

Research on the Changing Welfare Population: Informing Practice and Policy

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September 12, 2011

Presented at the 51st annual workshop of the National Association for Welfare Research and Statistics
This research was funded by the Maryland Department of Human Resources



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Welfare Leavers in the Changing Economy

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Background

- *Life after Welfare* series' history gives us a unique ability to investigate Maryland's welfare leavers over time
- The current economic climate means that, once again, stakeholders want to know how leavers are doing
- This study compares the characteristics and outcomes of interest among leavers during good economic times, mild recession, and the Great Recession

Research Questions

- How do the characteristics of leavers in each cohort compare?
 - Demographics?
 - Human capital?
 - Family composition?
 - Employment history?
 - Kinds of work?
 - Welfare history?
- How do their work outcomes compare?
- Are (and how are) those outcomes related to individual characteristics? To local economic conditions? To larger macroeconomic conditions?

Sample

- Cohort 1: leavers in the 3rd quarter of 1998 (n=7,029; economic boom cohort)
- Cohort 2: leavers in the 3rd quarter of 2001 (n=3,485; mild recession cohort)
- Cohort 3: leavers in the 4th quarter of 2008 (n=2,964; Great Recession cohort)

Data

- CARES, Maryland's state-administered welfare client information database
- MABS, Maryland's UI employment and wage database
- Bureau of Labor Statistics' county-level quarterly unemployment rates

Methods

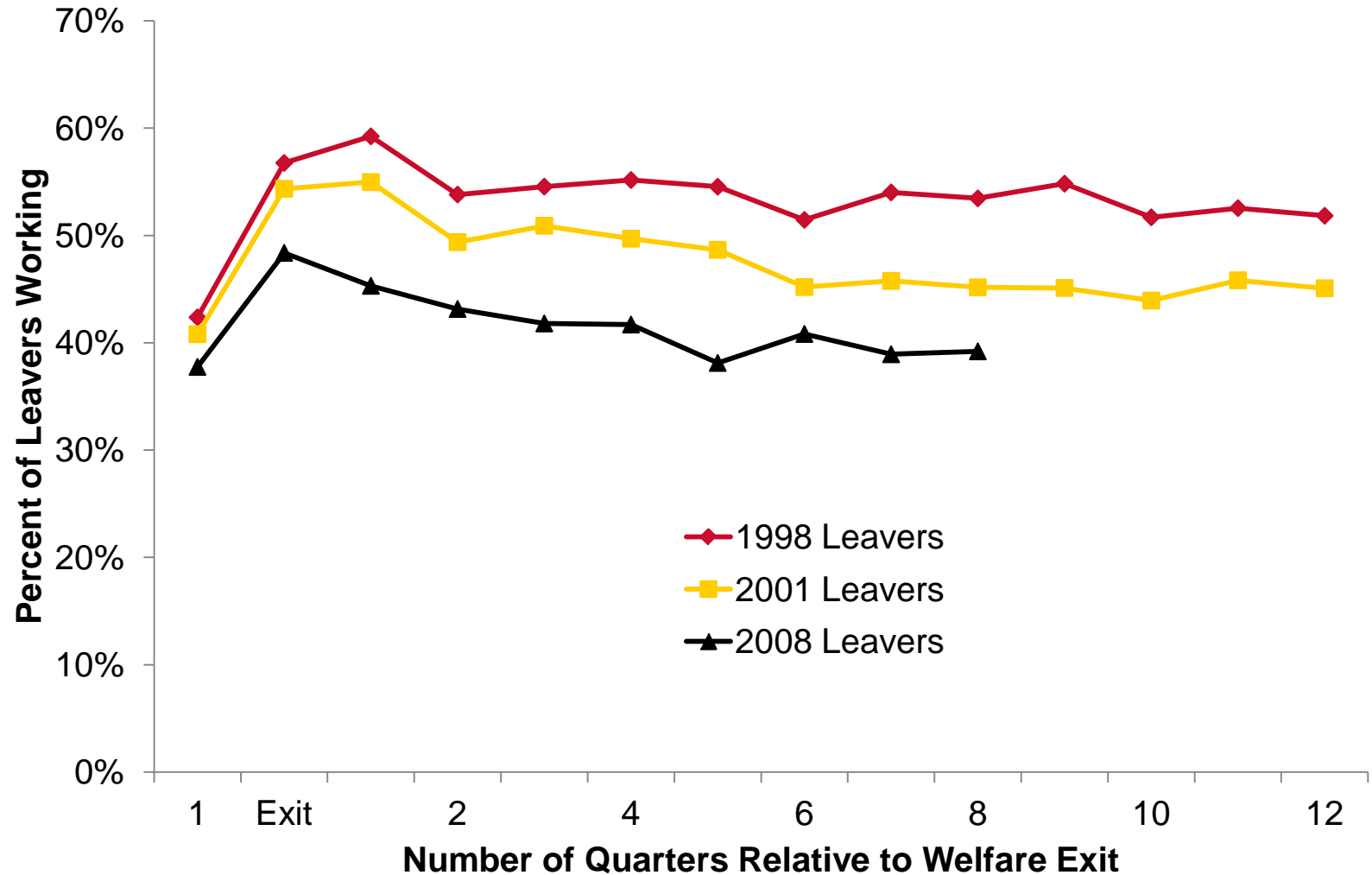
- Descriptive statistics:
 - Chi-Square tests and ANOVA explore meaningful baseline and follow-up differences across cohorts
- Multivariate statistics:
 - A Generalized Estimating Equation (GEE) regression model tests which characteristics influence post-exit employment
 - Separate models: each cohort is modeled; tests the relationship between local area unemployment rate and post-exit employment
 - Pooled model: contains an indicator variable for cohort; tests the relationship between cohort membership (macroeconomy) and post-exit employment

Findings – Baseline Characteristics

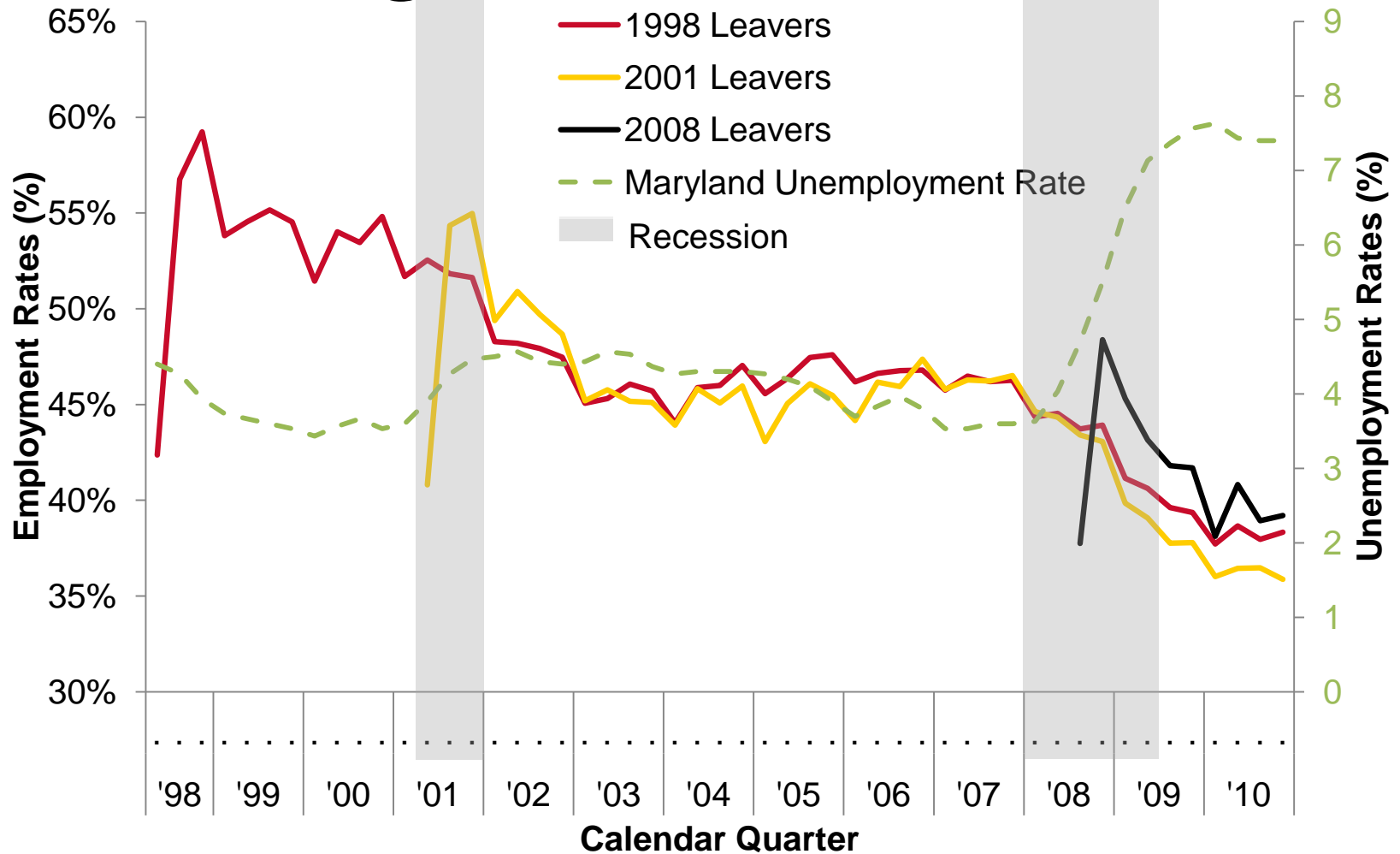
	1998 Leavers	2001 Leavers	2008 Leavers
Mean [Median] Age***	30.47 [30]	30.49 [29]	29.80 [28]
Two-adult Family**	2.2%	3.1%	3.2%
Education			
Less than high school***	69.0%	41.9%	36.2%
High school diploma or GED***	26.7%	52.0%	59.0%
Mean [Median] Work Experience***	2.74 [2.55]	3.39 [2.65]	3.44 [2.78]
Long-term TCA Recipients***	46.2%	32.2%	14.2%
Work Sanction***	11.4%	19.9%	36.1%

Note: A significant proportion of the 1998 cohort is missing education information. Despite this limitation, we can be reasonably certain that, compared to 2001 leavers, 2008 leavers were less likely to have not finished high school. *p<.05 **p<.01 ***p<.001

Findings – Work Outcomes



Findings – Work Outcomes



Findings – Separate GEE Models

	1998	2001	2008
County Unemployment Rate	-0.031 *	-0.073 #	-0.010
Race (ref: 'Caucasian')			
African American	-0.114 *	-0.046	-0.038
Education (ref: 'Less than HS')			
High School Diploma	0.252 ***	0.355 ***	0.271 ***
More than HS	0.238	0.293 *	0.257
Work Experience	0.162 ***	0.187 ***	0.174 ***
Long-term TCA Experience	0.181 ***	0.114 #	0.055
Location (ref: 'Other Urban')			
Baltimore City	0.182 **	0.303 *	-0.011
Rural Counties	0.157	0.272 *	-0.050
Industry at Exit (ref: 'Manufacturing')			
Not Working	-1.858 ***	-2.295 ***	-2.345 ***
Work Sanction	0.019	-0.142 *	-0.032
Total N	61,272	29,862	25,362
GEE Fit Criteria (QIC)	69298.7	31382.9	25304.3

*p<.05 **p<.01 ***p<.001

Findings – Combined GEE Model

	Coefficient	SE
Cohort (reference: 1998)		
2001	-0.807 ***	0.062
2008	-1.009 ***	0.066
Race (reference: 'White')		
African American	-0.073 *	0.036
Education (reference: 'Less than HS')		
High School Diploma	0.285 ***	0.037
More than HS	0.228 *	0.091
Work Experience	0.159 ***	0.007
Language (reference: 'Other')		
English	-0.240 *	0.098
Long-term TCA Experience	0.117 **	0.036
Industry at Exit (reference: 'Manufacturing')		
Not Working	-1.941 ***	0.119
Work Sanction	-0.088 *	0.039
Total N	116,496	
GEE Fit Criteria (QIC)	126167.6	

*p<.05 **p<.01 ***p<.001

Conclusions

- Our results tell us that a work-focused welfare program is most successful when there are plentiful jobs available and the economy can support this population entering the workforce.
- When times are tough and fewer jobs are available for a larger pool of available workers, leavers find it harder to compete. Things that used to help people find work no longer do.

Conclusions

- Findings also suggest that small improvements in local and statewide unemployment rates will not translate to improvements in the work outcomes for this population, as long as rates stay at these historically high levels.
- The economic recovery from the Great Recession is expected to move very slowly. Our results hint that recovery is likely, then, to take even longer for this population.

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Welfare Recipients in the Changing Economy

Letitia Logan, MPP

Background

- The *Life on Welfare* series gives us a unique ability to investigate Maryland's active Temporary Cash Assistance (TCA) caseload over time.
- The current economic climate is an opportune time to examine the trends of the active caseload and whether they are changing.
- This study compares characteristics and outcomes among the active caseload from 2006 to 2010.
 - Demographics
 - Human Capital
 - Family Composition
 - TCA History
 - Employment History

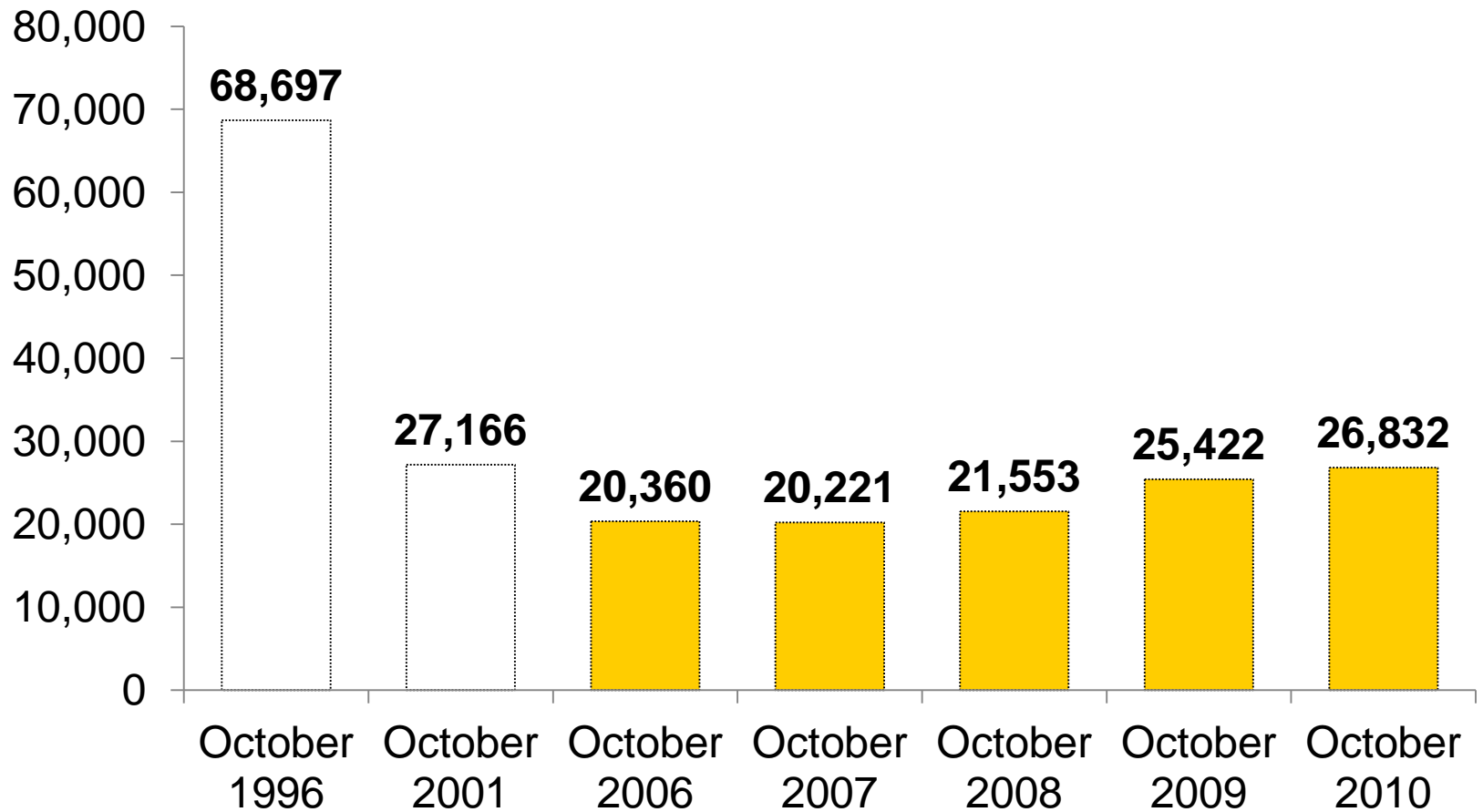
Data

- CARES, Maryland's state-administered welfare client information database
- MABS, Maryland's UI employment and wage database
- WORKS, Maryland's work activity time and attendance database

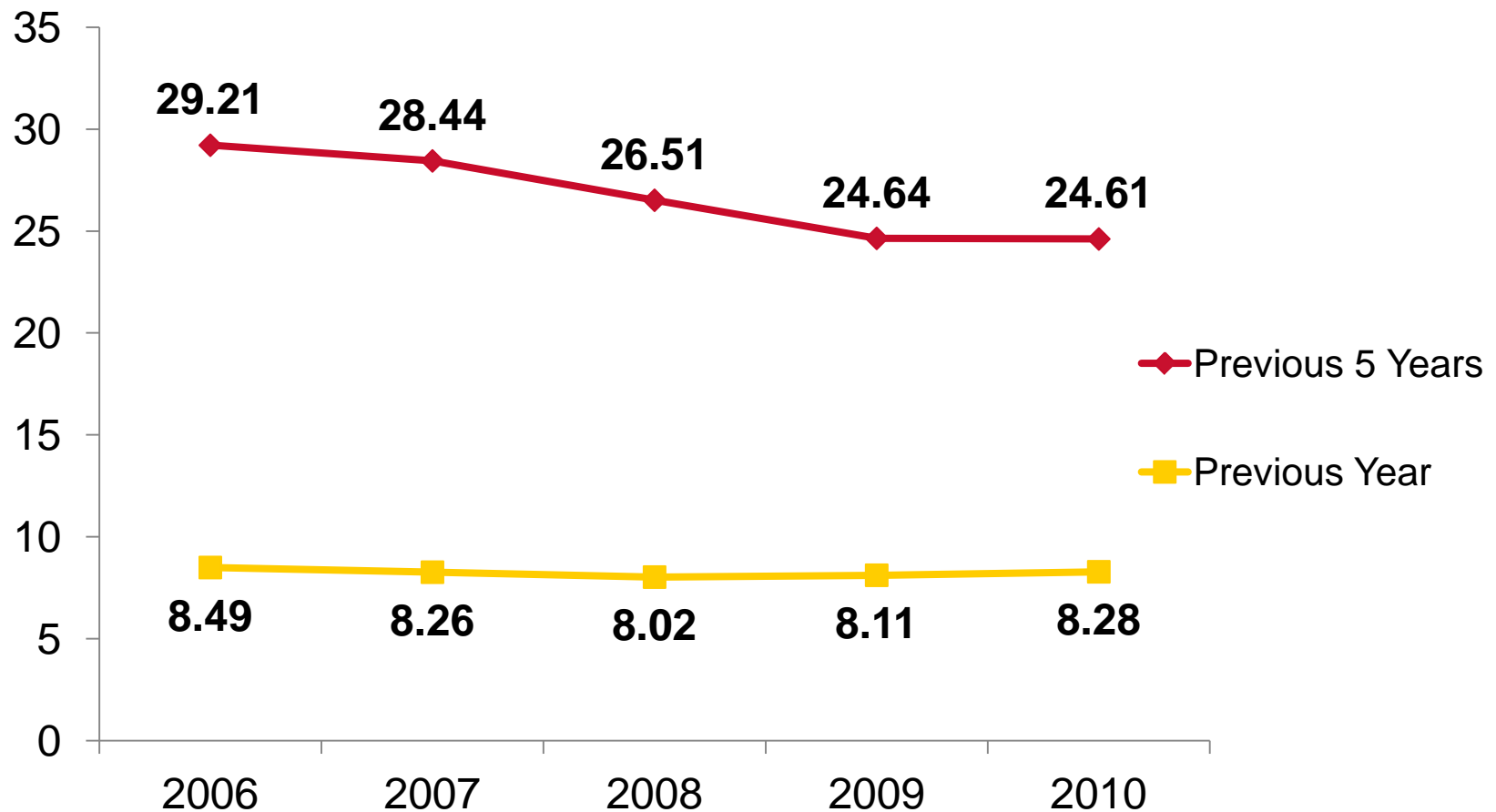
Methods

- Descriptive statistics
 - Chi-Square tests and ANOVA explore meaningful differences over time.

Active TCA Cases in Maryland

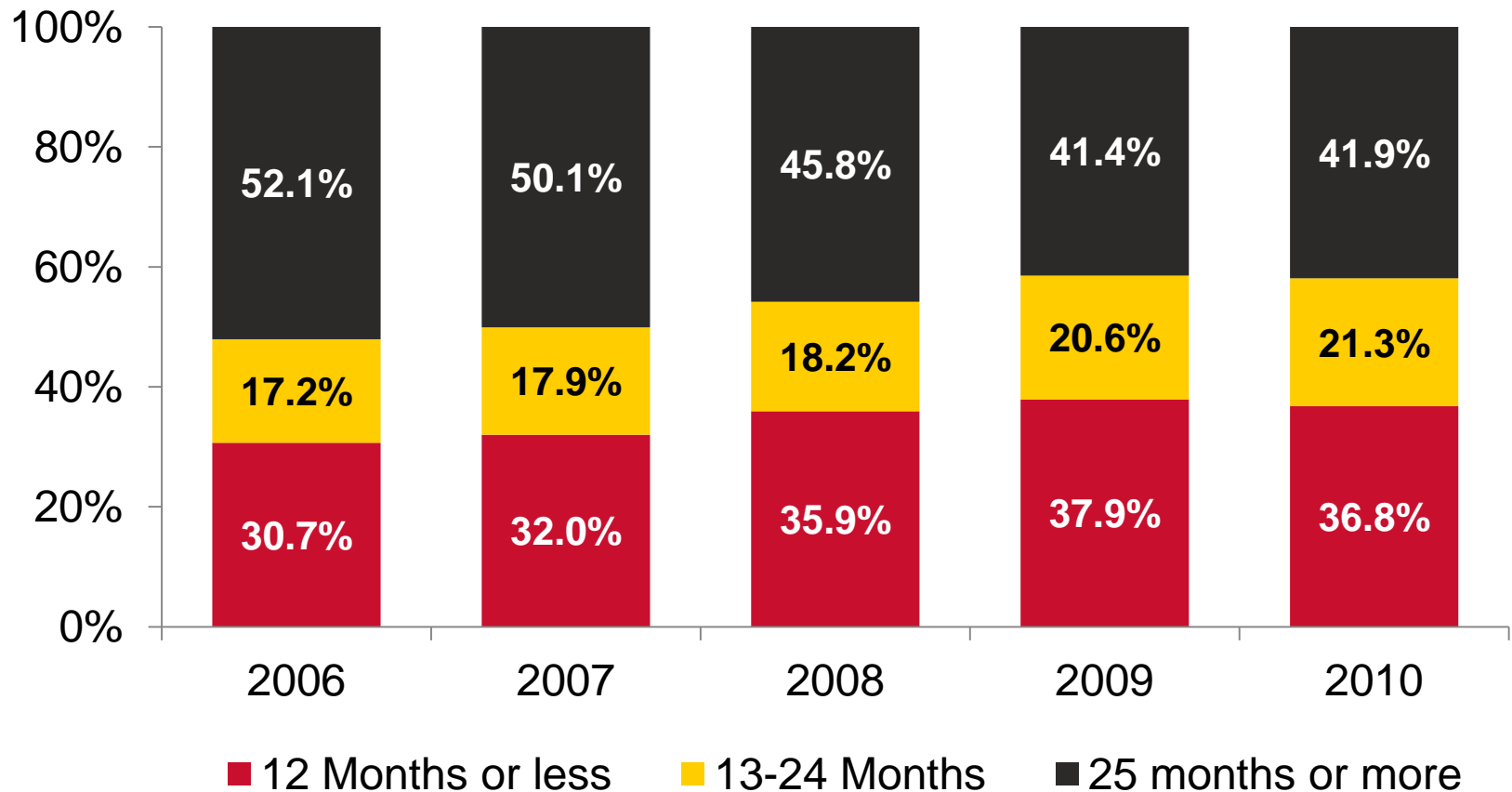


Average Number of Months of TCA Receipt in the Previous 5 Years and Past Year***



*p<.05 **p<.01 ***p<.001

TCA Use in the Previous Five Years***



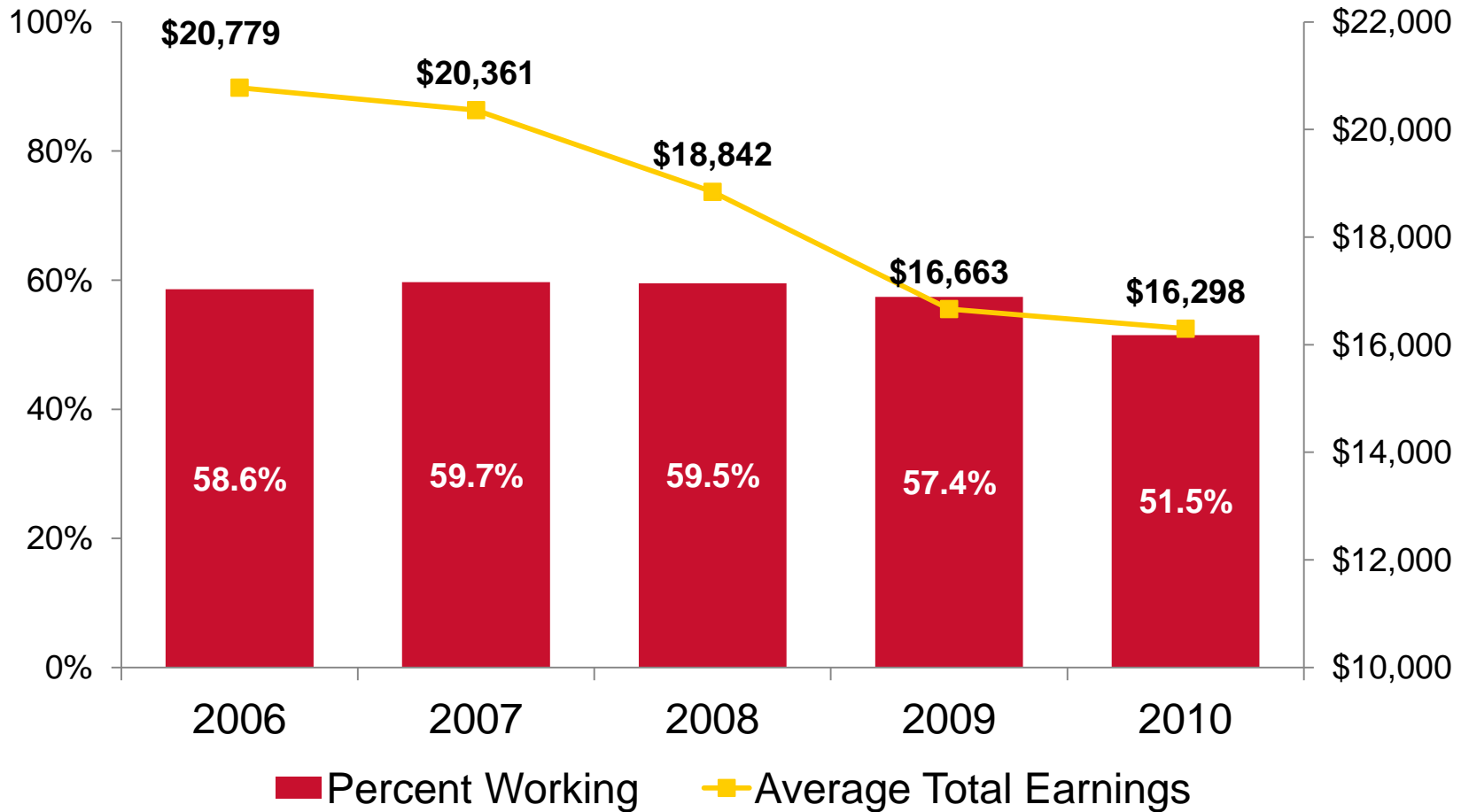
*p<.05 **p<.01 ***p<.001

Casehead & Case Characteristics

	2006 (n=20,360)	2007 (n=20,221)	2008 (n=21,553)	2009 (n=25,422)	2010 (n=26,832)
% Female	94.5%	94.6%	94.5%	94.4%	94.3%
Average Age***	38.55	38.20	37.27	35.77	35.33
% African American***	78.9%	78.2%	76.7%	75.0%	75.7%
% in Baltimore City***	50.4%	49.4%	46.3%	46.2%	45.8%
% Never Married***	73.7%	74.8%	75.5%	77.5%	78.3%
% HS Graduate***	52.9%	54.1%	55.6%	56.3%	56.5%
% Some Post-Secondary Education***	4.2%	4.1%	4.0%	4.3%	4.5%
% Child only***	42.9%	41.3%	38.2%	32.6%	30.3%
Average Size of AU***	2.33	2.35	2.40	2.49	2.51

*p<.05 **p<.01 ***p<.001

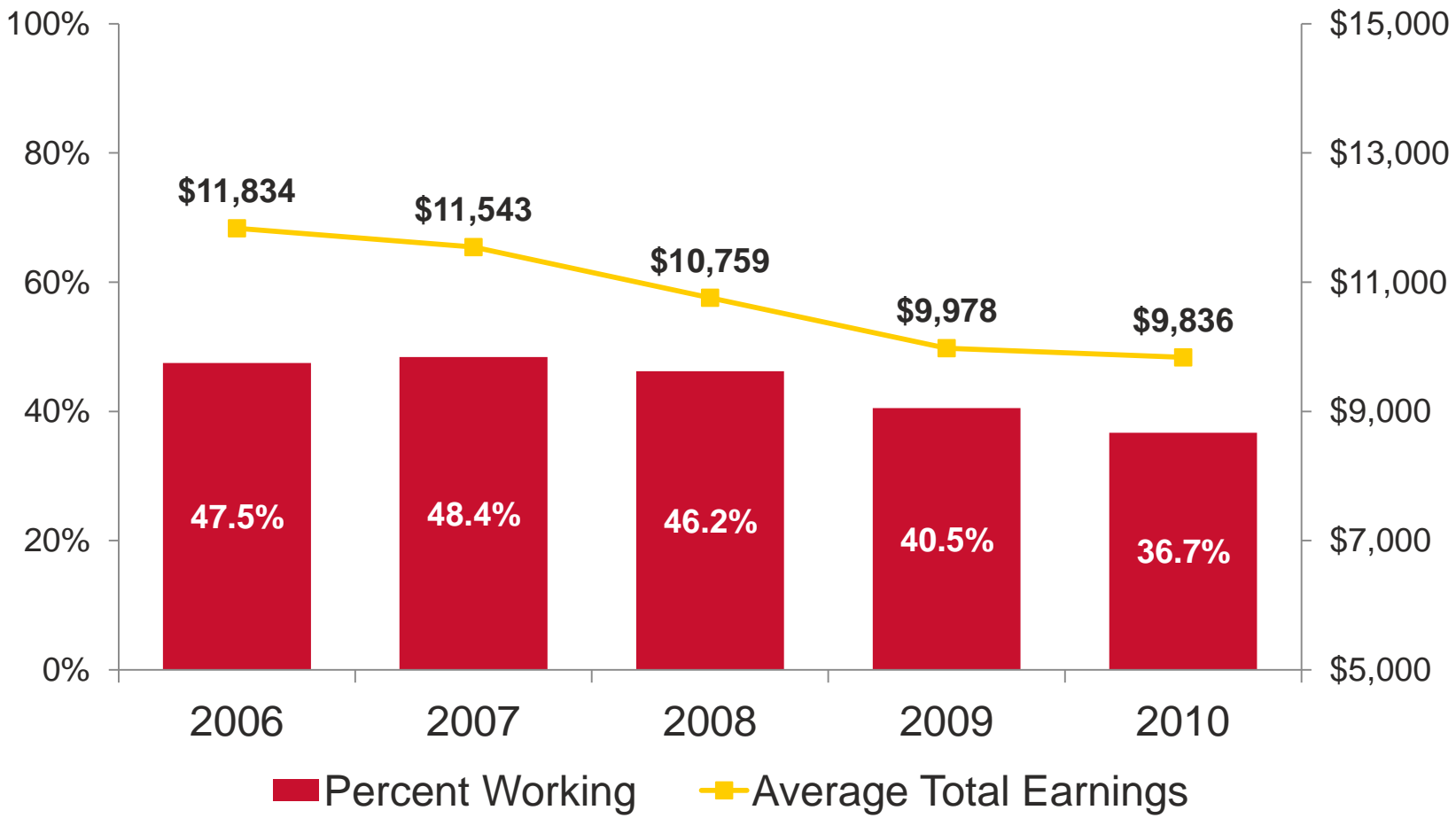
Percent Employed & Average Earnings in the Previous Two Years***



Note: Wages are standardized to 2010 dollars

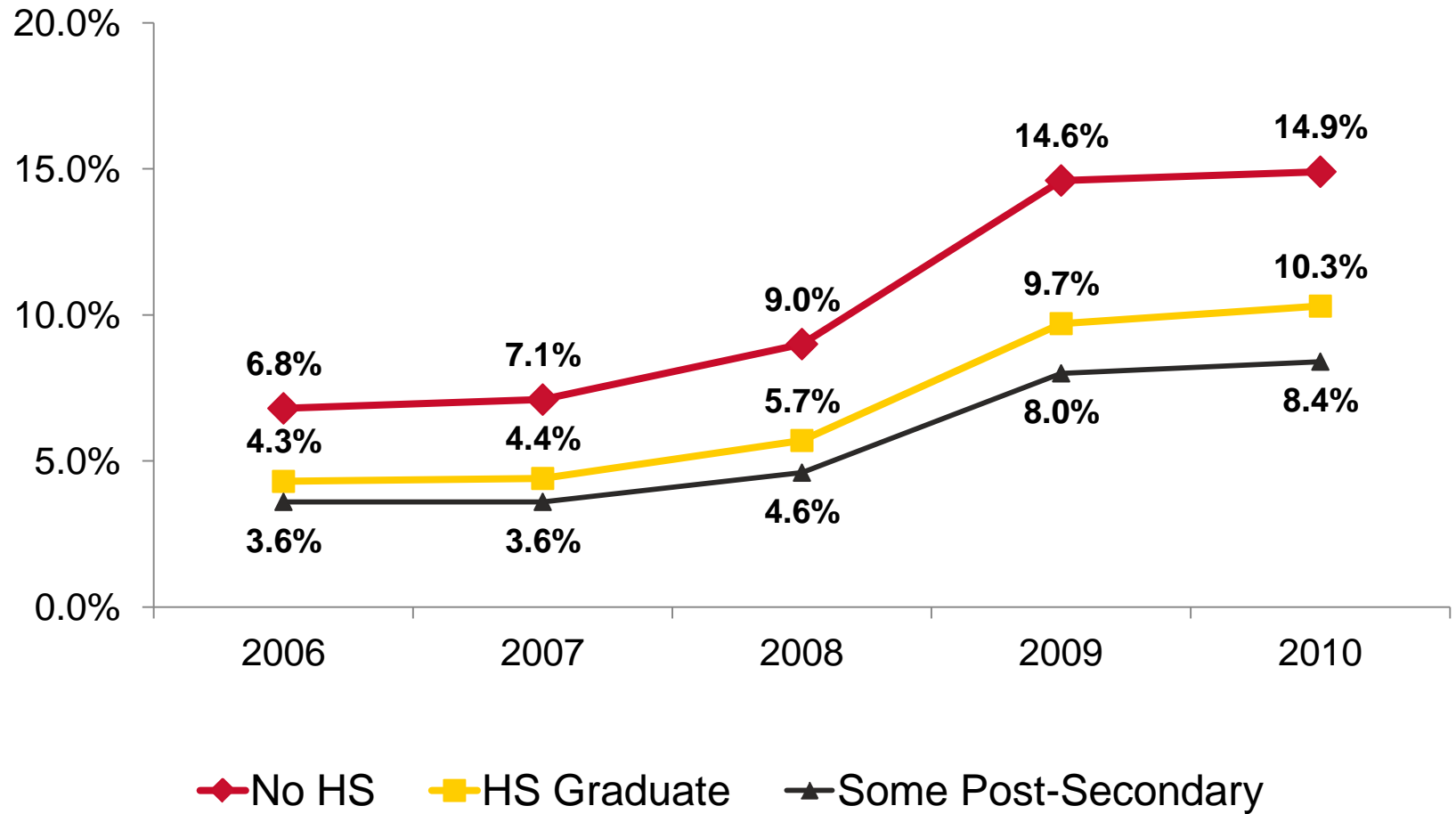
*p<.05 **p<.01 ***p<.001

Percent Employed & Average Earnings in the Previous Year***



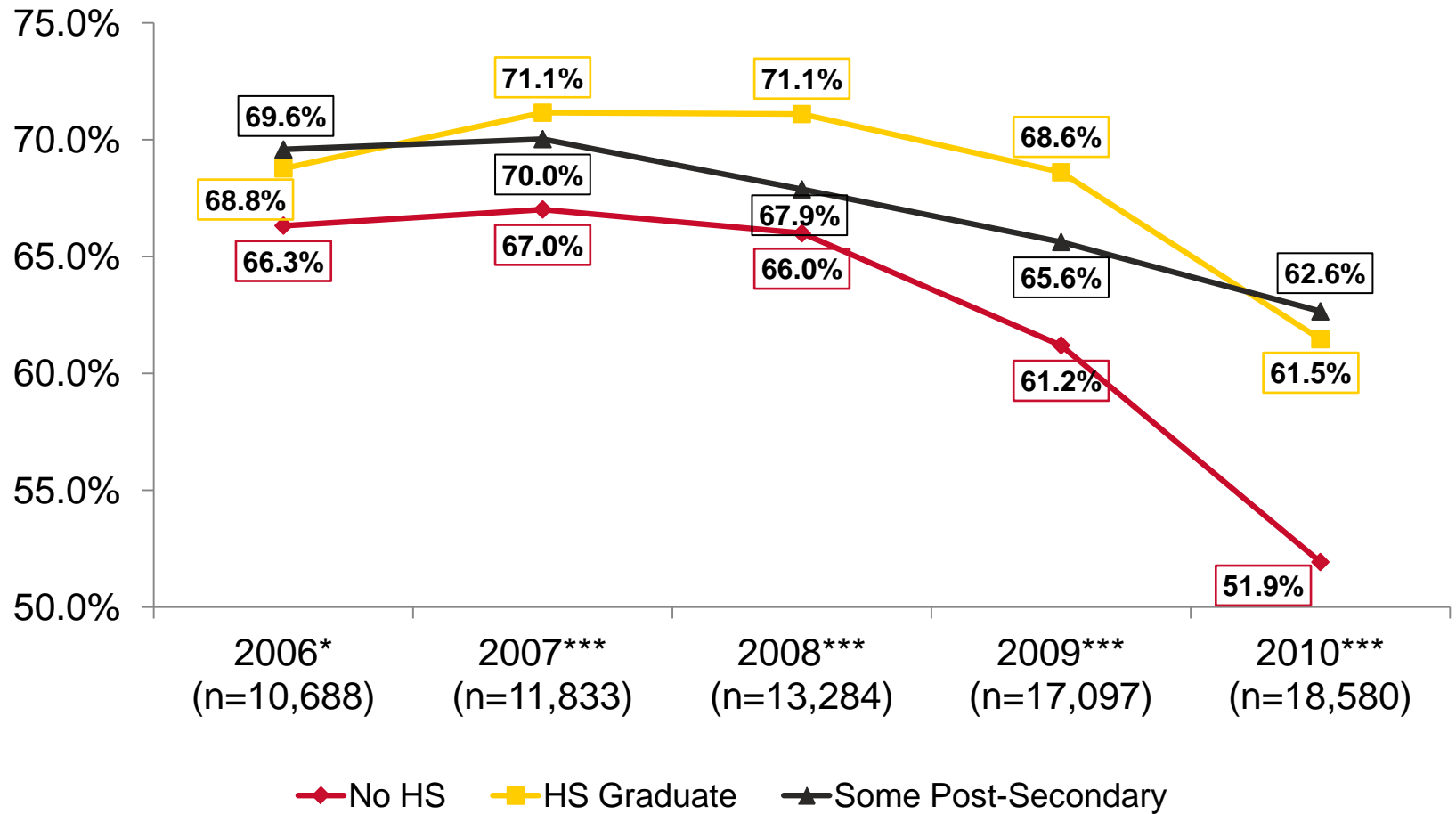
Note: Wages are standardized to 2010 dollars.
 *p<.05 **p<.01 ***p<.001

National Unemployment Rate by Educational Attainment



Source: Current Population Survey

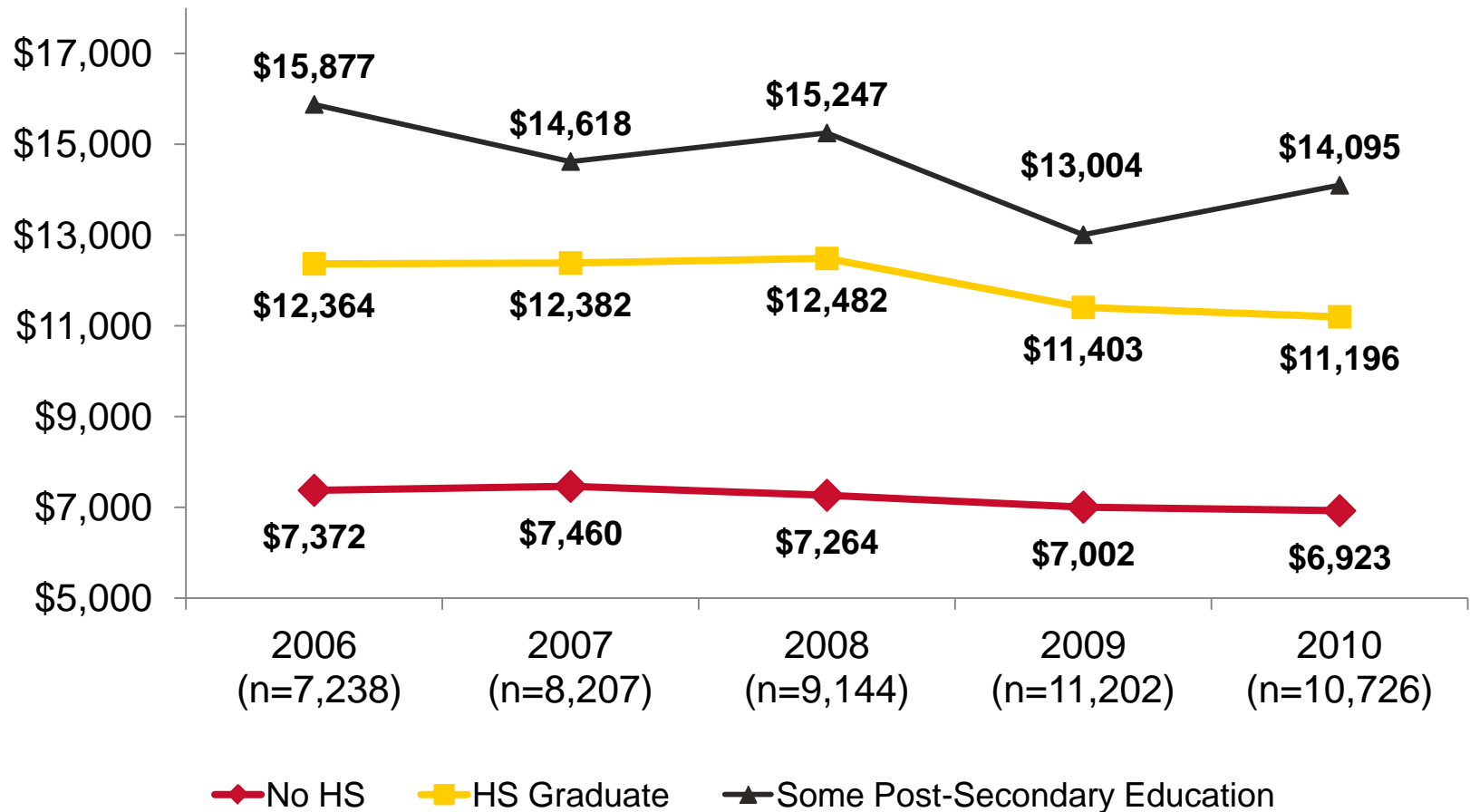
Percent Employed in the Previous Two Years by Educational Attainment



Note: Data excludes child-only cases since 94.5% of all cases missing an education status were child-only cases.

*p<.05 **p<.01 ***p<.001

Average Total Earnings in the Previous Two Years by Educational Attainment***



Note: Data excludes child-only cases since 94.5% of all cases missing an education status were child-only cases. Wages are standardized to 2010 dollars. *p<.05 **p<.01 ***p<.001

Conclusions

- The increasing caseload is likely due to the effects of the Great Recession which required families with little to no history with welfare onto Temporary Cash Assistance (TCA).
- For those without a high school diploma, employment participation decreased at a faster pace than for those with a high school diploma or some post-secondary experience.

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Welfare Applicants in the Changing Economy

Susan Roll, PhD



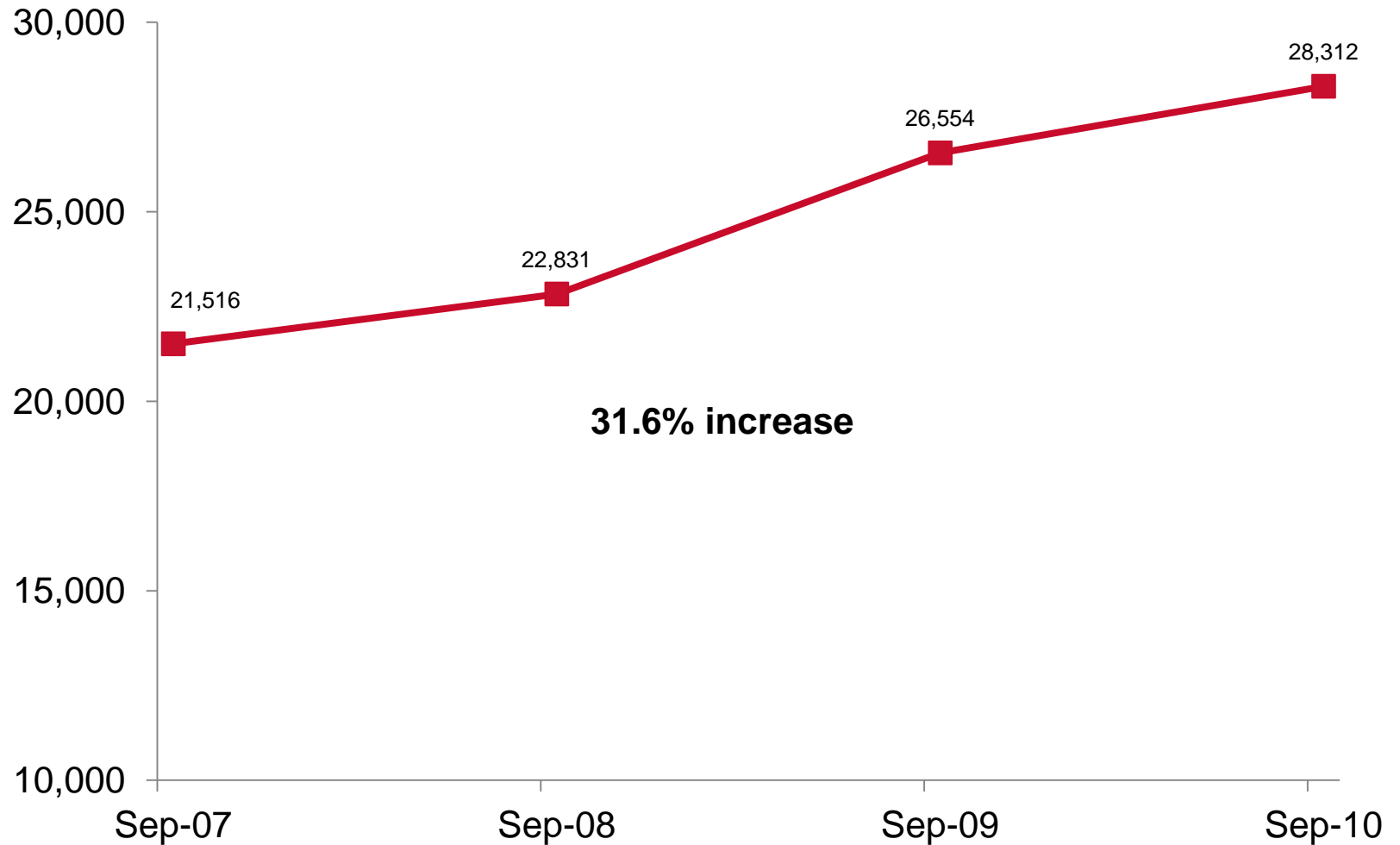
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Central Themes

- The Economy
- TANF caseloads up nationally by 10% since start of recession (Pavetti & Rosenbaum, 2010)
- Maryland has had a dramatic increase in TCA applications
 - 67% Increase since 2007
- ARRA Funding = \$50 million in Maryland for TCA

Maryland's TCA Caseload



Research Questions

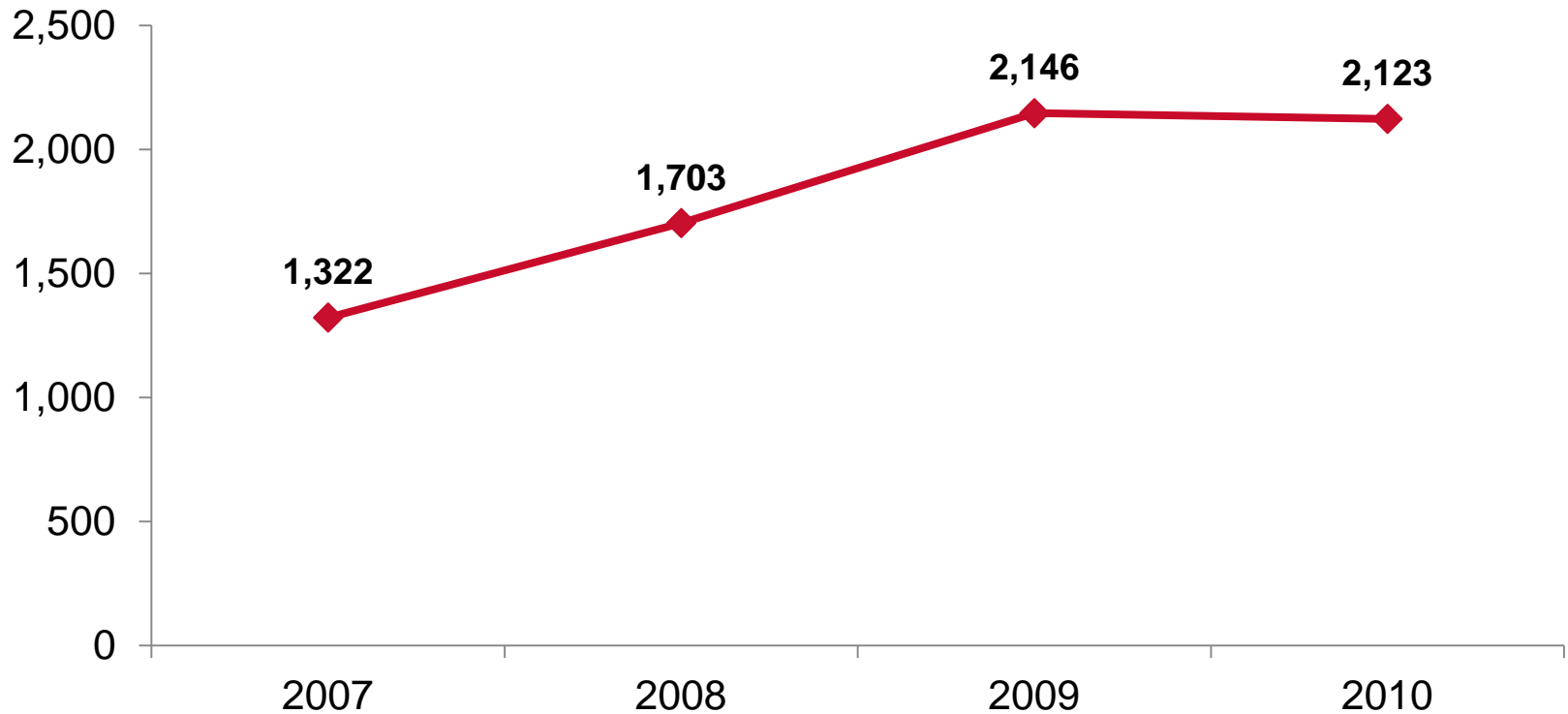
- Who are new applicants?
 - How many are there
 - Demographics trends
 - Receipt of other benefits
 - Employment trends
- What happens to new applicants after they apply?
 - Approval rates over time
 - Post-application TANF participation
 - Post-application employment

Sample

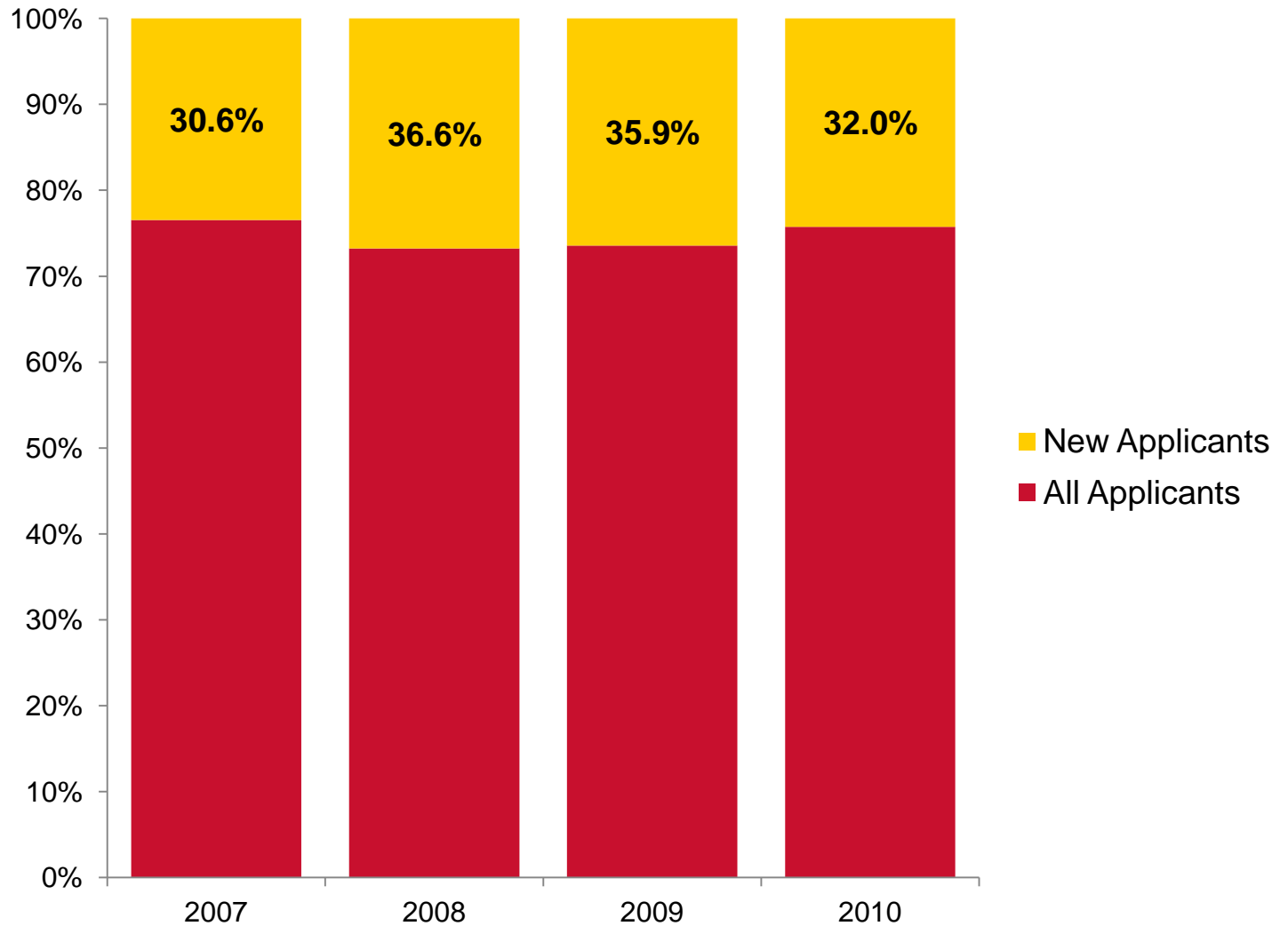
- First time applicants to TCA
- Applied in September of each year, 2007 through 2010
- $n = 7,294$

Findings: Trends in Applications

Number of New TCA Applicants, 2007-2010***



Percent of Applicants who are New to TCA (10 years)

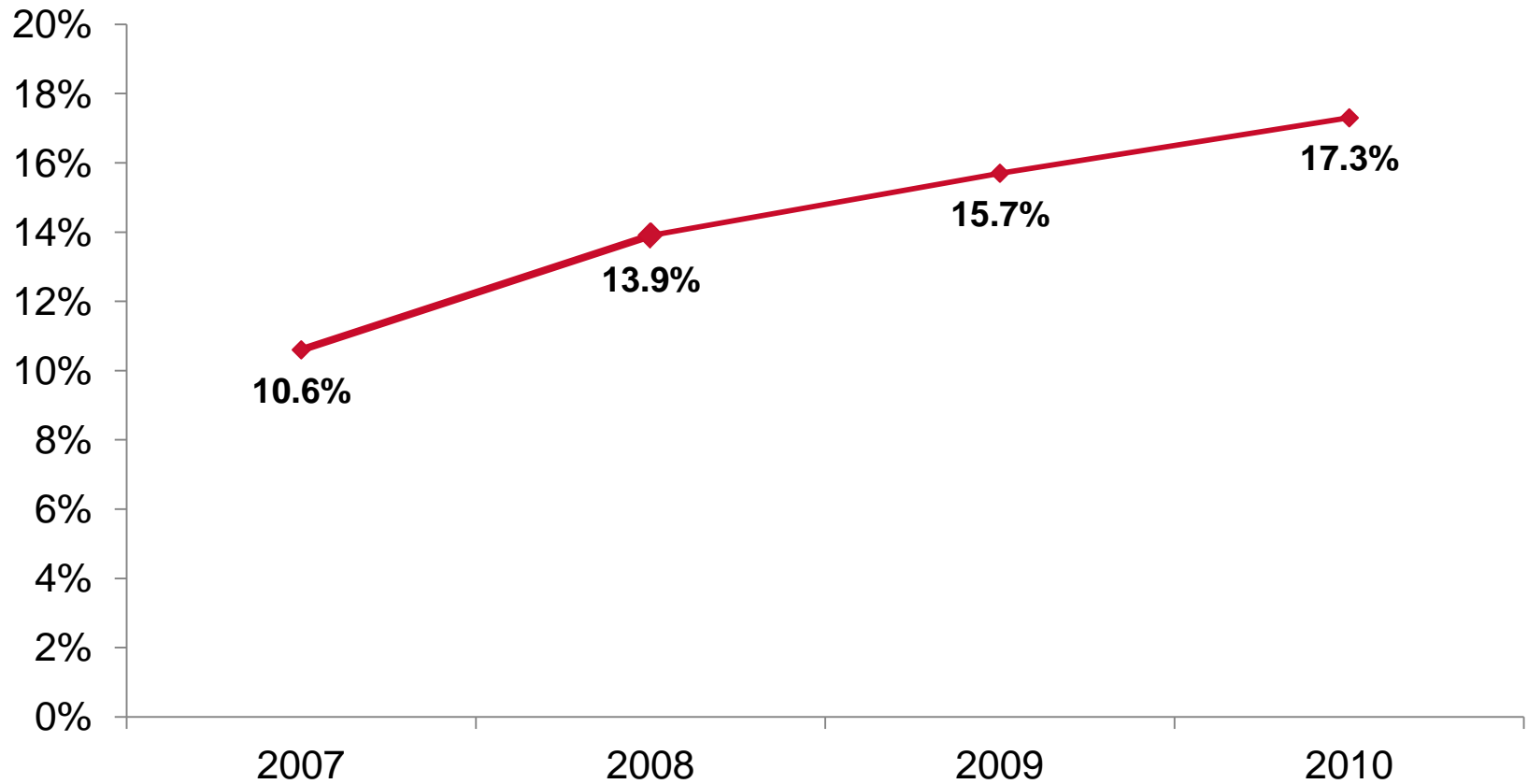


Who Are New Applicants?

- No significant changes in race, age, marital status
- More men
- More applicants in suburban and rural communities
- Increasing history of other benefits
- Stronger work histories

Gender

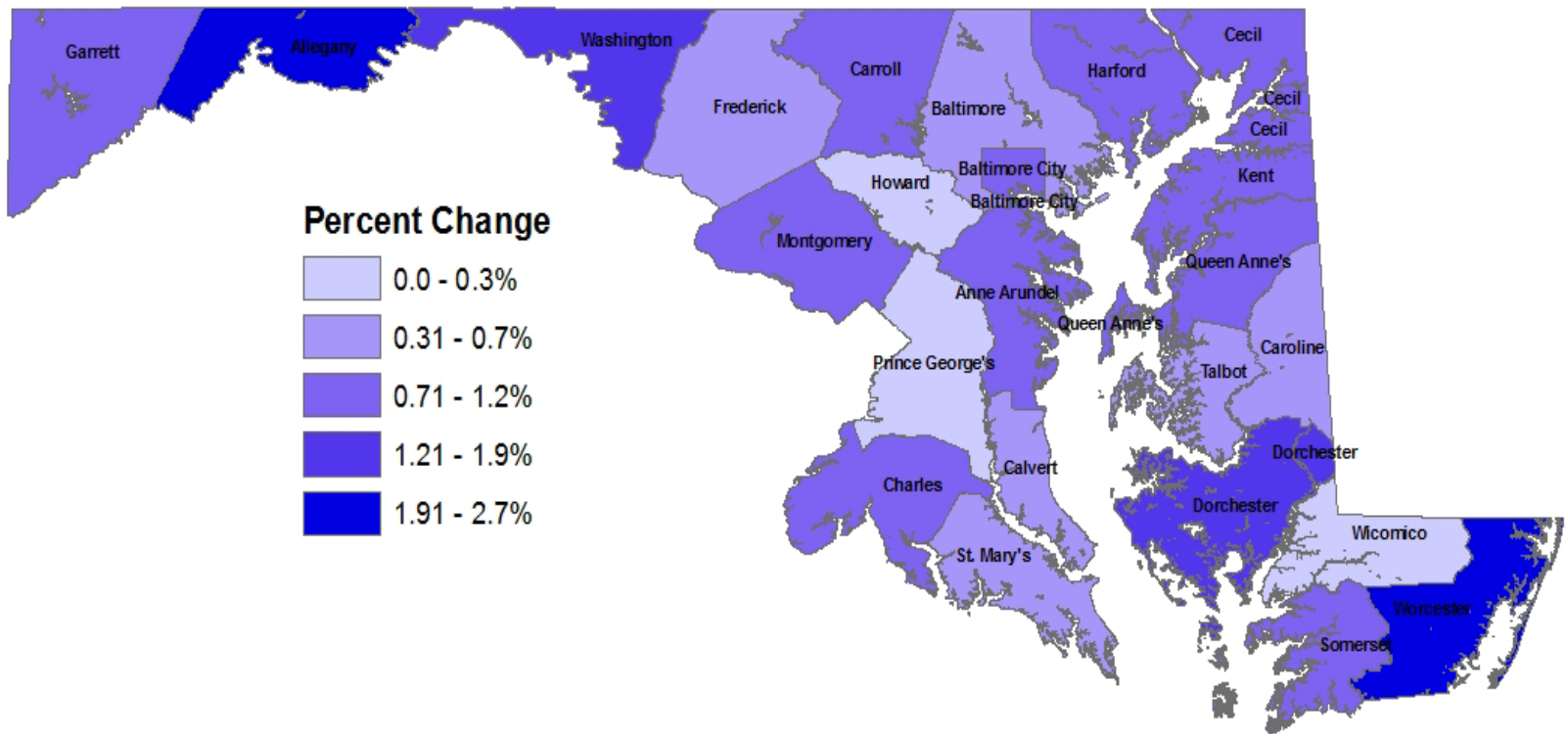
Percentage of New Applicants who were Male***



Note: Valid percentages are reported. *p<.05, **p<.01, ***p<.001

Location

Change in Poverty Rates by County, 2007-2009

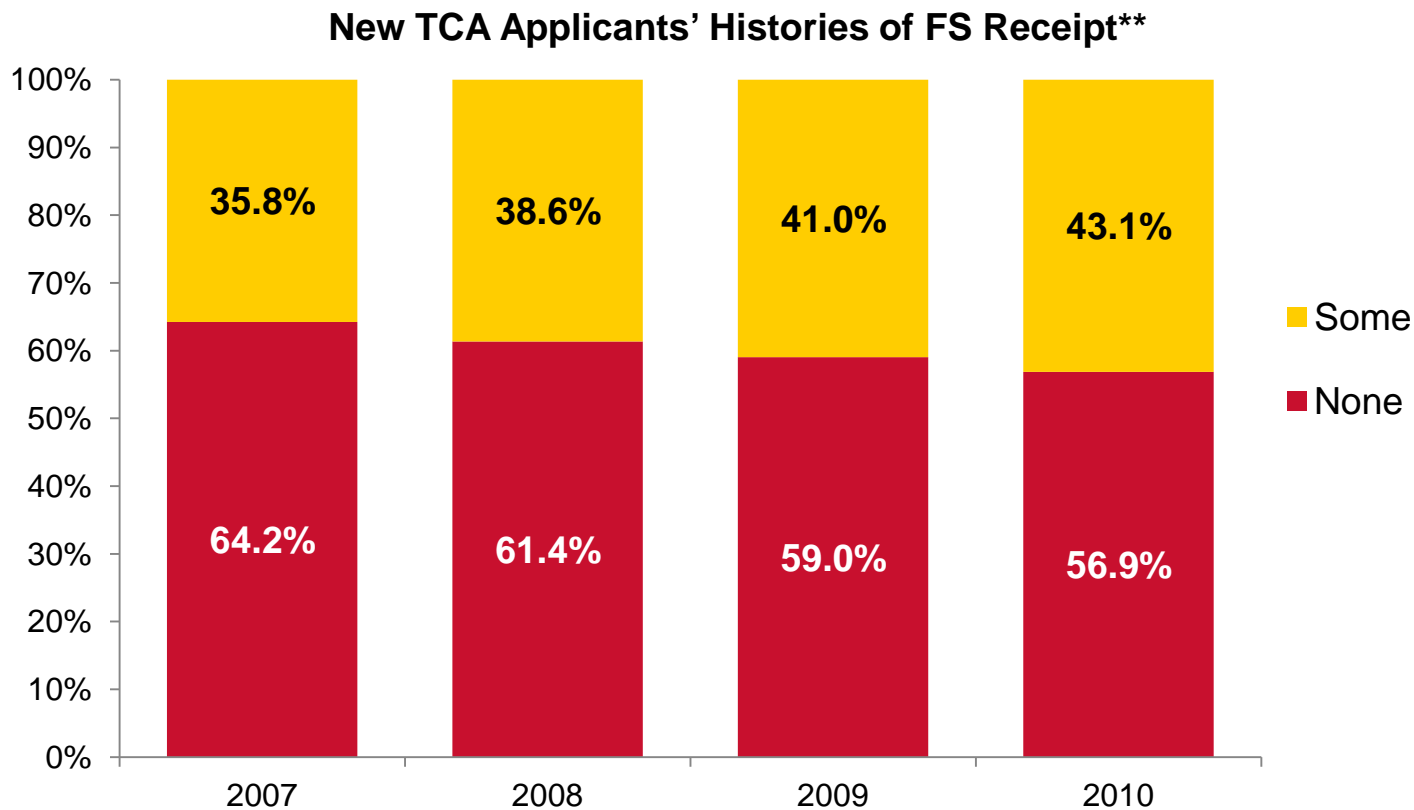


Location

Year-Over-Year Growth in Applicants by Location

	2007-2008	2008-2009	2009-2010	2007-2010
TCA New Applicants				
Suburban Baltimore	39.0%	19.8%	8.0%	79.9%
Suburban Washington, DC	17.2%	36.5%	-10.6%	43.0%
Rural Counties	43.2%	5.7%	14.3%	73.0%
Baltimore City	27.4%	40.2%	-14.7%	52.4%

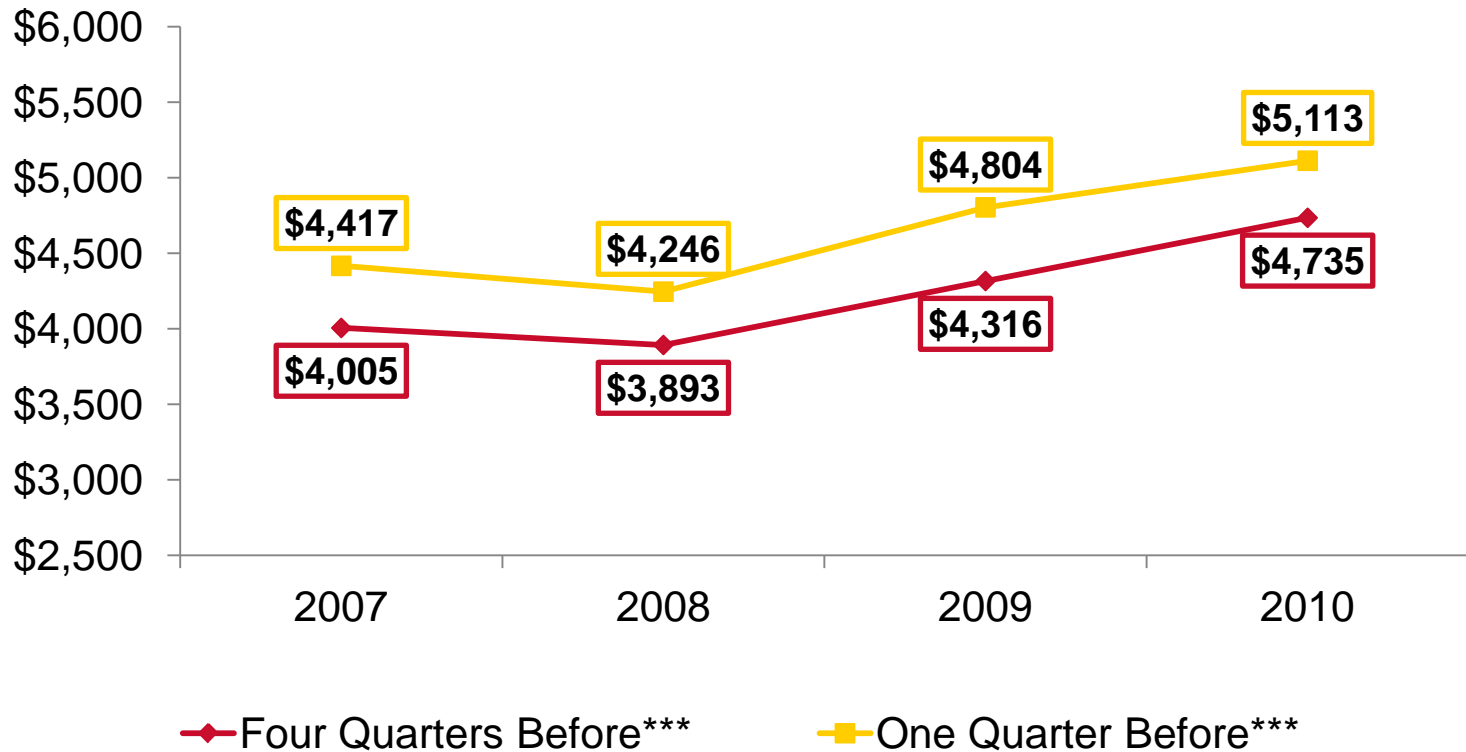
Food Supplement History



Note: Valid percentages are reported. * $p < .05$, ** $p < .01$, *** $p < .001$

Employment History

Average Quarterly Earnings Before TCA Application, 2007-2010



Note: Dollars are standardized to 2010 dollars. Valid earnings are reported. * $p < .05$, ** $p < .01$, *** $p < .001$

What Happens to New Applicants?

Approval Rates Over Time

	2007	2008	2009	2010
TCA New Applicants***				
Approved	24.7%	26.4%	22.3%	19.0%
Denied	75.3%	73.6%	77.7%	81.0%

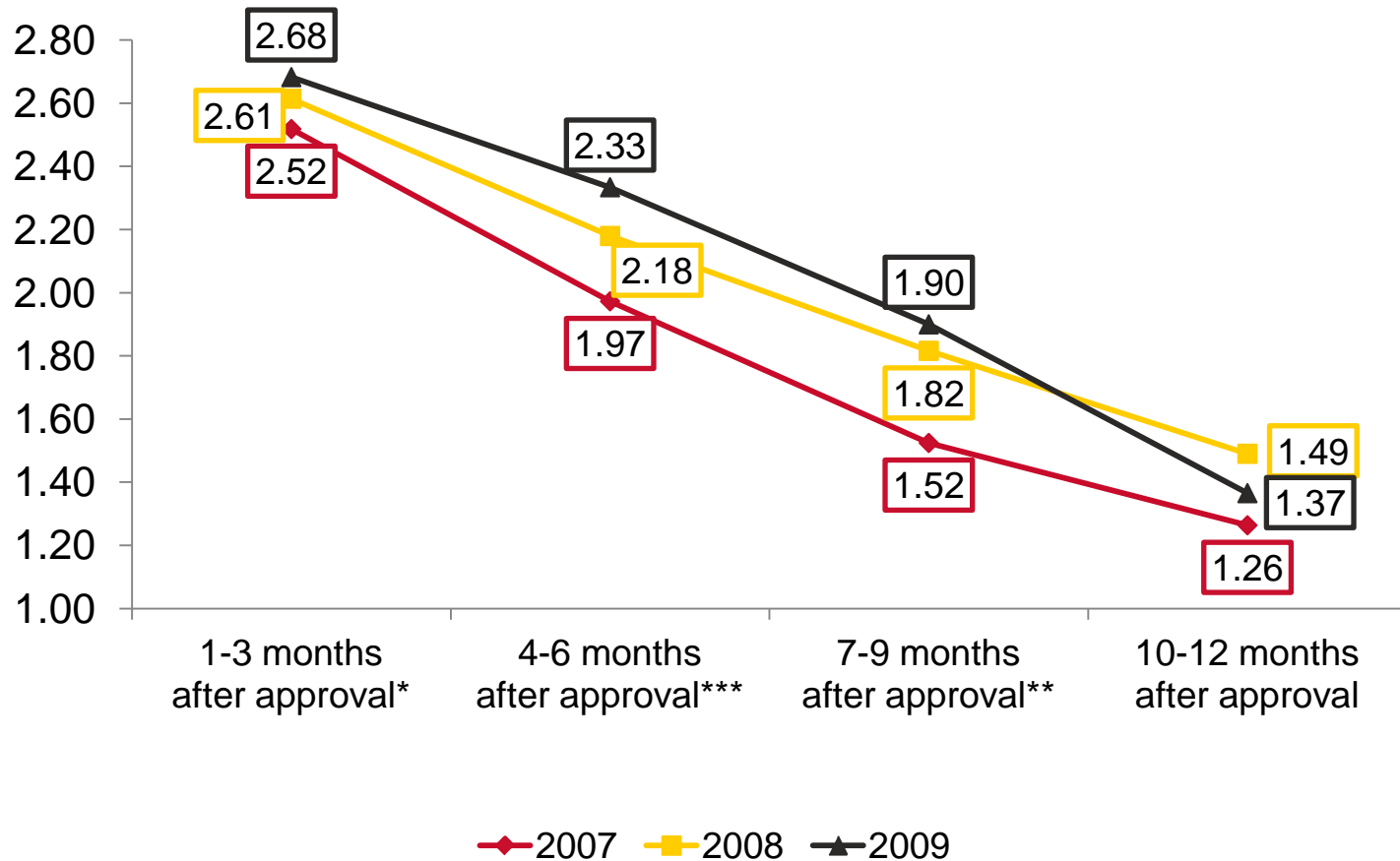
Approval Rates by Location

	2007	2008	2009	2010
TCA New Applicants				
Suburban Baltimore***	23.9%	21.3%	17.0%	13.3%
Suburban Washington, DC***	15.8%	26.9%	16.8%	16.0%
Rural Counties	25.0%	25.4%	25.4%	22.8%
Baltimore City	41.0%	35.0%	36.7%	32.8%

Note: Valid percentages are reported. *p<.05, **p<.01, ***p<.001

Time on the Program

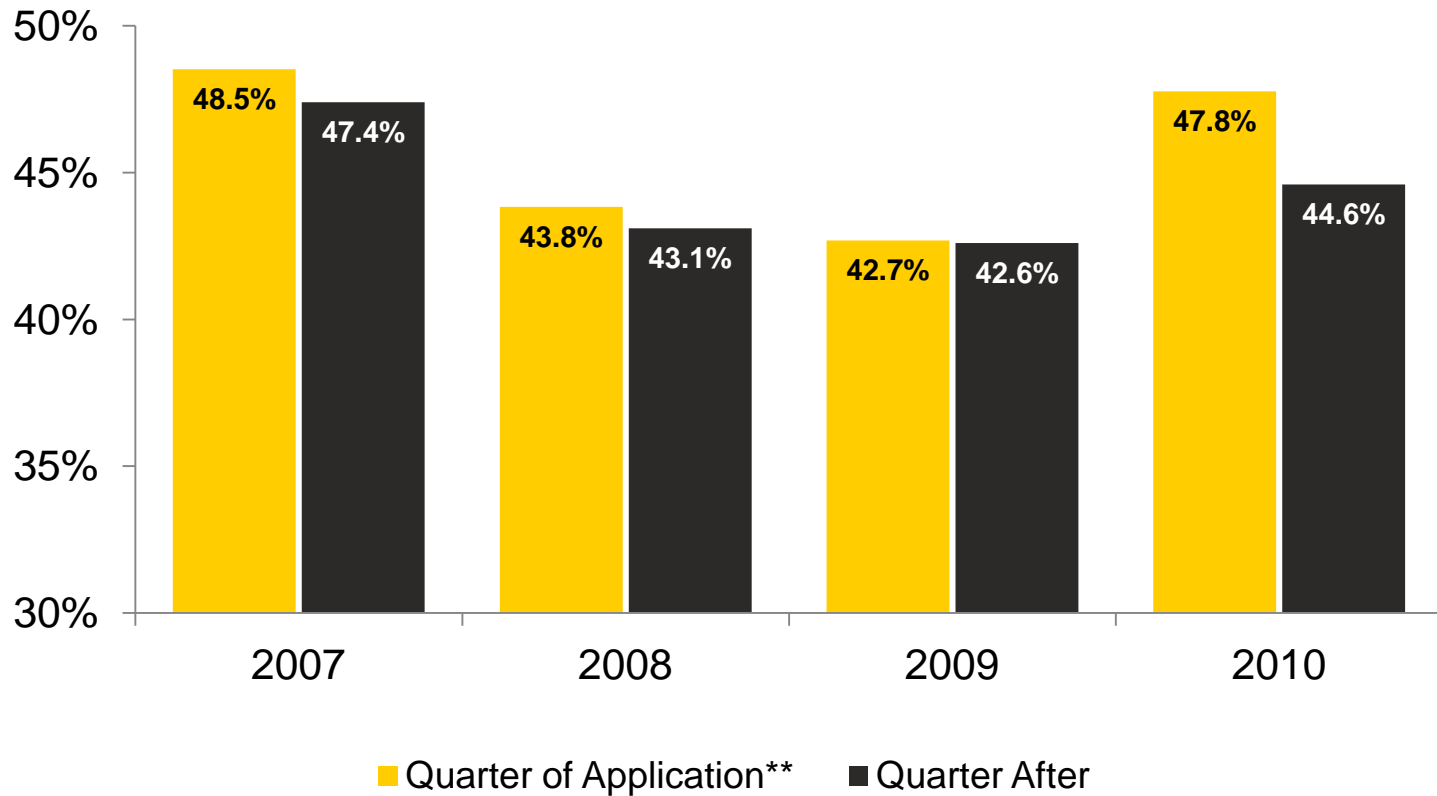
Average Number of Months of TCA Receipt After Approval



Note: Valid percentages are reported. *p<.05, **p<.01, ***p<.001

Post-Application Work

Percent of Applicants with UI Earnings



Note: Valid percentages are reported. * $p < .05$, ** $p < .01$, *** $p < .001$

Conclusions

- Between September 2007 and September 2010 new TCA applicants in Maryland grew by 63.6%.
- Roughly one in three applicants were brand new.
- Applicants were more likely to be male and to live outside of urban areas than in the past.

Conclusions

- New applicants in 2009 received TCA benefits in more months following approval than approved new applicants in 2007 and 2008.
- New applicants had stronger earnings histories.

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