

LIFE ON WELFARE:
A SNAPSHOT OF THE ACTIVE
TCA CASELOAD IN OCTOBER 2005

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EXECUTIVE SUMMARY

Ten years after the enactment of the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) and creation of the Temporary Assistance to Needy Families (TANF) program, welfare program managers across the country face a number of continuing challenges as well as several new ones in moving families to work. The success achieved in the past decade in terms of caseload decline has left agencies with a much smaller and typically markedly different caseload. The booming economy of the late 1990's has been replaced by a recession and subsequent slow recovery. Finally, the Deficit Reduction Act of 2005 (DRA) made significant changes to the TANF program that will make it more difficult for most states, including Maryland, to achieve the federal work participation standard and avoid fiscal penalties. In particular, changing the base year of the caseload reduction credit from 1995 to 2005 and requiring that families served under Separate State Programs (SSPs) be included in the work participation rate denominator effectively raise the bar for states in terms of how many welfare recipients they must have participating in federally defined work activities for at least 30 hours per week.

For states to meet these challenges, they must be able to accurately assess their caseload, identify which strategies and programs are most appropriate for customers' different situations, and where possible, quickly move families into appropriate activities. Understanding the characteristics and circumstances of the welfare caseload and its different subpopulations is an excellent starting point for these efforts. To that end, this report, the third bi-annual report in the University of Maryland School of Social Work's *Life on Welfare* series, presents a profile of Maryland's TANF caseload. The snapshot is based on a random sample of 1,260 cases receiving Temporary Cash Assistance (TCA, Maryland's TANF program) in October 2005. The sample includes 632 from Baltimore City and 628 from Maryland's 23 counties and provides a 99% confidence level and a $\pm 5\%$ margin of error at both the state and regional (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 2005 caseload (52.6%), yielding final weights of 1.05 for Baltimore City cases and 0.95 for cases in the rest of the state.

Data describing demographic characteristics, cash assistance participation patterns, and prior employment are used to monitor caseload composition and to identify trends or changes that may influence state-level policy choices and local front-line practice.¹ As our *Life After Welfare* reports help to illustrate how the characteristics of welfare leavers have changed over time, this report and other *Life On Welfare* studies provide similar information about the active caseload.

¹ A companion report, *Profile of the Active Caseload: Separate State Programs and Temporary Disabilities*, specifically examines the characteristics of cases funded through Maryland's Separate State Program and their potential work activity participation. The report is available on our website: www.familywelfare.umaryland.edu/reports/ssp.pdf.

To the extent possible, characteristics of the October 2005 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.

Our snapshot of October 2005 Maryland welfare recipients' demographics, welfare use, and employment continues to reveal a heterogeneous caseload. By viewing the snapshot through several "lenses", we can see that there are several important details that set the October 2005 caseload apart from those in the past and from those who have left welfare. Moreover, there are important differences between the Baltimore City caseload and the rest of the statewide caseload.

✘ **Statewide TCA payees in October 2005 were typically African American (79.2%) women (94.3%) over 35 years old (mean age=37.5 years) who never married (74.4%) and had their first children at the age of 22 (mean=22.6 years). On all characteristics except gender, there were statistically significant differences between payees in Baltimore City and those in the 23 counties.**

In many ways, our findings regarding the characteristics of TANF payees are largely consistent with what we have found in previous years. In Maryland, most welfare recipients are African American women in their thirties. However, there is marked regional variation. Payees in the City were significantly more likely to be African American (92.3% vs. 64.6%), and to have never married (85.0% vs. 62.1%). In addition, City payees were significantly younger (mean=36.4 years vs. 38.8 years), and were younger at the birth of their first child (mean=22.1 years vs. 23.2 years). Compared with the most recent cohort in a longitudinal study of Maryland's welfare leavers, active October 2005 recipients were markedly older (mean=37.5 years vs. 32.8 years), and were slightly more likely to be African American (79.2% vs. 74.0%).

✘ **For policymakers and program managers, it is important to note that most TANF cases include at least one adult receiving assistance. Thus, the majority of Maryland's welfare caseload will potentially be included in the federal work participation rate calculation. However, just over one-third (35.2%) of all cases statewide are child only cases, where the adult payee is excluded from the grant.**

In October 2005, the average TCA assistance unit included between two and three people (mean=2.5), typically one adult (62.3%) and one (48.5%), school-aged child (mean=6.9 years). One in three (32.8%) cases include at least one child under the age of three. With few exceptions, cases with an adult included in the assistance unit will be included in the revised federal work participation rate calculation, regardless of whether the case is paid from federal TANF funds or via a separate state program.

Just over one-third (35.2%) of all cases are child-only cases, where the adult is excluded from the grant. While agencies do not have to be concerned about enrolling these families in federally-defined work activities, they may still require additional caseworker attention. In particular, recent studies reveal that child only cases tend to receive welfare longer than their counterparts with an adult included in the grant, and they may have special needs, specifically related to the fact that many have had prior involvement with formal child welfare systems.

✘ **While this overview helps us to understand a typical case statewide, there are some important regional differences. Baltimore City's caseload contains fewer child only cases and more families with preschool-aged children. One important implication of these differences is that the proportion of Maryland's TANF caseload that will be included in the new work participation rate calculation is even more concentrated in Baltimore City than the caseload in general. Thus, Maryland's success in meeting the federal work participation standard absolutely depends on success in Baltimore City.**

Consistent with previous years, we find that Baltimore City cases differ markedly from cases in the 23 counties. First, assistance units are typically larger among Baltimore City cases (mean=2.6 vs. 2.3), but the average number of children per case is the same in both groups (mean=1.8). Therefore, the difference in assistance unit size is related to variations in the average number of adults per case. Indeed, almost one-half of all cases in the counties (45.5%) are child-only cases compared to only one in four Baltimore City cases (25.9%).² In contrast, nearly three-quarters of Baltimore City cases include a single adult, which is the more traditional welfare assistance unit. This is a fairly important distinction, as child-only cases usually have different service needs than traditional cases, and are exempt from many program requirements, often leading to longer welfare spells. In addition, as new work participation requirements will affect only traditional cases, the 23 Counties have fewer cases to work with in achieving the higher participation rate, as compared with Baltimore City (see Ovwigho, Saunders, & Born, 2006 for a further discussion of this issue).

Second, while both groups have comparable rates of assistance units with a child under the age of three, Baltimore City cases are more likely to have a youngest child between the ages of three and six, before most children enter full-time school. Specifically, over one in five (22.8%) Baltimore City cases have a child in this age group, compared with one in seven cases among the 23 Counties (14.1%). In contrast, county cases, which are more likely to be child-only, are also more likely to include a teenager as the youngest child in the assistance unit (19.8% vs. 14.6%).

² Cases in which no adult is receiving benefits are typically referred to as child-only cases, usually families where the adult caretaker is either not the child's biological parent (75%) or where the biological parent is ineligible for aid (25%) due to immigration status, receipt of other benefits such as Supplemental Security Income, or partial sanctioning due to non-compliance with substance abuse screening and/or treatment.

Taken together these two findings indicate that, for the state to have any hope of reaching the federal work participation standard under the new DRA rules, Baltimore City must provide the majority of participating cases. In addition, for Baltimore City to achieve success in terms of work participation, the availability of affordable and accessible childcare, particularly for pre-school children will be critical.

✘ **Our analysis of families' welfare histories reveal that statewide and on average, one-half of all cases are in the midst of a continuous TCA spell that has lasted 12 months or less and a minority of families are new to the welfare rolls. However, it is also important to note that many families have longer total welfare histories and have accumulated a significant number of months countable towards the federal TANF time limit.**

As of October 2005, the average assistance unit had received benefits for 21.2 consecutive months, or just under two years. However, there is great variability. In fact, the median current spell is 13 months, indicating that half of all cases have been open continuously for a year or less.

Considering the previous 60 months or five years, we find that the average assistance unit in October 2005 had received 28.2 months of assistance, or had been on welfare about half of the time. However, there seem to be two main subgroups, each composed of about a fourth of the caseload: those who received TCA for one to twelve months within the past five years (27.7%), and those who received 49 to 60 months (22.3%) of assistance. These two categories account for exactly half of the sample.

Although it is natural to focus on long-term recipients, it is important to recognize that a minority of the caseload is also composed of essentially new recipients. For example, about 1 in 30 (3.3%) recipients did not receive cash assistance at all in Maryland in the five years before October 2005. An additional 2.5% of the caseload are recipients who received cash assistance in Maryland at some point in the past five years, but not at all in the 12 months before October 2005, resulting in a total of 5.8% of the caseload who did not receive welfare in the past year. For program managers, these data suggest that, although they will be working with mostly customers who have been on their rolls for a while, they will still have to consider the most appropriate strategies for those who are new to the welfare system and those who have been off assistance for many months, but have now returned.

Our final welfare history measure, months used of the TANF time limit, is an important indicator for tracking the percent of the caseload at risk for reaching the federal lifetime limit of 60 months of receipt, and to identify long-term recipients who may have special needs. According to our analyses, exactly one in ten assistance units have breached that limit (10.0%) and an additional one in twenty are approaching it (5.7%). On average, the typical TANF case in October 2005 had accumulated 20.9 months toward the 60-month limit.

✘ **Although there is no difference in length of the current welfare spell, Baltimore City cases have significantly longer total welfare histories and have accumulated significantly more time-limited months than their counterparts in the 23 counties. The difference in time-limited months is largely attributable to the higher proportion of child only cases in the counties.**

Consistent with results from previous analyses, we find that long-term welfare receipt is more common among Baltimore City cases. On average, Baltimore City cases received cash assistance for 31 months out of the past 60, or a little more than half the time, and County cases received 25.1 months of assistance. Overall, Baltimore City families were more likely than families in the 23 counties to be among those receiving 49 to 60 months of assistance (24.7% vs. 19.7%), and less likely to be among those receiving twelve months of benefits or less (23.3% vs. 32.6%).

The same trend is observed in terms of months accumulated towards the TANF time limit. The situation is certainly more serious for the Baltimore City caseload, as one in six (16.8%) families had received more than 60 months of assistance by October 2005, compared with one in 40 families among County cases (2.4%). Moreover, the Baltimore City proportion of long-term recipients (i.e., those with more than 60 time-limited months of assistance) in October 2005 was nearly twice the proportion of long-term recipients in October 2003 (9.1%). Overall, as of October 2005, the average time counted towards the limit was 28.8 months in the City and 12.2 months in the 23 Counties.

It is important to note that among those who receive cash assistance and are subject to the time limit, Baltimore City clients and recipients in the 23 Counties have no significant differences in the number of consecutive months of receipt or receipt in the past year. However, the 23 Counties have a higher percentage of child only cases, which are exempt from federal time limits. For instance, nearly two out of five cases (37.7%) in the 23 Counties had never accrued a month towards the limit since the inception of welfare reform in 1996. This compares with just under one in five cases in Baltimore City (19.3%).³

Notwithstanding this difference, the average number of months counting toward the federal time limit, excluding cases which have been exempt, is 29.1 months overall, 35.7 months among Baltimore City recipients and 19.6 months among those residing in the 23 Counties. For policymakers and program managers, these data suggest that families reaching the TANF time limit will continue to be concentrated in Baltimore City. Moreover, differences in cumulative welfare histories, but not in the length of the most recent consecutive spell suggest that welfare recidivism is a major issue that needs to be addressed in Baltimore City to halt the steady increase in the number of families reaching the TANF time limit.

³ Readers may note that the percentage of cases with no months counted towards the TANF time limit is lower than the percentage of child-only cases. This is because some child only cases may have been non-child-only cases in the past, with the adult accumulating time-limited months.

✘ **The majority of active welfare recipients have worked in a Maryland UI-covered job in the previous two years. However, this employment was typically not recent or stable. Compared to previous caseloads, October 2005 recipients have slightly lower historical employment rates.**

Overall, almost three-fifths (57.9%) of payees in our sample were employed in a Maryland job covered by Unemployment Insurance at some point in the previous eight quarters, or two years. This is almost certainly an underestimate since we do not have data on out-of-state employment, federal employment, self-employment, or cash-only employment. However, of those with any employment, average earnings were \$15,361.00 over two years (or eight quarters). Overall, recipients worked approximately half of the time during the two years (mean=4.5 out of 8 quarters), with an average quarterly wage of \$2,578.28. By October 2005, a typical payee had been out of work for a little over one year (mean = 4.3 quarters). These data suggest that barriers to employment are more likely to be persistent rather than momentary.

Of those who were working at some point in the previous year (46.4%), the typical quarterly wage was \$2,613.77, and the average recipient worked for 2.7 quarters out of four. The total amount earned, on average, was \$8,902.52. While it is not clear whether recipients were employed while receiving TANF benefits, or if they cycled between welfare and work, the data indicate there is fairly recent attachment to the labor force for approximately half of the caseload, which could potentially mean a smoother and quicker exit from welfare.

One in three (32.1%) recipients worked in the quarter of sample selection, earning an average of \$3,441. Because all cases received TCA in October 2005, the first month of that quarter, it is not surprising to find that employment rates are lower. However, they are not insignificant either.

Compared with past caseloads, recipients in October 2005 were less likely to be employed at some point in the past eight quarters (57.9% vs. 63.9%), but just as likely to be employed between October and December (32.1% in 2005 vs. 31.6% in 2003). Earnings are about comparable when inflation is considered, with 2003 recipients earning an average of \$3,396.24 per quarter and 2005 recipients earning \$3,440.87.

✘ **In terms of regional differences, we find that Baltimore City payees were significantly more likely to work in the eight quarters before sample selection than payees in the 23 counties. However, working Baltimore City adults experienced less employment stability and earned significantly less.**

An interesting trend emerges when comparing Baltimore City payees to those in other counties in terms of employment. Despite a higher percent of the caseload that was employed at some point in the previous eight quarters (59.5% vs. 56.1%), Baltimore City recipients worked for fewer quarters (mean=4.4 vs. 4.6) and earned 16% less per quarter (\$2,366.15 vs. \$2,829.10) than county recipients. This suggests that Baltimore City recipients have less job stability than those in other counties, despite the higher

rate of employment overall. The same is true when considering only the past four quarters, from October 2004 to September 2005. Again, Baltimore City recipients were more likely to be employed at some point (48.7% vs. 43.8%) than County recipients, but worked for fewer quarters on average (2.6 vs. 2.9), and earned over 20% less per quarter (\$2,341.86 vs. \$2,952.37). These employment trends suggest that employment stability may be a significant issue to address in Baltimore City, particularly as it relates to welfare recidivism.

In sum, our brief snapshot reveals that nuances to today's welfare caseload make widespread program uniformity challenging. There is not one typical payee type, but several, each perhaps with somewhat different service needs. There are also important regional differences. As our state begins accommodating major changes in the federal welfare rules and performance measurement, these distinctions must be kept in mind. In particular, success in meeting the new work participation requirements will largely be driven by success in Baltimore City's caseload, as the City carries the highest proportion of traditional cases, and it is these cases (as opposed to child-only cases) that will be counted in the newly structured work participation rate. While child-only cases tend to have different, yet still important, case management needs, Maryland's success in meeting new federal TANF standards is clearly dependent on whether Baltimore City clients, including a not insignificant proportion of long-term recipients, are able to move from welfare to stable employment (Ovwigbo, Born, & Saunders, 2006).

INTRODUCTION

When national welfare reform was first enacted in 1996, there was a great deal of uncertainty about how the tighter restrictions on cash assistance, including sanctions, time limits, and work requirements, would affect poor families. Thanks to careful and timely “leavers” studies, such as our *Life After Welfare* series, which monitored the employment and recidivism outcomes for families leaving welfare, we are able to say today that the reforms were largely a success. The vast majority of leavers moved into employment and has not come back (Ovwigbo, Saunders, Head, Kolupanowich and Born, 2006).

For program administrators, a key question is how best to serve today’s welfare recipients so that they experience the same success as leavers in years past. Over the past ten years, there have been significant political, economic, and program changes which have transformed the US public welfare system. Caseloads are generally about 75% smaller than they were in 1996, and welfare programs have evolved to focus on “case management”, as opposed to “check management”. More thorough assessments are being used to screen for possible barriers to employment and attempts are being made to tailor services to families’ individual circumstances. Partnerships have been strengthened with child support agencies and job training programs, as well as ramped up efforts to increase food stamp and medical assistance participation. In addition, there have been changes in the job climate, with a general shift from manufacturing jobs to service-oriented jobs nationwide, as well as a recession with a slow recovery.

Finally, TANF reauthorization, through the Deficit Reduction Act (DRA) of 2005, went into effect October 1, 2006. The DRA made several changes to the TANF work participation rate calculation, including expanding the types of families included in the denominator and changing the base year for the caseload reduction credit. These changes will make it even more difficult for states to meet the federal work participation rate standard and avoid fiscal penalties.⁴ States’ success in meeting these new challenges will largely rest on understanding and accurately assessing their caseloads. It is imperative to examine the characteristics of the active caseload in order to determine the most appropriate strategies for helping each of the different sub-populations transition from welfare to work.

Today’s report, the third in our *Snapshots of the Active Caseload* series, itself part of a larger research initiative, the *Life On Welfare* project, provides information on this key topic. Specifically, it provides a snapshot of the October 2005 Maryland cash assistance caseload. Data describing demographic characteristics, cash assistance participation patterns, and prior employment are used to monitor caseload composition and to identify trends or changes that may influence state-level policies and local front-

⁴ The impacts of TANF reauthorization for Maryland’s current caseload, as well as work potential for certain subgroups, are more carefully examined in a companion report, *Profile of the Active Caseload: Separate State Programs & Short-Term Disabilities*, available on our website: www.familywelfare.umaryland.edu/publications.

line practice. As our *Life After Welfare* reports help to illustrate how the characteristics of welfare leavers have changed over time, this report and other *Life On Welfare* studies provide similar information about the active caseload.

Three specific questions are addressed in today's report:

1. What are the demographic characteristics of Maryland TANF recipients in October 2005?
2. What are payees' historical patterns of welfare use?
3. What are payees' experiences with UI-covered employment?

To the extent possible, characteristics of the October 2005 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.

BACKGROUND

From January 1995 to September 2005, Maryland's welfare caseload dropped by nearly 75%, from 227,887 recipients to 60,177 (Maryland Department of Human Resources, 2005a). This trend is familiar nationwide, and indicates to many that welfare reform (i.e. the Personal Responsibility and Work Opportunity Reconciliation Act of 1996), by all counts, was a major bipartisan success. In addition to the sheer drop in numbers, a multitude of leaver studies have confirmed that women who left welfare after PRWORA, on average, went to work and did not come back (See, for example, Ovwigho, et al., 2006; and Urban Institute, 2006).

Still, there are some new and major challenges on the horizon. There is a lingering debate over whether the active caseload includes recipients with more and/or more difficult barriers to employment, as well as growing interest in the rising proportion of child only cases, which are exempt from most programmatic requirements of PRWORA. In addition, analytical studies of the active TANF caseload, especially at the state level, are of particular importance in light of programmatic changes included in the Deficit Reduction Act of 2005, which reauthorized TANF through 2010 and raised the bar for states in terms of work participation rates (Baider, et al., 2006).

Given these and other concerns about the active TANF caseload, today's report provides Maryland policy makers and program managers with a much-needed profile of the state's active TANF caseload. In addition, the use of administrative data and state-level perspective allows other researchers and state agencies a point of comparison when examining other caseloads across the country. 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. The format and variables measured are identical to those presented in our previous *Snapshot of the Active TCA Caseload* report, which profiled the active caseload in October 2003. Thus, we are able to discern whether and how the caseload is changing over time.

Demographic characteristics including payee race, gender and age, and case characteristics such as the number of individuals per case, age of youngest child, and percent of child only cases, are important for several reasons. First, in terms of screening for barriers to employment such as domestic violence, transportation, and health problems, it has been documented that client characteristics are associated with disclosure and documentation rates. For example, a recent study in Maryland showed that younger recipients with younger children, Baltimore City recipients, and minorities are less likely to have barriers documented in administrative case records, despite disclosing such barriers in a telephone research survey (Ovwigho, Saunders and Born, 2005).

Second, case type is particularly important in terms of program management in that child only cases are exempt from work requirements, sanctions and time limits, and therefore tend to remain on welfare longer. In some Maryland jurisdictions, the drastic

reduction in “traditional” cases (i.e., single parent with children) has left a caseload that is between one-half and three-quarters child only cases (Maryland Department of Human Resources, 2005b). Furthermore, we know that child only cases are not homogeneous, include both parental and non-parental assistance units, and that a substantial proportion of child only cases have been involved with the child welfare system (Hetling, Saunders and Born, 2005). Recent evidence also suggests that non-parental assistance units may actually cycle between child only cases status and having the caretaker relative included in the assistance grant. In the later instance, the family would be counted in the state’s work participation rate.

In addition to payee and case characteristics, we also examine welfare participation history. The amount of time families receive welfare and their possible dependence on government assistance was a major concern prompting many of the reform efforts of the late 1990s. By eliminating the open-ended entitlement of the Aid for Families with Dependent Children (AFDC) program and replacing it with the time-limited, work-focused, block-granted Temporary Assistance to Needy Families (TANF) program, the federal government was sending a clear message that families should only receive cash assistance for short-term crises. For program administrators, the amount of time a family has been on the welfare rolls may indicate how easy or difficult their transition to work will be. Thus, in this report, we examine welfare use in the past year, the past five years, length of the continuous spell that included October 2005, and the number of months accumulated towards the federal 60-month lifetime limit for cash assistance.

Finally, there is special interest in employment rates among the active caseload, as well as recent work history, not only because employment is associated with welfare exits and self-sufficiency, but also because of the new requirements for increased work participation. In addition to earnings levels and employment in UI-covered jobs, we also report where recipients are finding employment by analyzing employer classifications according to the North American Industry Classification System (NAICS). While there is some merit to the philosophy of “get a job, any job” for those with little to no work experience who need to take a first step into the workforce, there is also some value to finding a job that will be viable in the long-term. For example, there are certain “high turnover” industries, such as construction, retail trade, professional and business services, accommodation and food services, in which many people move in and out of from month to month (Lloyd and Mueller, 2005). Thus, it is important to take a periodic inventory of where Maryland recipients are working in order to inform welfare-to-work efforts and programs.

Overall, this most recent snapshot of Maryland’s TANF caseload characteristics, welfare participation, and employment status in October 2005 provides a much-needed, updated empirical foundation for upcoming policy and program developments. With that foundation, policy makers and program administrators will be better equipped in their efforts to meet the challenge of moving even more recipients off of welfare and into work.

METHODS

The following sections describe the data and methods used to select the sample of TCA 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 23,381 active Temporary Cash Assistance (TCA, Maryland's TANF Program) cases in Maryland in October 2005. Of these, a random sample was drawn for two subgroups: Baltimore City and the 23 Maryland counties. We selected a total sample of 1,260 cases, including 632 from Baltimore City and 628 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 2005 caseload (52.6%), yielding final weights of 1.05 for Baltimore City cases and 0.95 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. Notable exclusions are federal government employees (civilian and military), independent contractors, commission-only salespersons, most religious organization 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. Our lack of access to other states' data and federal employment data for purposes of this analysis is a limitation and has 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 2005, previous analyses using these data allow for comparisons, where appropriate, to other leavers and recipients throughout the first nine 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 (Ovwigo, 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 1998.⁵

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, 2005) 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).⁶

Life After Welfare: Eleventh Report.

Comparison data on cases that have exited cash assistance in Maryland since the outset of welfare reform are taken from the eleventh report on leavers, issued in October 2006 (Ovwigo, et al., 2006). This large, longitudinal study has been ongoing since October 1996, the first month of welfare reform in Maryland; the eleventh report

⁵ 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.

⁶ The confidence level for the October 2003 sample is 99% with a $\pm 5\%$ margin of error.

includes individual and case-level data on a 5% random sample of cases that closed between October 1996 and March 2006 (n=11,473).⁷

Data Analysis.

This study of the active October 2005 TCA caseload in Maryland is intended to provide an updated snapshot profile of recipient adults and cases and to uncover any significant changes from prior years. 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.

⁷ The total statewide sample is valid at the 99% confidence level with $\pm 1\%$ margin of error.

FINDINGS

This chapter includes empirical findings regarding the characteristics, program utilization, and employment experiences of case heads who received cash assistance in Maryland in October 2005, nine years after the implementation of welfare reform. In addition, we describe the composition of recipient households.

Payee Demographics

The far right column in Table 1, following this discussion, reveals that statewide, Maryland TCA payees in October 2005 were typically African American (79.2%) women (94.3%) over 35 years old (mean age=37.5 years) who never married (74.4%) and had their first children at the age of 22 (mean=22.6 years). On all characteristics except gender, there were statistically significant differences between payees in Baltimore City and those in the 23 counties. Payees in the City were significantly more likely to be African American (92.3% vs. 64.6%), and to have never married (85.0% vs. 62.1%). On average, City payees were significantly younger (mean=36.4 years vs. 38.8 years), and were younger at the birth of their first child (mean=22.1 years vs. 23.2 years).

While the differences between Baltimore City payees and those from other counties are generally consistent with regional profiles, we found one notable intra-subgroup change over time. In a study of October 2003 recipients, only 78.7% of Baltimore City payees had never married, compared to 85.0% among October 2005 Baltimore City payees. In contrast, the rate among county payees has remained stable (62.0% among the October 2003 cohort, and 62.1% among the October 2005 cohort).

Compared with the most recent cohort in a longitudinal study of Maryland's welfare leavers, active October 2005 recipients statewide were markedly older (mean=37.5 years vs. 32.8 years), and were slightly more likely to be African American (79.2% vs. 74.0%). However, they were comparatively the same age at the birth of their first child (mean=22.6 years vs. 21.9 years), signifying that there are likely differences in household composition and child age. Findings for these and other case-level characteristics are presented in the next section.

Table 1. Payee Demographic Characteristics

	Baltimore City	Other Counties	Total
Gender			
% Women	94.8% (628)	93.8% (560)	94.3% (1188)
Race***			
% African American	92.3% (602)	64.6% (377)	79.2% (980)
Marital Status***			
Never Married	85.0% (552)	62.1% (347)	74.4% (899)
Married	6.5% (42)	16.5% (92)	11.1% (134)
Divorced	1.8% (12)	6.3% (35)	3.9% (47)
Separated	5.3% (35)	12.6% (70)	8.7% (105)
Widowed	1.5% (9)	2.6% (14)	2.0% (24)
Age in Study Month**			
Less than 20	3.5% (23)	1.9% (11)	2.7% (34)
21-25	25.0% (166)	17.4% (104)	21.4% (269)
26-30	13.4% (89)	12.7% (76)	13.1% (165)
31-35	11.4% (76)	12.6% (75)	12.0% (151)
36 and older	46.7% (309)	55.4% (331)	50.8% (640)
Mean**	36.4	38.8	37.5
Median	33.8	37.2	35.8
Standard Deviation	13.5	13.3	13.5
Range	18.3 - 81.9	18.3 - 79.5	18.3 - 81.9
Age at First Birth			
Mean*	22.1	23.2	22.6
Median	19.9	21.5	20.5
Standard Deviation	6.3	6.2	6.2
Range	13.2 - 45.8	13.9 - 43.5	13.2 - 45.8
First birth under 18***	28.6% (133)	17.3% (63)	23.7% (196)
First birth under 21***	58.6% (273)	46.5% (168)	53.3% (441)
Sample Size	663	597	1,260

Note: Counts may not sum to 1,269 because of weighting and missing data for some variables. Valid percents are reported. Age at first birth is estimated for female payees based on their age and the age of their oldest child in the welfare case. Age at first birth will be overestimated to the extent that payees have other, older children who are not part of the welfare case. *p<.05, **p<.01, ***p<.001

Case Demographics

In addition to characteristics of payees, it is also useful to monitor changes in the composition of cases. Table 2, following this discussion, shows that in October 2005, the average TCA assistance unit included between two and three people (mean=2.5), typically one adult (62.3%) and one (48.5%), school-aged child (mean=6.9 years). Just over one-third (35.2%) of all cases are child-only cases, where the adult is excluded from the grant, and one in three (32.8%) include at least one child under the age of three. While this overview helps us to understand a typical case statewide, there are some important regional differences to point out.

First, assistance units are typically larger among Baltimore City cases (mean=2.6 vs. 2.3), but the average number of children per case is the same in both groups (mean=1.8). Therefore, the difference in assistance unit size is related to variations in the average number of adults per case. Indeed, almost one-half of all cases in the counties (45.5%) are child-only cases compared to only one in four Baltimore City cases (25.9%).⁸

Likewise, nearly three-quarters of Baltimore City cases include a single adult, which is the more traditional welfare assistance unit. This is a very important distinction, as child-only cases usually have different service needs than traditional cases, and are exempt from many program requirements, often leading to longer welfare spells. In addition, as new work participation requirements will not affect child only cases, the 23 Counties have fewer cases to work with in achieving the higher participation rate, as compared with Baltimore City (see Ovwigho, Saunders, & Born, 2006 for a more in depth discussion of this issue and its implications).

Second, while both groups have comparable rates of assistance units with a child under the age of three, Baltimore City cases are more likely to have a youngest child between the ages of three and six, before most children enter full-time school. Specifically, over one in five (22.8%) Baltimore City cases have a child in this age group, compared with one in seven cases among the 23 Counties (14.1%). In contrast, county cases, which are more likely to be child-only, are also more likely to include a teenager as the youngest child in the assistance unit (19.8% vs. 14.6%).

Compared to the active TANF caseload in previous years, there are few differences. The percent of child-only cases overall has increased slightly, from 32.7% in October 2003 to 35.2% in October 2005. The increase was larger for county cases (39.8% in October 2003 vs. 45.5% in October 2005). Traditional, single-parent cases now represent only slightly more than half of all county cases (51.4%), compared to almost three-fifths in October 2003 (57.3%).

⁸ Cases in which no adult is receiving benefits are typically referred to as child-only cases, usually families where the adult caretaker is either not the child's biological parent or where the biological parent is ineligible for aid due to immigration status, receipt of other benefits such as Supplemental Security Income, or partial sanctioning due to non-compliance with substance abuse screening and/or treatment.

Another notable trend is that children in active cases are somewhat older, on average, than those in exiting cases. For instance, while the age of the youngest child among active October 2005 cases was approximately 7 years of age in both City (mean=6.6 years) and County (mean=7.2 years) cases, the average age of the youngest child among cases closing between April 2005 and March 2006 was only 5.7 years. Similarly, while approximately one-third (32.8%) of active cases had at least one child under three years of age, the rate was over two-fifths among recent leavers (46.9%). It is possible that these differences in case demographics may also be correlated to differences in program participation and employment, which we turn to in the next two sections.

Table 2. Case Demographic Characteristics

	Baltimore City	Other Counties	Total
Size of Assistance Unit**			
1	20.3% (134)	29.9% (179)	24.8% (313)
2	36.7% (243)	34.1% (203)	35.5% (447)
3	22.8% (151)	18.3% (109)	20.7% (260)
4 or more	20.3% (134)	17.7% (106)	19.0% (240)
Mean**	2.6	2.3	2.5
Median	2.0	2.0	2.0
Standard Deviation	1.3	1.3	1.3
Range	1.0 - 8.0	1.0 - 7.0	1.0 - 8.0
Number of Adults on Case***			
0 (child-only)	25.9% (172)	45.5% (272)	35.2% (444)
1	72.0% (477)	51.4% (307)	62.3% (784)
2	2.1% (14)	3.0% (18)	2.5% (32)
Mean***	0.8	0.6	0.7
Median	1.0	1.0	1.0
Standard Deviation	0.5	0.6	0.5
Range	0 - 2.0	0 - 2.0	0 - 2.0
Number of Children on Case			
0	4.4% (29)	2.2% (13)	3.4% (43)
1	46.5% (308)	50.6% (302)	48.5% (611)
2	26.6% (176)	26.3% (157)	26.4% (333)
3 or more	22.5% (149)	20.9% (125)	21.7% (273)
Mean	1.8	1.8	1.8
Median	1.0	1.0	1.0
Standard Deviation	1.1	1.1	1.1
Range	0 - 7.0	0 - 6.0	0 - 7.0
Age of Youngest Child***			
Less than 3	31.8% (204)	33.9% (199)	32.8% (402)
3 to 6	22.8% (146)	14.1% (83)	18.6% (229)
6 to 13	30.8% (197)	32.3% (189)	31.5% (386)
13 to 18	14.6% (93)	19.8% (116)	17.1% (209)
Mean	6.6	7.2	6.9
Median	5.3	6.4	5.8
Standard Deviation	5.0	5.6	5.3
Range	<1 - 18.0	<1 - 17.9	<1 - 18.0
Sample Size	663	597	1260

Note: Counts may not sum to 1,269 because of weighting and missing data for some variables. Valid percents are reported. *p<.05, **p<.01, ***p<.001

Cash Assistance Program Participation

One of the underlying goals of welfare reform was to reduce the level of dependency among welfare recipients. While there are a number of indicators used to measure dependency, one of the most accessible and straightforward is the length of time a family has received cash assistance. Beyond the theoretical discussion regarding dependency, welfare practitioners also need this information to determine the percent of their caseload which is at risk for reaching the federal lifetime limit of 60 months of receipt, and to identify long-term recipients who may have special needs.

Table 3, following this discussion, presents several measures of historical and current TANF participation among the October 2005 caseload, separated by region (Baltimore City and the 23 Counties). The first row of cells includes the number of months of receipt within the past five years, or 60 months. The mean value shows that, statewide, the average assistance unit in October 2005 had received 28.2 months of assistance, or had been on welfare about half of the time. However, there seem to be two main subgroups, each composed of about a fourth of the caseload: those who received TCA for one to twelve months within the past five years (27.7%), and those who received 49 to 60 months (22.3%) of assistance. These two categories account for exactly half of the sample. Families residing in Maryland's 23 counties were more likely to be among those receiving twelve months of benefits or fewer (32.6%) compared with families in Baltimore City (23.3%), and Baltimore City families were more likely to be among those receiving 49 to 60 months (24.7% vs. 19.7%). On average, Baltimore City cases received cash assistance for 31 months out of the past 60, or a little more than half the time, and County cases averaged 25.1 months of assistance.

In addition to monitoring the long-term welfare history of active TANF recipients, it is also vital to examine short-term history, particularly in light of recent efforts to achieve universal engagement in work activities. The second section of Table 3 includes the number of months of receipt in the past year. As presented, about three-fifths (57.1%) of the sample received benefits for at least 80 percent of the time, or at least 10 out of 12 months. On average, assistance units in the active caseload received benefits for 8.4 out of the past twelve months, with only a slight difference between Baltimore City (8.7 months) and other County (8.0 months) customers.

Although it is natural to focus on long-term recipients, it is also important to recognize that a minority of the caseload is composed of essentially new recipients. For example, about 1 in 30 (3.3%) recipients did not receive cash assistance at all in Maryland in the five years before October 2005. This rate is noticeably higher in the 23 Counties (4.9%, about 1 in 20) than in Baltimore City (1.7%, about 1 in 60). An additional 2.5% of the caseload are recipients who received cash assistance in Maryland at some point in the past five years, but not at all in the 12 months preceding October 2005 (October 2004 to September 2005). Together, these two cohorts result in 5.8% of the caseload who did not receive welfare in any month in the past year. For program managers, these data suggest that, although they will be mostly working with customers who have been on their rolls for a while, they will still have to consider the most appropriate strategies for

those who are new to the welfare system and those who have been off assistance for many months, but have now returned.

The previous two measures both provide an assessment of families' welfare histories including multiple "spells" or episodes of TCA receipt. For policy makers and program managers, another important consideration is how long cases have been open without interruption. Long spells of continuous receipt are related to lower odds of exiting and less recent attachment to the labor market. In Table 3, "current spell" is defined as the number of consecutive months in which and for which an assistance unit received cash assistance. On this measure, there is no statistically significant difference between Baltimore City and other County recipients. As of October 2005, the average assistance unit had received benefits for 21.2 consecutive months, or just under two years. However, there is great variability. In fact, the median current spell is 13 months, indicating that half of all cases have been open continuously for a year or less.

The final measure, months used of the TANF time limit, is an important indicator for tracking the percent of the caseload that may or have become ineligible for federal benefits by reaching the lifetime limit of 60 months. According to our analyses, exactly one in ten assistance units have breached that limit (10.0%) and an additional one in twenty are approaching it (5.7%). The situation is certainly more serious for the Baltimore City caseload, as one in six families have received more than 60 months of assistance (16.8%), and an additional one in twelve have received at least 48 months of aid (7.9%). The average time counted towards the limit is 20.9 months overall, but 28.8 months in the City and 12.2 months in the 23 Counties. This difference is statistically as well as programmatically significant.

It is important to note that among those who receive cash assistance and are subject to the time limit, Baltimore City clients and recipients in the 23 Counties have comparable welfare histories, with no significant differences in the number of consecutive months of receipt or receipt in the past year. However, the 23 Counties have a higher percentage of child only cases, which are exempt from federal time limits. For instance, nearly two out of five cases (37.7%) in the 23 Counties had never accrued a month towards the limit since the inception of welfare reform in 1996. This compares with just under one in five cases in Baltimore City (19.3%).⁹ Though not presented in the table, the average number of months counting toward the federal time limit among those with any months is 29.1 months overall, 35.7 months among Baltimore City recipients and 19.6 months among those residing in the 23 Counties.

The data presented in Table 3 hint at some important trends when compared with previous studies of the active caseload, and with studies of welfare leavers. Compared to recipients in October 2003, historic and current participation patterns have remained rather steady, particularly when considering recent receipt and current spells. For

⁹ Readers may note that the percentage of cases with no months counted towards the TANF time limit is lower than the percentage of child-only cases. This is because some child only cases may have been non-child-only cases in the past, with the adult accumulating time-limited months.

instance, the average length of current spell among October 2003 recipients was 21.4 months, compared to 21.2 months among the October 2005 sample.

As anticipated, there was a slight increase in the average number of months accumulated toward the federal time limit, from 19.4 months to 20.9 months over the two-year span. However, this is mostly attributable to change within the Baltimore City caseload, which experienced an increase in the average time limit count from 24.6 months in October 2003 to 28.8 months in October 2005, while county cases experienced a decline (mean=13.2 in 2003 vs. 12.2 months in 2005). Baltimore City's increase in the time limit count reflects an increase in the percent of long-term recipients, as fewer than one in ten families had reached the 60-month limit by October 2003 (9.1%) compared with one in six families who had reached the limit by October 2005 (16.8%). In contrast, the decline in average time limit count among County families is suspected to be largely associated with exits of traditional cases, leaving a higher rate of child-only cases among the active caseload.

Despite similar demographic and case profiles, the October 2005 active TANF caseload is substantially different from recent TANF leavers in terms of welfare participation, in ways that may be particularly relevant to the welfare-to-work challenges in 2007 and beyond. For instance, active recipients, on average, received 40% more months of assistance in the past five years when compared with leavers (28.2 months vs. 20.1 months), and have a current spell that is more than twice as long as the spell which culminated in the leavers' most recent exit (21.2 months vs. 9.3 months).

On the face of it, this seems intuitive, since the very factors which allow someone to exit welfare on one hand are likely what are lacking among those who, on the other hand, continue to receive assistance over long periods of time. Additionally, as already discussed, child only cases are expected to have longer welfare spells, and in fact the rate of child only cases is more than twice as high among the active caseload than among recent leavers (35.2% vs. 16.7%).

However, Baltimore City makes up more than half of the statewide caseload (52.1%), and largely consists of traditional, non-child-only cases (74.1%). As of October 2005, the average Baltimore City active recipient received 31.0 months of assistance in the last five years, compared with 20.1 months of assistance among the most recent cohort of statewide leavers. Thus, the increase in long-term recipients in Baltimore City between 2003 and 2005 may signify a slowing in exit rates over time and in general a caseload statewide that uses more months of assistance towards the federal time limit.

Table 3. Historic and Current TCA Participation

	Baltimore City	Other Counties	Total
Months of Receipt in Last 60 Months***			
None	1.7% (12)	4.9% (29)	3.3% (41)
1 to 12 months	23.3% (154)	32.6% (195)	27.7% (349)
13 to 24 months	15.7% (104)	18.3% (109)	16.9% (213)
25 to 36 months	17.4% (115)	14.6% (87)	16.1% (203)
37 to 48 months	17.2% (114)	9.7% (58)	13.7% (172)
49 to 60 months	24.7% (164)	19.7% (118)	22.3% (282)
Mean***	31.0	25.1	28.2
Median	32.0	20.0	26.0
Standard Deviation	19.7	20.5	20.3
Months of Receipt in Last 12 Months**			
None	4.0% (26)	7.8% (47)	5.8% (73)
1 to 3 months	12.7% (84)	17.4% (104)	14.9% (188)
4 to 6 months	13.0% (86)	11.5% (68)	12.3% (154)
7 to 9 months	11.6% (77)	8.3% (49)	10.0% (126)
10 to 12 months	58.9% (390)	55.1% (329)	57.1% (719)
Mean**	8.7	8.0	8.4
Median	11.0	11.0	11.0
Standard Deviation	4.1	4.6	4.3
Months of Receipt in Current Spell			
12 months or less	48.3% (320)	51.0% (304)	49.5% (624)
13 to 24 months	16.0% (106)	15.8% (94)	15.9% (200)
25 to 36 months	11.2% (74)	11.8% (70)	11.5% (145)
37 to 48 months	6.3% (42)	4.5% (27)	5.4% (69)
49 to 60 months	18.2% (121)	17.0% (102)	17.6% (222)
Mean	21.8	20.6	21.2
Median	13.0	12.0	13.0
Standard Deviation	20.7	20.5	20.6
Months Used on TANF Time Limit***			
No months	19.3% (128)	37.7% (225)	28.0% (353)
1 – 12	20.4% (135)	29.9% (179)	24.9% (314)
13 – 24	15.5% (103)	13.5% (81)	14.6% (184)
25 – 36	10.8% (71)	8.6% (51)	9.7% (123)
37 – 48	9.3% (62)	4.6% (28)	7.1% (89)
49 – 60	7.9% (52)	3.2% (19)	5.7% (71)
More than 60 months	16.8% (111)	2.4% (14)	10.0% (125)
Mean***	28.8	12.2	20.9
Median	20.0	4.0	11.0
Standard Deviation	28.1	17.6	25.1
Sample Size	663	597	1260

Notes: Valid percents are presented and for some measures counts may not equal the total sample size due to small instances of missing data. *p<.05, **p<.01, ***p<.001

Historic and Current Employment

One of the most difficult tasks facing state welfare agencies today is to move recipients into sustainable jobs. It is encouraging to note, however, that most welfare recipients in Maryland have some history of work experience (Ovwigbo, Born, Ferrero, and Palazzo, 2004). Together with that history, data on earnings, prior employment types, and the length of time out of work are essential to making viable placements. This section focuses specifically on UI-covered employment between October 2003 and December 2005, including the number of quarters worked, earnings, and the types of employment sectors in which recipients had been working.

Table 4, following this discussion, highlights the number of quarters worked, and the average amount earned, in the two years prior to and including our study quarter, October to December 2005.¹⁰ Overall, almost three-fifths (57.9%) of payees in our statewide sample were employed in a Maryland job covered by Unemployment Insurance at some point in the previous eight quarters, or two years. As mentioned previously, this is most certainly an underestimate because we do not have data on out-of-state employment, federal employment, self-employment, or “under the table cash” employment. However, of those with any measured employment, average earnings were \$15,361.00 over two years (or eight quarters). Overall, recipients worked approximately half of the time during the two years (mean=4.5 out of 8 quarters), with an average quarterly wage of \$2,578.28. It is important to note that we are unable to determine if these wages reflect full or part-time employment within the quarter. In addition, by October 2005, a typical payee had been out of work for a little over one year (mean = 4.3 quarters). All else equal, these data suggest that barriers to employment are more likely to be persistent rather than momentary.

The figures in the second row of Table 4 indicate that a little less than one-half (46.4%) of active recipients were employed at some point between October 2004 and September 2005. When we focus only on these most recent workers, we find that total earnings for the year were, on average, \$8,902.52, and that a typical recipient worked for an average of 2.7 quarters. This yields an average \$2,613.77 per quarter, which is slightly higher than the average quarterly wage among those who worked at some point over the last eight quarters, but perhaps were not employed in the year immediately preceding our study month. While it is not clear whether recipients were employed while receiving benefits, or if they cycled between welfare and work, the data indicate there is fairly recent attachment to the labor force for approximately half of the caseload, which could potentially mean a smoother and quicker exit from welfare.

An interesting trend emerges when comparing Baltimore City payees to those in other counties. Despite a higher percent of the caseload that was employed at some point in the previous eight quarters (59.5% vs. 56.1%), Baltimore City recipients worked in fewer quarters (mean=4.4 vs. 4.6) and earned 16% less per quarter (\$2,366.15 vs. \$2,829.10), on average, than county recipients. This suggests that Baltimore City recipients have less job stability than those in other counties, despite the higher average

¹⁰ All wages are standardized to represent 2005 dollars.

rate of employment. The same is true when considering only the past four quarters, from October 2004 to September 2005. Again, Baltimore City recipients were more likely to be employed at some point (48.7% vs. 43.8%) than other county recipients, but worked for fewer quarters on average (2.6 vs. 2.9), and earned over 20% less per quarter (\$2,341.86 vs. \$2,952.37).

The final section refers to employment in the quarter of sample selection (October through December 2005). Because all cases received TCA in October 2005, the first month of that quarter, it is not surprising to find that employment rates are lower. However, they are not insignificant either. One in three (32.1%) recipients statewide worked in that quarter, earning an average of \$3,441. There is no jurisdictional difference in employment rates, but Baltimore City workers earned about \$800 less in that quarter than their employed counterparts in the 23 counties.

Compared with past caseloads, recipients in October 2005 were less likely to be employed at some point in the past eight quarters (57.9% vs. 63.9%), but just as likely to be employed between October and December (32.1% in 2005 vs. 31.6% in 2003). Earnings are about comparable when inflation is considered, with 2003 recipients earning an average of \$3,396.24 per quarter and 2005 recipients earning \$3,440.87.

Not surprisingly, active recipients are much less likely to be employed than welfare leavers. Among the most recent cohort of leavers in our longitudinal study (i.e. those who left between April 2005 and March 2006), about seven in ten were employed at some point in the eight quarters leading up to their exit (70.2%), compared to fewer than six in ten active recipients (57.9%).

Table 4. Historic and Current Employment

	Baltimore City	Counties	Total
Previous 8 Quarters (10/03 – 9/05)			
Percent Employed	59.5% (394)	56.1% (335)	57.9% (729)
Mean # of Quarters Worked – employed only	4.4	4.6	4.5
Average Total Earnings*	\$13,737.57	\$17,280.47	\$15,361.00
Average Quarterly Earnings*	\$2,366.15	\$2,829.10	\$2,578.28
Mean # of Quarters Since employed	4.1	4.4	4.3
Previous 4 Quarters (10/04 – 9/05)			
Percent Employed	48.7% (323)	43.8% (261)	46.4% (585)
Mean # of Quarters Worked – employed only*	2.6	2.9	2.7
Average Total Earnings**	\$7,748.63	\$10,339.40	\$8,902.52
Average Quarterly Earnings*	\$2,341.86	\$2,952.37	\$2,613.77
Fourth Quarter of 2005 (10/05 to 12/05)			
Percent Employed	32.3% (214)	31.8% (190)	32.1% (404)
Average Total Earnings*	\$3,064.53	\$3,866.73	\$3,440.87
Sample Size	663	597	1260

Employment Industries.

Our last findings section concerns the types of industries in which welfare recipients find work. Holding all things constant, the type of industry in which welfare recipients find work can potentially make or break their long-term potential for success. For instance, some industries are more likely than others to include jobs that offer fringe benefits such as sick leave, health insurance, and retirement funds. In addition, some industries are more vulnerable to downturns in the overall economic climate, while others are more likely to offer opportunities for job advancement over time.

The following section provides an overview of industries in which welfare recipients were employed during our study quarter (October to December 2005). When possible, we offer comparisons with the 2003 active caseload, as well as Maryland leavers.¹¹ We use the North American Industry Classification System (NAICS), which includes all employers covered by Unemployment Insurance. It is a hierarchical system, allowing for general grouping of industries as well as more specificity according to the type of work which is conducted and the type of product/service which is provided.¹² Figure 1, following this discussion, provides a general overview, and Table 5 provides a more specific picture of where welfare recipients were employed in our study quarter.

Figure 1, following this discussion, displays the top 5 general employment sectors in which statewide recipients were working during the fourth quarter of 2005. Overall, about one-fifth of the sample was employed in each of three sectors: “Education and Health Services” (23.7%); “Trade, Transportation and Utilities” (22.9%); and “Professional and Business Services” (20.3%). “Education and Health Services” includes sub-industries such as “Educational Services”, “Ambulatory Health Services”, and “Nursing and Residential Care Facilities”. Together, these three sub-sectors account for about three-quarters (n=54/73 or 73.9%) of the jobs in this sector. Employment within “Trade, Transportation and Utilities” was less concentrated, as the top three sub-sectors (“General Merchandise Stores” (n=23), “Gasoline Stations” (n=9), and “Clothing Stores” (n=8)) account for about half (56.3%) of the jobs in this sector. “Professional and Business Services” consists mainly of positions in the “Administrative and Support Services” (n=46) and “Professional Services” (n=15) fields.

The other two major sectors in which welfare recipients were employed at some point in the October through December 2005 quarter were “Public Administration” (8.4%), which includes government support, and “Other Services” (5.9%), which includes other professional organizations and personal services. Overall, the top five employment sectors account for about four out of five jobs for which industry data were available (81.4%).

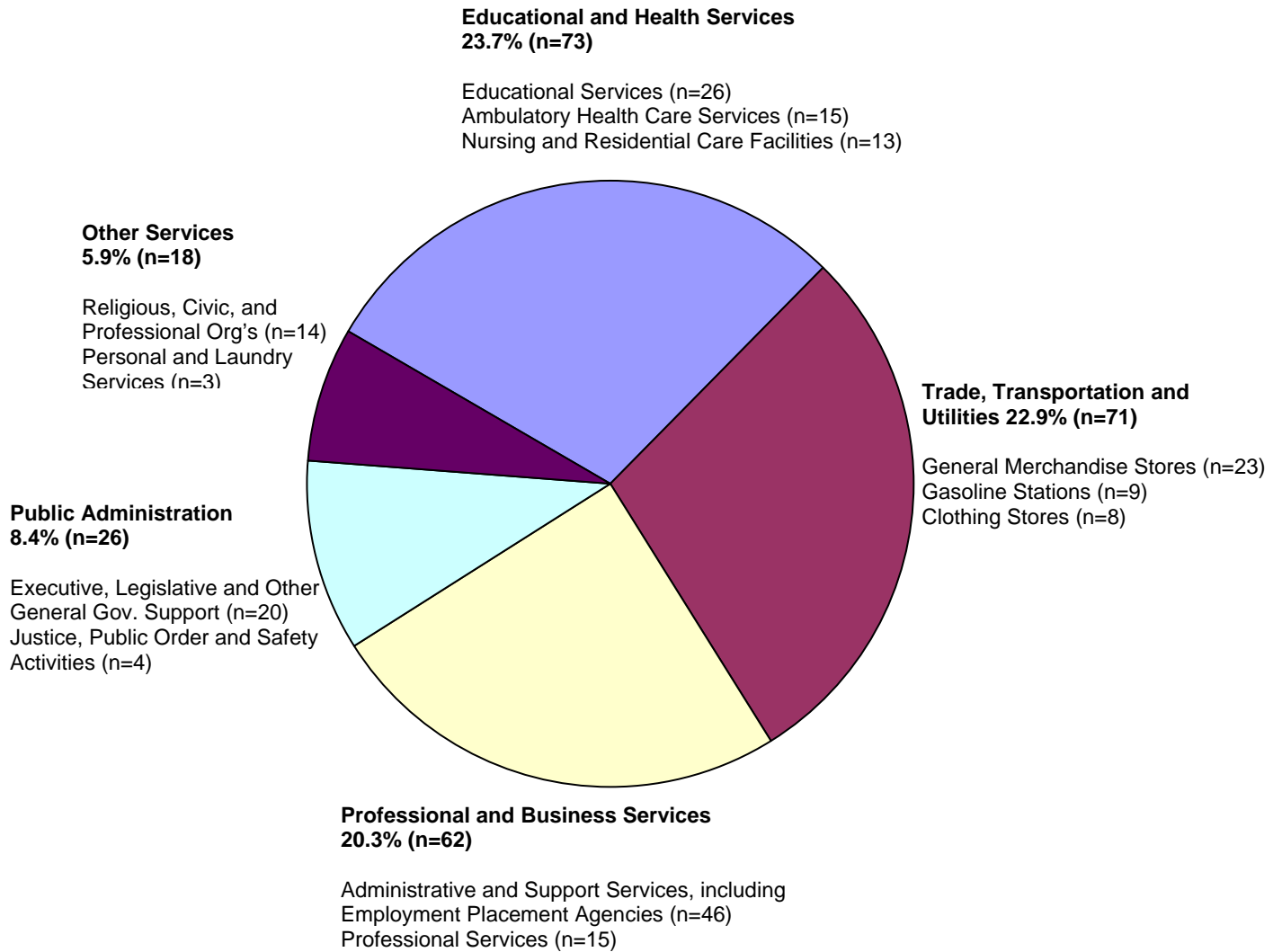
¹¹ In the *Life On Welfare: A Snapshot of the Active TCA Caseload in October 2003* report, a different level of NAICS coding was presented. Figures regarding the 2003 October caseload discussed in this section are the result of analyses which were not included in that report.

¹² Appendix A includes a complete picture of how industries in which current welfare recipients found employment are related within the hierarchical system.

Compared with the October 2003 caseload, fewer 2005 recipients worked in the “Professional and Business Services” field (20.3% vs. 25.1%), and more were employed in “Educational and Health Services” (23.7% vs. 19.9%) and “Trade, Transportation and Utilities” (22.9% vs. 18.4%). In addition, while “Leisure and Hospitality” was one of the top five employment sectors among the October 2003 caseload (9.4%), it accounted for only 5.5% of jobs in the October 2005 caseload.

The same trend can be seen when comparing the active caseload to Maryland leavers. Among welfare leavers who exited between April 2005 and September 2005, nearly one in ten (9.9%) worked “Leisure and Hospitality”, compared with one in twenty among the active caseload (5.5%). Consisting of jobs classified as “Food Services and Drinking Places” and “Accommodation”, among others, this is largely a service-oriented sector, with high turnover and relatively low wages. Therefore, the lower percent of employed active recipients who work in this sector may be a positive indication that more recipients over time will leave welfare for jobs that perhaps will offer greater stability.

Figure 1. Top Five Employment Sectors in the Fourth Quarter of 2005



While a snapshot of general employment sectors is useful for understanding the big picture, more specific industry data is useful for day-to-day program management and policy development. Table 5, following, presents the Top 25 employment industries for city and non-city recipients, using a higher level of detail in NAICS coding. Overall, the number one employment sector, accounting for about one in six jobs (15.1%) is “Administrative and Support Services”, which also includes temporary employment placement agencies. In addition, just under one in ten worked in “Educational Services” (8.3%) or “General Merchandise Stores” (7.4%). Taken as a whole, these top three sectors account for not quite one-third (30.8%) of all jobs. The Top 25 employment sectors account for about nine in ten jobs (88.4%), as shown in Table 5.

There are differences between Baltimore City and the 23 Counties in the employment sectors where recipients were most likely to work in the last quarter of 2005. Specifically, Baltimore City welfare recipients are more likely than county recipients to work in “Administrative and Support Services” (18.4% vs. 11.5%, respectively), “Ambulatory Health Services” (6.6% vs. 3.2%, respectively), and “Hospitals” (6.6% vs. 0.6%, respectively). In general, recipients living in Maryland’s 23 counties are more likely than City recipients to work in “Educational Services” (10.9% vs. 5.9%), “General Merchandise Stores (including department stores)” (9.6% vs. 5.3%), and “Executive, Legislative, and Other General Government Support” (7.1% vs. 5.9%).

Compared with the active caseload in October 2003, 2005 recipients are less likely to be working in “Administrative and Support Services” (15.1% vs. 18.8%), and more likely to be working in “Educational Services” (8.3% vs. 6.7%) and “General Merchandise Stores” (7.4% vs. 4.9%). Compared with recent welfare leavers in Maryland, active recipients are less likely to be employed in “Administrative and Support Services” (15.1% vs. 16.7%), “Nursing and Residential Care Facilities” (4.2% vs. 5.7%), “Gasoline Stations” (2.9% vs. 3.6%), and “Food Services and Drinking Places” (4.9% vs. 6.8%). On the other hand, active recipients are more likely than recent leavers to be employed in “Educational Services” (8.3% vs. 6.8%), “Executive, Legislative, and Other General Government Support” (6.5% vs. 2.6%) and “Religious, Grantmaking, Civic, Professional and Similar Organizations” (4.6% vs. 3.6%). As stated previously, quarterly wage data do not permit a straightforward analysis of hourly wages, number of hours worked per week, or the ability to pinpoint which days within a given quarter a recipient was receiving welfare, working, neither, or both. Thus, while it may be true that certain employment types and industries are more likely to be associated with a welfare exit, no conclusions regarding causality should be drawn from these data.

Table 5. The Top 25 Employers/Industries in the Fourth Quarter of 2005

Type of Employer/Industry (NAICS)	Baltimore City (n=159)		Other Counties (n=148)		Total (n=308)	
Administrative and Support Services	18.4%	(29)	11.5%	(17)	15.1%	(46)
Educational Services	5.9%	(9)	10.9%	(16)	8.3%	(26)
General Merchandise Stores	5.3%	(8)	9.6%	(14)	7.4%	(23)
Executive, Legislative, and Other General Government Support	5.9%	(9)	7.1%	(10)	6.5%	(20)
Ambulatory Health Care Services	6.6%	(10)	3.2%	(5)	5.0%	(15)
Food Services and Drinking Places	5.3%	(8)	4.5%	(7)	4.9%	(15)
Professional, Scientific, and Technical Services	3.9%	(6)	5.8%	(9)	4.8%	(15)
Religious, Grantmaking, Civic, Professional, and Similar Org	5.9%	(9)	3.2%	(5)	4.6%	(14)
Nursing and Residential Care Facilities	3.3%	(5)	5.1%	(8)	4.2%	(13)
Hospitals	6.6%	(10)	0.6%	(1)	3.7%	(11)
Gasoline Stations	2.6%	(4)	3.2%	(5)	2.9%	(9)
Clothing and Clothing Accessories Stores	3.3%	(5)	1.9%	(3)	2.6%	(8)
Merchant Wholesalers, Durable Goods	2.6%	(4)	2.6%	(4)	2.6%	(8)
Social Assistance	1.3%	(2)	3.8%	(6)	2.5%	(8)
Food and Beverage Stores	2.0%	(3)	2.6%	(4)	2.3%	(7)
Food Manufacturing	2.6%	(4)	0.6%	(1)	1.7%	(5)
Insurance Carriers and Related Activities	1.3%	(2)	1.3%	(2)	1.3%	(4)
Justice, Public Order, and Safety Activities	0.7%	(1)	1.9%	(3)	1.3%	(4)
Financial Activities	0.7%	(1)	1.9%	(3)	1.3%	(4)
Funds, Trusts, and Other Financial Vehicles	1.3%	(2)	0.6%	(1)	1.0%	(3)
Health and Personal Care Stores	1.3%	(2)	0.6%	(1)	1.0%	(3)
Personal and Laundry Services	0.7%	(1)	1.3%	(2)	1.0%	(3)
Credit Intermediation and Related Activities	0.7%	(1)	1.3%	(2)	1.0%	(3)
Telecommunications	0.0%	(0)	1.9%	(3)	0.9%	(3)
Accommodation	1.3%	(2)	0.0%	(0)	0.7%	(2)
All Others	10.5%	(22)	12.8%	(16)	11.6%	(36)
Total	100.0%	(159)	100.0%	(148)	100.0%	(308)

Note: Data are based on 308 identifiable jobs held by 308 caseheads. The entire sample included 404 payees who were employed, but the industry could not be classified for 96 jobs. Because the data are weighted to reflect the distribution of the caseload statewide, numbers may not add to the total and percents may not total 100%. Please note that these data are reported at the 3-digit NAICS level, which is different from the 6-digit table presented in *Life On Welfare: A Snapshot of the Active TCA Caseload in October 2003* so the results should not be compared.

CONCLUSIONS

Our snapshot of October 2005 Maryland welfare recipients' demographics, welfare use, and employment continues to reveal a heterogeneous caseload. By viewing the snapshot through several "lenses", we can see that there are several important details that set the October 2005 caseload apart from those in the past and from those who have left welfare. Moreover, there are important differences between the Baltimore City caseload and the rest of the statewide caseload.

On the surface the 2005 caseload looks quite similar to the 2003 caseload, but there have been some notable changes. In terms of payee characteristics, 2005 cases include payees who are slightly older, on average, and are less likely to have ever married. In addition, there is a higher proportion of child-only cases, and assistance units are less likely to have very young children. We find no changes in terms of gender or race, assistance unit size, or the average number of adults and children per case. Furthermore, payees in 2005 had similar welfare histories and employment experiences compared with 2003 recipients, though the 2005 recipients are, on average, less likely to have worked at some point in the two years before the study quarter.

This third bi-annual snapshot of active TANF recipients continues to reveal some important differences between those who are receiving welfare and those who recently left the rolls. For example, on average active recipients are markedly older than leavers, with older children, longer welfare histories, and longer continuous welfare use. In addition, active welfare recipients are less likely to have a recent history of employment or to be working in the study quarter.

When we shift the lens to compare Baltimore City cases with those in other jurisdictions, we find some glaring differences that are vitally important for program management. In terms of payee characteristics, Baltimore City recipients are younger by an average of two years, they were typically younger when they had their first child, and they have substantially higher rates of having never married. In fact, the rate of Baltimore City recipients who were never married increased by almost ten percent between October 2003 and October 2005.

Furthermore, Baltimore City recipients are much more likely to fit the traditional welfare recipient profile (a single adult with children) than are County recipients, and are therefore more likely to be subject to work requirements (and therefore, sanctions) and time limits. Indeed, Baltimore City payees have accumulated almost twice as many months toward the federal 60-month time limit as have their counterparts in the 23 counties. In terms of employment, we find that Baltimore City recipients are more likely to have been employed at some point in the past two years, but are less likely to keep their employment over time and generally earn less than County recipients.

It is likely that the driving force behind many of the differences between jurisdictions is the rising proportion of child only cases in the 23 counties, which increased by about 15% between October 2003 and October 2005. At the time of our study, child-only

cases made up almost one-half of the caseload in the 23 counties. While these cases do not accrue months against the federal lifetime limit, they have been on welfare just as long as traditional cases, and continue to require services and caseworker attention. For example, many child only cases include children who have been abused or neglected at some point, and currently live with a grandparent or other relative, or they may include children who live with a parent who suffers from a long-term disability.

Thus we see that even in a brief snapshot, nuances to today's welfare caseload make widespread program uniformity challenging. There is not one typical payee type, but several, each perhaps with somewhat different service needs. There are also important regional differences. As our state begins accommodating major changes in the federal welfare rules and performance measurement, these distinctions must be kept in mind. In particular, success in meeting the new work participation requirements will largely be driven by success in Baltimore City's caseload, as the City carries the highest proportion of traditional cases, and it is these cases (as opposed to child-only cases) that will be counted in the newly structured work participation rate. While child-only cases tend to have different, yet still important, case management needs, Maryland's success in meeting new federal TANF standards is clearly dependent on whether Baltimore City clients, including a not insignificant proportion of long-term recipients, are able to move from welfare to stable employment (Ovwigbo, Born, & Saunders, 2006).

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