

LIFE ON WELFARE:
CHARACTERISTICS AND OUTCOMES OF
MARYLAND'S TCA CASELOAD

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EXECUTIVE SUMMARY

The combination of policies implemented by the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA), additional federal supports such as the Earned Income Tax Credit (EITC), and a strong economy resulted in a dramatic decline in the size of the active welfare caseload during the first ten years of welfare reform (Blank, 2002). However, the current economic climate is obviously much more difficult than it was in the late 1990s and early 2000s. As a result, it is much less clear whether TANF reauthorization, which occurred in 2006, will yield the same level of success for states and for families. For instance, the national unemployment rate nearly doubled between 2000 and 2008, from 3.9% to 7.2%, and among those who are 25 years and older without a high school diploma, the unemployment rate increased from 5.9% to 10.9%.¹ At the same time that the job market was beginning to contract, TANF reauthorization broadened the population subject to work participation rate calculations, revised the caseload reduction credit and, in general, made it harder for states to meet federally-set performance thresholds.

In this context, it is vital for program managers and policymakers to be very familiar with the composition of the current welfare caseload within their state. The first step is to understand the demographics, welfare history, and past employment experiences of current welfare recipients. This is essential so that they can efficiently and effectively target more detailed assessments aimed at removing barriers to work and identifying those who are able to work. Today's report is the fourth in our Snapshots of the Active Caseload series, itself part of a larger research initiative, the *Life on Welfare* project. We profile the active TANF caseload as it was in October 2006, a very important month in the TANF landscape, as it marked the ten-year anniversary of the implementation of welfare reform, and the first month of implementation of a reauthorized TANF program through the Deficit Reduction Act of 2005 (DRA).

Thus, in addition to the data typically included in our *Life on Welfare* series, this installment also includes two years of follow-up data on welfare participation and employment for those who were on TANF in Maryland in October 2006. Specifically, we present demographic and case characteristics, welfare participation, and employment figures for the whole state, Baltimore City recipients, and recipients living in one of Maryland's 23 counties, as well as welfare and employment outcomes through September 2008. Four specific questions are addressed in today's report:

1. What are the demographic characteristics of Maryland TANF recipients?
2. What are the payees' past and present patterns of welfare use?
3. What do we know about payees' past and current employment?

¹ U.S. Department of Labor, Bureau of Labor Statistics online tables reflecting seasonally adjusted employment for individuals in the labor force based on data from the Current Population Survey. Available online: <http://www.bls.gov/cps/>

4. What are the payees' welfare and employment experiences during the first two years of reauthorized TANF?

We summarize the key findings from our analyses in the following bullet points.

- ❖ **The TANF caseload in Maryland at the onset of DRA continues to include distinct subgroups of clients, including a growing proportion of child-only cases.**

Overall, the October 2006 caseload was similar in many ways to the caseloads profiled in our previous snapshot reports. The differences observed in payee and case characteristics, and welfare and employment history, seem to stem primarily from a growth in the proportion of child-only cases among the overall caseload, from 22.8% in October 1998 to 42.2% in 2006. Previous research has shown that child-only cases tend to include older payees and fewer and older children (Hetling, Saunders, & Born, 2005b). As a result, we see that today's caseload includes payees who are slightly older (mean = 38.8 years old), with smaller assistance units (mean = 2.3 persons). The effect of a higher proportion of child-only cases on average employment history is less clear. This is because child-only cases consist of a combination of working relative caregivers and non-working SSI recipients. Overall, the majority (60.7%) of payees had some employment in the previous two years, which is higher than the rate reported for October 2005 (57.9%).

- ❖ **There continue to be differences in characteristics and past welfare and employment experiences of Baltimore City payees compared with those in the rest of the state.**

Our previous research on the active caseload prior to the implementation of DRA revealed that success among the Baltimore City caseload is key for driving statewide performance (Ovwigbo, Born, & Saunders, 2006). In general, Baltimore City cases are more likely to reflect the traditional TANF case, with a single adult (64.2% of cases) and at least one child (mean = 1.8 children per case). Caseheads in Baltimore City are typically younger than those in the rest of the state; two out of five (40.6%) are thirty or younger, compared with one out of three (33.8%) in the balance of the state.

In addition, caseheads in Baltimore City tend to have longer welfare histories as one out of three (32.6%) have received 49 to 60 months of assistance out of the most recent 60 months, compared with only one out of five (20.8%) caseheads in the balance of the state. Finally, Baltimore City payees are more likely to have been employed in the past two years (62.0% vs. 60.3%) and in the study quarter (35.6% vs. 34.9%), but consistently earn less than their counterparts across the state. For instance, in the study quarter, Baltimore City payees who were employed earned an average of \$3,000 (mean=\$3,396.70) compared with \$4,000 (mean=\$4,388.29) among payees in the balance of the state.

- ❖ **In the first two years of the reauthorized TANF program, the proportion of payees moving from welfare-to-work steadily increased. However, there is still a substantial group of payees who continued to receive cash assistance.**

Overall, in addition to having a substantial history of cash assistance, approximately two out of five (41.7%) payees in the active October 2006 caseload continued to receive assistance for 19 to 24 months within the first two years of reauthorized TANF. On the other hand, two-thirds of all payees (66.7%) had at least one welfare exit during the two-year follow-up period, and approximately six out of ten (57.2%) payees were employed in a UI-covered Maryland job in at least one quarter during the two years. By the eighth follow-up quarter, approximately one out of five (22.3%) payees was employed in a UI-covered job without receiving any cash assistance and an additional one in ten (12.7%) combined employment and cash assistance. One out of three (34.9%) payees received cash assistance without any reported UI-covered employment in the eighth follow-up quarter, and the remaining payees (30.1%) had no reported employment or cash assistance in Maryland.

- ❖ **There were notable differences in the work and welfare outcomes of Baltimore City payees versus those in the rest of the state.**

County payees were more likely than their counterparts in Baltimore City to experience at least one case closure during the follow-up period (67.7% vs. 65.8%). As a result County payees also received less overall assistance during the follow-up period (mean=13.7 months vs. 15.2 months). In terms of reasons for case closure, the first exit for County payees was more likely to be due to income above the eligibility limit (22.5% vs. 14.6% among City payees). In contrast, the first exit for City payees was more likely to be due to a work sanction (19.9% vs. 18.2% among County payees) or lack of eligibility information (23.8% vs. 13.7% among Non-City payees). These differences are borne out in the employment outcomes as well.

For instance, although Baltimore City payees are just as likely to be employed during the follow-up period as their County counterparts (51.4% vs. 48.3%, respectively), their earnings are about 30% lower (mean=\$9,727.22 vs. \$14,907.82, respectively). While we are unable to make inferences about work effort or hourly wages, the difference in earnings has important implications for the long-term success of Baltimore City payees under DRA rules, and therefore important implications for the state as a whole (Ovwigbo, Born, & Saunders, 2006). Although Baltimore City payees may be complying with work requirements, the work they are doing does not seem to be enough to help them leave and stay off of welfare. One out of five (19.2%) Baltimore City payees are already over the 60-month lifetime limit, and despite the heightened focus on work, the city has experienced only a slow reduction in the proportion of long-term recipients. This situation, coupled with the currently grim economy and rising unemployment suggests that it may be only a matter of time before discussions over welfare time limits come back into the fore.

Finally, continuous receipt of TANF without any reported UI employment two years after the study month was more common in Baltimore City payees than in the rest of the state (38.0% vs. 31.7%, respectively). More research is needed to determine what portion of these individuals were exempt from work requirements or participating in work-related activities.

In summary, these findings may indicate that now is the time to focus on efforts aimed at increasing skills among welfare recipients and, in particular to train them in skills applicable to fields where job growth is predicated to occur. Although its timing remains uncertain, economic recovery will occur. When it does, it would behoove us to have used this period of downturn to prepare TANF caseheads for those new and better days.

Specifically, now may be the opportune time to assess where tomorrow's jobs are likely to be and to prepare our clients to compete successfully for those positions in order to improve their chances of obtaining jobs that provide more self-sustaining wages. One such effort is the Maryland Reaching Independence and Stability through Employment (RISE) initiative, which was launched in December 2008 and focuses on increasing the potential for welfare leavers and other underemployed or hard-to-employ individuals to obtain and keep living-wage jobs with benefits and opportunities for advancement. The strategic partnerships that are currently being formed between state and local agencies, community colleges, local businesses and other community partners are particularly encouraging and will hopefully yield critical opportunities for TANF leavers in the years to come. We trust that this report and other of our research studies are informative and useful as those partnerships and Maryland RISE move forward.

INTRODUCTION

In February 2006, Congress passed the Deficit Reduction Act of 2005 (DRA), which included some of the most notable changes in the Temporary Assistance to Needy Families (TANF) program since it was created by the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) ten years earlier. Unlike the systemic PRWORA changes, the DRA changes are mostly at the agency-level and consist mainly in altering the way “work participation” is measured and evaluated. For instance, since PRWORA, states have been required to maintain a 50% work participation rate among their welfare caseload. However, credits for caseload reduction and exemption of certain subgroups within the caseload from being counted in the work participation rate resulted in work participation thresholds that were actually much lower than 50%. The DRA severely reduced the size of the allowable caseload reduction credit, and removed many of the subgroup exemptions, effectively requiring states to increase work participation among their caseload.

In this context, it is vital for program managers and policymakers to be very familiar with the composition of the current welfare caseload within their state. The first step is to understand the demographics, welfare history, and past employment experiences of today’s welfare recipients, so that agency staff can efficiently and effectively target more detailed assessments aimed at removing barriers to work and identifying those who are able to work. Today’s report is the third in our Snapshots of the Active Caseload series, itself part of a larger research initiative, the *Life on Welfare* project. It provides a snapshot of the October 2006 Maryland cash assistance caseload, a vital month that marks the effective date of many of the DRA requirements and the 10th anniversary of PRWORA. In addition, because of the important timing of the study month, this installment also includes two years of follow-up data on welfare participation and employment for those who were on TANF in Maryland in October 2006. Four specific questions are addressed in today’s report:

1. What are the demographic characteristics of Maryland TANF recipients?
2. What are the payees’ past and present patterns of welfare use?
3. What do we know about payees’ past and current employment?
4. What are the payees’ welfare and employment experiences during the first two years of reauthorized TANF?

To the extent possible, characteristics of the TANF active caseload are compared to the characteristics of clients in past years and to welfare leavers. Also, because Baltimore City accounts for a majority of the total state TANF caseload, data are presented throughout the report in a manner that permits comparisons between Baltimore City cases and cases in the 23 counties. The information presented provides an important baseline in terms of planning and implementation of Maryland’s newest welfare-to-work initiative, Maryland Reaching Independence and Stability through Employment (RISE).

BACKGROUND

October 2006 was an important month in the TANF landscape, as it marked the ten-year anniversary of the implementation of welfare reform, and the first month of implementation of provisions included in the Deficit Reduction Act of 2005 (DRA). Looking back, the combination of policies implemented by the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA), additional federal supports such as the Earned Income Tax Credit (EITC), and a strong economy resulted in a dramatic decline in the size of the active welfare caseload (Blank, 2002). The current economic climate is obviously much more difficult, and we have yet to see whether these early years of reauthorized TANF will yield as much success. Thus, in addition to the data typically included in our *Life on Welfare* series, this particular report also includes follow-up data on welfare participation and employment for those who were on TANF in Maryland in October 2006. Specifically, we present demographic and case characteristics, welfare participation, and employment figures for the whole state, Baltimore City recipients, and recipients living in one of Maryland's 23 counties, as well as welfare and employment outcomes through September 2008.

In terms of payee and case characteristics, national data reflect some important changes in the welfare caseload since the onset of welfare reform (U.S. Department of Health and Human Services, 2006). For instance, today there is a higher proportion of recipient caseheads in their twenties than there were in the early 1990s, and a lower proportion of recipient caseheads over thirty years old. At the same time, the proportion of TANF cases with non-recipient caseheads (i.e., child-only cases) has grown in relation to traditional cases. There have been very few differences in racial composition, although there is a higher proportion of Hispanic caseheads nationwide.

Welfare participation has also changed. In the early 1990s, approximately three out of ten (30.4%) new entrants exited welfare within four months; by 2003, the figure had grown to five out of ten (49.6%) new entrants with welfare spells lasting less than four months (U.S. Department of Health and Human Services, 1997; U.S. Department of Health and Human Services, 2008). In addition, most families (62.4%) in the active TANF caseload in federal fiscal year (FFY) 2003 had accumulated less than 24 months towards the federal 60-month time limit since the clock started in 1996 (U.S. Department of Health and Human Services, 2006).

In Maryland our research has shown a similar trend. Welfare leavers who exited between October 1996 and September 1997, on average, had been on welfare continuously nearly three times as long as more recent leavers who exited between April 2006 and March 2007 (mean=26.04 months vs. 9.22 months; Born, Ovwigho, Leavitt, & Cordero, 2001; Ovwigho, Saunders, Patterson, Kolupanowich, & Born, 2007). In addition, total welfare receipt in the previous five years (regardless of whether it was continuous or not), was shorter by several months among the October 2005 caseload than it was among the October 2001 caseload (Saunders, Ovwigho, & Born, 2006; Born, Hetling-Wernyj, Lacey, & Tracy, 2003). Thus, overall, ten years post-PRWORA, welfare trends reflect shorter welfare spells and less welfare receipt over time.

As welfare participation has decreased, employment has increased. National data shows TANF recipient adults were three times as likely to be employed in FFY2003 as they were in FFY1992 (22.9% vs. 6.6%; U.S. Department of Health and Human Services, 2006). In addition, a substantial share (60%) of the active caseload has recent work experience, including actual work and activities aimed at work preparation (Urban Institute, 2006). Still, earnings remain low among welfare leavers who are employed, despite relative gains over the past ten years (Parrott et al., 2007; Urban Institute, 2006; U.S. Department of Health and Human Services, 2006).

Changes to the TANF program included in the DRA are primarily aimed at increasing participation in work activities among current welfare recipients. In order for Maryland to succeed according to new federal performance measures, participation and employment will need to increase statewide and especially within the urban TANF caseload in Baltimore City (Ovwigbo, Born, & Saunders, 2006). Thus, the data presented in today's report provides crucial information for policymakers interested in what the active welfare caseload looked like at the onset of DRA, statewide and specifically in Baltimore City. Importantly, the report also describes how those families have fared in the first two years of the reauthorized TANF program, a period which overlaps with the onset of the current recession.

METHODS

The following sections describe the data and methods used to select the sample of Temporary Cash Assistance (TCA, Maryland's TANF program) participants upon which our study is based, as well as the types of analyses utilized to answer our research questions.

Sample

In total, there were 20,360 active TCA cases in Maryland in October 2006. Of these, a random sample was drawn for two subgroups: Baltimore City and the 23 Maryland counties. We selected a total sample of 1,251 cases, including 626 from Baltimore City and 625 from the counties. This sample provides a 99% confidence level and a $\pm 5\%$ margin of error at both the state and jurisdictional (Baltimore City and 23 counties) levels. To provide an accurate statewide picture, we used normative weighting so that Baltimore City cases represent the same proportion of the sample as of the October 2006 caseload (52.6%), yielding final weights of 1.01 for Baltimore City cases and 0.99 for cases in the rest of the state.

Data Sources

Findings presented in this report are based on data gathered from two administrative data systems maintained by the State of Maryland. Individual and case-level demographic characteristics and program utilization data were obtained from CARES (Client Automated Resources and Eligibility System), and employment and wage data were obtained from MABS (Maryland Automated Benefits System).

CARES.

CARES became the statewide, automated data system for DHR programs as of March, 1998, and provides individual and case-level program participation data for cash assistance, Food Stamps, Medical Assistance and Social Services. It also provides information on TANF program requirements (e.g. months used toward the TCA 60-month lifetime limit), and exemptions from various requirements.

MABS.

The Maryland Automated Benefits System (MABS) contains employment and wage data on all jobs within the state that are covered by the Unemployment Insurance program.² Notable exclusions are federal government employees (civilian and military), independent contractors, commission-only salespersons, most religious organization

² All reported earnings figures are standardized to 2006 dollars. Note that UI earnings are reported on an aggregate quarterly basis. Thus, we do not know how many hours or weeks individuals worked in a quarter. It is impossible to compute hourly wage figures from these quarterly earnings.

employees, some student interns, self-employed persons with no paid staff, and farm workers. “Off the books” or “under the table” employment is not included, nor are jobs located outside of Maryland.

The lack of data on jobs in other states and federal jobs is particularly important. According to the 2000 census, to illustrate, the rate of out-of-state employment among Maryland residents (17.4%) is nearly six times greater than that of the nation as a whole (3.6%). In four Maryland counties, two of which (Montgomery and Prince George’s) have large populations and large TCA caseloads, in fact, at least three out of ten residents work outside of Maryland: Prince George’s County (43.8%); Cecil County (40.7%); Montgomery County (31.3%); and Charles County (29.0%). Federal employment is also significant, but unmeasured in this study. There are more than 125,000 federal jobs within the state and the large majority of Maryland residents live within commuting distance of Washington, D.C. To the extent that the statewide rate of out-of-state or federal employment is mirrored within the welfare population, our lack of access to other states’ data and federal employment data for purposes of this study is a limitation and will have a depressing effect on all employment-related findings.

Other Data Sources.

In addition to utilizing the above mentioned administrative data sources to describe the active TANF caseload of October 2006, previous analyses using these same sources allow for comparisons, where appropriate, to other recipients and leavers throughout the first ten years of welfare reform. In particular, comparison data presented in this report were taken from other of our studies, as described.

Life on Welfare: Have the Hard-to-Serve Been Left Behind?

This study, issued in May 2001, is the source of profile data on active Maryland cash assistance cases in October 1996 and October 1998 (Ovwigbo, 2001). The research was undertaken to examine the widespread hypothesis that, as caseloads declined, states would be left with cases that were “harder to serve” than their original caseload. The study compared families on welfare in 1998 to those who had received assistance in 1996 in terms of characteristics which put them at risk for long-term welfare receipt. Two cross-sectional samples of the TCA caseload were used: 5,961 cases receiving TCA in October 1996 and 4,518 cases receiving TCA in October 1998.³

Life on Welfare: A Snapshot of the TCA Active Caseload in October 2003.

Data for Maryland cash assistance cases active in October 2003 (Hetling, Saunders, and Born, 2005a) are based on a cross-sectional, five percent random sample (n=1,269) drawn from the universe of active TCA cases in the study month (n=26,858).⁴

³ Sample sizes were based on a 95% confidence level with a margin or error of $\pm 5\%$, valid at both the statewide and jurisdictional levels.

⁴ The confidence level for the October 2003 sample is 99% with a $\pm 5\%$ margin of error.

Life on Welfare: A Snapshot of the TCA Active Caseload in October 2005.

Data for Maryland cash assistance cases active in October 2005 (Saunders, Ovwigho and Born, 2006) are based on a cross-sectional, five percent random sample (n=1,260) drawn from the universe of active TCA cases in the study month (n=23,381).⁵

Life After Welfare: Annual Update.

Comparison data on cases that have exited cash assistance in Maryland since the onset of welfare reform are taken from the thirteenth report on leavers, issued in October 2008 (Ovwigho, Born, Patterson, and Kolupanowich, 2008). This large, longitudinal study has been ongoing since October 1996, the first month of welfare reform in Maryland; the thirteenth report includes individual and case-level data on a 5% random sample of cases that closed between October 1996 and March 2008 (n=13,076).⁶

Data Analysis

This study of the active October 2006 TCA caseload in Maryland is intended to provide an updated snapshot profile of recipient adults and cases, to uncover any significant changes from prior years, and, importantly, to look at how these families have fared during the first few years of the DRA changes and the recession. In addition, it focuses on comparing how, if at all, client profiles and past welfare and employment patterns may differ between Baltimore City and the rest of the state. Chi-square and ANOVA were used to test for any regional differences.

⁵ The confidence level for the October 2005 sample is 99% with a $\pm 5\%$ margin of error.

⁶ The total statewide sample is valid at the 99% confidence level with a $\pm 1\%$ margin of error.

FINDINGS: DESCRIPTION OF THE ACTIVE CASELOAD

This chapter presents findings on the characteristics of active TANF payees and their cases, as well as their welfare and employment experiences prior to the study month. In the next chapter, we explore payees' welfare and employment outcomes in the first two years of the reauthorized TANF program in Maryland.

Payee Demographics

As presented in the far right-hand column of Table 1, following this discussion, at the onset of reauthorized TANF the typical Maryland TCA payee was African-American (80.2%), female (93.9%), never married (74.0%) and close to forty years of age (average of 38.8 years). In a comparison between payees located in Baltimore City and payees in Maryland's 23 counties, there was no significant difference in gender, but there were significant differences in race and marital status. Specifically, Baltimore City payees were more likely to be African-American (92.2% vs. 67.9%) and more likely to have never married (81.9% vs. 65.6%). The payees in Baltimore City were also younger, on average, by about two years, a difference found to be statistically significant (37.7 years vs. 39.9 years).

The previous study of October 2005 recipients found that the percentage of Baltimore City payees that had never married increased since October 2003 (from 78.7% to 85.0%). In contrast, this study shows a decrease by over three percentage points (from 85.0% to 81.9%), so the earlier results should not be interpreted as an ongoing trend. Still, the resulting proportion of payees in Baltimore City (and thus the state) who have never married was higher at the onset of DRA than it had been in the earlier years of welfare reform.

Table 1. Payee Demographic Characteristics

	Baltimore City (n=630)	Other Counties (n=621)	Total (n=1,251)
Gender			
% Women	94.6% (596)	93.3% (579)	93.9% (1,175)
Race***			
% African American	92.2% (573)	67.9% (409)	80.2% (982)
Marital Status***			
Never Married	81.9% (504)	65.6% (382)	74.0% (887)
Married	5.2% (32)	12.9% (75)	9.0% (108)
Divorced	2.3% (14)	7.5% (44)	4.8% (58)
Separated	7.7% (47)	11.4% (67)	9.5% (114)
Widowed	2.9% (18)	2.6% (15)	2.8% (33)
Age in Study Month			
Less than 20	4.0% (25)	2.7% (17)	3.4% (42)
20-25	19.3% (122)	17.8% (110)	18.6% (232)
26-30	17.6% (111)	13.3% (82)	15.4% (193)
31-35	12.1% (77)	12.3% (76)	12.2% (153)
36 and older	47.0% (296)	53.9% (335)	50.4% (631)
Mean**	37.7	39.9	38.8
Median	34.7	37.7	36.2
Standard Deviation	14.3	14.3	14.4
Range	18.1 – 83.6	18.2 – 82.6	18.1 – 83.6

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

Case Demographics

Table 2, following this discussion, presents information related to the characteristics of TANF cases. For the state as a whole, most assistance units include only one (30.1%) or two (33.6%) people. The average unit has a little over two people (mean=2.3) however because a few cases have a large number of children, ranging up to 10 in this study. Overall, the typical assistance unit consisted of one adult (56.3%) and about half of them included one child (50.8%). The average age of the youngest child in each case was almost seven years (mean=6.9) and roughly one case in three (34.7%) included at least one child under the age of three years.

There were some notable differences between Baltimore City and the other counties in Maryland. The first is that assistance units tended to be slightly larger in Baltimore City. For instance, Baltimore City had higher percentages of two-person assistance units (35.0% vs. 32.2%), three-person assistance units (22.2% vs. 17.6%) and assistance units with four or more people (17.3% vs. 15.5%). Not surprisingly then, there is a statistically significant difference between Baltimore City and the 23 counties in average assistance unit size (2.4 vs. 2.2).

We also looked at the rate of single-person assistance units, and found that in Baltimore City, only one in every four cases (25.6%) had an assistance unit size of one person, while the proportion of assistance units with a single person in the rest of the state was closer to one in every three (34.7%). These single-person assistance units are mostly child-only cases, a phenomenon that is more common in the 23 counties than in Baltimore City. For instance, among the counties, child-only cases made up about half (50.1%) of all cases, while in Baltimore City child-only cases accounted for just over one third (34.5%) of the total. For the most part, cases in Baltimore City are traditional welfare cases, headed by a single adult (64.2% vs. 48.2% in the counties). While there was a statistically significant difference in the number of adults per case between Baltimore City cases and those in the counties, there was no such difference in the number of children per case, nor was there any significant difference in the age of the youngest child per assistance unit.

The trend towards a higher proportion of child-only cases over time was highlighted in previous of our *Life On Welfare* reports, and continues with today's report. Overall, since 2003, the proportion of child-only cases has risen by almost ten percentage points (32.7% in 2003 vs. 42.2% in 2006). This increase can be seen in both Baltimore City as well as the 23 counties. As a result of the increase in child-only cases, there has also been a decrease in the size of assistance units. While the overall mean has only changed slightly (mean=2.5 in 2003, 2005 vs. 2.3 in 2006), statewide the percent of assistance units with a single person has steadily increased since 2003 (22.0% vs. 30.1%).

Table 2. Case Demographic Characteristics

	Baltimore City (n=630)	Other Counties (n=621)	Total (n=1,251)
Size of Assistance Unit**			
1	25.6% (161)	34.7% (215)	30.1% (377)
2	35.0% (221)	32.2% (200)	33.6% (420)
3	22.2% (140)	17.6% (109)	19.9% (249)
4 or more	17.3% (109)	15.5% (96)	16.4% (205)
Mean**	2.4	2.2	2.3
Median	2.0	2.0	2.0
Standard Deviation	1.4	1.3	1.3
Range	1 - 10	1 - 8	1 - 10
Number of Adults on Case***			
0 (child-only)	34.5% (218)	50.1% (311)	42.2% (528)
1	64.2% (405)	48.2% (299)	56.3% (704)
2	1.3% (8)	1.8% (11)	1.5% (19)
Mean***	0.7	0.5	0.6
Median	1.0	0.0	1.0
Standard Deviation	0.5	0.5	0.5
Range	0 - 2	0 - 2	0 - 2
Number of Children on Case			
0	2.9% (18)	3.2% (20)	3.0% (38)
1	50.3% (317)	51.2% (318)	50.8% (635)
2	27.3% (172)	26.4% (164)	26.9% (336)
3 or more	19.5% (123)	19.2% (119)	19.3% (242)
Mean	1.8	1.7	1.8
Median	1.0	1.0	1.0
Standard Deviation	1.2	1.1	1.1
Range	0 - 9	0 - 7	0 - 9
Age of Youngest Child			
Less than 3	35.6% (220)	33.8% (203)	34.7% (422)
3 to 6	15.2% (94)	15.8% (94)	15.5% (188)
6 to 13	32.5% (200)	31.0% (186)	31.7% (386)
13 to 18	16.8% (104)	19.4% (116)	18.1% (220)
Mean	6.8	7.0	6.9
Median	5.9	6.3	6.0
Standard Deviation	5.3	5.4	5.4
Range	0 - 18	0 - 17.9	0 - 18

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

Cash Assistance Program Participation

In addition to descriptive information about who is included in active TANF cases, it is important to understand their past experiences with welfare in Maryland. Theoretically, those who have received assistance consistently over long periods of time may be more dependent on it and have a more difficult time transitioning to work or other types of assistance (U.S. Department of Health and Human Services, 2008). Practically, long-term recipients may also have a more difficult time adjusting to recent policy and program changes. Thus, TANF participation among our sample in the past five years is presented in Table 3, following this discussion. The three indicators presented are TANF receipt in the past 12 months, TANF receipt in the past 60 months, and number of months accumulated toward the federal lifetime limit of 60 months.

The first section of Table 3 presents the average number of months payees in our study received TANF during the past five years, or 60 months. The average recipient spent just under half of this time (mean = 29.16 months) on assistance. However, payees tended to cluster at the extreme ends of the welfare use spectrum. Most were either short-term recipients or long-term recipients, with just over one out of four receiving assistance for 1 to 12 months (27.0%) and about the same percent receiving assistance for 49 to 60 months (26.7%).

There was a statistically significant difference between Baltimore City and the rest of Maryland's jurisdictions on this variable. On average, Baltimore City recipients spent over half of the last 60 months (mean = 33.45) on TANF while those in the rest of the state received assistance for just over one-third of the time (mean = 24.80). This is primarily due to the higher rate of long-term recipients in Baltimore City, where one out of three recipients received 49 to 60 months (32.6%) of assistance, compared with only one out of five recipients in the 23 counties (20.8%).

The middle section of Table 3 presents information about cash assistance receipt in the previous 12 months, providing a more targeted analysis of recent TANF receipt. Almost six out of ten (57.5%) recipients had received benefits in 10 to 12 of the most recent 12 months, or the majority of the past year. The average or typical payee received assistance for over two-thirds of the year (mean = 8.5 months). While the difference between Baltimore City and the rest of the state is not as dramatic in the last 12 months as it is for the last 60, it is still statistically significant. Baltimore City payees average about one month of receipt more in the year before sample selection (8.93 months vs. 8.06 months) than their counterparts throughout the rest of the state.

Lastly, Table 3 shows the number of months used toward the TANF time limit which, in Maryland, equals the federal lifetime limit of 60 months imposed by PRWORA. The clock for the time limit began in October 1996 and includes all months in which the adult casehead was a recipient of cash assistance. After 60 months, states may elect to continue funding cash assistance for up to 20% of the caseload (as Maryland has) but federal dollars can no longer be used. According to our study, a little more than one out of ten cases (11.2%) receiving TCA benefits statewide had exceeded this limit by the

study month. There is a much more profound difference when splitting the data into our two study groups. In Baltimore City, the proportion of cases that exceeded the 60-month limit was actually almost two out of ten (19.2%), while the rest of the state was significantly less (3.2%).

On the other end of the spectrum, Baltimore City also had fewer cases with zero months accrued toward the time limit. Only about a quarter of Baltimore City cases (27.0%) had not accumulated months towards the time limit clock, as opposed to over forty percent (43.7%) around the rest of Maryland. This is primarily due to the difference in proportion of child-only cases described in the previous section, as child-only cases are exempt from the federal time limit. Overall, the average payee had used about one-third (mean=20.35 months) of their total TANF limit.

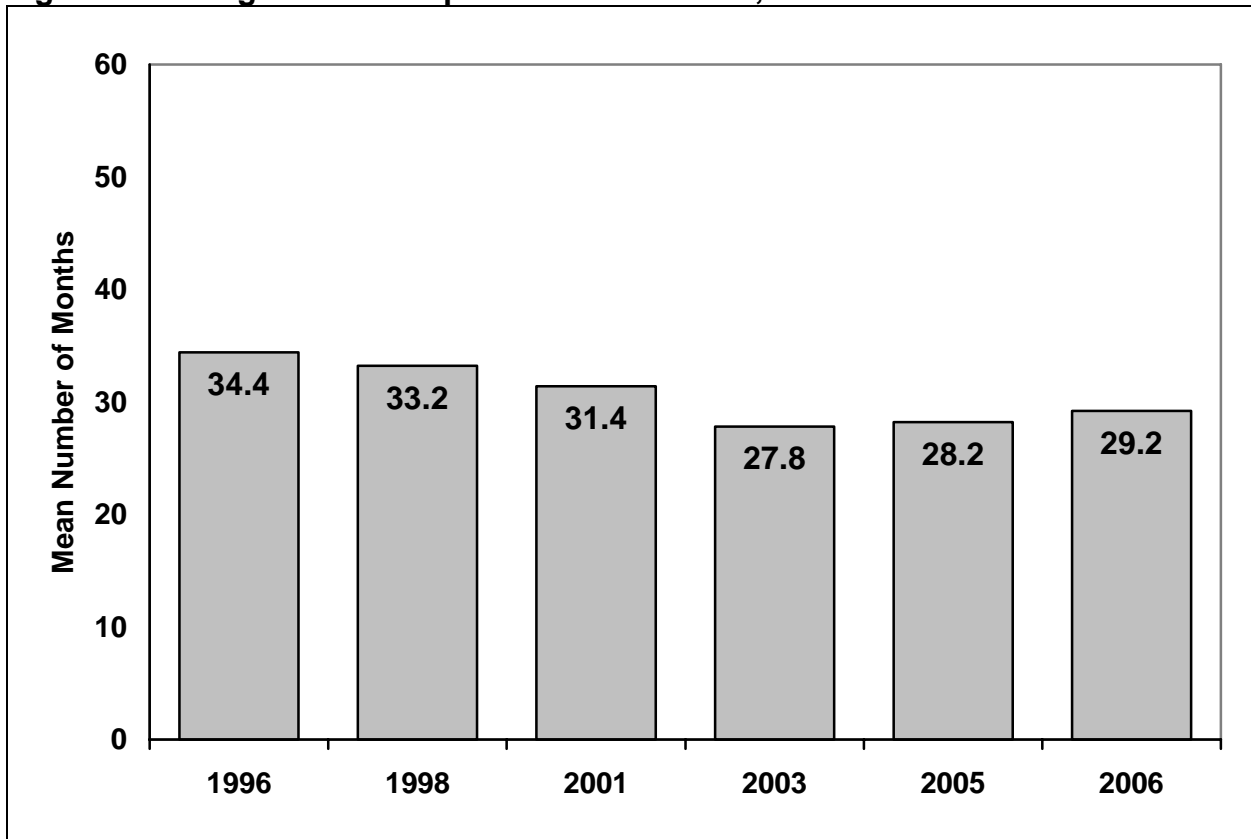
Table 3. Historic and Current TCA Participation

	Baltimore City (n=630)	Other Counties (n=621)	Total (n=1,251)
Months of Receipt in Last 60 Months***			
None	1.4% (9)	4.5% (28)	2.9% (37)
1 to 12 months	19.5% (123)	34.6% (214)	27.0% (337)
13 to 24 months	17.3% (109)	17.0% (105)	17.1% (214)
25 to 36 months	17.1% (108)	14.7% (91)	15.9% (199)
37 to 48 months	12.1% (77)	8.5% (53)	10.3% (129)
49 to 60 months	32.6% (205)	20.8% (129)	26.7% (335)
Mean***	33.45	24.80	29.16
Median	33.00	18.00	26.00
Standard Deviation	20.11	20.89	20.95
Months of Receipt in Last 12 Months***			
None	3.0% (19)	6.6% (41)	4.8% (60)
1 to 3 months	11.3% (71)	18.1% (112)	14.7% (184)
4 to 6 months	12.8% (81)	11.8% (73)	12.3% (154)
7 to 9 months	12.1% (77)	9.3% (58)	10.7% (134)
10 to 12 months	60.7% (383)	54.2% (337)	57.5% (719)
Mean***	8.93	8.06	8.50
Median	11.00	11.00	11.00
Standard Deviation	3.91	4.50	4.23
Months Used Towards TANF Time Limit***			
No months	27.0% (170)	43.7% (271)	35.3% (441)
1 – 12	17.4% (110)	26.6% (165)	22.0% (275)
13 – 24	11.2% (70)	13.1% (81)	12.1% (152)
25 – 36	9.4% (59)	6.6% (41)	8.0% (100)
37 – 48	9.4% (59)	3.8% (24)	6.7% (83)
49 – 60	6.4% (40)	3.0% (19)	4.7% (59)
More than 60 months	19.2% (121)	3.2% (20)	11.2% (141)
Mean***	29.15	11.42	20.35
Median	19.00	3.00	8.00
Standard Deviation	30.50	18.18	26.66

Notes: Valid percents are presented and for some measures counts may not equal the total sample size due to small instances of missing data. Data are weighted to reflect the actual proportion of cases in Baltimore City versus the rest of the state. *p<.05, **p<.01, ***p<.001

When compared to previous years, there are some important trends to consider. Although the average number of months of receipt in the last 60 months has decreased since the early years of welfare reform, it has increased since 2003 as illustrated in Figure 1, below. This is likely a reflection of changes in the economic environment, and could have implications for the implementation of reauthorized TANF and the resulting targeted focus on increasing work participation. For instance, besides being an indicator of welfare dependence and perhaps the presence of lasting employment barriers, long-term welfare receipt may also make it more difficult for families to accept and comply with new rules.

Figure 1. Average TCA Receipt in Past 60 Months, 1996-2006



Source: Previous reports in our *Life On Welfare* series: Ovwigho, 2001; Born, Hetling-Wernyj, Lacey & Tracy, 2003; Hetling, Saunders, & Born, 2005a; Saunders, Ovwigho, & Born, 2006.

Historic and Current Employment

Besides demographic characteristics and past welfare receipt, it is especially important in the context of a renewed focus on work participation under DRA to understand the employment experiences of current welfare recipients. Table 4, following this discussion, includes information on payees' employment history, including the percentage of payees recently employed in UI-covered jobs, the average number of quarters worked, and average earnings. Overall, approximately three-fifths (61.1%) of the payees in our sample were employed in a Maryland UI-covered job at some point during the two years prior to sample selection. Of the eight quarters in this time frame, payees who worked at all, on average, were employed for over half of the time (mean = 4.6). Also, among payees that were employed, average total earnings were \$18,457.97, and the average earnings per quarter were roughly one-sixth of that total at \$3,005.30.

In the middle section of Table 4, we consider employment experiences in the year immediately before sample selection. In this time period, we find that less than half (47.7%) of the payees were employed in the previous year. Of those employed, the average recipient worked an average of 2.7 quarters and earned an average of \$10,685.97. The average quarterly earnings of \$3,111.73 compares favorably to the average earnings for the previous eight quarters.

When looking at the bottom section of Table 4, we can see that in the study quarter, the percentage of payees who were employed was lower (35.3%), but the average total earnings, which would be comparable to the previous sections' average quarterly earnings, was higher (mean = \$3,874.10). It is important to note that our sample was drawn from one month (October) within this quarter (October to December), and it is impossible to know whether employment was concurrent with welfare receipt.

In a comparison of Baltimore City with the rest of the state, we find that payees in Baltimore City were employed at about the same rate, and worked generally the same amount of time. However, there is a statistically significant difference in the amount of earnings. In each period of time studied, recipients throughout the rest of Maryland had higher average quarterly earnings than Baltimore City payees by about \$1,000. Not surprisingly, the discrepancy in average quarterly earnings led to a much higher difference in the total earnings. In the time frame of the previous two years (eight quarters), Baltimore City payees, on average earned a total of over \$6,000 less (\$15,396.32 vs. \$21,679.38) than their counterparts in the rest of the state. While not quite as drastic due to the smaller time frame, there were also significant differences in average earnings for the period of one year (\$8,884.45 vs. \$12,531.39) and previous quarter (\$3,396.70 vs. \$4,388.29).

Table 4. Historic and Current Employment

	Baltimore City (n=627)	Other Counties (n=615)	Total (n=1,242)
Previous 8 Quarters (10/04 – 9/06)			
Percent Employed	62.0% (389)	60.3% (370)	61.1% (759)
Mean # of Quarters Worked – employed only	4.4	4.8	4.6
Average Total Earnings***	\$15,396.32	\$21,679.38	\$18,457.97
Median Total Earnings	\$5,560.18	\$9,605.22	\$7,448.09
Average Quarterly Earnings***	\$2,491.16	\$3,546.26	\$3,005.30
Median Quarterly Earnings	\$1,547.70	\$2,262.00	\$1,854.22
Previous 4 Quarters (10/05 – 9/06)			
Percent Employed	47.7% (299)	47.8% (294)	47.7% (593)
Mean # of Quarters Worked – employed only	2.6	2.8	2.7
Average Total Earnings***	\$8,884.45	\$12,531.39	\$10,685.97
Median Total Earnings	\$3,565.65	\$6,731.55	\$4,770.00
Average Quarterly Earnings***	\$2,600.74	\$3,635.18	\$3,111.73
Median Quarterly Earnings	\$1,509.50	\$2,300.35	\$1,778.33
Fourth Quarter of 2006 (10/06 to 12/06)			
Percent Employed	35.6% (224)	34.9% (214)	35.3% (438)
Average Total Earnings**	\$3,396.70	\$4,388.29	\$3,874.10
Median Total Earnings	\$2,269.00	\$3,432.00	\$2,586.00

Note: Wages are standardized to represent 2006 dollars. Identifying information was missing for 9 payees, who are excluded from this analysis. Valid percents are reported. In addition, mean earnings values are presented only for those who were employed. *p<.05, **p<.01, ***p<.001

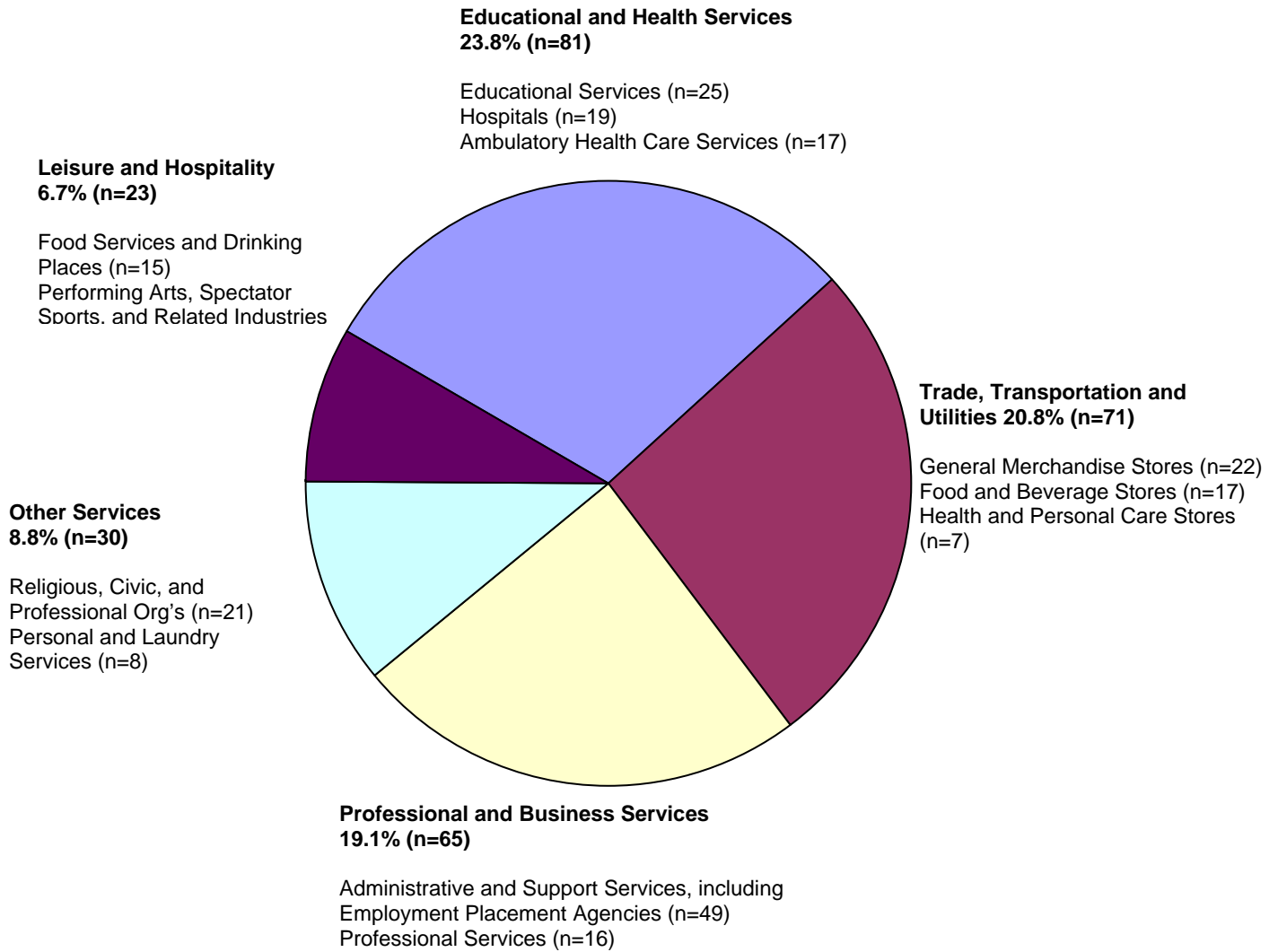
Employment Industries

Before moving on to welfare and employment outcomes in the two years after the study month, this section provides data regarding the type of jobs payees worked in at the outset of TANF reauthorization. Figure 2 presents the top five industries in which payees were employed during the study quarter, October to December 2006. As one can see, almost one quarter (23.8%) of working payees held jobs in “Education and Health Services”, and about one-fifth (20.8%) worked in “Trade, Transportation and Utilities” or “Professional and Business Services” (19.1%).

The next two most common employment sectors were “Other Services” (8.8%) which includes working for professional organizations and personal services, and “Leisure and Hospitality” (6.7%), which includes food services and performing arts. Roughly the same proportion of people worked in “Educational and Health Services” in the Fall of 2006 as in the Fall of 2005 (23.8% vs. 23.7%). In addition, employment in the second and third most popular sectors, “Trade, Transportation and Utilities” and “Professional and Business Services” was only slightly lower in the 2006 snapshot than in 2005. Employment in “Public Administration” fell out of the top five between 2005 and 2006, replaced by “Other Services”. In addition, “Leisure and Hospitality” was a new addition to the top five industries in 2006 compared with 2005.

Our most recent report in the *Life After Welfare* series revealed that the top five employment industries for welfare leavers in Maryland closely reflect those of current welfare recipient, with the same top five industries as those presented in Figure 2 (Ovwigbo, Born, Patterson, & Kolupanowich, 2008). However, there were some differences in the distribution of jobs across those industries. For instance, welfare leavers were more likely than active recipients to be employed in “Professional and Business Services” (24.2% vs. 19.1%, respectively), “Trade, Transportation and Utilities” (22.4% vs. 20.8%, respectively), and “Leisure and Hospitality” (7.9% vs. 6.7%, respectively) in the first quarter after exiting. Welfare leavers in Maryland were less likely than active recipients to work in “Educational and Health Services” (22.1% vs. 23.8%, respectively) or “Other Services” (5.8% vs. 8.8%, respectively).

Figure 2. Top Five Employment Sectors in the Study Quarter



More specific industries can be found in Table 5. As in the Fall of 2005, the top employment sector in the Fall of 2006 was “Administrative and Support Services”, employing approximately one out of seven payees (14.4%). “Administrative and Support Services”, which includes employment agencies and so-called “temp” firms, was the most common industry in Baltimore City and in the rest of the state. The next most common employment industries were “Educational Services” (7.3%), “General Merchandise Stores” (6.4%), “Religious, Grant-making, Civic, Professional, and Similar Organizations” (6.1%) and “Hospitals” (5.6%). These last two industries replaced “Executive, Legislative, and Other General Government Support” and “Ambulatory Health Care Services” among the top five sectors between 2005 and 2006.

Some differences between Baltimore City and the rest of the state can be seen as well, though they were not statistically significant. Despite being the most commonly worked-in industry in both Baltimore City and the rest of Maryland, “Administrative and Support Services” accounted for twice as many payees in the City as in the rest of the state (20.4% vs. 8.9%). There were also differences between the City and the rest of the state in the percent of payees working in other of the top five industries. For example, Baltimore City payees were less likely to work in “Religious, Grant-making, Civic, Professional, and Similar Organizations” (4.3% Baltimore City vs. 7.8% elsewhere) and more likely to work in “Hospitals” (7.4% Baltimore City vs. 3.9% elsewhere).

Table 5. The Top Employers/Industries in the Study Quarter

Type of Employer/Industry (NAICS)	Baltimore City (n=163)	Other Counties (n=178)	Total (n=341)
Administrative and Support Services	20.4% (33)	8.9% (16)	14.4% (49)
Educational Services	8.0% (13)	6.7% (12)	7.3% (25)
General Merchandise Stores	6.2% (10)	6.7% (12)	6.4% (22)
Religious, Grant-making, Civic, Professional, and Similar Org	Less than 5%	7.8% (14)	6.1% (21)
Hospitals	7.4% (12)	Less than 5%	5.6% (19)
Executive, Legislative, and Other General Government Support	Less than 5%	6.1% (11)	5.3% (18)
Food and Beverage Stores	Less than 5%	5.0% (9)	5.0% (17)
Ambulatory Health Care Services	Less than 5%	6.7% (12)	5.0% (17)
Professional, Scientific, and Technical Services	Less than 5%	5.0% (9)	Less than 5%
Food Services and Drinking Places	Less than 5%	5.0% (9)	Less than 5%
Nursing and Residential Care Facilities	Less than 5%	Less than 5%	Less than 5%
Personal and Laundry Services	Less than 5%	Less than 5%	Less than 5%
Social Assistance	Less than 5%	Less than 5%	Less than 5%
Health and Personal Care Stores	Less than 1%	Less than 5%	Less than 5%
Performing Arts, Spectator Sports, and Related Industries	Less than 1%	Less than 5%	Less than 5%
Merchant Wholesalers, Durable Goods	Less than 1%	Less than 5%	Less than 5%
Credit Intermediation and Related Activities	Less than 5%	Less than 5%	Less than 5%
Food Manufacturing	Less than 5%	0.0% (0)	Less than 5%
Real Estate	Less than 5%	Less than 1%	Less than 5%
Funds, Trusts, and Other Financial Vehicles	Less than 5%	Less than 1%	Less than 5%
Justice, Public Order, and Safety Activities	Less than 5%	Less than 1%	Less than 1%
Insurance Carriers and Related Activities	Less than 1%	Less than 5%	Less than 1%
Transit and Ground Passenger Transportation	Less than 1%	Less than 5%	Less than 1%
Clothing and Clothing Accessories Stores	Less than 1%	Less than 5%	Less than 1%
Building Material and Garden Equipment and Supplies Dealers	Less than 1%	Less than 5%	Less than 1%
Construction of Buildings	Less than 1%	Less than 5%	Less than 1%
Textile Mills	0% (0)	Less than 5%	Less than 1%
All Others	11.7% (19)	10.1% (18)	10.9% (37)
Total	100.0% (163)	100.0% (178)	100.0% (341)

Note: Data are based on 341 identifiable jobs held by 341 caseheads. The entire sample included 424 payees who were employed, but the industry could not be classified for 83 jobs. The data are weighted to reflect the distribution of the caseload statewide, so numbers may not add to the total and percents may not total 100%. For categories with less than five percent of sample members, actual percents and counts are masked to protect the confidentiality of the sample members' identity. There were no statistically significant differences to report.

FINDINGS: WELFARE AND EMPLOYMENT OUTCOMES

In the previous chapter, we found that the profile of a typical TANF payee in Maryland has not changed much over time. In terms of characteristics such as gender, age, race, and marital status, the notable exception is that more recently, payees have been slightly less likely to have ever been married. In contrast, the composition of cases has changed over time, with child-only cases much more common today than in the early years of reform, particularly in the 23 counties. Past welfare receipt has also increased in recent years, and Baltimore City payees tend to have more consistent welfare use than County payees. In fact, one in five payees in Baltimore City has already surpassed the sixty-month lifetime limit for federal cash assistance. Finally, employment rates in the active caseload are about the same between City and County payees, but earnings tend to be lower for City payees.

Altogether, these findings provide an important backdrop for understanding the baseline TANF caseload in Maryland at the onset of DRA-related changes to the TANF program. In this chapter, we present work and welfare outcomes for these cases during the first two years of implementation of reauthorized TANF. The purposes of these analyses are several. First, and consistent with Maryland's long, strong tradition of using empirical data to document the actual outcomes achieved by families under new policies or programs, it is important in and of itself to see how families fared in the first few years of DRA.

Second, it is important to get a sense of whether the DRA changes are associated with better or worse outcomes; that is, how those outcomes compare with those of pre-DRA welfare recipients. Specifically, we present welfare outcomes such as the percent of payees that had at least one exit from cash assistance during the follow-up period, and employment outcomes such as the percent of payees that were employed throughout the follow-up period. We include an overview of the sample as a whole, as well as separate analyses for Baltimore City payees and those in the 23 counties.

Welfare Outcomes

We begin this section by looking at welfare outcomes, including total months of TCA receipt during the first two years of the reauthorized TANF program, case closure rates, and reasons for an initial case closure. The data in Table 6, following this discussion, is presented for the overall sample, as well as for Baltimore City payees and those in the 23 counties.

Overall, the typical payee received an average of 14.5 months of assistance during the 24-month follow-up period, or about 60% of the time. Welfare receipt was slightly but significantly longer for Baltimore City payees (mean=15.2 months) than County payees (mean=13.7 months). The most pronounced difference between Baltimore City and the counties is in the proportion of short-term recipients. That is, three out of ten (29.3%) County payees received six or fewer months of receipt across the entire follow-up period, compared with only two out of ten (19.3%) City payees. This is somewhat

surprising considering the higher proportion of child-only cases in the Counties, which tend to have longer welfare spells. However, the finding is less surprising if we also consider the high proportion of long-term (non-child-only) welfare recipients in the City.

In addition to total months of cash assistance receipt, Table 6 also includes data on the proportion of cases with at least one welfare exit during the two year follow-up period. For this study, we define a welfare exit as being absent from the welfare caseload in Maryland for at least two consecutive months. By this definition, fully two-thirds (66.7%) of payees had at least one welfare exit during the follow-up period. Conversely, this means one-third (33.3%) of the caseload remained on welfare fairly continuously for the entire two year follow-up period (i.e., the full first two years of DRA). Although the case closure rates were similar between City payees (65.8%) and non-City payees (67.7%), the difference is statistically significant. The lower case closure rate in Baltimore City is perhaps unexpected, considering the earlier findings that Baltimore City has a greater proportion of traditional TANF case types, as opposed to child-only cases which tend to have longer welfare histories.

Among payees with at least one welfare exit, the bottom portion of Table 6 shows that the first exit occurred, on average, approximately eight months (mean=7.6) into the 24 month follow-up period. The difference in the overall average time to first exit was not significantly different between Baltimore City payees (7.9 months) and those in the rest of the state (7.2 months). However, there was a statistically significant difference in the percent who exited within the first six months. Specifically, less than one-half (45.7%) of the Baltimore City payees who had an exit during the follow-up period experienced this case closure within the first six months, compared with more than one-half (55.7%) of corresponding payees in the rest of the state. Thus, we find that County payees are more likely to experience an exit overall, and that those who do exit, are more likely to do so in the first six months. Shorter welfare receipt over time also hints that exits for County payees may be more likely to be permanent than those of Baltimore City payees. More insight on these trends can be gained by looking at the types of closures experienced within the two groups, as discussed in the next section.

Table 6. Welfare Outcomes

	Baltimore City (n=630)	Other Counties (n=621)	Total (n=1,251)
Total Number of Months of Receipt over Follow-Up Period**			
Less than 6 months	19.3% (122)	29.3% (182)	24.3% (304)
7 – 12 months	21.1% (133)	19.4% (120)	20.2% (253)
13 – 18 months	15.3% (97)	12.3% (76)	13.8% (173)
19 – 24 months	44.2% (279)	39.0% (242)	41.7% (521)
Mean**	15.2	13.7	14.5
Median	16.0	13.0	15.0
Standard Deviation	7.9	8.6	8.3
% With a 2-mth break in receipt at some point in 24 month follow-up***	65.8% (415)	67.7% (420)	66.7% (835)
Number of months to first exit*			
Less than 6 months	45.7% (187)	55.7% (232)	50.8% (420)
7 – 12 months	33.9% (139)	25.7% (107)	29.8% (246)
13 – 18 months	14.5% (59)	13.6% (57)	14.0% (116)
19 – 24 months	5.9% (24)	5.0% (21)	5.4% (45)
Mean	7.9	7.2	7.6
Median	6.9	5.9	5.9
Standard Deviation	5.6	5.4	5.5

Note: Data are weighted to reflect the actual proportion of cases in Baltimore City versus the rest of the state. Valid percents are reported. *p<.05, **p<.01, ***p<.001

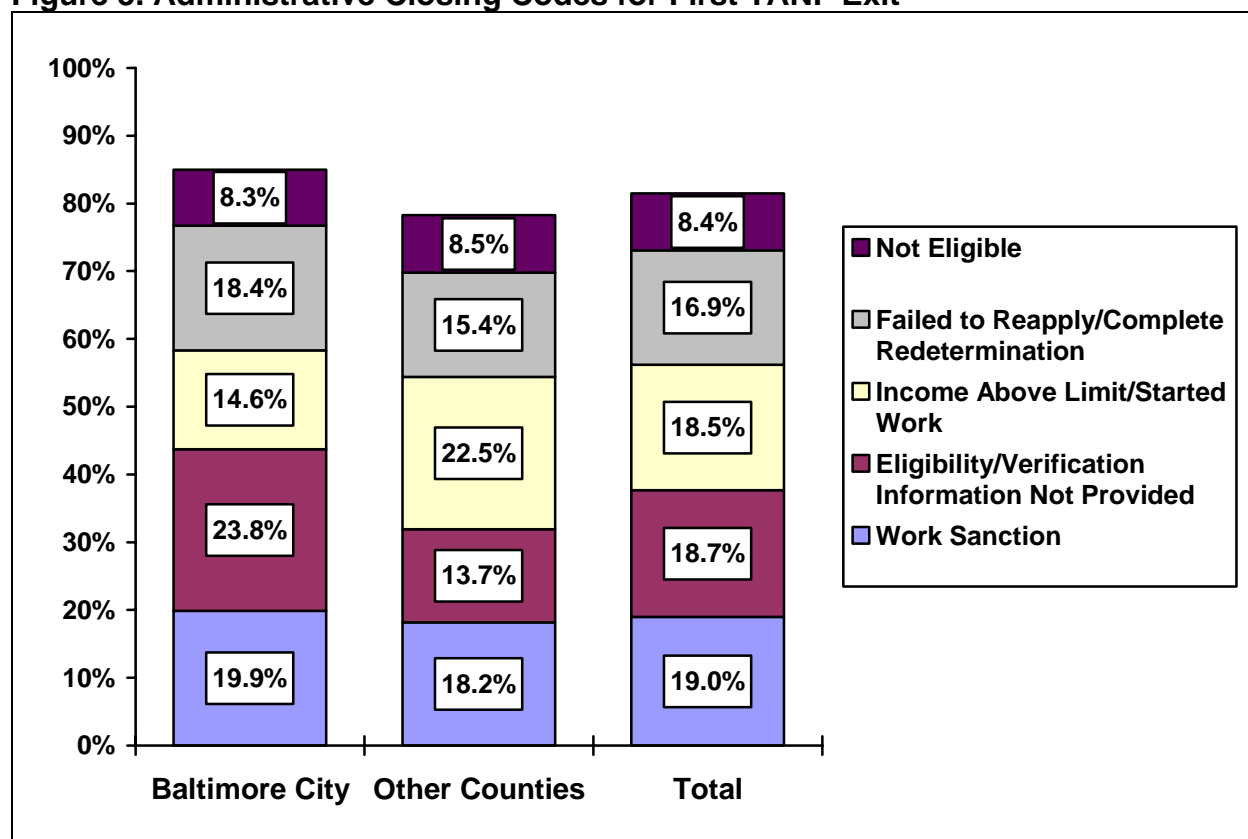
Administrative closing codes for payees' first exit are presented in Figure 3, following this discussion. It is important to point out that these codes are chosen from a list of pre-determined options which may not necessarily capture the sometimes complex situations that bring about a case closure. For instance, a payee may not notify the agency when she becomes employed. This would result in a case closure code that reflects that lack of contact rather than the employment. Despite these limitations, however, case closure codes do provide some important programmatic information including the rate of sanctioning, and previous analyses have shown that there is in fact a correlation between these codes and important post-exit outcomes such as employment and welfare recidivism (Ovwigho, Tracy, & Born, 2004).

Caveats aside, the most commonly reported reason for an initial case closure among cases in our sample was "Work Sanction", accounting for almost one in five case closures (19.0%). In addition, "Eligibility/Verification Information Not Provided" (18.7%) and "Income Above Limit/Started Work" (18.5%) each accounted for approximately one out of five closures. The fourth most commonly reported closing code was "Failed to Reapply/Complete Redetermination" (16.9%) followed by a small percentage of cases closed due to ineligibility ("Not Eligible, 8.4%).

Although both groups had the same top five administrative reasons for the initial closure, the ranked order was slightly different between Baltimore City payees and payees in the rest of the state. In particular, Baltimore City payees were more likely than non-City payees to experience their first case closure due to a “Work Sanction” (19.9% vs. 18.2%, respectively) or “Eligibility/Verification Information Not Provided” (23.8% vs. 13.7%, respectively). Conversely, they were less likely than non-City payees to experience their first case closure due to “Income Above Limit/Started Work” (14.6% vs. 22.5%, respectively).

Further research is needed to determine whether these differences reflect variations in local case closing practices, or whether, for whatever reasons, Baltimore City payees are actually less likely to get and keep the types of jobs that will result in more permanent welfare exits. Again, it is likely that the administrative codes undercount employment if payees do not notify the agency of their employment. In general, the case closure codes in our sample closely resemble those reported for the universe of welfare leavers in Maryland who exited between April 2006 and March 2007, which includes our study month (Ovwigbo, Saunders, Patterson, Kolupanowich, and Born, 2007). A full investigation of the issue is beyond the scope of this report, but the next two sections provide a closer look at work outcomes during the study period as well as combined work and welfare outcomes to give a more complete picture of how TCA payees fared over the first two years of reauthorized TANF.

Figure 3. Administrative Closing Codes for First TANF Exit**



Note: Data are weighted to reflect the actual proportion of cases in Baltimore City versus the rest of the state. Valid percents are reported. *p<.05, **p<.01, ***p<.001

Employment Outcomes

Table 7, following this discussion, provides an overview of employment outcomes during the follow-up period including the percent employed in Maryland UI-covered jobs, as well as the average number of quarters in which payees worked and their average earnings. Overall, approximately one-half (49.8%) of the sample was employed at some point during the first follow-up year and approximately one-half (48.6%) was employed during the second year. In both periods, those who worked, worked in an average of three out of four quarters (mean=2.9 in year one, and mean=3.1 in year two). Average earnings were approximately \$12,000 in year one (mean=\$12,202.96) and almost \$13,500 in year two (mean=\$13,446.26).

There are some notable and statistically significant differences in employment outcomes between Baltimore City payees and those in the 23 Counties. Specifically, in year one, Baltimore City payees worked an average of fewer quarters than their County counterparts (mean=2.8 vs. 3.1), despite similar employment rates overall. In addition, average total earnings among Baltimore City payees were about 30% lower than average total earnings among County payees (mean=\$9,727.22 vs. \$14,907.82), as were average quarterly earnings (mean=\$2,815.77 vs. \$4,098.60). A similar pattern emerges in year two, with no difference in the overall employment rate or in the average

number of quarters worked, but significant differences in earnings. Average total earnings in the second follow-up year were approximately 25% lower among Baltimore City payees (\$11,593.79 vs. \$15,394.51).

Because we cannot make any assumptions about work effort (e.g., number of hours worked per week, month, or quarter) from these data, it is impossible to know whether Baltimore City payees are working in lower paying jobs, or just working less frequently (i.e. fewer hours). Either way, though, it is clear that payees in the 23 Counties are more likely to have earnings that might yield a quick and longer-lasting welfare exit. It is also interesting to note that the employment outcomes for our sample closely resemble those of welfare leavers in Maryland who exited between April 2006 and March 2007 (Ovwigbo, Saunders, Patterson, Kolupanowich, and Born, 2007). The final section of our report provides an overview of how work and welfare are combined over time for the payees in our sample.

Table 7. Employment Outcomes

	Baltimore City (n=627)	Other Counties (n=615)	Total (n=1,242)
First Year (10/06 – 9/07)			
Percent Employed	51.4% (322)	48.3% (297)	49.8% (619)
Mean # of Quarters Worked**	2.8	3.1	2.9
Average Total Earnings***	\$9,727.22	\$14,907.82	\$12,202.96
Median Total Earnings	\$5,352.56	\$9,667.66	\$6,922.29
Average Quarterly Earnings***	\$2,815.77	\$4,098.60	\$3,428.82
Median Quarterly Earnings	\$1,921.69	\$3,098.89	\$2,399.63
Second Year (10/07 – 9/08)			
Percent Employed	49.3% (309)	48.0% (295)	48.6% (604)
Mean # of Quarters Worked	3.0	3.1	3.1
Average Total Earnings**	\$11,593.79	\$15,394.51	\$13,446.26
Median Total Earnings	\$7,727.97	\$10,687.96	\$8,967.27
Average Quarterly Earnings***	\$3,228.72	\$4,234.97	\$3,719.17
Median Quarterly Earnings	\$2,414.72	\$3,136.24	\$2,794.81
Total Follow-up Period (10/06 – 9/08)			
Percent Employed	59.4% (373)	54.9% (338)	57.2% (710)
Mean # of Quarters Worked**	4.9	5.4	5.2
Average Total Earnings***	\$18,032.44	\$26,502.65	\$22,052.96
Median Total Earnings	\$9,167.44	\$16,089.33	\$11,802.12
Average Quarterly Earnings***	\$2,825.70	\$3,911.72	\$3,341.20
Median Quarterly Earnings	\$2,009.66	\$2,911.27	\$2,360.31

Note: Wages are standardized to represent 2006 dollars. Identifying information was missing for 9 payees, who are excluded from this analysis. Valid percents are reported. In addition, mean earnings values are presented only for those who were employed. *p<.05, **p<.01, ***p<.001

Combined Work and Welfare Outcomes

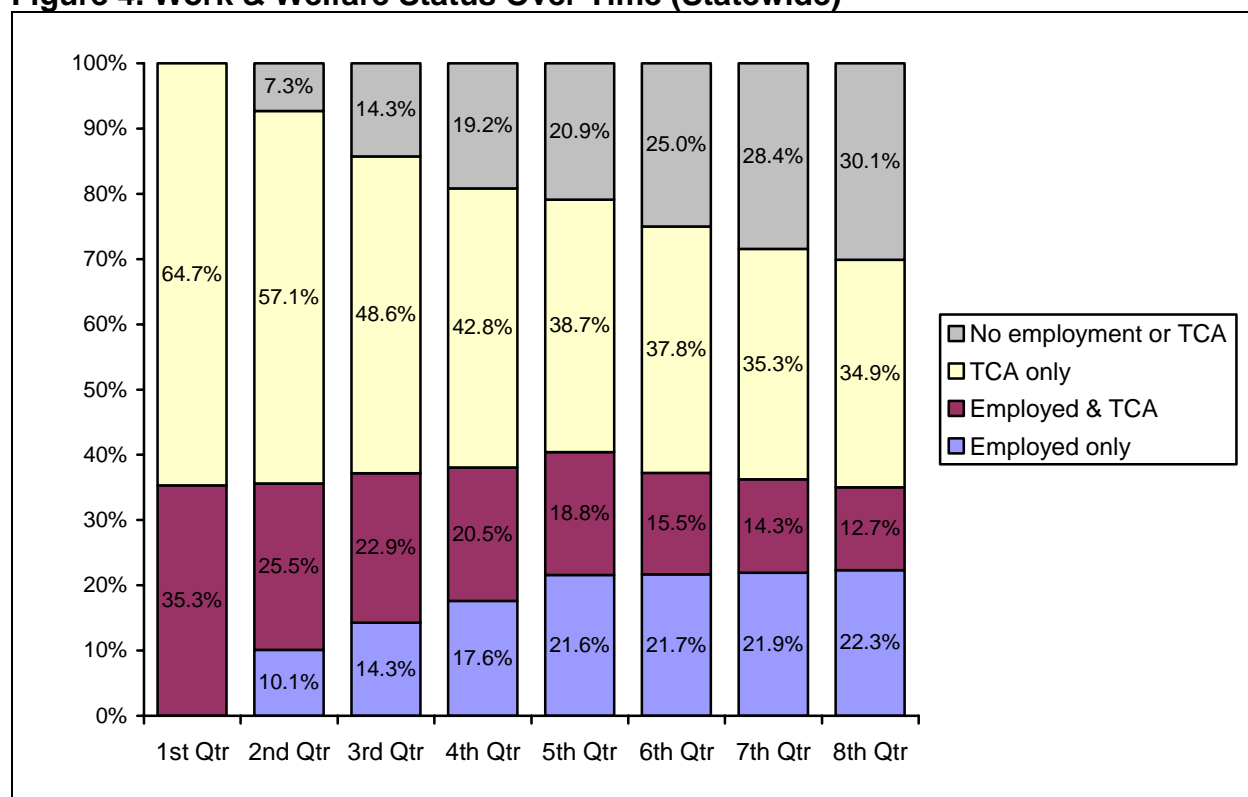
We can glean much from reviewing caseheads' welfare and employment experiences separately. However, a broader and more revealing picture of their total experience in the first two years of the DRA emerges when we look at data on combined work and welfare outcomes over time. It is important to note, as previously, that UI data is only available on a quarterly basis. Thus, although we are able to determine whether an individual worked and/or received cash assistance in a particular three-month period, we are not able to determine whether these experiences were simultaneous or serial.

As shown in Figure 4, following this discussion, approximately one-third (35.3%) of the statewide sample was employed at some point in the first quarter (October 2006 to December 2006). The other two-thirds (64.7%) received TANF only during that quarter, without any recorded UI earnings. In the second quarter, the overall employment rate is about the same, but one in ten caseheads (10.1%) worked and did not receive any cash assistance for the entire quarter ("Employed Only") while one in four (25.5%) worked and received assistance at some point in the quarter ("Employed & TCA"). More than half (57.1%) of the caseheads in our sample continued to receive TANF without UI wages in the second quarter ("TCA Only"), and there is also a small subgroup (7.3%) of sample members who exited TANF but also did not work ("No employment or TCA").

Based on other of our studies, we can assume that many of the families in this last subgroup are receiving non-TANF benefits such as Food Stamps, Medical Assistance, or SSI, or they may have moved out of state or have died (Ovwigbo, Kolupanowich, & Born, forthcoming; Ovwigbo, Saunders, Patterson, Kolupanowich, & Born, 2007). Over time, we see that the proportion of sample members in the "No employment or TCA" group increases, finally accounting for approximately three out of ten (30.1%) families by the eighth quarter (July to September 2008). At the same time, the proportion of sample members in the "Employed only" group grew steadily through the end of the first follow-up year (4th quarter, July to September 2007) and then remained at about one-fifth of the sample in the second follow-up year (22.3% in the 8th quarter).

In the middle of the bars, we see that in each quarter the bulk of cases remained in the "TCA only" group, though the size of this subgroup decreased by about one-half over time, making up approximately one-third (34.9%) of the sample by the 8th follow-up quarter. Finally, we see that by the 8th follow-up quarter there is a relatively small group (12.7%) of recipients who combine welfare and work ("Employed & TCA").

Figure 4. Work & Welfare Status Over Time (Statewide)

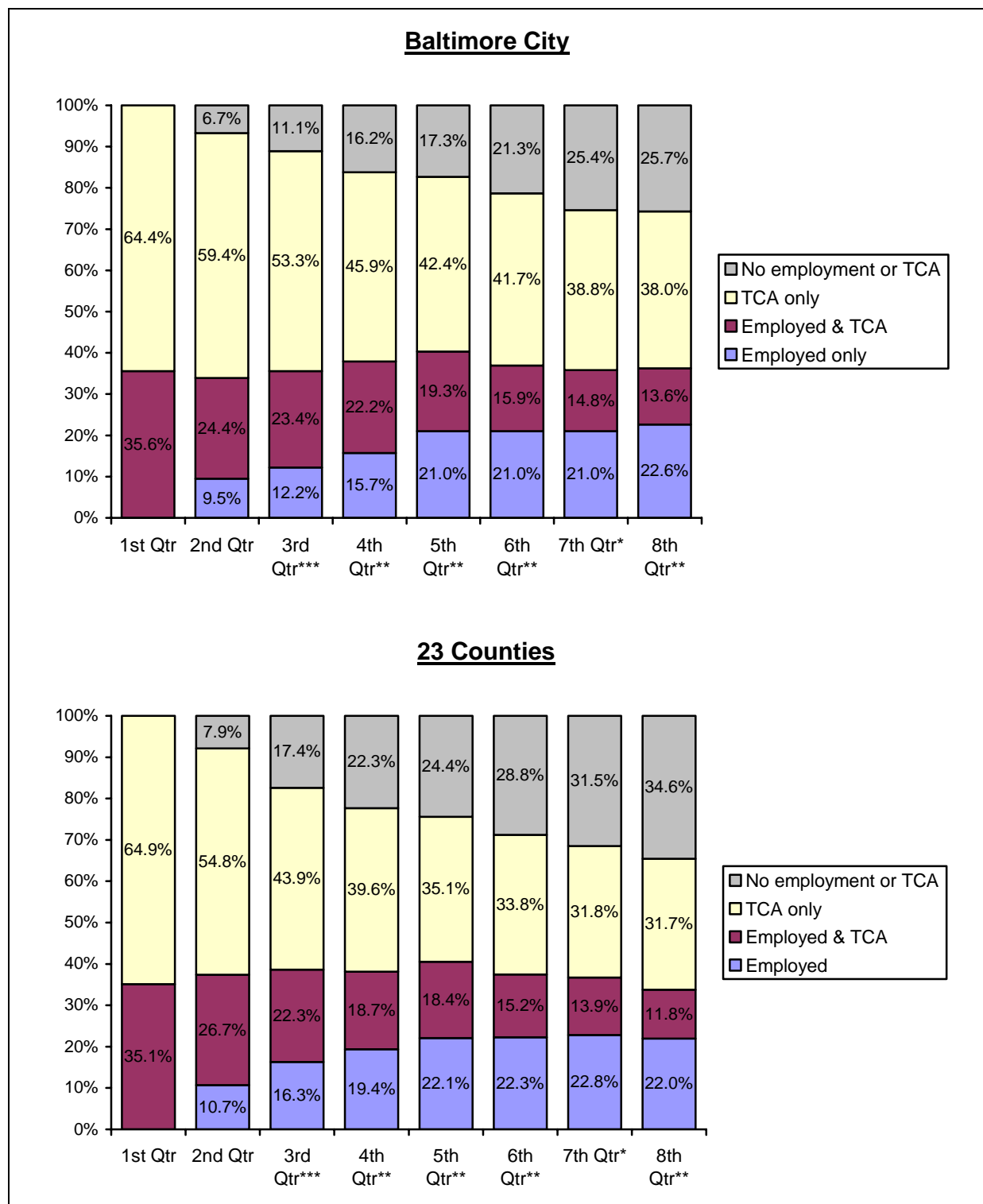


Note: 1st Qtr refers to the 4th quarter of 2006, which includes the study month of October 2006. Data are weighted to reflect the actual proportion of cases in Baltimore City versus the rest of the state. There were 9 payees for whom employment information was unavailable to missing identifying information.

Our last figure, Figure 5 (following this discussion) shows that statewide work and welfare trends are reflected similarly among Baltimore City payees and their counterparts in the balance of the state. Specifically, in both groups, approximately one-third of the payees were employed in each quarter, with fewer payees supplementing work with TCA over time. By the eighth quarter, approximately one out of five payees in Baltimore City (22.6%) and the rest of the state (22.0%) were employed at some point in the quarter and off of welfare for the duration of the quarter. An additional one in ten payees combined welfare and work in the eighth quarter (13.6% among Baltimore City payees and 11.8% among county payees). Thus, at least in terms of quarterly snapshots, we do not find that Baltimore City payees are less likely to be employed over time, despite having lower earnings as seen in the previous section.

By the end of the follow-up period, payees in the 23 Counties were less likely to be in the “TCA only” group (31.7% vs. 38.0%) and more likely to be in the “No employment or TCA” group (34.6% vs. 25.7%) than their Baltimore City counterparts. As discussed previously, payees in the “No employment or TCA” group are likely to include specific kinds of cases, including previously child-only cases and individuals receiving SSI or other cash benefits. Therefore, the difference in the percent of payees in this group between Baltimore City and the balance of the state is probably related to the previously discussed differences in the characteristics of the respective caseloads.

Figure 5. Work & Welfare Status Over Time (Baltimore City vs. Rest of State)



Notes: 1st Qtr refers to the 4th quarter of 2006, which includes the study month of October 2006. Data are weighted to reflect the actual proportion of cases in Baltimore City versus the rest of the state. There were 9 payees for whom employment information was unavailable to missing identifying information. Valid percents are reported. *p<.05, **p<.01, ***p<.001

What are the general trends and observations with regards to client outcomes during the first two years of the DRA era? There are several worth noting. First, we see that overall, most recipients experienced at least one break in receipt lasting at least two months, and therefore most did not receive assistance continually for the entire follow-up period.

Second, most payees were employed at some point during the follow-up period, and over time the proportion of payees who relied on earnings alone grew steadily. Thus, for many families receiving TANF in the new DRA era, a renewed focus on work has been positive, though we are unable to attribute their success to the DRA-related changes directly.

There also continues to be a considerable subgroup of payees who received TCA for most of the follow-up period. Specifically, by the eighth follow-up quarter, roughly one-third of the original sample was still receiving only TCA, with no record of UI employment in that period.

A final trend of note is the fact that while employment rates are comparable between Baltimore City and County cases, City payees, on average, have lower quarterly and total earnings than do County payees. It is beyond the scope of this report to determine why this is the case but, whatever the reason, it is a finding that should be borne in mind as Maryland RISE strategies and expected outcomes for TANF caseheads are developed.

CONCLUSIONS

This fourth snapshot of the active TCA caseload provides some vital information about our state's TANF caseload as Maryland entered the DRA era exactly ten years after the PRWORA welfare reforms. While there were few differences in payee or case characteristics from caseloads in the years leading up to the DRA, we find a continually growing proportion of child-only cases particularly in the 23 Counties. This is important because it means an increasingly-concentrated work-eligible caseload in Baltimore City. Thus, Maryland's future success in meeting the requirements of the DRA, including a more stringent balance of caseload reduction and work participation, rests even more heavily than before on the actions taken and results achieved in Baltimore City. This inherently challenging situation of such a lopsided concentration of the work-eligible population in one jurisdiction is potentially even more difficult because of the substantial portion of Baltimore City payees who are both long-term welfare recipients and also eligible for being countable in the work participation rate. The current economic climate, including unprecedented national job losses in the modern era and unemployment rates at levels not seen in 25 years, of course, only adds to the arduousness and complexity of the situation.

This report also includes two years of follow-up data in order to provide an overview of work and welfare outcomes of payees during the first two years of the newly reauthorized TANF program in Maryland. Overall, the data presented reveal that these two years were a difficult transition period. The bottom line is that in the current economic climate, work may not necessarily yield self-sufficiency as easily and swiftly it has in the past when economic conditions were markedly better and jobs were plentiful, relatively speaking.

For instance, in the first two years of the reauthorization of TANF, approximately two-fifths of payees received assistance for 19 to 24 months (41.7%) or at least 80% of the time. And, while one-half had some employment over the two-year follow-up period, only one out of five (22.3%) of the original recipients was able to rely on earnings alone two years later. These findings may indicate that now is the time to focus on efforts aimed at increasing skills among welfare recipients and, in particular to train them in skills applicable to fields where job growth is predicated to occur. Although its timing remains uncertain, economic recovery will occur. When it does, it would behoove us to have used this period of downturn to prepare TANF caseheads for those new and better days. Specifically, now may be the opportune time to assess where tomorrow's jobs are likely to be and to prepare our clients to compete successfully for those positions in order to improve their chances of obtaining jobs that provide more self-sustaining wages.

As we all continue to hope for economic recovery, it is important not to miss the chance in the meantime to give welfare recipients in Maryland everything they will need to take advantage of opportunities when they do come. One such effort is the Maryland Reaching Independence and Stability through Employment (RISE) initiative, which was launched in December 2008 and focuses on increasing the potential for welfare leavers

and other underemployed or hard-to-employ individuals to obtain and keep living-wage jobs with benefits and opportunities for advancement. The strategic partnerships that are currently being formed between state and local agencies, community colleges, local businesses and other community partners are particularly encouraging and will hopefully yield critical opportunities for TANF leavers in the years to come. We trust that this report and other of our research studies are informative and useful as those partnerships and Maryland RISE move forward.

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