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Welfare Leavers in the Changing Economy

Sarah Williamson, MPP
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?
  - Employment history?
  - Human capital?
  - Kinds of work?
  - Family composition?
  - 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

<table>
<thead>
<tr>
<th></th>
<th>1998 Leavers</th>
<th>2001 Leavers</th>
<th>2008 Leavers</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Two-adult Family</strong></td>
<td>2.2%</td>
<td>3.1%</td>
<td>3.2%</td>
</tr>
<tr>
<td><strong>Education</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Less than high school***</td>
<td>69.0%</td>
<td>41.9%</td>
<td>36.2%</td>
</tr>
<tr>
<td>High school diploma or GED***</td>
<td>26.7%</td>
<td>52.0%</td>
<td>59.0%</td>
</tr>
<tr>
<td><strong>Long-term TCA Recipients</strong>*</td>
<td>46.2%</td>
<td>32.2%</td>
<td>14.2%</td>
</tr>
<tr>
<td><strong>Work Sanction</strong>*</td>
<td>11.4%</td>
<td>19.9%</td>
<td>36.1%</td>
</tr>
</tbody>
</table>

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

Percent of Leavers Working

Number of Quarters Relative to Welfare Exit

- 1998 Leavers
- 2001 Leavers
- 2008 Leavers
Findings – Work Outcomes

- 1998 Leavers
- 2001 Leavers
- 2008 Leavers
- Maryland Unemployment Rate
- Recession

Calendar Quarter

Unemployment Rates (%)

Employment Rates (%)
## Findings – Separate GEE Models

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

*p<.05 **p<.01 ***p<.001
Findings – Combined GEE Model

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

*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.
Contact Information

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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

![Bar chart showing active TCA cases in Maryland from October 1996 to October 2010. The numbers are as follows:

- October 1996: 68,697
- October 2001: 27,166
- October 2006: 20,360
- October 2007: 20,221
- October 2008: 21,553
- October 2009: 25,422
- October 2010: 26,832

The chart indicates a significant drop from October 1996 to October 2001, with a general trend of increasing cases from October 2001 onwards.](image-url)
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***

2006: 52.1% (12 Months or less) 17.2% (13-24 Months) 30.7% (25 months or more)
2007: 50.1% (12 Months or less) 17.9% (13-24 Months) 32.0% (25 months or more)
2008: 45.8% (12 Months or less) 18.2% (13-24 Months) 35.9% (25 months or more)
2009: 41.4% (12 Months or less) 20.6% (13-24 Months) 37.9% (25 months or more)
2010: 41.9% (12 Months or less) 21.3% (13-24 Months) 36.8% (25 months or more)

*p<.05 **p<.01 ***p<.001
## Casehead & Case Characteristics

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

*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.
Contact Information

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Welfare Applicants in the Changing Economy

Susan Roll, PhD
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

31.6% increase
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***

- 2007: 1,322
- 2008: 1,703
- 2009: 2,146
- 2010: 2,123
Percent of Applicants who are New to TCA (10 years)

- 2007: 30.6%
- 2008: 36.6%
- 2009: 35.9%
- 2010: 32.0%
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

Percent Change
- 0.0 - 0.3%
- 0.31 - 0.7%
- 0.71 - 1.2%
- 1.21 - 1.9%
- 1.91 - 2.7%
# Location

## Year-Over-Year Growth in Applicants by Location

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>TCA New Applicants</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Suburban Baltimore</td>
<td>39.0%</td>
<td>19.8%</td>
<td>8.0%</td>
<td>79.9%</td>
</tr>
<tr>
<td>Suburban Washington, DC</td>
<td>17.2%</td>
<td>36.5%</td>
<td>-10.6%</td>
<td>43.0%</td>
</tr>
<tr>
<td>Rural Counties</td>
<td>43.2%</td>
<td>5.7%</td>
<td>14.3%</td>
<td>73.0%</td>
</tr>
<tr>
<td>Baltimore City</td>
<td>27.4%</td>
<td>40.2%</td>
<td>-14.7%</td>
<td>52.4%</td>
</tr>
</tbody>
</table>
Food Supplement History

New TCA Applicants’ Histories of FS Receipt**

<table>
<thead>
<tr>
<th>Year</th>
<th>Some (%)</th>
<th>None (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td>35.8</td>
<td>64.2</td>
</tr>
<tr>
<td>2008</td>
<td>38.6</td>
<td>61.4</td>
</tr>
<tr>
<td>2009</td>
<td>41.0</td>
<td>59.0</td>
</tr>
<tr>
<td>2010</td>
<td>43.1</td>
<td>56.9</td>
</tr>
</tbody>
</table>

*Note: Valid percentages are reported. *p<.05, **p<.01, ***p<.001
Note: Dollars are standardized to 2010 dollars. Valid earnings are reported. *p<.05, **p<.01, ***p<.001
What Happens to New Applicants?

<table>
<thead>
<tr>
<th>Approval Rates Over Time</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>TCA New Applicants***</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Approved</td>
<td>24.7%</td>
<td>26.4%</td>
<td>22.3%</td>
<td>19.0%</td>
</tr>
<tr>
<td>Denied</td>
<td>75.3%</td>
<td>73.6%</td>
<td>77.7%</td>
<td>81.0%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Approval Rates by Location</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>TCA New Applicants</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Suburban Baltimore***</td>
<td>23.9%</td>
<td>21.3%</td>
<td>17.0%</td>
<td>13.3%</td>
</tr>
<tr>
<td>Suburban Washington, DC***</td>
<td>15.8%</td>
<td>26.9%</td>
<td>16.8%</td>
<td>16.0%</td>
</tr>
<tr>
<td>Rural Counties</td>
<td>25.0%</td>
<td>25.4%</td>
<td>25.4%</td>
<td>22.8%</td>
</tr>
<tr>
<td>Baltimore City</td>
<td>41.0%</td>
<td>35.0%</td>
<td>36.7%</td>
<td>32.8%</td>
</tr>
</tbody>
</table>

**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.
Contact Information

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