

A PROFILE OF TANF CHURN IN MARYLAND

DECEMBER 2015

Letitia Logan Passarella

Some Temporary Assistance for Needy Families (TANF) clients have cases that close even though they did not plan to leave welfare. When this happens, many clients reapply and immediately return to the cash assistance program. However, most research on families who leave welfare overlooks cases that close and reopen within a very short period, usually within 30 to 90 days. In fact, our own research series, *Life after Welfare*, excludes these cases, which are known as churners. Churners are excluded for a practical reason—research on leavers should document cases where the closure was intentional, such as cases with income exceeding the eligibility threshold. This exclusion in leaver studies, however, has resulted in limited information about why these cases return quickly and what costs they add to agencies and families.

There has been some recent research on churn in other public benefit programs—the Supplemental Nutrition Assistance Program (SNAP), childcare subsidy programs, and the Medicaid program. One consistent finding across all programs is that churn most often occurs during eligibility renewal periods when procedural tasks are required for continuation of benefits (Rosenbaum, 2015; Mills et al., 2014; Cherlin, Bogen, Quane, & Burton, 2002). That is, some recipient families are unable to complete the documentation to recertify their eligibility for a benefit, or the agency is unable to process the information for recertification before closure. Since these closures are not related to program eligibility or compliance, churn is unproductive and costly.

The costs are significant for both families and agencies. The obvious cost for families is delayed or foregone benefits. A six-state study of SNAP churns found that families lost between \$2 million and \$108 million in benefits in a single year (Rosenbaum, 2015). Families must also spend extra time completing a new application, which is time clients must take away from their jobs or from trying to find a job (Mills et al., 2014).

For agencies, churn also consumes time and money. In the six-state study, SNAP re-applications cost an average of \$80 per family (Rosenbaum, 2015). A California study found the cost of Medicaid churn among children was \$120 million over two years (Lewandowski, 2014). Furthermore, there is a time-related burden for case-workers. In particular, new applications are time-intensive and usually require families to come into the agency, resulting in busy offices, more face-to-face interactions, and additional paperwork.

The increased likelihood for churn at the eligibility renewal point reveals some risk factors for churn. Specifically, changes in a family's circumstances create vulnerable conditions for missing a recertification deadline. For instance, when a family moves without notifying the agency, and the agency's only form of communication is via mail, then the family will be unaware of the need to recertify until they notice the loss of their benefits. Life circumstances such as pregnancy, childbirth, employment changes, or the onset of illness may also present challenges for clients to complete the recertification process (Mills et al., 2014).

Lastly, there are a few demographic characteristics common among churners. Age appears to be a factor—young clients under the age of 30 and elderly clients tend to experience churn more often (Mills et al., 2014; Colorado Health Institute, 2014). The financially insecure—those with no or very low income—also have an increased likelihood of churn (Mills et al., 2014; Colorado Health Institute, 2014). Additionally, clients with poor health or a documented long-term disability have higher rates of churn (Mills et al., 2014). These characteristics and risk factors suggest that those at the greatest risk of churn often have unstable circumstances, very few resources, and considerable barriers to completing administrative tasks required to renew benefit eligibility.

This brief aims to extend the knowledge of churn in the Temporary Cash Assistance program (TCA, Maryland’s TANF program). Specifically, we examine the percent of the TCA caseload in state fiscal year (SFY) 2015 that experienced at least one instance of churn during the year. We then provide a profile of these churners: number of churns, reason for case closure, and client and case characteristics.

Data Sources

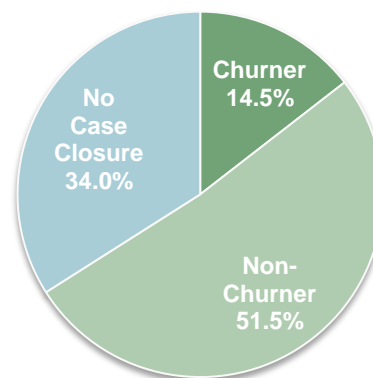
Data for this brief were retrieved from the Client Automated Resources and Eligibility System (CARES), maintained by the Maryland Department of Human Resources. CARES provides individual- and case-level program participation data for cash assistance (TANF), Food Supplement (formerly Food Stamps), and Medical Assistance (MA).

Study Sample

The sample for this analysis (n=36,256) includes the universe of TCA recipients during SFY 2015—July 1, 2014 to June 30, 2015. The use of recipient cases provides an annual measure of churn with three types of cases:

1. **Churners** (n=5,261) are recipients whose cases reopened within 30 days of case closure. We choose to use 30 days for two reasons. First, there is generally no loss in benefits for families who reopen their cases within 30 days, so this closure and reopening is simply a matter of paperwork. Second, most churn cases reopened within 30 days; of the 6,428 cases that reopened within 60 days, 82% did so within 30 days.
2. **Non-Churners** (n=18,668) are cases that closed but did not reopen within 30 days.
3. The last group of recipients, **No Case Closure** (n=12,327), are those whose cases did not close during the state fiscal year, and therefore did not have the opportunity to churn.

Figure 1. SFY15 Recipient Cases by Churn Status



FINDINGS

The annual churn rate is 14.5%.

There are several ways to measure churn. One method is to count cases that do not complete a required redetermination, but quickly complete a new application. The second method measures the percent of new applicants whose cases recently closed. The third methodology is the annual churn rate, which measures the percent of recipient cases that churn during a year. For this report, we use the annual churn rate.

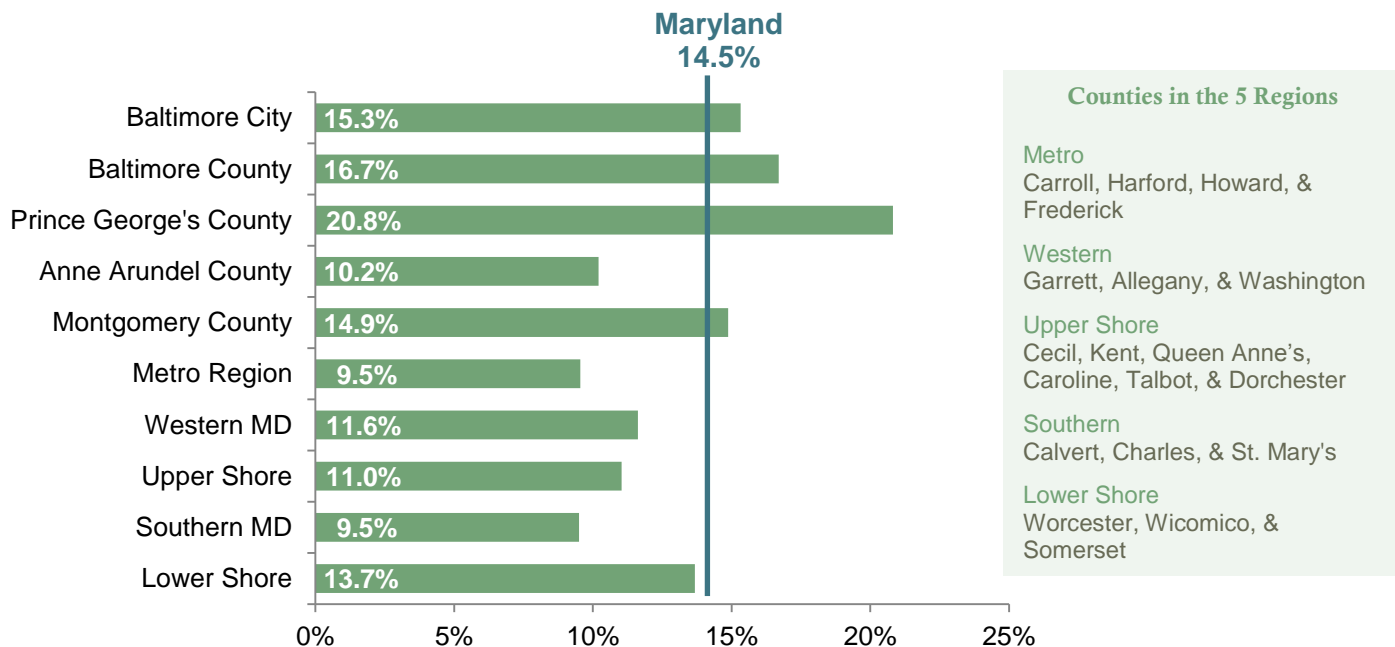
Another distinction in measuring churn is the amount of time between case closure and reopening. Generally, studies have defined churners as cases that reopen within 30 to 90 days, although some studies include cases that reopen within 120 days. For this study, we define churn as cases that reopen within 30 days of closure.

A study examining the annual churn rate in

the SNAP caseload found that the rate of churn ranged from 17% to 28% in the six states that were examined (Mills et al., 2014). Cases were included if they reopened within four months of case closure. However, the majority—62% to 79%—of cases reopened within 30 days.

Figure 2 provides the annual churn rate for TCA cases in Maryland as well as in the 10 regions across the state. The annual churn rate in the TCA caseload for SFY 2015 is 14.5%. This means that one in seven recipient cases closed and reopened within 30 days. The annual churn rate in each of the regions is 10% or more, but the three largest jurisdictions—Baltimore City, Baltimore County, and Prince George’s County—had the highest annual churn rates. In particular, one in five (20.8%) cases in Prince George’s County closed and reopened within 30 days.

Figure 2. Annual Churn Rate in SFY15



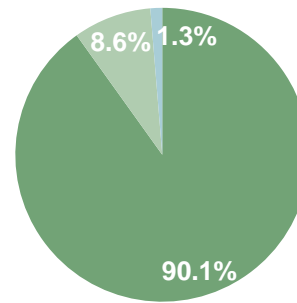
Note: Cases with missing information on jurisdictional residence are excluded from the analysis (n=1).

Most churn cases only experienced one churn during the year.

It is possible that some cases experience a cycle of churning, in which they close and quickly reopen several times. Based on the literature, churn is most likely to happen at redetermination of benefits, but since that process usually occurs every six months at most, it is unlikely for cases to churn multiple times during a 12-month period for recertification reasons. On the other hand, cases that are work sanctioned can return within 30 days and can have several sanctions throughout a year. Although the current literature from the SNAP and Medicaid programs minimizes the effect of work sanctions on churn, sanctions could be a larger issue for the TCA caseload (Rosenbaum, 2015). Work sanctions represent about one third of all TCA case closures in Maryland due to the work requirements of the TANF program (Gleason & Passarella, 2015).

As shown in Figure 3, multiple churns appear not be an issue. Nine of every 10 churn cases closed and immediately reopened once during the state fiscal year. Few (8.6%) churn cases closed and reopened twice within the year, and it was rare (1.3%) for this to occur three or more times. The majority of churners in each region experienced only one churn during the year, ranging from 82.5% in the Lower Shore to 96.1% in Anne Arundel County (Table 1). This examination of churn frequency, however, does not address whether churners experience additional churns in subsequent years or have previously experienced a churn.

Figure 3. Number of Churns



■ 1 Churn ■ 2 Churns ■ 3 or More Churns

Note: Includes only cases identified as a churner during SFY15.

Table 1. Percent with One Churn by Region

Region	%
Baltimore City	90.0%
Baltimore County	92.8%
Prince George’s County	89.5%
Anne Arundel County	96.1%
Montgomery County	85.4%
Metro Region	89.6%
Western Region	90.2%
Upper Shore Region	89.8%
Southern Region	92.5%
Lower Shore Region	82.5%

Note: Includes only cases identified as a churner during SFY15 and excludes cases with missing information on jurisdictional residence (n=1).

One quarter of churners reopened their cases within five days of closure.

We define churn cases as those that reopen within 30 days of their closures, but cases can return at any point within those 30 days. In the study of SNAP churn, at least one third of churners reopened their cases in less than 30 days (Mills et al., 2014). Hence, Table 1 examines how soon churn cases reopen within the TCA caseload.

It takes an average of 14 days for churners to reopen their case at the first churn experience. In fact, one quarter (25.6%) of all churn cases returned to cash assistance within five days of closure, and almost another one in five (17.2%) returned within six to 10 days of closure.

Table 2. Number of Days between Closure and Reopening

	First Churn (n=5,261)	Second Churn (n=521)	Third Churn (n=68)
1-5 days	25.6%	13.8%	14.7%
6-10 days	17.2%	11.5%	7.4%
11-15 days	12.1%	12.5%	8.8%
16-20 days	14.2%	18.8%	23.5%
21-25 days	14.8%	20.9%	17.6%
26-30 days	16.0%	22.5%	27.9%
Average	14.19	17.45	18.32
[Median]	[14]	[19]	[20]

However, it appears to take churners longer to return to cash assistance after that first experience. Even though the number of churners who have multiple churn episodes during the state fiscal year is small, the difference between the first and subsequent churns is worth discussing. On average, churners with two instances of churn, take three more days to return to TCA, from 14 to 17 days. Those with a third churn take an additional day to return.

Also, those who have multiple churns are less likely to return within five days of their closure. The percent returning this fast declined from 25.6% to 13.8% among cases with a second churn. Cases with a third churn also had a smaller percentage (14.7%) returning within five days compared to those at their first churn. It is possible that cases with multiple churns during the year have been work sanctioned. If that is true, then clients must comply with work requirements for longer periods of time with each subsequent sanction, up to a full 30 days of compliance. Therefore, the longer periods of time to return among those with multiple churns may be a result of TCA rules.

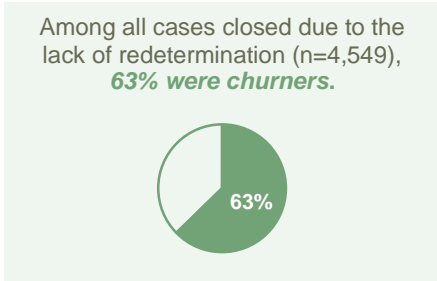
More than half of churn cases were closed because the client did not submit documentation for redetermination of benefits.

Caseworkers document the reasons that they close cases within the administrative data system, and while these reasons may not fully capture what is happening with families, they do provide the administrative justification for the closure. The reasons that churn cases close may be particularly telling about the circumstances for the quick return. Figure 4 provides the case closure reasons for all churn cases at their first churn.

More than half (54.2%) of churn cases were closed because the client did not finish a redetermination for the continuation of benefits. Research on churning confirms that most cases churn when clients need to recertify benefits (Rosenbaum, 2015; Mills et al., 2014; Cherlin et al., 2002). Among six states, the percent of SNAP churn cases

experiencing a closure and reopening at recertification ranged from 66% to 90% (Mills et al., 2014).

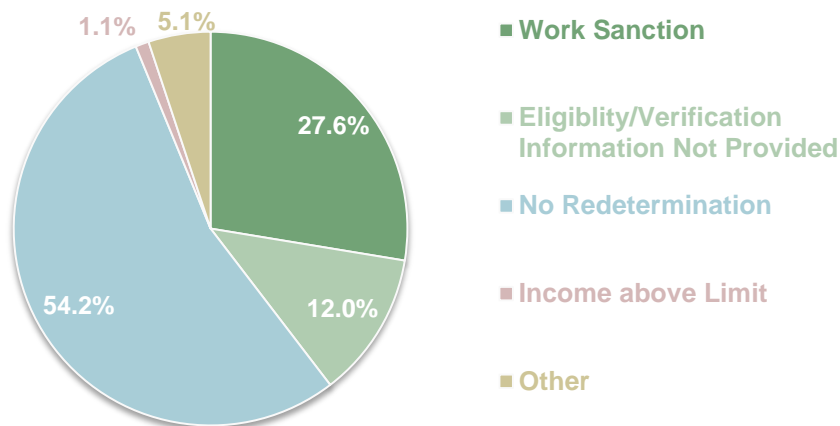
Furthermore, TCA churn cases represent the majority of all cases whose first closure is due to the lack of redetermination. That is, almost two thirds (63%) of *all* cases that closed because of a redetermination, regardless of whether the case reopened within 30 days or not, were churners. This suggests that when a case is closed for lack of a redetermination, 6 in 10 of those cases are likely to come back to cash assistance within 30 days.



However, redeterminations only occur every six months at the earliest. Once a case has churned for this reason, it is unlikely for there to be another redetermination during the fiscal

year. Hence, cases with a second churn were less likely to have their case closed due to redetermination (Figure 5). In fact, this closure reason declined from 54.2% to 28.2% between the first and second churns.

Figure 4. Case Closure Reasons: *First Churn* (n=5,261)

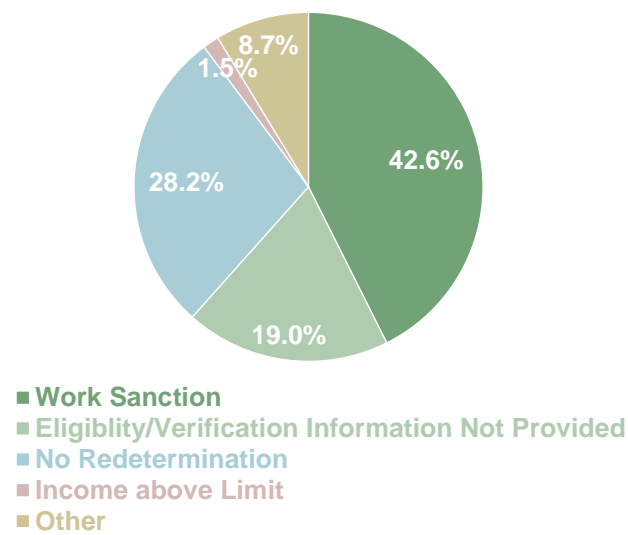


Work sanctioned cases were more likely to have a second churn.

According to Figure 4, work sanctions were also a frequently used case closure reason among churners. More than one in four (27.6%) churners was sanctioned at their first churn. Since caseworkers use work sanctions to encourage compliance with program rules, work sanctioned cases are expected to return to cash assistance rather quickly. Cases that receive a sanction lose benefits for the entire family until the adult complies with work requirements. This compliance requirement can be met in 30 days or less, and the case can be reopened at that point.

Churners who experienced a second churn during the year were even more likely to receive a work sanction. Figure 5 provides the closure reasons for the second churn, and more than two in five (42.6%) received a sanction. Less than three in 10 (28.2%) churn cases closed for the second time because the client did not complete a redetermination.

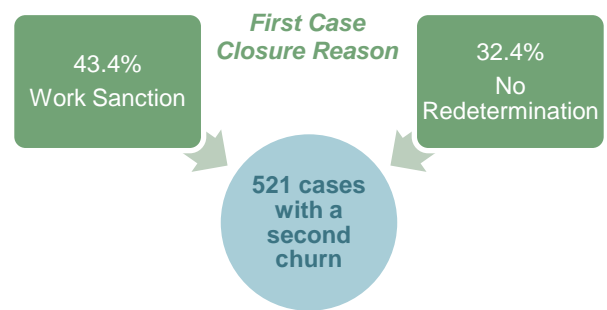
Figure 5. Case Closure Reasons: Second Churn (n=521)



Considering the increase in work sanction churns and the decrease in churns due to a redetermination, we examined the use of work sanctions more closely. In particular, we wanted to know if cases with a second churn were also more likely to have been closed for a work sanction at their first churn. We found that two in five (43.4%) cases with a second churn were closed due to a work sanction at their first churn, and only one third (32.4%) of these second churn cases were first closed due to a redetermination.

Even though the lack of a redetermination is the most common reason for all cases at that first instance of churn, when we examine the subset with a second churn, we find a different story. That is, cases with multiple churns are more likely to close at both their first and second churn because of a work sanction. Hence, limiting multiple churns may require stronger engagement of clients whose cases have previously closed for a work sanction.

Figure 6. First Case Closure Reason: Cases with a Second Churn



Churners are more likely to have a client with a disability compared to non-churners.

The adult client on a churn case has demographic characteristics consistent with a traditional welfare recipient. The average client is an African American woman in her mid-30s. Most of these clients have never been married, and two thirds have at least a high school degree. This profile is also very similar to both the non-churners and the cases that did not close during the year.

However, there is one characteristic that does differ—clients who have a disability. Between the two groups that had a case closure during SFY15—churners and non-churners—there is an 11 percentage point difference in the percent of clients with a disability. Specifically, one third (32.0%) of clients on churn cases had a disability,

compared to one fifth (20.9%) of non-churn cases. This may indicate that clients with disabilities have more difficulty completing redetermination paperwork or attending required appointments with the caseworker.

Cases where there was no case closure, however, had the highest percentage of clients with a disability (36.9%). These are likely to be cases where a redetermination is only required every 12 months, such as child-only and long-term disabled cases (DHR, 2008). The length of redetermination period is important since frequent redeterminations allow more opportunities for churn to occur, especially among clients who experience any barriers to completing paperwork.

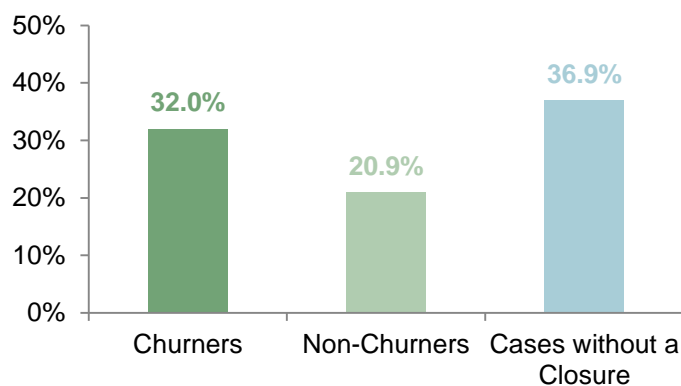
**Table 3. Client Demographics
Churn Cases**

Gender % Female	95.0%	(4,998)
Race/Ethnicity		
Caucasian [^]	17.5%	(890)
African American [^]	77.8%	(3,953)
Hispanic	3.8%	(191)
Other [^]	.9%	(46)
Average [Median] Age	35.05	[32.29]
Marital Status % Never Married	81.7%	(4,193)
Education % without a high school degree	34.7%	(1,749)

[^]Not Hispanic

Note: Due to missing data, some counts may not sum to the total number of churners (n=5,261).

Figure 5. Percent of Clients with a Disability



Churners are more likely to be long-term disabled or child-only cases compared to non-churners.

The Maryland Department of Human Resources classifies TCA cases into different categories in order to determine cases required to participate in a work-related activity, cases that accumulate months on the federal time limit, and cases that are paid with federal or state funds. For this report, the classification system further emphasizes the level of disabilities among churners. Just under one in every five (17.0%) churners is a long-term disabled case, compared to one in 10 (10.8%) among non-churners and one in seven (14.5%) among cases that did not close during the year. Although long-term disabled cases receive a 12-month approval for TCA benefits, there are still quarterly reviews of their application status for Supplemental Security Income (SSI) or Social Security Disability Insurance (SSDI). Clients who are not complying with the application process can have their cases closed. Since long-term disabled churn cases promptly reopened, it is possible that the clients are in fact complying with requirements, but their disabilities present barriers to submitting that information to caseworkers.

Among cases with a closure, churn cases were more likely to be child-only, which are cases that exclude ineligible adults from the benefit calculation. One quarter (25.5%) of churners were child-only cases, but only 15.5% of non-churners were child-only cases. There were, however, substantially more child-only cases (42.5%) among recipients that did not have a case closure during the year. Child-only cases are typically headed by a parent who receives SSI/SSDI or by a relative, usually a grandparent, so these individuals may also have barriers hindering their ability to submit documentation to the caseworker.

Table 4. Caseload Designation

	Churners (n=5,261)	Non-Churners (n=18,668)	No Case Closure (n=12,327)	Total (n=36,256)
Work-Eligible	45.6%	59.4%	30.0%	47.4%
Single-Parent Cases	33.5%	42.9%	20.6%	34.0%
Earnings Cases	3.3%	6.1%	2.2%	4.4%
Short-term Disabled	5.0%	4.3%	3.9%	4.3%
Legal Immigrant	0.5%	1.0%	0.7%	0.8%
Domestic Violence	1.1%	1.1%	0.5%	0.9%
Two-Parent Cases	2.2%	3.9%	2.0%	3.0%
Work-Exempt	54.4%	40.6%	70.0%	52.6%
Child-Only	25.5%	15.5%	42.5%	26.1%
Child under One	7.3%	11.5%	8.6%	9.9%
Long-term Disabled	17.0%	10.8%	14.5%	13.0%
Caring for a Disabled Family Member	3.0%	2.0%	2.3%	2.3%
Needy Caretaker Relative	1.6%	0.8%	2.1%	1.4%

Note: Cases with missing information on caseload designation are excluded (n=26).

Work-Eligible Cases

Cases required to participate in a work-related activity

Single-Parent Cases

Traditional welfare cases with a single parent.

Earnings Cases

Client has earnings below the eligibility threshold.

Short-term Disabled

A case member has a disability lasting less than 12 months.

Legal Immigrant

Qualified immigrants who do not meet the requirements to receive federally-funded TCA.

Domestic Violence

A victim of domestic/family violence who receives a good cause waiver from certain requirements.

Two-Parent Cases

Two able bodied adults who share a child.

Work-Exempt Cases

Cases exempt from participation in a work-related activity

Child-only

Cases where only the children are calculated in the cash assistance benefit.

Child under one

Single parent with a child under the age of one.

Long-term Disabled

A case member has a disability lasting 12 months or more.

Caring for a Disabled Family Member

The client is caring for a family member with a disability, such as a spouse, another adult living in the home, or a child.

Needy Caretaker Relative

A non-parent relative who is caring for a child.

(Maryland Department of Human Resources, 2015)

CONCLUSIONS

Churn has been a generally ignored phenomenon in social welfare programs. However, with larger SNAP caseloads in the years since the Great Recession and increasing Medicaid caseloads due to expanded eligibility under the Affordable Care Act, churn has become relevant. The costs of churn are now being assessed, including lost benefits for families and the inefficient use of caseworkers' time to complete new applications for families recently receiving benefits.

Focusing specifically on the cash assistance caseload in Maryland, we find that one in every seven recipient cases closed and reopened within 30 days during SFY 2015. Many of these cases were closed because a redetermination of benefits was not completed before families' approval periods ended. This means that ineligibility was not an issue. Instead, clients were unable to submit required paperwork or attend a meeting with a caseworker. Considering the complex lives of TCA clients, the redetermination may not have been completed because the family moved, and consequently did not receive the notification about the redetermination. Other clients may have experienced life-changing events, like the birth of a child, that precluded them from recertifying their benefits. Still others may face some barrier to completing the requirements; in fact, one third of clients on churn cases had disabilities. These more vulnerable clients may need more assistance or guidance to fulfill any procedural requirements that continue the receipt of their benefits.

Maryland's newly implemented online resource for clients—*MyDHR*—may help eliminate some churn. This resource will

ultimately provide clients with notifications about status changes to their accounts and when they need to submit paperwork to the agency. Clients will eventually be able to update account information like a new address so that mailed notifications will be sent to the correct address. When *MyDHR* is fully implemented, clients will be able to connect to DHR through their smartphones or computers, limiting the need for in-person meetings. Electronic notifications of redeterminations and the ability to complete forms online should reduce many of the reasons that families churn.

There are, however, cases that will still churn, and for some, there is an expectation of churn. Cases that are work sanctioned are encouraged to quickly comply with requirements so that their cases can be reopened. Some clients who churn from a work sanction closure are not able to maintain compliance, so multiple work sanctions may occur during a year. This may mean that work sanctioned clients require more support to engage in activities that will help them find jobs.

Essentially, some level of churn in the caseload is acceptable and expected. However, when churning is simply a matter of paperwork, then it becomes unproductive and costly to the family and the agency. Minimizing churn where possible will result in more efficiency in local offices and greater stability for families. The Maryland Family Investment Administration is currently implementing enhancements like *MyDHR* that will not only create a user-friendly interface with clients, but should ultimately reduce the amount of unnecessary churn.

REFERENCES

- Cherlin, A.J., Bogen, K., Quane, J.M., & Burton, L. (2002). Operating within the rules: Welfare recipients' experiences with sanctions and case closings. *Social Service Review*, 76(3), 387-405.
- Colorado Health Institute (2014). *The challenge of churn: Does coverage change over the course of a year?* Retrieved from http://www.coloradohealthinstitute.org/uploads/postfiles/CHAS/CHAS_Churn_2_pager.pdf
- Gleason, E. & Passarella, L.L. (2015). *Caseload exits at the local level: October 2013 through September 2014*. Retrieved from the University of Maryland, Family Welfare Research & Training Group website: <http://www.familywelfare.umaryland.edu/reports1/macro18.pdf>
- Lewandowski, K. (2014). *Churn toolkit: What does churn cost?* Retrieved from the Community Catalyst website: <http://www.communitycatalyst.org/resources/publications/body/what-does-churn-cost.pdf>
- Maryland Department of Human Resources. (2008). *Temporary cash assistance manual*. Available online: http://www.dhr.state.md.us/blog/?page_id=2842
- Mills, G., Vericker, T., Koball, H., Lippold, K., Wheaton, L., & Elkin, S. (2014). *Understanding the rates, causes, and costs of churning in the Supplemental Nutrition Assistance Program (SNAP) – Final Report*. Retrieved from the United States Department of Agriculture website: <http://www.fns.usda.gov/sites/default/files/ops/SNAPChurning.pdf>
- Rosenbaum, D. (2015). *Lessons churned: Measuring the impact of churn in health and human services programs on participants and state and local agencies*. Retrieved from the Center on Budget and Policy Priorities website: <http://www.cbpp.org/research/lessons-churned-measuring-the-impact-of-churn-in-health-and-human-services-programs-on>

ACKNOWLEDGEMENTS

The author would like to thank Jamie Haskel and Somlak Suvanasorn for their assistance in the collection and processing of data for this brief as well as Lisa Nicoli and Natalie Demyan for their assistance with editing. Additionally, the author would like to thank Natalie Demyan for her work on the literature review for this report. This brief was prepared by the Ruth Young Center for Families & Children at the University of Maryland School of Social Work with support from its long time research partner, the Maryland Department of Human Resources.

For additional information about this research brief, please contact Letitia Passarella (410.706.2479; llogan@ssw.umaryland.edu) at the School of Social Work.

Please visit our website, www.familywelfare.umaryland.edu, for additional copies of this brief and other reports.



525 W. Redwood Street
Baltimore, MD 21201
410-706-2479
www.familywelfare.umaryland.edu