, and income above limit (O'Donnell & Passarella, 2014); see the text box for definitions. Figures 3 and 4 present the percentage of cases that closed due to these reasons for new and returning entrants. Additionally, these figures show the frequency of the closure reasons among the first three case closures experienced by the clients. That is, if a case closed four times during the follow-up period, Figures 3 and 4 will provide a closure reason for the first, second, and third closures, but not the fourth closure.

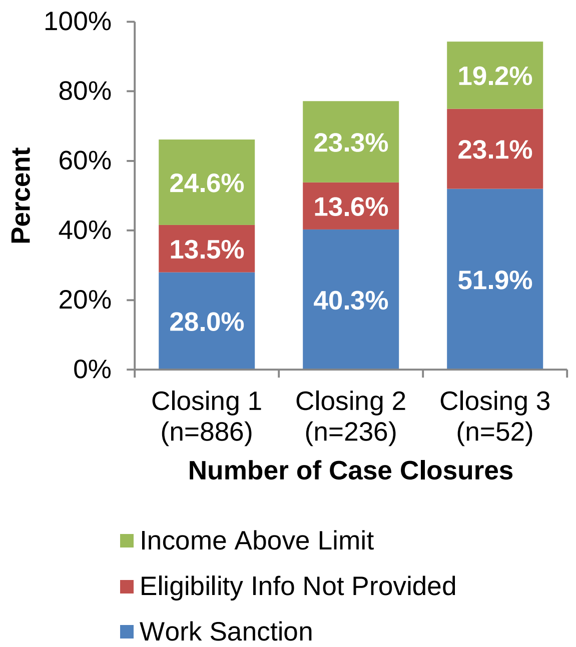
Generally, work sanctions are the most common closure reason in Maryland, and they are also a leading closure reason for new and returning entrants (O'Donnell & Passarella, 2014). For the first case closure, both new and returning entrants were most likely to be closed due to a work sanction. However, returning entrants were more likely to be work sanctioned, with nearly half (45.7%) of their closures due to a work sanction, compared to just over one-quarter (28.0%) of new entrants.

Closures due to work sanctions became more likely with each closure for new entrants. Specifically, work sanctions increased 12 percentage points among new entrants between the first and second closure (from 28.0% to 40.3%). Again, work sanctions increased by nearly 12 percentage points by the third case closure to 51.9%. Likewise, work sanctions among returning entrants increased from 45.7% at the first closure to 54.4% at the second closure. Work sanctions among returning entrants declined slightly to 51.0% with the third closure. Notably, by the third case closure, work sanctions made up half of closures for both new and returning entrants.

Another common closure reason was eligibility and verification information not provided. This closure reason was slightly higher for new entrants than returning entrants for the first closure (13.5% vs. 9.9%). For the second closure, however, both new and returning entrants had about 14% of their closures attributed to the lack of documentation for eligibility, reflecting an increase among returning entrants and stability among new entrants. By the third closure, eligibility and verification information not provided increased among both new (23.1%) and returning (17.6%) entrants, though this closure reason increased 10 percentage points among new entrants. While this closure reason increased among both groups, new entrants may be more likely to lack familiarity with the required documentation for continued eligibility, and hence may be more likely to experience this case closure reason.

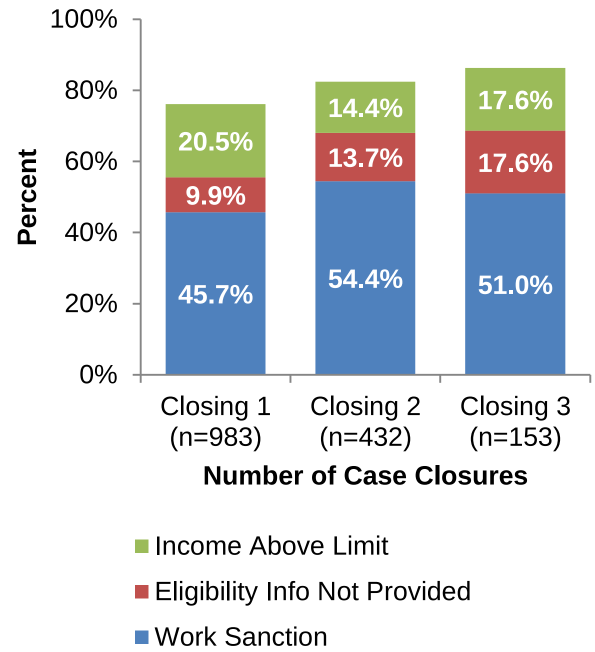
The third closure reason—income above limit—was the second most common closure reason for both new and returning entrants at their first closure after October 2008. This closure reason accounted for one-quarter (24.6%) of new entrants' closures and one-fifth (20.5%) of returning entrants' closures. For both new and returning entrants, income above limit was less likely to be the reason for the second case closure (23.3% for new and 14.4% for returning entrants). By the third closure, income above limit continued to decline for new entrants, accounting for one-fifth (19.2%) of closures. On the other hand, returning entrants were three percentage points more likely to close due to income above limit by the third closure (17.6%) compared to the second closure (14.4%).

Figure 3. Closure Reasons: New Entrants



Note: Due to missing data, counts may not sum to totals; valid percentages are provided. Figure excludes cases with 4 or more spells (6.6%).

Figure 4. Closure Reasons: Returning Entrants



Note: Due to missing data, counts may not sum to totals; valid percentages are provided. Figure excludes cases with 4 or more spells (2.1%).

Employment and Earnings

The initial study on entrants established that returning entrants were more likely to be working in the year prior to October 2008 than new entrants (64.4% vs. 56.3%). While returning entrants were more likely to be working, the new entrants earned higher total wages during the same period ($6,874 vs. $10,613) (Saunders et al., 2010). This period of employment for the entrants coincides with the rise in the TCA case-load and the beginning of the Great Recession. Hence, it is not surprising that the economic downturn may have brought some of these families onto cash assistance as the previous report suggests (Saunders et al., 2010). We explore the employment outcomes in the years following TCA entry to determine any differences in their employment participation and earnings.

While it is possible that the economy brought these clients onto TCA, it is clear that higher unemployment in Maryland would have an impact on their employment outcomes. Throughout the follow-up period for this study, Maryland's unemployment rate was at or above 7%, compared to 3.4% in 2007 (Bureau of Labor Statistics, 2012). Not surprisingly, then, employment was lower among both groups over the follow-up period than in the year before October 2008. Shown in Table 2, less than half of both new and returning entrants worked in each of the four follow-up years, compared to more than half of both groups in the year before their 2008 entry.

Similar to previous findings, new entrants earned significantly more than returning entrants over the follow-up period. For example, in the first year after October 2008, employed new entrants earned an average of $11,808, compared to $7,778 among returning entrants. On a positive note, both new and returning entrants saw their earning increase over the four follow-up years, even with the challenges to the economy. Specifically, new entrants' earnings increased from $11,808 in the first year after October 2008 to $15,121 by the fourth year, and returning entrants' earnings increased from $7,778 to $10,667. While returning entrants' earnings remained consistently lower than new entrants, returning entrants' earnings grew at a faster pace, increasing by 37% over the four-year period, compared to 28% among new entrants.

Table 2. Annual Employment and Earnings

	New Entrants (n=1,008)		Returning Entrants (n=1,120)	
1st year (11/08-10/09)				
Percent Working	46.6%	(456)	48.0%	(535)
Average Total Annual Earnings [Median]***	$11,808	[$7,068]	$7,778	[$4,644]
2nd year (11/09-10/10)				
Percent Working	48.4%	(474)	47.5%	(530)
Average Total Annual Earnings [Median]***	$13,717	[$9,289]	$9,713	[$5,963]
3rd year (11/10-10/11)				
Percent Working	45.4%	(444)	46.3%	(516)
Average Total Annual Earnings [Median]***	$14,971	[$11,003]	$10,422	[$6,610]
4th year (11/11-10/12)				
Percent Working	46.7%	(457)	47.8%	(533)
Average Total Annual Earnings [Median]***	$15,121	[$10,724]	$10,667	[$7,090]

Note: Counts may not sum to sample size due to missing data. Employment data is based on a UI-covered job in Maryland. Figures on earnings are only for caseheads with employment. Valid percentages are reported. *p<.05, **p<.01, ***p<.001

Work and Welfare

Employment and earnings are only part of the picture. The relationship between work and welfare must also be examined to understand what is happening to these families. Figures 5 and 6 of this section integrate work and welfare outcome data to describe case movement among welfare and work in four categories: those who have work only, those with only TCA receipt, those who combine work and TCA receipt, and lastly, those who do not have any work and do not receive TCA (disconnected from work and welfare).[1]

During the first year, most new and returning entrants were either receiving TCA only or had some combination of TCA receipt and employment. This is not surprising considering we begin examining the case movement among welfare and work in November 2008, the month immediately after these cases began receiving TCA for this study. However, over time, both new and returning entrants become less reliant on cash assistance. For new entrants this was demonstrated by the decline in receipt of TCA with no employment, from 52.5% in year one to 16.2% in year four. Independence from cash assistance was also supported by the increase in new entrants who were employed and receiving no TCA, from 1.7% in year one to 34.8% in year four. Additionally, the number of cases with an employed casehead who also received TCA decreased over the four years, from more than 4 in 10 (44.8%) to 1 in 10 (11.8%) cases.

By year four, however, the most common outcome for new entrants is disconnection from employment and TCA receipt (37.1%). While this is generally viewed as a negative outcome, many of these cases may have other sources of income and support. Previous research has found that many families who are disconnected from cash assistance and employment in Maryland do have some form of income or assistance: Supplemental Security Income (SSI), Food Supplement, or another adult earner in the household (Ovwigho, Kolupanowich, Hetling, & Born, 2011).

Work and Welfare Categories

Employed & No TCA

Maryland UI-covered employment and no TCA receipt.

Employed & TCA

TCA receipt and Maryland UI-Covered employment, but not necessarily concurrently.

TCA-only

TCA receipt and no Maryland UI-covered employment.

Not Employed & No TCA

These cases did not have any TCA receipt or any employment in a Maryland UI-covered job.

Figure 6 shows the work and welfare status for returning entrants over the four-year follow-up period. Similar to the new entrants, there was a decrease among returning entrants with TCA-only receipt (from 51.1% to 26.5%) and those with a combination of employment and TCA receipt (from 46.3% to 19.9%). Additionally, there was an increase in the returning cases that were employed and received no cash assistance, from 1.7% to 27.9%. Likewise, the proportion of disconnected cases also increased substantially—from 0.9% to 25.7%—over the study period. Unlike new entrants, disconnection

[1] Employment data does not include out-of state employment data, so we are underestimating the percent with employment to some degree.

was not the most common outcome by the fourth year after exit. In fact, the returning clients were more likely to only be employed (27.9%) or to only receive TCA (26.5%).

Even though the patterns were similar between the new and returning families, the returning entrants were still more likely to have some cash assistance, while new entrants were more likely to only be employed or to be disconnected. During year one, both the new and returning entrants had the same percentage of families disconnected from employment or cash assistance (0.9%) or those with only employment (1.7%). By the fourth year, however, the new entrants were seven percentage points more likely to be working and receiving no cash assistance (34.8% vs. 27.9%). Similarly, the new entrants were 11 percentage points more likely to be disconnected from work or cash assistance (37.1% vs. 25.7%), making it their most common outcome.

Figure 5. Work and Welfare Status by Year: New Entrants

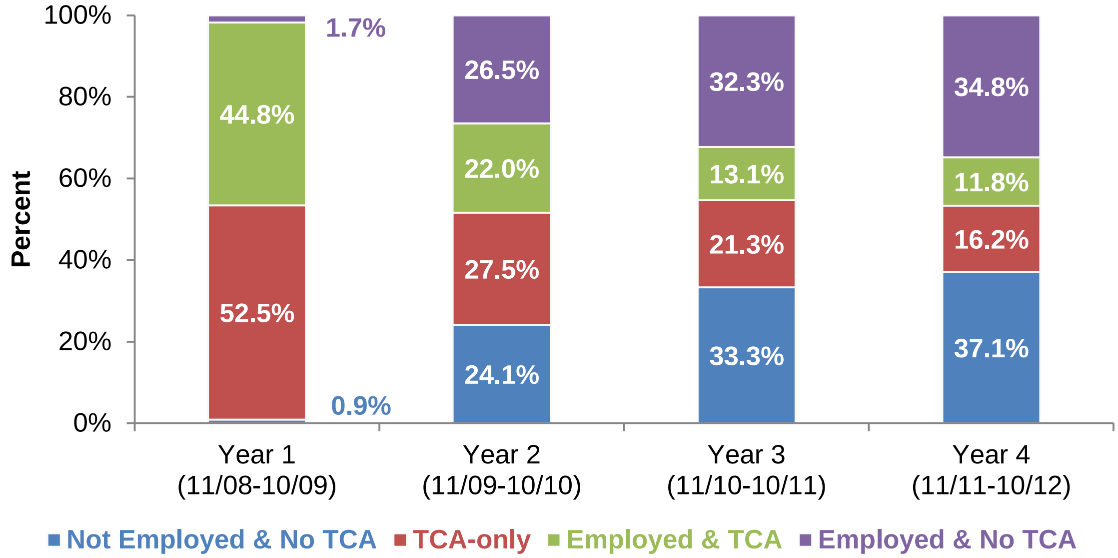
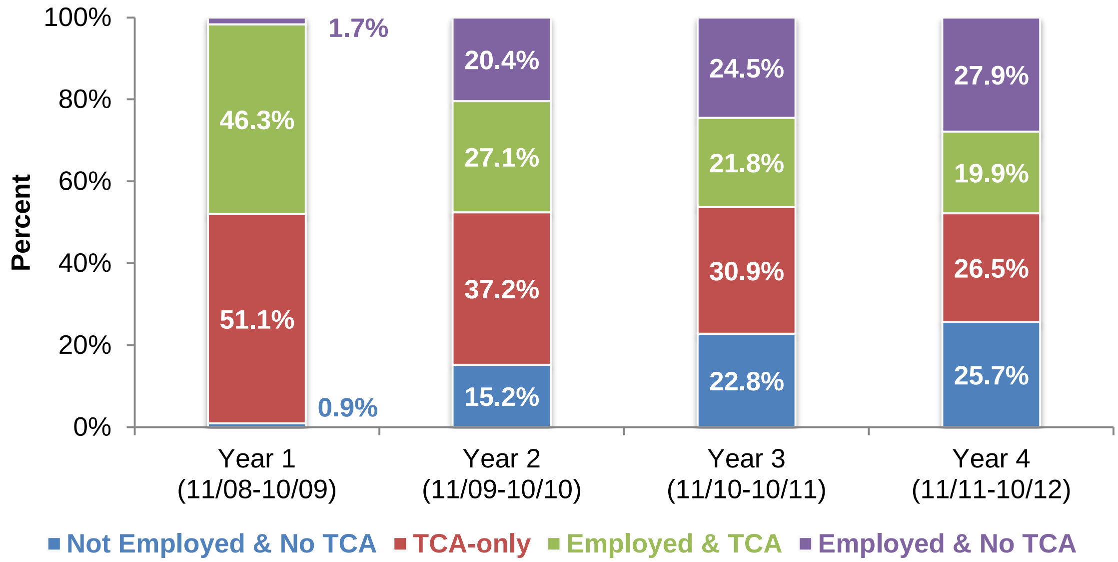


Figure 6. Work and Welfare Status by Year: Returning Entrants



Conclusions

This brief is a follow-up to the *Life on Welfare: TANF Entrants* study. It highlights the differences between new and returning clients who began receiving cash assistance during the Great Recession (Saunders et al., 2010). The previous report showed that the new entrants have a different demographic and employment profile than returning entrants. Based on the differences highlighted in the initial report, we examined follow-up data to see if those differences influenced outcomes. Indeed, we found that new entrants received fewer months of TCA over the four years after October 2008. New entrants also had fewer welfare spells than returning entrants, which means that returns to welfare after an exit were not as common among new entrants.

Nonetheless, we did find one major similarity between the two groups. Both groups were more likely to close due to a work sanction than any other closure reason. While work sanctions were more common among returning entrants at the first exit from TCA, for clients with a third closure, work sanctions made up about half of closures among both new and returning entrants. This may suggest that new entrants with a single welfare spell are substantially different from returning entrants. However, new entrants with multiple spells may tend to mirror the outcomes of the returning entrants.

While employment rates were similar between the two groups, new entrants were less likely to have additional TCA receipt. Specifically, by the fourth year after TCA entry, new entrants were more likely to work with no additional cash assistance, or they were disconnected from both. On the other hand, nearly half of returning entrants were still receiving cash assistance even if they combined this with employment. This implies that perhaps the new entrants have stronger ties to the workforce, while returning entrants appear more dependent upon cash assistance. The higher earnings among new entrants also appear to confirm their attachment to the labor force. Again, this may be a reflection of new entrants' education, skills, and work experience, but it may also suggest that potential employment barriers exist among returning clients.

Additional research could clarify whether new entrants have stronger work experience and skills compared to returning entrants. Future research could also identify whether the returning entrants are more likely to have employment barriers. An assessment, such as the Online Work Readiness Assessment, could assist in providing information on these distinctions. Understanding the work experience and employment barriers of clients can assist caseworkers in continuing Maryland's tradition of 'no one size fits all' case processing. The more information caseworkers have at their disposal, the more they are able to provide interventions that are suitable to a client's current situation and appropriately facilitate self-sufficiency.

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