

LIFE AFTER WELFARE: TENTH REPORT

PAMELA C. OVWIGHO, PH.D.
RESEARCH DIRECTOR

CORRENE SAUNDERS, B.A.
RESEARCH ANALYST

CATHERINE E. BORN, PH.D.
PRINCIPAL INVESTIGATOR

OCTOBER 2005



UNIVERSITY OF MARYLAND
SCHOOL OF SOCIAL WORK
525 WEST REDWOOD STREET
BALTIMORE, MD 21201

ACKNOWLEDGMENTS

The authors would like to thank Jamie Haskel, Dan Kott, Rennert Kane, Tamiko Myles, and Nikol Shaw for their assistance in the collection and processing of data for this report and Kathryn Patterson for her assistance with report graphics and formatting. We would also like to thank David Stevens, Jane Staveley, and Sang Truong from the University of Baltimore's Jacob France Center for assistance in obtaining data on UI-covered employment.

This report was prepared by the Family Welfare Research and Training Group, School of Social Work, University of Maryland - Baltimore, 525 West Redwood Street, Baltimore, Maryland 21201 with support from its long time research partner, the Maryland Department of Human Resources. For additional information about our research, please visit our Web site: <http://www.familywelfare.umaryland.edu>.

For additional information about the report or the study, please contact Dr. Catherine Born at the School of Social Work (410.706.5134, cborn@ssw.umaryland.edu). For more information about welfare reform in Maryland, please contact Mr. Richard Larson at the Department of Human Resources (410.767.7150, rlarson@dhr.state.md.us or welfarereformer@prodigy.net).

TABLE OF CONTENTS

List of Tables	
List of Figures	
Executive Summary	
Introduction	1
Methods	2
Sample	2
Data Sources	3
AIMS/AMF	3
CARES	3
MABS	3
CCAMIS	4
Findings: Baseline Administrative Data	6
What are the Characteristics of Exiting Payees and Cases?	6
Characteristics of the Entire Sample	6
Do Recent Leavers Differ from Earlier Leavers?	7
What are Payees' Experiences with the Welfare System and Employment?	9
Welfare Receipt History	9
Employment History	11
Why are Families Leaving Welfare?	12
Findings: Post-Exit Employment	14
How Many Work in UI-Covered Jobs Right Away?	14
Does Work Effort Persist Over Time?	15
What are Adults' Quarterly Earnings from UI-Covered Employment?	16
How Many Adults Are Steadily Employed In UI-Covered Jobs Over Time?	20
Do Employed Leavers Differ From Unemployed Leavers?	22
What Types of Industries Hire Former Welfare Recipients?	25
Findings: Recidivism	29
How Many Families Return to Welfare?	29
What are the Risk Factors for Recidivism?	31
Findings: Receipt of Other Benefits	35
How Many Families Receive Food Stamps After Leaving Welfare?	35
How Many Families Receive Medical Assistance After Leaving Welfare?	36
How Many Families Receive Child Care Subsidies After Leaving Welfare?	38
Findings: Child Welfare	40
Conclusions	43

References	47
Appendix A. Availability of Post-Exit Employment Data.	50
Appendix B. Employment Industries.	52
Appendix C. Availability of Recidivism Data.	55

LIST OF TABLES

Table 1. Demographic Characteristics of Exiting Payees and Exiting Cases	8
Table 2. Welfare Receipt History	10
Table 3. Employment History	12
Table 4. UI-Covered Employment in Maryland in the Quarters After TCA Exit	17
Table 5. Characteristics of Employed and Non-Employed Leavers	24
Table 6. The Top 25 Industries in the First Quarter After TCA Exit	28
Table 7. Recidivism Rates by Cohort	31
Table 8. Characteristics of Recidivists and Non-Recidivists	33
Table 9. Food Stamp Participation Rates	36
Table 10. Medical Assistance Participation Rates	37
Table 11. Child Care Subsidy Utilization	39
Table 12. Child Welfare Entries Among Exiting Children	42
Table A-1. Number of Quarters of Available Employment Data by Exit Month	51
Table B-1. Industries Employing Former Welfare Recipients (NAICS)	52
Table C-1. Availability of Recidivism Data by Exit Month	56

LIST OF FIGURES

Figure 1. Welfare Receipt Trends	11
Figure 2. Case Closing Reasons	13
Figure 3. Yearly Employment Rates and Earnings	19
Figure 4. Employment Stability in the First Four Post-Exit Quarters	21
Figure 5. Top Five Employment Sectors in the Quarter After Exit (NAICS)	27
Figure 6. Recidivism Rates	30

EXECUTIVE SUMMARY

This is the 10th report on Maryland's landmark, legislatively-mandated, first-in-the-nation study, *Life After Welfare*. Today's update provides decision-makers, front-line practitioners, and others with a wealth of data on the characteristics and post-welfare outcomes of 10,521 families, containing 18,340 children, who left Temporary Assistance to Needy Families (TANF) in Maryland for at least one month between October 1996 (the first month of reform) and March 2005. Short- and long-term (up to eight years) employment and earnings outcomes, returns to welfare and utilization of work supports such as Food Stamps and Medical Assistance are examined. We also look at exiting children's subsequent involvement with the public child welfare system.

To insure that any emerging trends can be discerned, we report findings for the entire sample of exiting families, but also separately for the most recent leavers (April 2004 - March 2005) and those who left earlier (October 1996-March 2004). Using a variety of administrative data sources and with a 99% confidence level and $\pm 1\%$ margin of error, we address 10 basic questions which have guided our study since its inception.

1. What are the characteristics of Maryland's welfare leavers?
2. Why do families' welfare cases close/why do families leave?
3. What are customers' employment patterns after welfare exit?
4. Do early and later leavers differ in terms of post-exit employment?
5. How do employed leavers differ from non-employed leavers?
6. How many families return to welfare?
7. Do recidivism patterns vary by exit cohort?
8. What are the risk factors for recidivism?
9. To what extent do families utilize Food Stamps, Medical Assistance (including MCHIP), and child care subsidies?
10. How many exiting children become known to the child welfare system?

Generally speaking, today's findings mirror trends and patterns observed and reported in previous annual updates. There are no areas of immediate concern and no findings that represent a radical departure from the past. However, there are a few specific areas (e.g., sanctioning) to which attention should continue to be paid, in light of the more stringent work requirements which most observers expect will be contained in the federal TANF reauthorization, whenever that is finally accomplished. Key findings are as follows:

The profile of the typical exiting family remains generally the same. Overall, the typical exiting family consists of an African-American woman in her early thirties with one or two children, the youngest of whom is not quite six years old. Most adults have worked in the past, are exiting from relatively short welfare spells, and, on average, have received welfare in about 2 ½ of the five preceding years.

The data indicate that most welfare exits continue to occur among “traditional” single-parent households for whom, arguably, the TANF program was primarily designed. We continue to find that most exiting adults are female (95.5%), African-American (74.0%), and in their early thirties (mean age 32.8 years). A plurality of families lived in Baltimore City at the time of case closure (46.3%), while an additional one in ten resided in either Prince George’s County (12.9%) or Baltimore County (11.6%). Overall, 15.8% of exiting cases are child only cases where the adult is not a member of the assistance unit (i.e., not on the grant). On average, the youngest child in the assistance unit is about five years and nine months of age and about four in 10 households (39.3%) include at least one child under the age of three years.

Overwhelmingly, exiting families had not been on welfare for extended periods of time before the exit which brought them into our sample. Approximately two-thirds (64.4%), in fact, had been on continuously for 12 or fewer months and more than eight of 10 (82.1%) had been on for two years or less. In terms of total, cumulative welfare use in the past five years, the average was 29.24 months or about half of the time. Consistent with past reports, we also find that the large majority of adults in these families are not strangers to the world of work; seven of every 10 had relatively recent work experience.

Recent leavers resemble earlier leavers in terms of gender, age, age at first birth, ethnicity and the proportion residing in Baltimore City. Recent leavers are more likely to have at least one child under the age of three, however, continuing a trend reported in last year’s update.

This year we find fewer statistically significant differences between recent and earlier leavers than in the past. Particularly in terms of age, race and geographic region, the lack of difference may suggest a stabilization in the TANF caseload and exiting population on these dimensions. Of particular programmatic relevance given recent developments and discussions with regard to child care for current and former TANF families may be the finding that, as was true last year, this year’s most recent leavers are significantly more likely to have at least one child under the age of three (42.5% vs. 39.0%) in the home.

The share of all exits accounted for by child only cases, those with no adult included on the grant, continues to increase and, among the most recent leavers, account for one of every five exits. This is the highest rate observed since our study began in 1996.

Because “traditional” mother-child families have left welfare in unprecedented numbers since the 1996 reforms, child only cases now represent a much larger share of active TANF caseloads in Maryland and nationally. Specifically, child only cases represent 35% of the Maryland TANF caseload but 40% or more in 17 of the state’s 24 subdivisions, particularly smaller and more rural counties. It is thus not surprising that, over time, child only cases have come to account for a larger share of TANF exits as well. However, it is worth noting that the demographic profile of Maryland’s child only

cases is significantly different from that of “traditional” TANF cases and that these families likely have different service needs and self-sufficiency prospects as well (Hetling, Saunders & Born, 2005). For example, most of these cases (75.2%) are ones where the parent is not in the home, the adults in these families are much older (by almost 20 years, on average), than adults in “traditional” cases, and a plurality, if not the majority, of children in these families have had formal child welfare involvement.

In short, child only cases may be current or former “TANF” cases, but many straddle the murky boundary between welfare and child welfare. Research to date has focused on active child only cases, but it is likely that child only leavers may also have different transitional and post-exit support service and case management needs, perhaps including child welfare expertise. They may have different long-term post-TANF outcomes as well. At the moment there does not appear to be any emergency with regard to child only cases receiving or exiting TANF, but this is clearly a population to which focused welfare, child welfare, and program/service planning attention will need to be paid in the future.

“Income Above Limit” remains the most common administratively-recorded case closure reason, but full-family work sanctions have increased over time and are the second most common closure code among the most recent leavers. However, the sanctioning rate among the most recent cohort of leavers is lower than the rate for last year’s “most recent” leavers.

Five administrative codes have accounted for more than 80% of all case closures recorded each year since our study began in 1996 and this pattern continues to prevail. Likewise, “Income Above Limit”, which includes “Started Work,” has been and remains the most common closure code. As expected at the outset of reform, the percent of cases closed due to the imposition of a full family sanction for non-compliance with work requirements has incrementally increased each year. For the entire sample sanctions now account for 13.9% of all closures since the outset of reform. However, among the more recent cohorts of leavers (last year’s exiters and this year’s exiters), work sanctions account for about one of every five case closures.

Notably, the sanctioning rate for this year’s leavers (20.5%) is lower than the rate among last year’s leavers (21.8%). This decline is a significant departure from our finding in all previous reports of small, but steady, year by year increases in sanctioning rates. The new “universal engagement” policy has increased the number of cases potentially subject to work sanctioning. Because half of this year’s most recent leavers exited after that new policy had been in force, the decrease in sanctions from last year to this year is noteworthy. However, because work sanctions do now account for one of every five closures, decision-makers should continue to pay close attention to sanctioning rates and policies. If, as expected, TANF reauthorization does bring tougher work requirements, it is conceivable that we could see a sustained increase, or at least a temporary spike, in work sanctioning.

Employment, earnings, welfare recidivism and use of support services outcomes remain generally positive. Most leavers work after exiting welfare and the earnings of employed leavers increase each year. Food Stamp and Medical Assistance participation remains high at least in the initial post-exit period, but the child care subsidy take-up rate continues to be much lower.

Consistent with past reports, we find that about one-half of all exiting adults work in a job covered by Unemployment Insurance (UI) in Maryland or a bordering jurisdiction right after leaving welfare and this pattern prevails over time. Including out-of-state jobs, employment rates remain virtually unchanged from the first quarter after exit (51.9%) to the eighth quarter or second year after exit (51.7%). Even through the seventh post-welfare year, about half of adults are working (49.1%) in a UI-covered job. It is indisputable that these figures understate, most likely to a significant degree, the true rate of post-exit employment. It is also indisputable that they clearly show the presence of a strong, persistent work ethic within this population.

Earnings trends are also positive. Employed leavers overall average about \$3,162 in the first full post-exit quarter. Earnings increase steadily, by about 8.5% per year, through the fifth year after the welfare case closed and then by about 2.5% per year through year eight.

After leaving welfare, the majority of families do take part in Food Stamps and Medical Assistance, but far fewer utilize a child care subsidy; these patterns and the general levels of participation in each of the programs are very similar to findings reported last year. In terms of Food Stamps, about three-fifths of families (60.8%) are enrolled at the three months post-exit point and more than half are participating at the end of the first year (55.8%). These generally positive rates are likely due to effective outreach and support, as well as relatively low earnings among some TANF leavers. However, those who return to welfare after exiting are included in these statistics, so the findings probably overstate the true rate of Food Stamp eligibility and participation among those who left welfare and did not return.

Medical Assistance (including MCHIP) participation rates remain high and higher than for Food Stamps, no doubt at least partially because the income eligibility level for the former program is higher than for the latter program. Overall, almost three-quarters of all adults (72.9%), children (71.5%) and cases (76.6%) in our sample were enrolled in Medical Assistance during the first post-welfare quarter. Seven of 10 cases (70.8%) were enrolled at the one year post-exit point.

Child care vouchers were used by just under one in five families (18.6%) at the time of welfare case closure; this rate drops to about one in seven (14.1%) after six months and to about one in ten (9.7%) at the end of the first year. These rates are very similar to those observed last year and to the rates reported in many other state studies.

Most families leaving welfare do not return. When returns do occur, they tend to happen relatively quickly; virtually no families return to welfare after being off for three or more years. Increased risk of returning to welfare is associated with certain demographic characteristics, work sanctioning, welfare history, and not working at the time of the welfare exit.

Most families who leave welfare do not return. Moreover, it continues to be the case that when returns do occur they tend to happen sooner, rather than later. Indeed, the highest risk period for recidivism is the three month period immediately after welfare case closure when, for all cases included in this updated analysis, 13.9% had returned to cash assistance. Recidivism risk remains elevated through the first full post-exit year (27.9% cumulative returns) and, somewhat less so, into the second year (34.9% cumulative returns). Beyond that point, returns level off; if families can “make it” through the first few years after leaving welfare, they are unlikely to ever become recipients again.

These findings have been consistent across all years of our study and in other of our analyses of recidivism; the implications of these particular findings are unchanged as well. Clearly, the first few months or years after welfare case closure is the time when families are most vulnerable to the vicissitudes of family and work life which might cause their hard-won independence to falter and prompt their return to welfare. The policy and service implications seem equally clear. To increase the odds that welfare-to-work transitions are lasting ones, it would behoove us to make sure that an array of formal and informal services and supports are available to and easily accessible by families during the first few months after their welfare cases close.

In terms of services planning, case management and recidivism prevention, it may also be useful to know that certain factors are associated with higher recidivism risk. Recidivism risk is highest among younger payees, African-Americans, Baltimore City residents, and those with larger assistance units and those with more children on the grant. Recidivists are also significantly less likely than non-recidivists to work in a UI-covered job during the welfare exit quarter (39.4% vs. 51.3%) and were more welfare dependent during the preceding five years. They received welfare just about three-fifths of the time (58%, 34.6 months), on average, compared to non-recidivists who average 28.6 months of benefit receipt or about half of the time (48%).

Finally, recidivists are significantly more likely than non-recidivists to have left welfare because of a full family sanction for non-compliance with work (20.2% vs. 12.7%). This particular finding is not necessarily a negative one. By intent and design, Maryland adopted full family sanctioning not as a means to wholesale caseload reduction, but as a way to keep clients accountable and motivate them to take part in activities to help them move successfully into work. Thus, the fact that sanctioned families have high rates of returning to welfare is positive in the sense that it means they have begun to cooperate with work program requirements.

There are relatively few differences between earlier and later leavers in terms of post-exit outcomes. Recent leavers are slightly less likely to be employed initially, but earn significantly more than those who left welfare in earlier years.

When comparing the most recent leavers and earlier leavers, the picture is somewhat mixed, although positive overall in terms of post-exit outcomes. The most recent leavers are less likely to be working in the quarter immediately after (45.9% vs. 52.2%) leaving welfare. This may be due, at least in part, to the higher proportions of child only and work-sanctioned cases among recent leavers, two groups which tend to have lower employment rates. On the other hand, the most recent leavers have higher initial earnings, on average, than do earlier leavers: about \$350 more in the quarter of welfare exit (\$3,101 vs. \$2,753) and about \$550 more, on average, in the quarter after exit (\$3,697 vs. \$3,137).

In terms of other outcomes, the most recent leavers also fare better than those who left the rolls earlier. Although the difference is not statistically significant, the most recent leavers have slightly lower welfare recidivism rates than earlier leavers at both the three months (12.2% vs. 14.0%) and six months (18.4% vs. 20.6%) post-exit point. Recent leavers also have significantly higher rates of Food Stamp and Medical Assistance participation.

Last, but certainly not least, we continue to find no relationship between welfare exits and child welfare entries. Rates of child welfare involvement after welfare case closure remain quite low, particularly in view of children's relatively high rates of past child welfare involvement, especially with Child Protective Services (CPS).

This report, as all past reports in the series, finds no apparent link between welfare exits and child welfare entries; welfare reform in Maryland has not led to increases in child abuse/child neglect or to the placement of children in kinship or foster care. Although one in five children had a prior history of CPS involvement, to illustrate, only 4.8% had been involved in a CPS case 12 months after the welfare case closure.

In sum, the findings contained in this 10th *Life After Welfare* report continue to reflect positively on Maryland's well-crafted, thoughtful, bipartisan approach to welfare reform. They also speak volumes about the hard work that has been done and continues to be done by local welfare agencies, the state, community-based partners, and, of course, low-income women, to produce the generally positive results that we have documented since the inception of reforms in October 1996. Our research shows that, in Maryland, most of the formidable challenges associated with welfare reform implementation and initial operation have been met and mastered, but also that our work is not done.

In addition to the ongoing challenges of continued uncertainty about the content and timing of TANF reauthorization and helping women successfully make the transition from welfare-to-work, new challenges associated with "universal engagement", more child only cases and more work sanctioning, among others, will require our attention.

Two other matters also require the concerted, committed attention of policy-makers, program managers, community-based providers, researchers and advocates, in our opinion.

The first is to develop strategies, techniques and/or services specifically focused on families whose welfare-to-work transitions have not been successful and who have returned to welfare (i.e., the recidivists). A certain amount of recidivism is inevitable, but we consistently find that the first few months after welfare case closure is when recidivism risk is highest. Experimentation with creative approaches to serving families during this period of apparent fragility could potentially have enormous benefits for families, communities and the TANF program.

Related to this is the difficult but very important and long-standing challenge of trying to prevent unsuccessful transitions in the first place or, in other words, the challenge of breaking the welfare-to-work-to-welfare-to-work cycle. Building on the base of empirical data about recidivism patterns and risk factors, for example, more sophisticated assessment, intensive case management, or specialized, risk-based transitional services might be worth considering.

A final, though certainly not insignificant, challenge for all of us is to make certain that the lessons learned during Maryland's first nine years of welfare reform are used as the building blocks or foundation for the future. As caseload characteristics change, as TANF is reauthorized, and as other unexpected issues and challenges arise, we should use our "lessons learned" to make sure that, in true bipartisan fashion, we continue to design and operate a reformed welfare system that is most appropriate for the State of Maryland and its people.

INTRODUCTION

Through its nationally-acclaimed research initiative, *Life after Welfare*, Maryland was the first state to release outcome data on families affected by the unprecedented welfare reforms of the mid-1990s. The *Life after Welfare* project is ongoing and continues to provide elected and appointed officials, program managers, and advocates with important information about who is leaving welfare in Maryland and what happens to them when they do. The present document is our 10th report of findings and, like its predecessors, provides longitudinal data on demographics, welfare use, employment, recidivism and use of other services for an ever-expanding sample of past and present welfare leavers. As of this writing, the sample consists of 14,880 cases that left welfare between October 1996, the first month of reform, and March 2005.

This 10th report is being issued at a time of continuing uncertainty about when federal reauthorization of the Temporary Assistance to Needy Families (TANF) program will be accomplished and which programmatic changes the bill might include. Few anticipate major structural or philosophical revision, but it is widely thought that work requirements for clients and work participation rate expectations for states will both be increased. Anticipating these likely realities, Maryland has adopted a “universal engagement” policy under which virtually all adult recipients must take part in some type of agency-approved activity to move them onto or further along a path toward self-sufficiency.

In this somewhat uncertain environment, the only constant is that low-income Maryland children and their families are daily affected by our state’s current welfare reform program and policies and will be equally affected by whatever changes are brought about by reauthorization. Thus, the ten basic research questions which have guided our *Life after Welfare* project since its inception remain core issues for those concerned with the well-being of Maryland families which are making the transition from welfare to work. These questions are:

1. What are the characteristics of Maryland’s welfare leavers?
2. Why do families’ welfare cases close/why do families leave?
3. What are customers’ employment patterns after welfare exit?
4. Do early and later leavers differ in terms of post-exit employment?
5. How do employed leavers differ from non-employed leavers?
6. How many families return to welfare?
7. Do recidivism patterns vary by exit cohort?
8. What are the risk factors for recidivism?
9. To what extent do families utilize Food Stamps, Medical Assistance (including MCHIP), and child care subsidies?
10. How many exiting children become known to the child welfare system?

In addressing these questions for a larger and updated sample of exiting families we trust that today’s report provides information that is helpful in monitoring and managing our state’s cash assistance program and preparing for the challenges which lie ahead.

METHODS

This chapter describes our study methods. It focuses specifically on the sample and sources of data upon which this 10th project report is based.

Sample

To insure that the study sample accurately represents the universe of exiting cases, we draw a five percent random sample from all cases that close each month. The first sample (n=183) was drawn for October 1996, the first month of welfare reform in Maryland, and samples have been drawn for each subsequent month up to and including, for purposes of this report, March 2005 (n=114).

By design, our study universe is more inclusive than that used in many other studies. Unlike most other leavers studies, our population includes the full range of case situations – families who leave welfare for work, families who are terminated for non-compliance with program rules, and those who leave welfare but subsequently return.

Our study also defines a welfare exit more broadly than most studies which typically exclude cases that close but reopen within two months. In contrast, cases are eligible for selection into our study as long as the welfare case did not close and reopen on the same day. Among other advantages, this approach has allowed us to closely and uniquely examine the phenomenon of “churning”, or welfare cases which close but reopen within a very short period of time (see, for example, Born, Ovwigho, and Cordero, 2002). However, while we continue to follow all cases in our sample, certain “churning” cases are excluded from the analyses presented in this 10th report. Specifically, we exclude cases that returned to welfare within one month of exit. Thus, of the total sample of cases that exited between October 1996 and March 2005 (n=14,880), we exclude the 4,359 (29.3%) that returned to cash assistance within one month of exit.

We think this all-inclusive approach best permits us to determine case closing patterns, correlates and outcomes. However, differences in sample definition limit the comparability of some of our findings with those of other studies and may cause some of our results to artificially appear less positive than those of other studies.

This tenth *Life After Welfare* report focuses on the first 90 monthly samples - families who left Temporary Cash Assistance (TCA, formerly Aid to Families with Dependent Children) between October 1996 and March 2005, the first eight and one-half years of reform. A total of 10,521 cases (14,880 - 4,359) are included in the analyses. Drawing five percent samples from each month's universe of non-churning TCA closing cases yields a valid statewide sample at the 99% confidence level with a $\pm 1\%$ margin of error.

Data Sources

Study findings are based on analyses of administrative data retrieved from computerized management information systems primarily maintained by the State of Maryland. Demographic and program participation data were extracted from the Automated Information Management System/Automated Master File (AIMS/AMF) and the Client Automated Resources and Eligibility System (CARES). Employment and earnings data were obtained from the Maryland Automated Benefits System (MABS) and are supplemented with limited UI-covered employment data from the states that border Maryland. The Child Care Automated Management Information System (CCAMIS) provides child care subsidy utilization data (i.e., the child care take-up rate).

AIMS/AMF.

AIMS/AMF was the statewide data system for Maryland Department of Human Resources' (DHR) programs from 1987 through 1993. In late 1993, the state began converting to a new system, CARES. The final jurisdiction (Baltimore City) converted to CARES in March 1998; since that point, no new data have been added to AIMS, but the system is still accessible for program management and research purposes.

AIMS contains a participation history for each person who applied for cash assistance (AFDC or TCA), Food Stamps, Medical Assistance, or Social Services. Demographic data are provided, as well as information about the type of program, application and disposition (denial or closure) date for each service episode, and codes indicating the relationship of each individual to the head of the assistance unit.

CARES.

CARES became the statewide automated data system for DHR programs in March 1998. Similar to AIMS, CARES provides individual and case level program participation data for cash assistance, Food Stamps, Medical Assistance and Social Services.

MABS.

In order to investigate the employment patterns of our sample, quarterly employment and earnings data were obtained from the Maryland Automated Benefits System (MABS). MABS includes data from all employers covered by the state's Unemployment Insurance (UI) law (approximately 93% of Maryland jobs). Independent contractors, sales people on commission only, some farm workers, federal government employees (civilian and military), some student interns, most religious organization employees, and self-employed persons who do not employ any paid individuals are not covered. "Off the books" or "under the table" employment is not included, nor are jobs located in other states.

In Maryland, which shares borders with Delaware, Pennsylvania, Virginia, West Virginia and the District of Columbia, out-of-state employment is quite common. Most Maryland counties border at least one other state. Moreover, according to the 2000 census, in some Maryland counties, more than one of every three employed residents worked outside the state. Overall, the rate of out-of-state employment by Maryland residents (17.4%) is roughly five times greater than the national average (3.6%)¹. Out-of-state employment is particularly common among residents of two very populous jurisdictions (Montgomery, 31.3% and Prince George's Counties, 43.8%) which historically have had the 4th and 2nd largest welfare caseloads. Also notable is the fact that there are more than 125,000 federal jobs located within Maryland² and the majority of state residents live within commuting distance of Washington, D.C.

Beginning with the 8th project report, we included estimates of out-of-state employment among our leavers sample in an appendix. Today's report incorporates these border states' data in the analyses presented in the body of the report to provide a more comprehensive picture of leavers' post-exit employment. However, our lack of data on federal civilian and military employment continues to depress our employment findings to an unknown, but perhaps not insignificant, extent.

Finally, because UI earnings data are reported on an aggregated, quarterly basis, we do not know, for any given quarter, how much of that time period the individual was employed (i.e., how many months, weeks or hours). Thus, it is not possible to compute or infer hourly wages or weekly or monthly salary from these data. Readers are also reminded that the earnings figures reported do not necessarily equal total household income; we have no information on earnings of other household members, if any, or data about any other income (e.g. child support, Supplemental Security Income) available to the family.

CCAMIS.

The Child Care Automated Management Information System (CCAMIS) of DHR tracks child care subsidies utilized by families. Data are available at the individual (child, case head, child care provider) and case (family) level, and provide monthly information about subsidy use. First priority for subsidies is given to current TCA and SSI recipients, then to families who have received TCA for three of the past six months, and finally to other income-eligible families not on TCA. Qualified applicants must also be working or in an approved training or public school program, and must cooperate with child support. Subsidies are distributed as either formal or informal vouchers which may be redeemed by licensed child care centers or by providers in the child's home.

¹Data obtained from U.S. Census Bureau website <http://www.factfinder.census.gov> using the Census 2000 Summary File 3 Sample Data Table QT-P25: Class of Worker by Sex, Place of Work and Veteran Status, 2000.

²Data obtained from the Bureau of Labor and Statistics website: <http://www.data.bls.gov> through a public data query from the Current Employment Statistics Survey.

In January 2003, budget constraints led to the creation of a waiting list for subsidies, so that new applicants with no recent TANF history were placed on the list indefinitely. There has been a recent partial opening of the waiting list for recent TANF leavers and certain other families with qualifying incomes. We note these facts because the decrease in availability of child care subsidies during our study period is likely to have a depressing effect on observed participation rates.

FINDINGS: BASELINE ADMINISTRATIVE DATA

This first findings chapter provides a basic description of our study sample, including payee demographic and case characteristics, welfare and employment history, and administratively-recorded reasons for case closure. Data are provided for the entire sample, as well as for separate cohorts to permit comparisons between earlier cases (those with a closure between 10/96 and 3/04), and the most recent cohort (cases with a closure between 4/04 and 3/05).

What are the Characteristics of Exiting Payees and Cases?

As is customary, we describe payees' gender, age, age at first birth, racial/ethnic background and residence, while case characteristics examined include assistance unit size, number of children per case, age of the youngest child, percent of households with a child under three, and percent of child only cases. Findings are presented in Table 1, following this discussion, in three columns. The first column presents summary data for the entire sample, followed by separate columns for the most recent cohort (cases with a closure between 4/04 and 3/05) and earlier cases (cases with a closure between 10/96 and 3/04).

Characteristics of the Entire Sample.

Overall, the overwhelming majority of exiting payees in our sample are female (95.5%), with an average age of 33 years (mean=32.81), and an average age at first birth of 22 years (mean=21.89). The majority of payees are African American (74.0%). Almost one-half of exiting families resided in Baltimore City at the time of their case closure (46.3%). An additional one in ten exiting families lived in either Prince George's County (12.9%) or Baltimore County (11.6%), and five percent or less resided in Anne Arundel County (4.7%), Montgomery County (4.4%), or one of the five regions which encompass the remaining 19 Maryland Counties.³

The average or typical assistance unit among all cases in our sample included two to three persons (mean=2.61), with a range from one to eleven people. About one in seven (15.8%) were child only cases, where no adult was included on the grant. In the typical case, the youngest child in the assistance unit was not quite six (average age about 5 years and 9 months). Four in ten households (39.3%) have at least one child under the age of three years.

³These regions are: Metro (Carroll, Harford, Howard, and Frederick); Western (Allegany, Garrett and Washington); Southern (Calvert, Charles and St. Mary's); Upper Shore (Cecil, Kent, Queen Anne's, Caroline, Talbot and Dorchester); and Lower Shore (Worcester, Wicomico and Somerset).

Do Recent Leavers Differ from Earlier Leavers?

Unlike previous analyses, we find no significant differences this year between earlier cases and the most recent leavers on any of the five payee variables: gender, age, age at first birth, ethnicity, or the proportion who resided in Baltimore City. This is an important finding. In past reports we noted increasing proportions of African American and Baltimore City leavers among recent cohorts versus earlier leavers. We hypothesized that this may have been because it took longer to fully implement reform in the City, which carries a much larger caseload, by far, than any other jurisdiction. This year's findings suggest that Baltimore City has "caught up" with the other jurisdictions, a conclusion which is buttressed by findings from another of our recent studies which looks at the proportion of exiting cases relative to each jurisdiction's share of the statewide TANF caseload (Ovwigo, Saunders, Kolupanowich, & Born, 2005).

In terms of case characteristics, there are no statistically significant differences between the most recent leavers (4/04 - 3/05) and earlier leavers (10/96 - 3/04) on three of the five variables: average assistance unit size, number of children, and age of youngest child. However, the two groups do differ significantly on two case characteristics, both differences being consistent with prevailing caseload trends.

First, the proportion of child only cases among the most recent leavers (20.2%) is the highest ever observed in our study, and is approximately five percentage points higher than the average for all earlier cohorts combined (15.3%). This finding likely relates to general caseload trends in Maryland and nationally where today's TANF caseload includes higher proportions of child only cases, a direct result of higher rates of exiting by "traditional" parent-child cases.

Second, the percent of households with at least one child under the age of three is also significantly higher among the most recent leavers than among earlier cohorts (42.5% vs. 39.0%), a trend also observed in last year's analysis (Ovwigo, Born, Saunders & Tracy, 2004). This is no doubt reflective of current caseload trends, as the percent of recipient families with a child under three has also risen steadily from 30.0% among recipients in October 1998 to 37.6% among recipients in October 2003 (Born, Hetling-Wernyj, Lacey, & Tracy, 2003; Hetling, Saunders, & Born, 2005).

Table 1. Demographic Characteristics of Exiting Payees and Cases

	Entire Sample 10/96 - 3/05 (n=10,521)	Most Recent Cohort 4/04 - 3/05 (n=971)	Early Cases 10/96 - 3/04 (n=9,550)
Payee's Gender (% female)	95.5%	95.4%	95.5%
Payee's Age			
Mean (Standard deviation)	32.81 (10.79)	33.32 (11.45)	32.76 (10.72)
Age at First Birth			
Mean (Standard deviation)	21.89 (5.46)	22.11 (5.64)	21.87 (5.44)
Payee's Racial/Ethnic Background			
African American	74.0%	76.2%	73.8%
Caucasian	23.6%	21.0%	23.9%
Other	2.4%	2.8%	2.4%
Region			
Baltimore City	46.3%	46.8%	46.3%
Prince George's County	12.9%	10.6%	13.1%
Baltimore County	11.6%	10.3%	11.7%
Metro Region	6.0%	6.8%	5.9%
Anne Arundel County	4.7%	5.1%	4.7%
Montgomery County	4.4%	4.6%	4.4%
Upper Eastern Shore Region	4.1%	5.3%	4.0%
Western Maryland Region	3.5%	3.6%	3.5%
Lower Eastern Shore Region	3.4%	3.7%	3.3%
Southern Maryland Region	3.1%	3.2%	3.1%
Assistance Unit Size			
Mean (Standard deviation)	2.61 (1.18)	2.55 (1.21)	2.61 (1.18)
% child only cases***	15.8%	20.2%	15.3%
Number of Children			
Mean (Standard deviation)	1.74 (1.06)	1.72 (1.07)	1.74 (1.06)
Age of Youngest Child			
Mean (Standard deviation)	5.72 (4.74)	5.74 (5.00)	5.72 (4.71)
% households with a child under 3*	39.3%	42.5%	39.0%

Note: Due to missing data for some variables, counts may not sum to the total number of cases. Valid percentages are reported. *p<.05 **p<.01 ***p<.001

What are Payees' Experiences with the Welfare System and Employment?

The U.S. Department of Health and Human Services publishes an annual report, *Indicators of Welfare Dependence*, which includes data from multiple sources and provides a framework for measuring trends in the rate at which families are dependent on welfare (U.S. Department of Health and Human Services, 2004). Among numerous measures utilized in the national analyses are the length of the most recent welfare spell, long-term welfare receipt, and employment and earnings histories. Empirical research and front-line practice have long confirmed that welfare-to-work transitions are often harder to achieve for persons who have been on welfare for extended periods of time. Thus, since its inception in 1996, our *Life After Welfare* study has also tracked and reported on the historical welfare use patterns of the families in our sample. Specifically, we look at the length of clients' most recent welfare spells and the total number of months of welfare receipt in the five years leading up to the exit which brought them into our research sample.

Welfare Receipt History.

Most families in our sample were exiting from relatively short welfare spells, as shown in the top half of Table 2, which follows this discussion. Overall, almost two-thirds of all leavers (64.4%) in our study were exiting from a welfare spell that had lasted for 12 or fewer months. This is consistent with national and our own Maryland studies of welfare leavers which show that the length of the most recent welfare spell is substantially shorter than it was in the pre-reform 1990s. For our sample as a whole, the typical or average case had been on welfare for 17.5 months, or just under one and one-half years, at the time of the exit which brought them into our sample. More than eight of ten (82.1%) had been on aid continuously for two years or less at the time of exit.

Continuing another trend observed in previous reports, we find that our most recent leavers are exiting from significantly shorter welfare spells than those who left in earlier years. On average, families in the most recent cohort exited the rolls after 10.93 months, compared to 18.17 months for all earlier leavers combined.

In addition to information about the exit spell, Table 2 also presents findings on longer term welfare receipt, specifically the total number of months (continuous or sporadic) of receipt during the past 60 months. Overall, about three in ten sample members had received a total of 12 or fewer months of assistance within the past five years (28.5%), with an overall average welfare history of 29.24 months out of 60, or just about half of the time.

A comparison of recent and earlier leavers indicates that the differences found in exit spell also hold true when families' cumulative welfare history is considered. Among the most recent leavers, about one-half received 12 or fewer months of assistance in the past five years (46.9%), with an average overall welfare history of 19.13 months out of the past 60, or less than one-third of the time. In contrast, only about one-fourth of earlier leavers received 12 or fewer months of assistance (26.7%), and have an

average overall welfare history of 30.27 months out of the past 60, about half of the time. These differences are statistically significant.

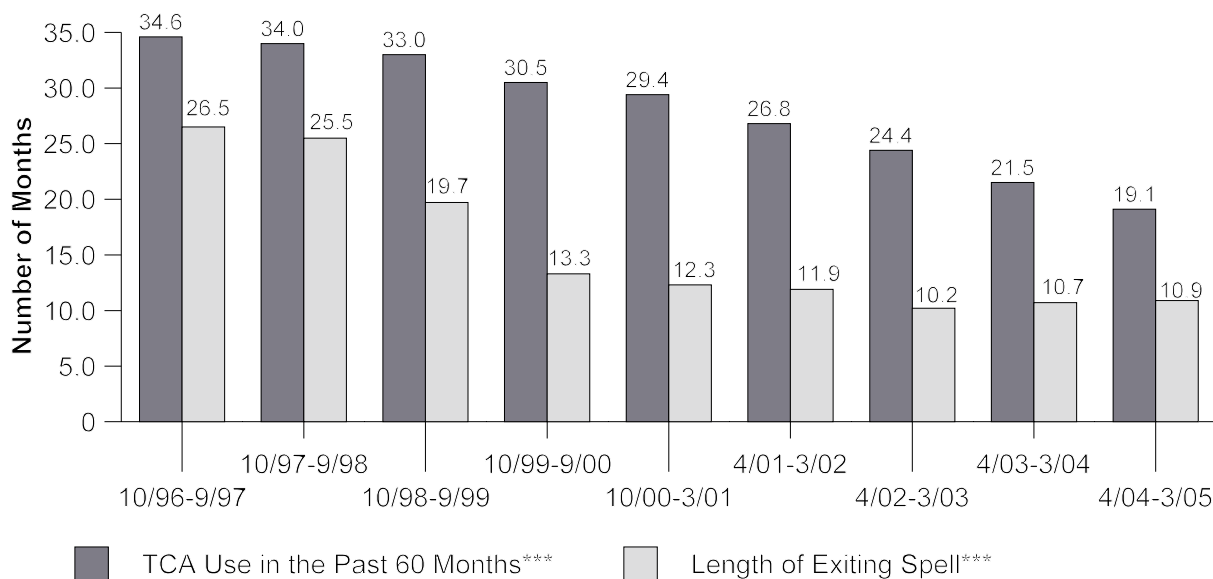
Table 2. Welfare Receipt History

	Entire Sample 10/69 - 3/05 (n=10,521)	Most Recent Cohort 4/04 - 3/05 (n=971)	Early Cases 10/96 - 3/04 (n=9,550)
Length of Exiting Spell***			
12 months or less	64.4%	77.7%	63.0%
13 - 24 months	17.7%	14.8%	18.0%
25 - 36 months	6.6%	4.2%	6.8%
37 - 48 months	3.4%	0.9%	3.6%
49 - 60 months	2.1%	0.6%	2.3%
More than 60 months	5.8%	1.8%	6.3%
Mean***	17.50 months	10.93 months	18.17 months
Median	8.94 months	7.23 months	9.14 months
Standard Deviation	26.81 months	14.48 months	27.67 months
TCA Receipt in 5 Yrs Prior to Exit***			
12 months or less	28.5%	46.9%	26.7%
13 - 24 months	18.4%	22.3%	18.0%
25 - 36 months	15.4%	14.7%	15.4%
37 - 48 months	13.5%	8.1%	14.1%
49 - 60 months	24.1%	7.9%	25.8%
Mean***	29.24 months	19.13 months	30.27 months
Median	27.00 months	14.00 months	28.00 months
Standard Deviation	19.44 months	16.14 months	19.45 months

Note: Due to missing data for some variables, counts may not sum up to the total number of cases. Valid percentages are reported. *p<.05, **p<.01, ***p<.001

Despite the statistically significant differences in welfare use patterns between early and recent leavers, the long-term trend of decreasing welfare use may be leveling out. To illustrate, Figure 1, following this discussion, shows changes in the length of exiting spell and cumulative welfare receipt for separate yearly cohorts of leavers between October 1996 and March 2005. While the average number of total months of TCA receipt out of the past 60 months continues to decline steadily, the length of the average exiting spell dropped quickly at first and then has changed very little over the last several years, remaining between 10 and 12 months since April 2001.

Figure 1. Welfare Receipt Trends



Employment History.

Table 3, following this discussion, reports findings on another important factor for future self-sufficiency, adults’ employment history during the two years before entering their most recent welfare spell, and during the two years before the exit which brought them into our sample. Consistent with past reports, we find that the large majority of adults are not strangers to the world of work; more than seven out of ten sample members have a history of UI-covered employment in Maryland in recent years. Notably, there are no significant differences between earlier and recent leavers. These results are encouraging, particularly considering that, for the time periods covered by these data, we are unable to report at all on self-employment or federal jobs and can only report on partial out-of-state employment. In reality, then, the chances are high that most everyone in our sample had some fairly recent, paid work experience before making their most recent transition from welfare to work.

These results are positive and imply the presence of a strong work ethic among this population and a reasonable likelihood that, all else equal, the majority of adult leavers will be able to secure employment. On the other hand, the findings also contain the implicit, cautionary warning that making a permanent transition from welfare-to-work may not be a simple or straightforward task. That is, we are studying these families because they have left welfare; the fact that most of them have prior work experience means that, for whatever reason, their earlier employment did not last and they had to turn to welfare for income support.

Table 3. Employment History

	Entire Sample 10/96 - 3/05 (n=10,484)	Most Recent Cohort 4/04 - 3/05 (n=965)	Early Cases 10/96 - 3/04 (n=9,519)
% working at some point in the 8 quarters preceding spell entry	70.6%	72.0%	70.4%
% working at some point in the 8 quarters preceding spell exit	71.5%	70.9%	71.6%

Note: Due to missing data for some variables, counts may not sum up to the total number of cases. Valid percentages are reported. The employment figures exclude 37 sample members for whom we have no unique identifier. In addition, employment preceding spell entry excludes anyone whose welfare spell began before April 1, 1985.

Why Are Families Leaving Welfare?

The final piece of our baseline administrative data discussion is examination of the administratively-recorded case closure reasons for our sample of TANF leavers. We present these findings with the important caveat that administrative data do not allow for the full presentation of reasons why families leave welfare. Although there are many codes from which caseworkers may choose, the complex real-life situations of low-income families are often not able to be adequately captured by close-ended, mutually exclusive coding systems. In addition, our previous analyses indicate that administratively-recorded closing codes significantly understate the true rate of work-related welfare exits, often because those who become employed choose not to come in for re-certification or provide eligibility information, instead of notifying the agency of their new job. Despite these shortcomings, prior research has shown that administrative case closure codes are correlated with important post-exit outcomes such as employment and recidivism, and are our best measure of full family sanctioning rates (Ovwigbo, Tracy, & Born, 2004).

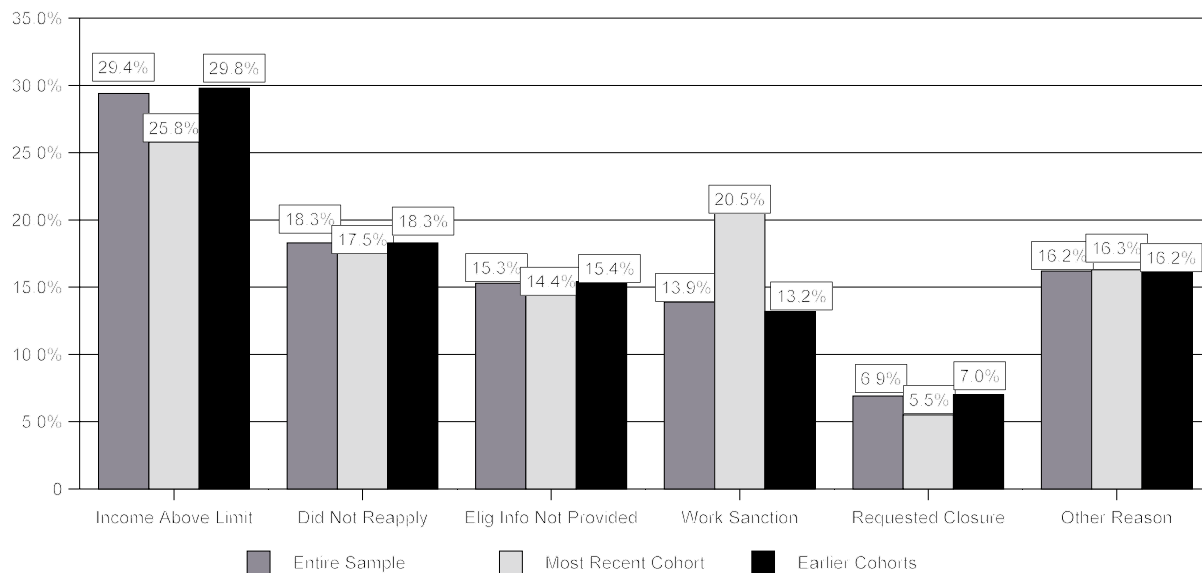
With these caveats in mind, Figure 2, following this discussion, presents the top five case closure codes recorded for the entire sample and, separately, for the most recent cohort of leavers (4/04 - 3/05) and those who left earlier (10/96 - 3/04). Overall, the single most common case closure code is “Income Above Limit (including Started Work)”, which accounts for about three out of ten (29.4%) closure codes over the past eight and one-half years of welfare reform.

Fewer than one in five cases were coded as closed because the customer did not reapply for benefits when their certification period ended (18.3%), and about one in seven cases (15.3%) closed because required eligibility information was not provided. Full family work sanctions accounted for a bit more than one in ten closure codes (13.9%) and 6.9% of cases closed at the specific request of the client. Together, these five administratively-recorded case closing codes account for more than eight of every ten closures (83.8%), a pattern that has prevailed for the past several years.

There are both similarities and differences between recent and earlier leavers with regard to administrative case closing codes. For both groups, the most commonly-used code was “Income above Limit/Started Work”. However, the most recent leavers are slightly less likely to have this code recorded (25.8% vs. 29.8%), and more likely to experience a work sanction (20.5% vs. 13.2%), than their early leaver counterparts. Indeed, work sanction is the second most common closing code among the most recent cohort of leavers, although the rate of sanctioning among this year’s most recent cohort is slightly lower than the rate reported last year for those who exited between April 2003 and March 2004 (20.5% vs. 21.8%).

In general, the national and state trend has been one of slow and incremental growth over time in the rate of work sanctioning. That is, despite some advocates’ fears, it does not appear that, to date, full family sanctioning has been used as a wholesale method of caseload reduction. However, the finding that roughly one in five cases is now closing because of a sanction, while perhaps not a completely unexpected finding, is something to which policy-makers should continue to pay close attention. This may be particularly important in the future because, to the extent that TANF reauthorization, whenever it occurs, imposes even more stringent work requirements, one might expect sanction rates to move even higher.

Figure 2: Case Closing Reasons***



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

FINDINGS: POST-EXIT EMPLOYMENT

Moving families from welfare to work is a major goal of the TANF program and tracking those transitions is a major purpose of our state's legislatively-mandated *Life After Welfare* project. The recent addition to Maryland's existing "work first" reform program of an explicit "universal engagement" expectation for all clients makes it even more important to monitor the post-welfare employment outcomes experienced by welfare leavers. Thus, this chapter presents findings from our analysis of post-exit employment data, including the percent of former payees who are employed in Maryland or a border state after leaving welfare, their earnings, and which industries employ them. Findings are presented for the entire sample and, separately, for recent leavers (4/04 - 3/05) and earlier leavers (10/96 - 3/04).

Two important caveats must be kept in mind when considering these findings. The first is that our data under-report, perhaps significantly, how many adults are actually working; we are unable to track those who are not covered by Unemployment Insurance, those who hold federal jobs, those who are incarcerated or deceased or have moved out of state.

The second caveat is that UI earnings data are reported quarterly. Thus, it is impossible to know whether increases in earnings over time, or differences in earnings across cohorts, are due to an increase in the number of hours worked or to wage or salary increases. Further, we cannot tell if the reported earnings are from full- or part-time employment or from continuous or intermittent employment during the quarter. We also have no information about other sources of household income. With these caveats in mind and knowing that our findings understate the true rates of employment, we begin by examining initial employment experiences immediately following the welfare exit.

How Many Work in UI-Covered Jobs Right Away?

Employment among welfare recipients exiting the rolls remains one of the most critical welfare reform outcomes. In previous *Life After Welfare* reports, we have presented only in-state employment information, with estimates of out-of-state employment provided in an appendix. Today, however, we include employment data from bordering states in the body of the report and tables along with in-state UI-covered employment data.

As shown in Table 4, following this discussion, approximately one-half of exiting payees were employed in a Maryland UI-covered job during the quarter of their TCA exit (49.7%). Not quite five percent (4.1%) of persons were employed in a border state. These figures are nearly identical to those reported last year (49.9% in-state, 4.3% out-of-state). For the sample as a whole, the total percent of payees employed in UI-

covered jobs during the exit quarter is 51.2%⁴. This is slightly higher than the overall quarter-of-exit employment rate observed last year (50.6%).

Table 4 shows that the most recent leavers are significantly less likely to work in UI-covered employment than earlier leavers (47.5% versus 51.5%) in the quarter of welfare exit. Consistent with last year's *Life After Welfare* report, we suspect this is due to the lingering effects of the recession in 2001, and significant gaps in our data. Thus, it is perhaps heartening that the in-state employment rate among the most recent leavers is 2.8 percentage points higher in the exit quarter than was reported for last year's leavers. That is, this year's current cohort of leavers is more likely to have worked in Maryland in the quarter of welfare exit (46.4%) than were last year's leavers (43.6%).

Does Work Effort Persist Over Time?

The reality of welfare cycling has been well-documented and is often associated with job instability or job loss. Thus, it is imperative to monitor the persistence of employment for welfare leavers in our sample and we present data on that topic, also in Table 4. In reviewing these findings it is important to remember that differing amounts of follow-up data are available depending on when the welfare exit took place. For those who exited in October 1996, for instance, we have up to 32 quarters, or eight years, of follow-up data compared to those who exited within the past year for whom only three or six months of follow-up data are available at this time.⁵ For purposes of this report, we used UI employment and earnings data through the 4th quarter of 2004.

In general, our findings indicate that work effort does persist over time. In fact, when out-of-state employment is taken into account, employment rates remain virtually unchanged from the first quarter after exit (51.9%) to the eighth quarter after exit (51.7%). By the fifth through seventh years post-exit, the total employment rate is still approximately one-half for the total sample (51.0%, 49.0%, and 49.1%, respectively). Although total employment remains fairly stable, the trends are different for in-state and out-of-state employment. The proportion of those working in Maryland UI-covered employment decreases somewhat over time while the proportion working outside the state increases slightly.

Consistent with previous reports, we do find statistically significant differences between the employment rates of early and recent leavers in the first quarter after exiting. Similar to the trend found in the exit quarter, the overall employment rate is lower for recent leavers in the first full follow-up quarter than for earlier leavers (45.9% vs. 52.2%, respectively), most of the gap being in the percent employed in Maryland (44.0% vs.

⁴Some payees worked in both Maryland and a bordering jurisdiction during the exit quarter; this explains why the total percent employed does not equal the sum of the percent working in Maryland and the percent working out-of-state.

⁵Complete information on the number of quarters of follow-up data available by cohort can be found in Appendix A.

50.2%). In the next quarter, however, the percent employed in a UI-covered job in the state begin to even out (46.2% recent leavers, 48.8% early leavers).

What are Adults' Quarterly Earnings from UI-Covered Employment?

In addition to the percent employed, Table 4 also presents data on mean and median quarterly earnings over time for both recent and earlier leavers.⁶ Among those who were employed during the quarter in which they exited welfare, average earnings were just under \$3,000 (mean=\$2,776.02), and one-half earned \$2,229.71 or more. In the first full quarter after exiting welfare, earnings were somewhat higher, with an average of \$3,161.55 and a median value of \$2,638.72. The upward trend in earnings continues over time. Earnings steadily increase by an average of 8.5% per year through year five (20th quarter after exit), and then by an average of 2.5% through year eight (32nd quarter after exit).

These findings suggest that though the initial quarters following a welfare exit may be the most fragile, there may also be a point several years after their initial exit when former payees reach an earnings ceiling and might benefit from career ladders, higher education, or employment advancement training. It is difficult to draw out strong inferences, however, as we are unable to discern whether increases in earnings are due to working more hours, working at a higher pay rate, or both.

As mentioned previously, fewer recent welfare leavers are employed in a UI-covered job in Maryland or a bordering state in the quarter of, or quarter immediately following, their TCA exit when compared to their earlier leaving counterparts. However, Table 4 shows that for those that do work, earnings are significantly higher among recent leavers. In the quarter of exit, average earnings for recent leavers is about \$350 higher than for earlier leavers (mean=\$3,101.64 vs. \$2,753.31) and, in the first quarter after exit, the difference is about \$550 (mean=\$3,697.41 vs. \$3,137.47).

⁶All reported earnings figures are standardized to 2004 dollars. Note that UI earnings are reported on an aggregated quarterly basis. Thus, we do not know how many hours or weeks individuals worked in a quarter. It is impossible to compute hourly wage figures from these quarterly earnings data.

Table 4. UI-Covered Employment in the Quarters After TCA Exit

	Entire Sample 10/96 - 3/05 (n=10,521)	Most Recent Cohort 4/04 - 3/05 (n=971)	Early Cases 10/96 - 3/04 (n=9,550)
Quarter of TCA Exit			
Percent Working in Maryland	49.7%	46.4%	49.9%
Percent Working in a Border State	4.1%	2.5%	4.3%
Total Percent Working*	51.2%	47.5%	51.5%
Mean Earnings*	\$2,776.02	\$3,101.64	\$2,753.31
Median Earnings	\$2,229.71	\$2,343.00	\$2,220.90
1st Quarter After TCA Exit			
Percent Working in Maryland**	49.9%	44.0%	50.2%
Percent Working in a Border State	5.0%	4.0%	5.0%
Total Percent Working*	51.9%	45.9%	52.2%
Mean Earnings**	\$3,161.55	\$3,697.41	\$3,137.47
Median Earnings	\$2,638.72	\$3,275.00	\$2,624.02
2nd Quarter After TCA Exit			
Percent Working in Maryland	48.8%	46.2%	48.8%
Percent Working in a Border State	5.1%	N/A	5.1%
Total Percent Working	50.9%	N/A	51.1%
Mean Earnings	\$3,296.32	\$3,666.09	\$3,287.63
Median Earnings	\$2,790.97	\$2,947.00	\$2,787.14
3rd Quarter After TCA Exit			
Percent Working in Maryland	47.9%		47.9%
Percent Working in a Border State	5.4%		5.4%
Total Percent Working	50.4%		50.4%
Mean Earnings	\$3,400.67		\$3,400.67
Median Earnings	\$2,902.61		\$2,902.61
4th Quarter After TCA Exit			
Percent Working in Maryland	48.3%		48.3%
Percent Working in a Border State	5.4%		5.4%
Total Percent Working	50.9%		50.9%
Mean Earnings	\$3,501.02		\$3,501.02
Median Earnings	\$2,996.16		\$2,996.16
8th Quarter After TCA Exit			
Percent Working in Maryland	48.0%		48.0%
Percent Working in a Border State	5.8%		5.8%
Total Percent Working	51.7%		51.7%
Mean Earnings	\$3,834.37		\$3,834.37
Median Earnings	\$3,379.80		\$3,379.80

	Entire Sample 10/96 - 3/05 (n=10,521)	Most Recent Cohort 4/04 - 3/05 (n=971)	Early Cases 10/96 - 3/04 (n=9,550)
12th Quarter After TCA Exit			
Percent Working in Maryland	47.8%		47.8%
Percent Working in a Border State	7.1%		7.1%
Total Percent Working	52.7%		52.7%
Mean Earnings	\$4,149.70		\$4,149.70
Median Earnings	\$3,729.00		\$3,729.00
16th Quarter After TCA Exit			
Percent Working in Maryland	46.1%		46.1%
Percent Working in a Border State	7.9%		7.9%
Total Percent Working	51.6%		51.6%
Mean Earnings	\$4,556.22		\$4,556.22
Median Earnings	\$4,132.91		\$4,132.91
20th Quarter After TCA Exit			
Percent Working in Maryland	45.9%		45.9%
Percent Working in a Border State	7.8%		7.8%
Total Percent Working	51.0%		51.0%
Mean Earnings	\$4,860.66		\$4,860.66
Median Earnings	\$4,372.00		\$4,372.00
24th Quarter After TCA Exit			
Percent Working in Maryland	44.8%		44.8%
Percent Working in a Border State	6.2%		6.2%
Total Percent Working	49.0%		49.0%
Mean Earnings	\$5,103.84		\$5,103.84
Median Earnings	\$4,562.00		\$4,562.00
28th Quarter After TCA Exit			
Percent Working in Maryland	44.9%		44.9%
Percent Working in a Border State	6.1%		6.1%
Total Percent Working	49.1%		49.1%
Mean Earnings	\$5,215.37		\$5,215.37
Median Earnings	\$4,621.00		\$4,621.00
32nd Quarter After TCA Exit			
Percent Working in Maryland	47.7%		47.7%
Percent Working in a Border State	N/A		N/A
Total Percent Working	N/A		N/A
Mean Earnings	\$5,251.06		\$5,251.06
Median Earnings	\$4,785.00		\$4,785.00

Note: Earnings are only for those working. Also, as noted previously, these are aggregate quarterly earnings. We do not know how many weeks or hours an individual worked, so hourly wage cannot be computed from these data.

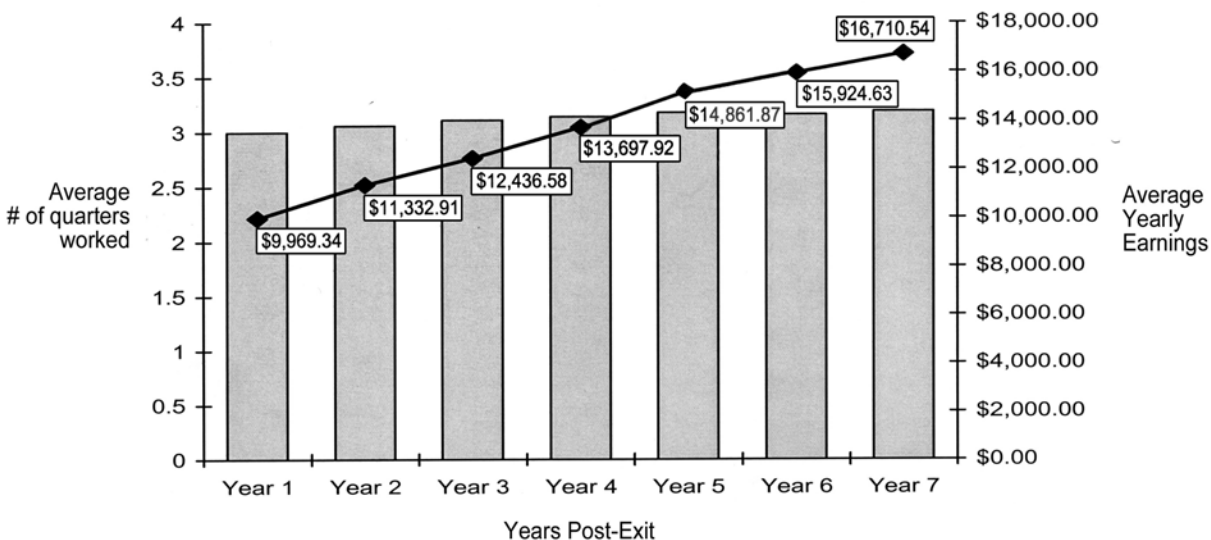
*p<.05, **p<.01, ***p<.001

The point-in-time data presented in Table 4 indicate that most former welfare recipients remain engaged in UI-covered employment and are able to increase their earnings over time. However, these quarterly snapshots do not take into account the number of quarters employed in each year or total annual earnings. Figure 3, following this discussion, provides this broader perspective by summarizing the average number of quarters worked per follow-up year and the average total earnings reported per follow-up year for the entire sample.

Among those who worked in UI-covered employment, the typical or average pattern was employment in three of the four quarters of each year, although it is not possible to determine if that employment was full- or part-time. Figure 3 also shows that, on average, earnings increased by almost 70% between the first and seventh follow-up years (mean=\$9,969.34 versus mean=\$16,710.54).

Notwithstanding the important data limitations mentioned at the beginning of this chapter, we can speculate that based on the data presented, earnings and employment rates may level out over time, at least for some former recipients. Although we are aware that there may be other sources of household income, taken at face value these earnings data do suggest a continued need, at least among some families, for transitional support, career development, regular receipt of child support payments and, perhaps, strategies to promote or facilitate year-round employment and access to affordable health coverage.

Figure 3. Yearly Employment Rates and Earnings

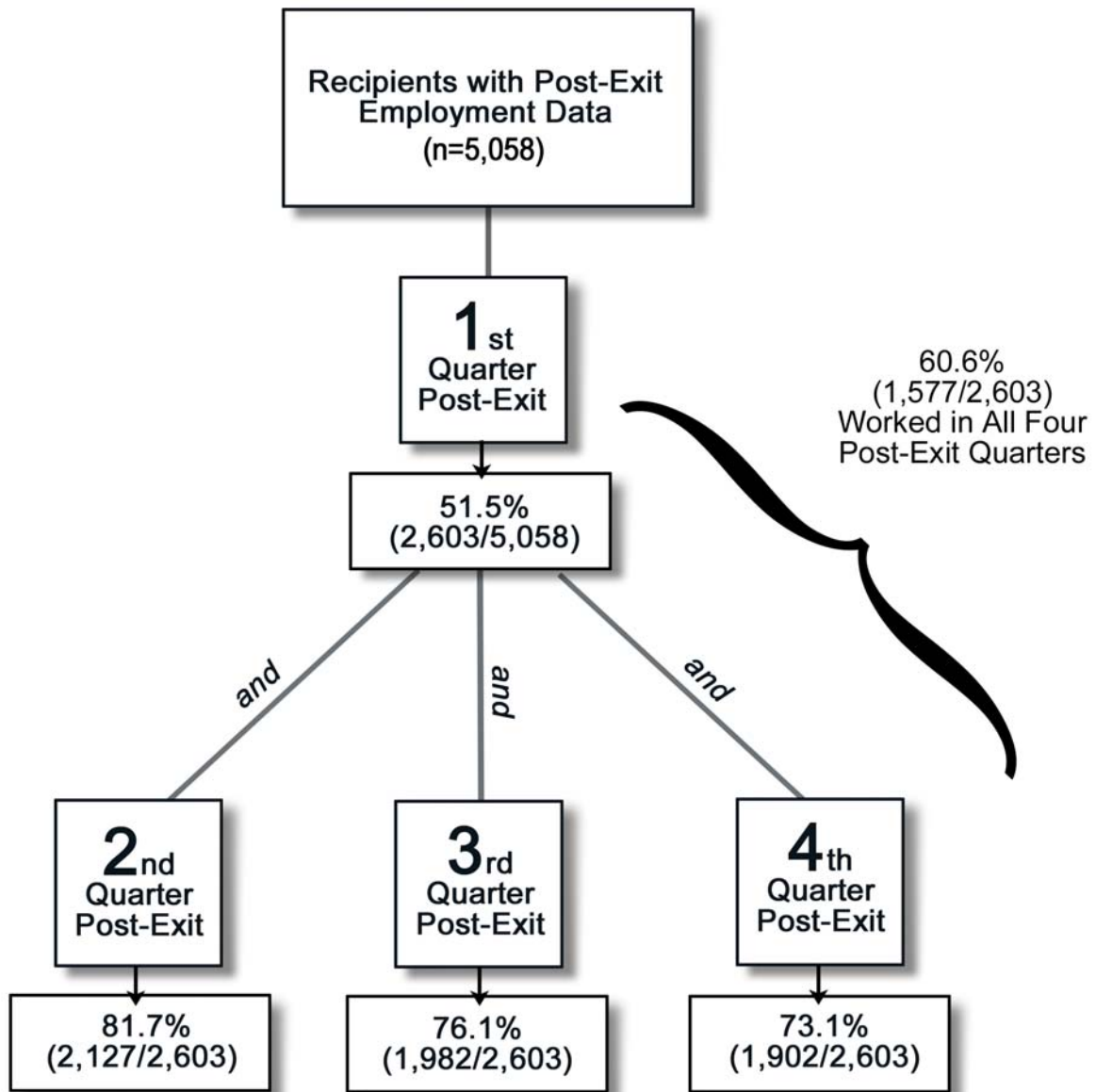


How Many Adults Are Steadily Employed in UI-Covered Jobs Over Time?

The success of efforts to assist women to transition from welfare to work has led to the realization that finding a job is only part of the challenge for clients and for welfare-to-work programs. Although welfare recidivism rates remain lower than in the AFDC era, most studies show that while many leavers have been able to find jobs, fewer have been able to remain steadily employed over time. Because intermittent or unstable employment patterns are not uncommon among low-income women, it is important to also examine the issue of employment stability. Figure 4, following this discussion, highlights employment stability trends within our sample. Data are presented for 5,058 sample members (those who exited between 12/98 and 10/03) for whom one full year of in-state and border state UI wage data were available.

In the first full quarter following an exit from TANF, UI wages were reported for about one-half of the potentially employed leavers (51.5%, n=2,603), and a majority of these remained employed through the second quarter after exiting (81.7%, n=2,127). Approximately three-quarters of leavers who were employed in the first quarter after exiting were also employed in the third quarter after exiting (76.1%, n=1,982), and about the same percent were employed in the fourth quarter after exiting (73.1%, n=1,902). Overall, three-fifths of leavers who were employed in the first quarter after exiting TANF were employed in all four quarters of their first post-exit year (60.6%, n=1,577). This represents 31.2% of all leavers for whom UI wage data were available (n=1,577/5,058) but, again, is an understatement of the true rate due to limitations in the data.

Figure 4. Employment Stability in the First Four Post-Exit Quarters



Do Employed Leavers Differ From Unemployed Leavers?

In Maryland, the work-first philosophy has recently led to adoption of a “universal engagement” policy emphasizing that every client should engage in some type of work or work-oriented activity as soon as practicable after their first encounter with the cash assistance program. However, the ultimate goal remains the same: to assist recipient adults to obtain and maintain unsubsidized employment. Thus, to assist decision-makers to assess the degree of difficulty that individual clients or entire local caseloads might face in achieving this goal, the *Life After Welfare* study continues to examine whether there are any observable differences between those who work immediately after leaving welfare and those who do not.

While it is beyond the scope of this study to determine causal relationships, we are able to present findings on relationships between specific payee and case characteristics and post-exit employment. Table 5, following this discussion, includes data on nine characteristics on which leavers with reported UI wages in the first post-exit quarter (“employed leavers”) are compared to those without reported wages (“not employed leavers”). There is no difference between the two groups on one of the nine comparison variables: average number of children in the assistance unit (mean=1.75 children vs. 1.72 children, respectively). On the other eight measures, however, statistically significant differences are found:

- ***Payee Age/Age at First Birth:*** Employed leavers, on average, are about four years younger than not employed leavers (mean=30.97 years vs. 34.79 years), and were slightly younger at the birth of their first child (mean=21.27 years vs. 22.56 years).
- ***Payee Race/Ethnic Background:*** There is a higher percent of African American payees among employed leavers than not employed leavers (76.5% vs. 71.3%), and a smaller percent of non-African American minorities (1.8% vs. 2.8%).
- ***Assistance Unit Size:*** Child only cases are about half as common among employed leavers compared to not employed leavers (11.5% vs. 19.6%), and employed leavers, on average, have larger assistance units (mean=2.66 persons vs. 2.56 persons).
- ***Age of Youngest Child:*** Employed leavers are more likely to have a child under three (42.4% vs. 35.6%). Accordingly, the average age of the youngest child in their assistance units is 5.29 years, compared to 6.19 years among not employed leavers.
- ***Case Closing Reason:*** Employed leavers were twice as likely to have their cases closed because their income was above the eligibility limit (40.6% vs. 18.0%). Not employed leavers were more likely to have had a full family work sanction imposed (16.9% vs. 10.5%).

- *Welfare History:* Employed leavers had shorter average welfare spells (mean=17.04 months) than those who did not work right away (mean=18.67 months). There was also a difference in the total number of months of welfare receipt in the previous five years, though this may be related to age. Employed leavers, who were typically younger, received an average of 28.96 months of assistance, compared to not employed leavers who received an average of 30.55 months of assistance.

It may seem logical that there would be differences between those with reported earnings immediately after leaving welfare and those without, but the findings are intriguing. In particular, it is somewhat counterintuitive that younger leavers with younger children would be more likely to work immediately after leaving welfare. No doubt there are likely many factors at play, but we speculate that younger recipients may be more readily acclimated to the current work-first environment, or that leavers with younger children are more likely to have family support and assistance with child care.

Regardless, the important point is that numerous and significant differences do exist between those who leave welfare for work, and those who leave welfare and do not immediately work. While these findings are correlational rather than causal, the profile data they provide may have some utility to front-line managers as they attempt to craft appropriate “universal engagement” strategies for the clients they serve.

Table 5. Characteristics of Employed and Non-Employed Leavers

	Employed (n=5,196)	Not Employed (n=4,809)	Entire Sample (n=10,005)
Payee's Age***			
Mean	30.97	34.79	32.80
Median	28.91	33.21	30.84
Standard Deviation	9.33	11.82	10.77
Payee's Age at First Birth***			
Mean	21.27	22.56	21.87
Median	19.89	20.85	20.25
Standard Deviation	4.98	5.85	5.44
Payee's Racial/Ethnic Background***			
African American	76.5%	71.3%	74.0%
Caucasian	21.8%	25.9%	23.8%
Other	1.8%	2.8%	2.3%
Assistance Unit Size***			
Mean	2.66	2.56	2.61
Median	2.00	2.00	2.00
Standard Deviation	1.14	1.21	1.18
% child only***	11.5%	19.6%	15.4%
Number of Children			
Mean	1.75	1.72	1.74
Median	1.00	1.00	1.00
Standard Deviation	1.04	1.07	1.06
Age of Youngest Child***			
Mean	5.29	6.19	5.72
Median	3.82	4.90	4.25
Standard Deviation	4.52	4.91	4.73
% of households with a child under 3***	42.4%	35.6%	39.2%
Closing Code***			
Income Above Limit/Started Work	40.6%	18.0%	29.7%
Failed to Reapply/Complete Redetermination	16.4%	20.0%	18.1%
Eligibility/Verification Information Not Provided	15.3%	15.4%	15.3%
Work Sanction	10.5%	16.9%	13.6%
Assistance Unit Requested Closure	6.1%	8.1%	7.1%
Total Cases Closing For These Reasons	88.6%	78.4%	83.7%
Length of Exiting Spell**			
Mean	17.04	18.67	17.82
Median	8.74	9.43	8.97
Standard Deviation	25.44	29.06	27.25
Welfare Receipt in the 5 Years Prior to Exit***			
Mean	28.96	30.55	29.72
Median	26.00	29.00	28.00
Standard Deviation	19.31	19.59	19.47

Note: Data are missing for 479 sample members, either due to unavailable follow-up data (n=442) or no unique identifier listed in the administrative data (n=37).

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

What Types of Industries Hire Former Welfare Recipients?

Trends in post-welfare employment rates, earnings, and stability are important in and of themselves, but may be more easily interpretable with contextual information about the actual types of jobs Maryland welfare leavers obtain after exiting. It is well established that there are industry-level variations in wage levels, benefits, turnover rates, and advancement opportunities (Lloyd and Mueller, 2005), and that welfare leavers tend to enter industries with lower wages and benefits, and higher turnover (Boushey, 2002). Recently researchers have also found that economic conditions disproportionately affect welfare leavers because of the types of industries in which they are employed (Boushey & Rodnick, 2003). For these reasons, since the beginning of our study in 1996 we have tracked industries in which leavers find employment in Maryland right after leaving welfare. Figure 5, following this discussion, shows the top five aggregate-level employment sectors in which former recipients were employed during the first full quarter after their welfare cases closed.⁷

Figure 5 shows that almost one-fourth of our sample worked in professional and business services (n=861, 23.6%). Jobs in this sector were primarily in the administrative and support services field (n=679). Although not shown on Figure 5, two thirds of the administrative/support services jobs (n=460/679, 67.7%) or about half of all the professional/business services jobs (n=460/861, 53.4%) were represented by employment placement agencies.

An additional two-fifths of leavers worked in trade, transportation and utilities (22.3%), including general merchandise stores (n=221) and gasoline stations (n=151). Another one in five worked in education and health services (20.9%), most often in nursing and residential care facilities (n=231/763). One in ten leavers worked in leisure and hospitality jobs (10.0%), the majority of which were in food services and drinking places (60.1%, n=219/364). Finally, 5.3% worked in other service professions, such as private religious, civic or similar organizations (n=113).

Together, these five sectors represent 82.1% of the UI-covered Maryland jobs in which leavers were employed immediately following their welfare case closure. These sectors and the proportion of first post-welfare jobs for which they account are virtually unchanged from last year's findings.

Table 6 provides more detailed information on the top 25 sub-sectors of industry classifications, and shows that women leaving welfare in Maryland are most often employed in the following fields, in descending order: administrative and support services (18.6%); nursing and residential care facilities (6.3%); general merchandise stores (6.1%); food services and drinking places (6.0%); educational services (5.5%);

⁷ Data are available for UI-covered employment in Maryland only. Following Bureau of Labor Statistics standards, we aggregated the 25 North American Industry Classification System (NAICS) sectors into 12 main categories (Maryland Department of Labor, Licensing and Regulation, 2004).

professional, scientific; and technical services (4.8%); ambulatory health care services (4.6%); gasoline stations (4.1%) ; executive, legislative, and other general government support (3.2%); hospitals (3.1%); and religious, grant-making, and related organizations (3.1%). These 11 industry groups account for roughly two-thirds of all jobs held by leavers in the first full quarter after exiting (65.4%, n=2,389).

There is virtually no change from last year to this year in the leading industry groups or the proportion of first post-exit jobs for which they account. Appendix B includes a detailed list of more specific job types within these industries.

Figure 5: Top Five Employment Sectors in the Quarter After Exit (NAICS)

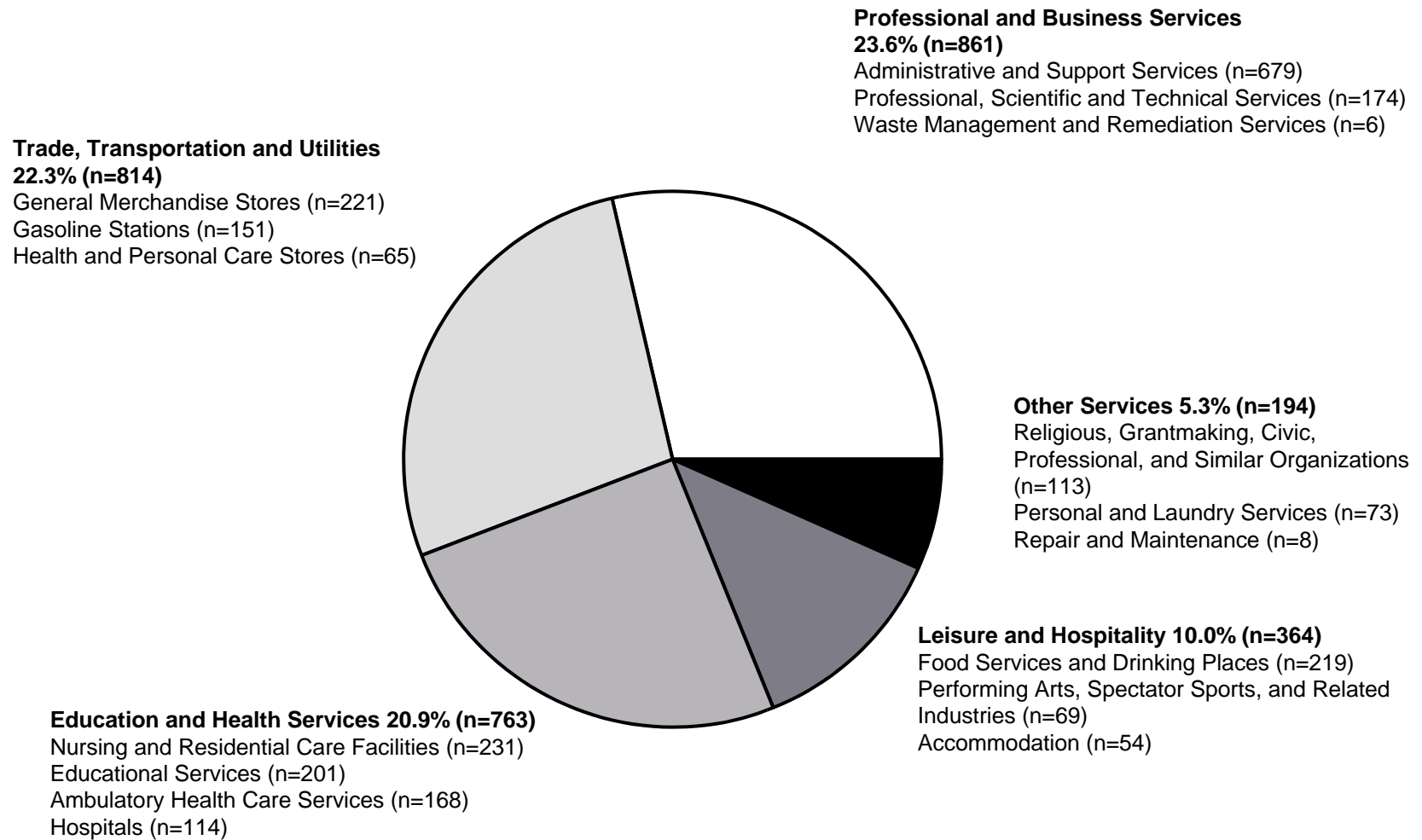


Table 6. The Top 25 Industries in the First Quarter After TCA Exit

Type of Employer/Industry (NAICS)	Frequency	Percent
Administrative and Support Services	679	18.6%
Nursing and Residential Care Facilities	231	6.3%
General Merchandise Stores	221	6.1%
Food Services and Drinking Places	219	6.0%
Educational Services	201	5.5%
Professional, Scientific, and Technical Services	174	4.8%
Ambulatory Health Care Services	168	4.6%
Gasoline Stations	151	4.1%
Executive, Legislative, and Other General Government Support	118	3.2%
Hospitals	114	3.1%
Religious, Grantmaking, Civic, Professional, and Similar Org	113	3.1%
Personal and Laundry Services	73	2.0%
Performing Arts, Spectator Sports, and Related Industries	69	1.9%
Food Manufacturing	67	1.8%
Health and Personal Care Stores	65	1.8%
Credit Intermediation and Related Activities	62	1.7%
Wholesale Electronic Markets and Agents and Brokers	58	1.6%
Transit and Ground Passenger Transportation	56	1.5%
Accommodation	54	1.5%
Clothing and Clothing Accessories Stores	52	1.4%
Food and Beverage Stores	52	1.4%
Social Assistance	49	1.3%
Specialty Trade Contractors	38	1.0%
Insurance Carriers and Related Activities	37	1.0%
Justice, Public Order, and Safety Activities	37	0.9%
Real Estate	34	0.9%
Total Number of Jobs in Top 25 Industries	3,192	87.1%

Note: Data are based on 3,647 jobs held by 3,647 exiters. The entire sample included 4,988 former non-churning payees for whom a unique identifier and follow-up data were available and who worked in a Maryland UI-covered job in the first quarter after exit, but the industry could not be classified for 1,341 jobs (26.9%).

Partly in response to empirical lessons learned during the early years of welfare reform, caseworkers and policy-makers have attempted to create a safety net of support services, diversion grants, and employment connections for families leaving cash assistance. In part because of the availability of post-exit supports and benefits, the majority of leavers have been able to make the transition from welfare to work a permanent one, and to increase their employment and earnings over time. Unfortunately, however, some families who leave welfare do return, signaling that, for whatever reason, they could not stabilize their situations and remain independent of cash assistance.

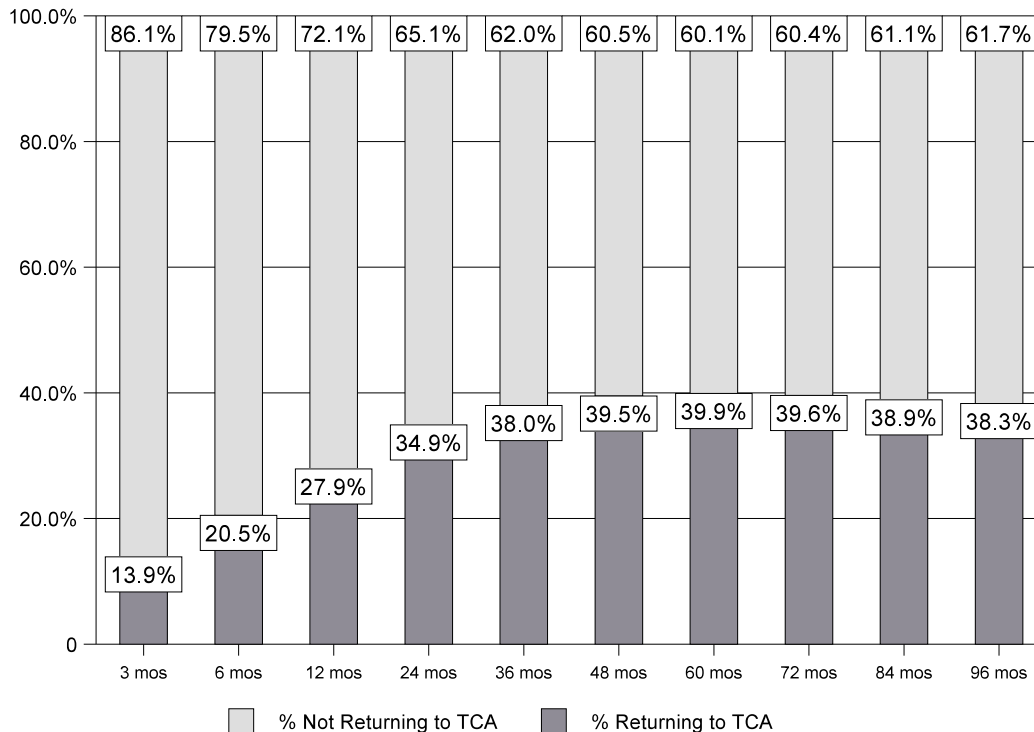
Returns to welfare or recidivism is a complex phenomenon that, considered in isolation, is not an adequate measure of the success or failure of reform programs' efforts or adult leavers' attempts to remain off welfare. Monitoring recidivism rates, however, can yield useful information for policy-making and front-line welfare practice. Thus, this chapter presents findings concerning the rate at which welfare recidivism occurs and possible risk factors. For purposes of this analysis we use welfare participation data through March 2005, but note that the amount of follow-up data varies by exit cohort (see Appendix B).

How Many Families Return to Welfare?

Figure 6, following this discussion, presents findings on the percent of those who returned to cash assistance after exiting and the percent who did not. Overall, recidivism rates remain relatively low. By the end of the first full year after welfare case closure, roughly three-quarters of families had not come back on assistance (72.1%), while roughly one-quarter (27.9%) had. Even three years post-exit, three-fifths of families had not had another month of welfare receipt (62.0%), although not quite two-fifths (38.0%) had. Recidivism remains relatively flat after the three year mark such that, even eight years after the exit event which brought families into our sample, the recidivism rate is 38.3%.

An important reality illustrated in Figure 6 is that recidivism, when it does occur, tends to happen relatively quickly. The highest risk period for recidivism is the first three months after exit. Recidivism risk remains elevated throughout the first 12 months post-exit and into the second year; after that, however, the risks of returning to welfare are quite low. It is heartening that even as long as eight years following a welfare exit, fully three-fifths of leavers had not returned for even one month of cash assistance (61.7%).

Figure 6. Recidivism Rates



Note: Differences in sample size across follow up periods may result in the appearance that cumulative returns to welfare decrease over time.

In addition to monitoring recidivism rates for the sample as a whole, our annual reports also compare short-term (three and six months) recidivism rates of the most recent leavers to those observed in earlier cohorts of leavers. Table 7, following this discussion, presents findings for this year and shows that there are no statistically significant differences between the two cohorts. However, in contrast to last year, the recidivism rate is slightly lower among more recent leavers (12.2% vs. 14.0%) during the first three months immediately following the exit month and lower at the six months post-exit point (18.4% vs. 20.6%) as well.

These findings are inherently difficult to interpret, as the reasons for returning to welfare are complex. However, it does appear that fewer, although not significantly fewer, leavers are experiencing quick returns to welfare in the current environment, than in the recent past. These findings are generally consistent with those reported in past *Life after Welfare* reports and in other of our analyses of recidivism and their implications are unchanged as well. That is, study findings continue to suggest that the first few months, perhaps up to and through the first year, after welfare case closure is the time when families are most vulnerable to the vicissitudes of family and work life which might cause their hard-won independence to falter and prompt their return to welfare. The data consistently show that if families can “make it” through these first few years, they are unlikely to become recipients again. The policy and service implications are equally

obvious. To insure that welfare-to-work transitions are lasting ones, it would behoove us to have an array of services and supports available for families at the time of and at least during the first few months after their welfare cases close.

Table 7. Recidivism Rates by Cohort

Months Post-Exit	Entire Sample Oct 1996 to March 2005 (n=10,270)	Most Recent Cohort April 2004 to March 2005 (n=720)	Early Cases 10/96 - 3/04 (n=9550)
% not returning to TCA by this time			
3 mos	86.1% (8841)	87.8% (632)	86.0% (8,209)
6 mos	79.5% (7976)	81.6% (398)	79.4% (7,578)
% returning to TCA by this time			
3 mos	13.9% (1429)	12.2% (88)	14.0% (1,341)
6 mos	20.5% (2062)	18.4% (90)	20.6% (1,972)

Note: Data in the table do not include cases closing between January 2005 and March 2005 because at the time of this writing, no follow-up data were available. See Appendix C-1 for detailed information on the availability of recidivism data.

What are the Risk Factors for Recidivism?

In addition to reporting statistical data about the timing and extent of returns to welfare after an exit, it is also important to identify and track factors that may be associated with heightened risk of recidivism. Because the first few months after case closure have been consistently shown to be the period when the lion's share of returns do occur, information about factors associated with early returns can be particularly useful for policy-makers, program managers, front-line staff and community-based service providers. Thus, Table 8, following this discussion, highlights differences in payee and case characteristics, welfare history, and employment history between those who returned to cash assistance within three months of exiting (recidivists) and those who did not (non-recidivists).

As shown in Table 8, recidivists and non-recidivists differ on nine of the 13 variables examined.⁸ The specific nature of the differences are shown in the table but, in general, recidivists are younger by about one year (mean=31.6 vs. 33.0 years), more likely to be African-American (81.6% vs. 72.6%), more likely to have exited TANF in Baltimore City (54.2% vs. 44.9%), and more likely to have a larger assistance unit (mean=2.76 persons vs. 2.58 persons) with more children on the grant (mean=1.85 children vs. 1.72

⁸The four variables on which the two groups did not significantly differ are: payee age at first birth (roughly 21 ½ years for both); percent of cases with a child under the age of three years (about 40% in both groups); average length of the welfare spell leading up to the exit (approximately 1 ½ years for both); and percent of adults with a pre-exit employment history (about 90% in both groups).

children). In addition, the average age of the youngest child in recidivist families is significantly lower than in non-recidivist families (mean=5.43 years vs. 5.78 years).

Recidivist and non-recidivist families also differ significantly in terms of administratively-recorded case closure reasons, welfare receipt during the previous five years, and whether or not they were working at the time of the welfare exit that brought them into our study sample. Non-recidivists were significantly more likely than recidivists to have had their cases closed because they started work or had income above the eligibility limit (31.4% vs. 18.6%).

Recidivists were significantly more likely to have left welfare because of a full family work sanction than were non-recidivist households (20.2% vs. 12.7%). This latter finding helps us better understand the recidivist population in Maryland, and is not necessarily negative, as the intention of the work sanction is to keep recipients accountable and motivate them to access resources that will move them successfully into work. The fact that sanctioned recipients return to TANF, in fact, could be considered a positive response, as they are not lost to the system, as some feared would happen. Rather, their return to welfare signals that they have begun cooperating with work program requirements.

Other important differences between recidivists and non-recidivists include welfare history as well as the percent who were employed in the quarter of their TANF exit. Consistent with past reports, recidivists had been more dependent on cash assistance in the past five years than non-recidivists and were less likely to be working at the time of case closure. Recidivists received an average of 34.62 months of cash assistance out of the past 60 months (about 58% of the time), compared to only 28.62 months of assistance among non-recidivists (about 48% of the time). In addition, about four in ten recidivists were employed during their exit quarter (39.4%), compared to over one-half of non-recidivists (51.3%).

Table 8. Characteristics of Recidivists and Non-Recidivists

Characteristics	Non-Recidivists (n=8,841)	Recidivists (n=1,429)	Total (n=10,270)
Payee's Age			
Mean***	33.00	31.69	32.82
Median	31.01	29.88	30.85
Standard Deviation	10.89	9.99	10.78
Payee's Age at First Birth			
Mean	21.92	21.60	21.88
Median	20.29	20.02	20.25
Standard Deviation	5.44	5.46	5.44
Payee's Race***			
African American	72.6%	81.6%	73.9%
Caucasian	24.9%	16.3%	23.7%
Other	2.4%	2.1%	2.4%
Region***			
Baltimore City	44.9%	54.2%	46.2%
Prince George's County	13.0%	12.2%	12.9%
Baltimore County	11.7%	11.0%	11.6%
Anne Arundel County	4.6%	5.4%	4.7%
Montgomery County	4.6%	3.7%	4.5%
Baltimore Metro Region	6.4%	3.6%	6.0%
Upper Eastern Shore	4.3%	2.9%	4.1%
Western Maryland	3.7%	2.2%	3.5%
Lower Eastern Shore	3.4%	2.9%	3.3%
Southern Maryland	3.3%	1.8%	3.1%
Assistance Unit Size			
Mean***	2.58	2.76	2.61
Median	2.00	2.00	2.00
Standard Deviation	1.17	1.22	1.18
Number of Children			
Mean***	1.72	1.85	1.73
Median	1	2	1
Standard Deviation	1.04	1.15	1.06
Age of Youngest Child			
Mean*	5.78	5.43	5.73
Median	4.31	3.93	4.26
Standard Deviation	4.78	4.51	4.74
Percent with a child under 3 years old	39.0%	40.5%	39.2%

Characteristics	Non-Recidivists (n=8,841)	Recidivists (n=1,429)	Total (n=10,270)
Closing Code***			
Income Above Limit/Started Work	31.4%	18.6%	29.6%
Failed to Reapply/Complete Redetermination	17.3%	23.8%	18.2%
Eligibility/Verification Information Not Provided	14.5%	21.1%	15.4%
Work Sanction	12.7%	20.2%	13.7%
Assistance Unit Requested Closure	7.8%	2.4%	7.0%
Total Closings Accounted for by Top 5 Codes	83.7%	86.1%	83.9%
Length of Exiting Spell			
12 months or less	64.0%	64.2%	64.0%
13 - 24 months	17.9%	18.0%	17.9%
25 - 36 months	6.7%	6.2%	6.6%
37 - 48 months	3.4%	3.3%	3.4%
49 - 60 months	2.3%	1.5%	2.1%
More than 60 months	5.8%	6.9%	5.9%
Mean	17.54	18.32	17.65
Median	8.94	9.37	8.94
Standard Deviation	26.84	27.99	27.00
Welfare Receipt in 5 Years Prior to Exit***			
12 months or less	29.7%	18.9%	28.2%
13 - 24 months	18.8%	15.5%	18.3%
25 - 36 months	15.1%	16.7%	15.3%
37 - 48 months	13.2%	16.2%	13.6%
49 - 60 months	23.2%	32.7%	24.5%
Mean***	28.62	34.62	29.46
Standard Deviation	19.4	18.99	19.46
Percent with a Pre-Exit Employment	90.7%	90.4%	90.6%
Percent Working in the Exit Quarter***	51.3%	39.4%	49.7%

Note: Data in the table do not include cases closing between January 2005 and March 2005 because at the time of this writing, no follow-up data were available. See Appendix C-1 for detailed information on the availability of recidivism data. *p<.05, **p<.01, ***p<.001

FINDINGS: RECEIPT OF OTHER BENEFITS

In an effort to assist families in making more permanent transitions from welfare to work, most state TANF agencies collaborate with other programs to provide supportive benefits such as Food Stamps, Medical Assistance, and child care assistance to welfare leavers. The importance of these benefits cannot be overstated because, coupled with participation in Earned Income Tax Credit programs, they may be critical supports which help low-wage earners achieve self-sufficiency and prevent returns to welfare (Illinois Family Study, 2001). For example, researchers have found that child care subsidies are a significant predictor for higher earnings and longer work duration (Danziger, Ananat, & Browning, 2004). Thus, we have continued to monitor post-exit take-up rates for these benefits over the first eight years of welfare reform. Our findings are discussed below and depicted in a series of tables throughout the chapter.

How Many Families Receive Food Stamps After Leaving Welfare?

Table 9, following this discussion, provides detailed findings regarding sample members' participation in the Food Stamp program in the months after exiting from TANF. Overall, the trend is positive, with three-fifths of all sample members utilizing Food Stamps in the first three months after exiting TANF (60.8%), and over half of all leavers still participating up to 12 months after exiting. This compares favorably with Food Stamp participation rates among TANF leavers in other states during the late 1990s, which ranged between 20 and 40 percent 12 months after leaving TANF. These findings are also consistent with survey-reported income data which suggests that between 50 and 60 percent of TANF leavers remain eligible for Food Stamps (Goerge, Reidy, Lyons, Chin & Harris, 2004).

Food Stamp participation rates for TANF leavers in our sample remain relatively high even through the eighth year of follow-up (34.3%). The trend of high participation is likely due to effective outreach and support, as well as relatively low earnings among some TANF leavers. It must be noted, however, that the phenomenon of returns to welfare also affects these findings. Those who return to welfare are included in these data and, as a result, the findings probably overstate the true rate of Food Stamp eligibility and participation among those who left welfare and did not return.

Nonetheless, overall findings are positive and speak well of measures taken in recent years to increase awareness of and participation in Food Stamps by eligible families. Among these measures have been legislation which broadened the eligibility base, implementation of a more discreet, electronic debit system, and focused outreach efforts on the part of local offices. It seems that these endeavors have been successful, as those who exited TANF in Maryland between April 2004 and March 2005 are significantly more likely to use Food Stamps in the months immediately following their exit than were earlier leavers (67.9% vs. 60.3%, respectively).

Table 9. Food Stamp Participation Rates

	Total 10/96-3/05	Most Recent Cohort 4/04-3/05	Earlier Cohort 10/96-3/04
Months 1-3***	60.8%	67.9%	60.3%
Months 4-6**	55.8%	62.3%	55.5%
Months 7-12	55.1%		55.1%
Months 13-24	54.9%		54.9%
Months 25-36	48.1%		48.1%
Months 37-48	43.0%		43.0%
Months 49-60	39.5%		39.5%
Months 61-72	37.6%		37.6%
Months 73-84	34.7%		34.7%
Months 85-96	34.3%		34.3%

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

How Many Families Receive Medical Assistance After Leaving Welfare?

A second important transitional benefit is Medical Assistance. Due to the devastating effects illness can have on maintaining employment, and because of the difficulty in obtaining health benefits from many entry-level jobs, families are eligible for Medical Assistance for up to one year after leaving TANF for work (Maryland Department of Human Resources, 2000). In addition, applicants may be eligible for coverage if their income is less than 200% of the Federal Poverty Level (as opposed to 130% for Food Stamps), excluding assets, and children may be eligible for continuing coverage through MCHIP (Maryland Children’s Health Insurance Program).

Perhaps not surprisingly given the above realities, participation rates in the Medical Assistance program are somewhat higher than in the Food Stamp program. Table 10 presents findings for participation of case heads and their children in Medical Assistance/MCHIP in the months following their exit from cash assistance. Overall, almost three-quarters of all adult payees (72.9%), children (71.5%), and cases (76.6%) in our sample received medical benefits during the first quarter after their TANF exit.

Participation rates remain high up to one year post-exit, with seven out of ten cases enrolled (70.8%). After 12 months, families must apply for benefits and qualify for them by meeting income guidelines. Still, about one-half of all cases in our sample participated in the Medical Assistance program, including MCHIP, up to eight years after exiting TANF (53.1%).

Participation in Medical Assistance is even higher among leavers in the most recent cohort, with nine out of ten payees receiving the benefit in their first post-exit quarter (91.0%). Six months after exit, more than three-fourths continued to receive benefits (79.3%). These significantly higher participation rates among the more recent leavers indicate that, in terms of health coverage, recent efforts to maintain a fluid transition from welfare to work have been extremely positive.

Table 10. Medical Assistance Participation Rates

	Total 10/96-3/05	Most Recent Cohort 4/04-3/05	Earlier Cohort 10/96-3/04
Payee Received MA			
Months 1-3***	72.9%	91.0%	71.5%
Months 4-6***	64.5%	79.3%	63.8%
Months 7-12	64.7%		64.7%
Months 13-24	64.4%		64.4%
Months 25-36	63.3%		63.3%
Months 37-48	59.7%		59.7%
Months 49-60	56.5%		56.5%
Months 61-72	52.9%		52.9%
Months 73-84	49.9%		49.9%
Months 85-96	45.6%		45.6%
Child(ren) Received MA			
Months 1-3***	71.5%	87.6%	70.3%
Months 4-6***	63.9%	75.4%	63.3%
Months 7-12	65.2%		65.2%
Months 13-24	66.5%		66.5%
Months 25-36	66.0%		66.0%
Months 37-48	62.4%		62.4%
Months 49-60	57.9%		57.9%
Months 61-72	52.9%		52.9%
Months 73-84	49.6%		49.6%
Months 85-96	43.7%		43.7%
Anyone in the AU Received MA			
Months 1-3***	76.6%	93.6%	75.3%
Months 4-6***	69.4%	83.8%	68.7%
Months 7-12	70.8%		70.8%
Months 13-24	72.1%		72.1%
Months 25-36	72.3%		72.3%
Months 37-48	68.8%		68.8%
Months 49-60	65.2%		65.2%
Months 61-72	60.8%		60.8%
Months 73-84	57.6%		57.6%
Months 85-96	53.1%		53.1%

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

How Many Families Utilize Child Care Subsidies After Leaving Welfare?

Child care subsidies can provide a vital support for single parents leaving welfare. While recipients must locate an appropriate informal or formal child care provider, a subsidy can help to offset some of the costs associated with going to work. Data shown in Table 11, following this discussion, represent take-up rates for child care subsidies among exiting (non-churning) families with at least one child under the age of 13, who exited between April 2000 and March 2004 (n=4,225).

Overall, almost one-fifth of eligible families in our sample had a child care voucher paid on their behalf in the quarter of their TANF exit (18.6%). By the end of the second post-exit year, or eighth quarter, utilization drops to about one in seven (14.1%), and by the fourth post-exit year, or 16th quarter, utilization is around one in ten (9.7%). There are no significant differences in usage of child care subsidies between early and recent leavers.

The results presented in Table 11 are not unexpected. One would expect that, like families at all income levels, many exiting families decline subsidy use in favor of informal family care or other arrangements. In addition, not all families exiting welfare with children are leaving for work, which is a requirement for obtaining the subsidy. Moreover, it could be at least partially good news that subsidy utilization drops off over the follow-up period, as eligibility for the child care subsidy program is limited to those with low incomes. As children age and, hopefully, as household income increases, the need for child care assistance should naturally decrease.

Table 11. Child Care Subsidy Utilization

	Total 10/96-3/05 (n=4,225)	Most Recent Cohort 4/04-3/05 (n=813)	Earlier Cohort 10/96-3/04 (n=3,412)
Quarter of Exit	18.6%	18.6%	18.6%
1 st Quarter Post-Exit	17.5%	17.3%	17.5%
2 nd Quarter Post-Exit	17.4%	17.4%	17.4%
3 rd Quarter Post-Exit	16.7%	17.7%	16.7%
4 th Quarter Post-Exit	16.1%		16.1%
5 th Quarter Post-Exit	15.5%		15.5%
6 th Quarter Post-Exit	15.1%		15.1%
7 th Quarter Post-Exit	14.4%		14.4%
8 th Quarter Post-Exit	14.1%		14.1%
9 th Quarter Post-Exit	13.3%		13.3%
10 th Quarter Post-Exit	12.7%		12.7%
11 th Quarter Post-Exit	12.0%		12.0%
12 th Quarter Post-Exit	10.2%		10.2%
13 th Quarter Post-Exit	10.3%		10.3%
14 th Quarter Post-Exit	9.5%		9.5%
15 th Quarter Post-Exit	9.5%		9.5%
16 th Quarter Post-Exit	9.7%		9.7%
17 th Quarter Post-Exit	8.9%		8.9%
18 th Quarter Post-Exit	6.5%		6.5%
19 th Quarter Post-Exit	8.3%		8.3%

Note: Percentages indicate subsidy utilization and vouchers **paid** through March 2005 on behalf of case heads in our sample for any of their children.

FINDINGS: CHILD WELFARE

The 10,521 adult leavers in our sample are caring for 18,340 children who have also “left” welfare. Just as we measure and report on various indicators of adults’ post-exit situations and circumstances, the boys and girls in these families also deserve our research attention. In fact, although not often thought of or remarked upon as such, TANF, at its core, is a child welfare program: the majority of TANF recipients are children and children are affected by their parents’ welfare to work transitions.

Despite initial concerns that work requirements and time limits would place increased stress on fragile families and lead to increased child abuse and/or neglect, there has been no empirical evidence to date which points to any such relationship. In terms of child welfare caseloads overall, it appears that welfare reform has not had any substantial effect, positive or negative (Geen, Fender, Leos-Urbel & Markowitz, 2001). What previous analyses of our data have shown is that, among children leaving cash assistance, the best and most powerful predictor of future child welfare involvement is a history of prior child welfare involvement (Ovwigbo, Leavitt & Born, 2003).

Notwithstanding the lack of a demonstrated link between welfare exits and child welfare entries, it is important to continue to monitor this issue. In fact, as more leavers are exiting welfare due to work sanctions and as families accrue more months towards their lifetime limit, the importance of this tracking is heightened. Thus, Table 12, following this discussion, presents data on child welfare experiences such as Child Protective Services (CPS) investigations⁹, Intensive Family Services, Kinship Care, and Foster Care for up to 12 months following the TANF exit. Child welfare history before exiting is also provided to place the post-exit figures in context, and comparisons are made between those who exited in recent months (April 2004 to March 2005) and those who left earlier (October 1996 to March 2004).

Overall, one out of every five children in our sample (21.7%) had at least one instance of indicated or substantiated child abuse or neglect before exiting TANF. For the most part, however, these events did not take place in the period immediately (i.e., 90 days) before the welfare exit; only 2.0% of children experienced an indicated or substantiated abuse/neglect event during that time frame.

Given the relatively high (one in five) rates of previous protective services involvement among these youngsters, post-exit rates are very low throughout the entire first year after welfare case closure. During the first three months after exit, only 1.5% of children were involved in a CPS complaint that was substantiated or indicated. Although the rates remain low, particularly in view of youngsters’ past CPS histories, we do find that, by 12 months post-exit, 4.8% of youngsters had been the subject of a substantiated or indicated CPS investigation.

⁹Child abuse or neglect investigations are included in the analyses if they are “substantiated” or “indicated”.

There was only one statistically significant difference between early and more recent leavers regarding CPS investigations. Though both groups had similar histories of indicated or substantiated events, children among earlier leavers were almost twice as likely as more recent leavers' children to experience abuse or neglect in the 90 days immediately following the TANF exit (1.5% vs. 0.8%, respectively). Six months after exiting, this difference is gone, though the rate is still somewhat lower for recent leavers (2.1% vs. 2.8%). These results are heartening overall, but the lower rates among children who left welfare most recently are especially noteworthy because of concerns that, for various reasons, making the transition from welfare to work may be more difficult today than it was in the early years of reform.

We also look at the extent to which families were known to the Intensive Family Services program (IFS) before and after leaving welfare. IFS is a short-term, voluntary in-home program aimed at preventing child removal and future abuse or neglect. Only a small percentage of sample families participated in this program before exiting TANF (3.9%), less than one-half of one percent taking part in the 90 days immediately preceding their welfare exit (0.3%). However, there is a significant difference in the historical participation rates for early and recent leavers. Specifically, recent leavers are more than twice as likely to have participated at some point before exiting than are early leavers (7.9% vs. 3.5%), and to have participated in the three months before exiting (0.7% vs. 0.3%). This is the same pattern that was observed and reported last year.

IFS involvement was quite low among both recent and earlier leavers following the exit from TANF and there were no significant differences between the two groups on post-exit participation in this service program. By 12 months after the TANF exit, 1.3% of children exiting welfare received Intensive Family Services.

The final two child welfare services examined represent out-of-home placements. Before leaving welfare, about one in twenty children (4.9%) had been involved with the Kinship Care program, which places children with non-parental family members. Few children experienced a Kinship Care placement during the first year after leaving welfare; the rate was 0.6% at the six months post-exit point and 1.0% after 12 months. There are no differences between early and later leavers in pre- or post-exit rates of Kinship Care involvement.

In terms of formal foster care, about one in twenty youngsters (5.6%) had been in placement before the TANF case closure, but relatively few of these episodes (1.2%) occurred within the 90 days immediately preceding the welfare exit. Foster care entries are low after the welfare exit (0.9% at six months, 1.8% at 12 months) and there are no differences between recent and earlier leavers.

Table 12. Child Welfare Entries Among Exiting Children

	Entire Sample 10/96 -3/05 (18,340)	Most Recent Cohort 4/04 - 3/05 (1,654)	Early Cases 10/96 - 3/04 (16,686)
Child Abuse/Neglect			
History Before Exit	21.7%	21.2%	21.7%
90 Days Before Exit	2.0%	1.8%	2.1%
90 Days After Exit*	1.5%	0.8%	1.5%
6 Months After Exit	2.8%	2.1%	2.8%
12 Months After Exit	4.8%	N/A	4.8%
Intensive Family Services			
History Before Exit***	3.9%	7.9%	3.5%
90 Days Before Exit**	0.3%	0.7%	0.3%
90 Days After Exit	0.4%	0.5%	0.4%
6 Months After Exit	0.7%	0.4%	0.7%
12 Months After Exit	1.3%	N/A	1.3%
Kinship Care			
History Before Exit	4.9%	5.3%	4.8%
90 Days Before Exit	0.6%	0.7%	0.6%
90 Days After Exit	0.3%	0.1%	0.3%
6 Months After Exit	0.6%	0.1%	0.6%
12 Months After Exit	1.0%	N/A	1.0%
Foster Care			
History Before Exit	5.6%	5.4%	5.6%
90 Days Before Exit	1.2%	1.4%	1.1%
90 Days After Exit	0.5%	0.3%	0.5%
6 Months After Exit	0.9%	0.7%	0.9%
12 Months After Exit	1.8%	N/A	1.8%

Note: The n is based on all children in our exiting sample who have follow up data available at the different time periods and are under the age of 18 at the end of the follow up period. Child abuse or neglect investigations are only counted if they are “indicated” or “substantiated”. The “History Before Exit” and “90 Days Before Exit” variables include the exit month as well.

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

CONCLUSIONS

This year's *Life After Welfare* report, like its predecessors, provides considerable information about the characteristics of Maryland families who have left welfare and about their short- and long-term post-exit outcomes. The consistency in study methods and reporting over time permit us to consider today's findings in an historical context and with an eye toward what they might portend for the future. In general, today's findings are remarkably consistent with previous analyses, indicate positive outcomes for most families, and continue to demonstrate the validity and appropriateness of our state's original carefully-crafted, bi-partisan approach to reform. The following bullets summarize key findings from this annual report and, where appropriate, offer policy and program implications for consideration.

- **The profile of exiting families overall remains generally consistent. The typical exiting case consists of an African-American woman in her early thirties and her one or two children, the youngest of whom is not quite six years of age. Most exiting adults have worked in the recent past and are exiting from fairly short welfare spells. On average, leavers received cash assistance for about 2½ of the five years immediately prior to their welfare case closure.**

It is important to note that welfare exits are still primarily occurring among the types of cases for whom TANF was designed. The fact that leavers have both a fairly extensive work history and a substantial welfare history suggests that, before the exit which brought them into our sample, they had cycled between work and welfare. Returns to welfare after an exit have been lower under welfare reform than had been typical in the Aid to Families with Dependent Children (AFDC) era and, today, the majority of families do not return to welfare even after a period of many years. To insure that the hard work of families and welfare-to-work programs truly pays off, however, it would behoove us to continue to insure that an array of post-exit support services are available and easily accessible to families who need them.

- **Recent leavers resemble earlier leavers in terms of gender, age, age at first birth, and ethnicity, and the proportion of cases from Baltimore City. However, recent leavers are more likely to have a child under the age of three.**

This year there are fewer statistically significant differences between recent and earlier leavers than in the past. The lack of differences in age, race, and geographic region suggests a stabilization in the TANF caseload and exiting population on these dimensions. However, recent leavers are more likely to have a child under the age of three. This finding suggests that locating and paying for child care and insuring easy access and sufficient availability of subsidy slots may be particularly important, not only at the time of exit, but subsequently, to help insure that their welfare exits are long-lasting ones.

- **The proportion of child only cases among exiting families continues to increase. Cases where the adult payee is not included in the TANF grant now comprise one-fifth of those leaving welfare, the highest level ever observed.**

The trend of an increasing proportion of child only cases among families leaving TANF mirrors the increase in such cases among the active caseload. Recent studies of child only cases indicate that they are a population whose demographic profile is different from that of “traditional” cases in many important ways which, in turn, may suggest they also have different service needs and concerns (see, for example, Hetling, Saunders, & Born, 2005b). While these studies have focused on active child only cases, it is also likely that child only households could have different post-welfare service needs and long-term outcomes.

- **“Income above limit” remains the most common administratively-recorded reason for case closure. Closures due to a full-family sanction for non-compliance with work activities have become more common over time. However, the sanctioning rate among the most recent cohort is lower than the rate observed one year ago.**

Limitations in the administrative closing code data notwithstanding, it is encouraging to find that three out of ten cases close because their income was above the eligibility limit. The other important finding regarding case closure reasons is that the sanctioning rate for those who exited TANF in the most recent year is lower than that for those who exited TANF in the previous year. This slight decline represents a significant departure from our consistent finding in all previous *Life After Welfare* reports that sanctioning rates had increased each year. The finding is particularly notable because half of the most recent cohort of leavers exited under Maryland’s new “universal engagement” policy which increased the number of cases subject to sanctioning by expanding the proportion of the caseload required to participate in work-related activities. At the same time, we must not lose sight of the fact that, among the most recent leavers, full family sanctions for non-compliance with work requirements now account for fully one out of every five case closures.

- **For leavers as a whole, post-exit outcomes related to employment, earnings, welfare recidivism and utilization of work supports are generally positive and consistent over time.**
- **Most former payees work after leaving welfare and continue to receive Food Stamps and medical assistance, at least initially.**
- **The earnings of employed leavers increase each year, with average yearly earnings in the eighth post-year 50% higher than the average for the first year.**
- **Relatively few families return to the cash assistance rolls and recidivism,**

when it does occur, tends to happen fairly soon after exit. Virtually no families return to welfare after being off for three or more years.

Throughout this report series, post-exit outcomes for Maryland's TANF leavers have been generally positive. The findings presented here confirm that this is a continuing trend: most families find employment, increase their earnings, remain independent of cash assistance, and keep their families together. For decision-makers, these results should be encouraging as they indicate that the current TANF program is working as intended for most families. However, particularly in light of potentially more stringent requirements that may be contained in the reauthorized federal TANF legislation, state officials should remain concerned about those who do not find or cannot maintain employment, those who experience a work sanction, and those who, for whatever reasons, return to welfare.

- **There are few differences between recent and earlier leavers in post-exit outcomes. Recent leavers are slightly less likely to be employed initially, but earn significantly more than their counterparts who left welfare in earlier years.**

There are few differences in post-exit outcomes between recent and earlier leavers. Recent leavers have slightly lower rates of UI-covered employment right after exiting, but this may be due in part to the higher proportions of child only cases and sanctioned cases among recent leavers, two groups which tend to have lower employment rates. On the other hand, the initial earnings of recent leavers are higher on average than those of earlier leavers. This may suggest that employed leavers in the most recent cohort are more prepared for work and thus, in a better position to secure higher wage jobs or work more hours.

- **Last, but not least, we continue to find no relationship between welfare exits and child welfare entries. Rates of child welfare involvement post-welfare remain quite low, particularly in view of children's relatively high rates of prior child welfare involvement, especially Child Protective Services (CPS).**

It was universally agreed that an undesirable outcome of welfare reform would be increased numbers of children becoming known to the child welfare system. This report, as all past reports, finds no apparent link between welfare exits and child welfare entries. Welfare reform in Maryland has not led to increases in child abuse/neglect or to the placement of children in kinship or foster care. Although one in five children had a prior history of CPS involvement, to illustrate, only 4.8% were involved in a CPS case 12 months after leaving welfare.

In sum, the findings contained in this 10th *Life After Welfare* report continue to reflect positively on Maryland's well-crafted, thoughtful, bipartisan approach to welfare reform. They also speak volumes about the hard work that has been done and continues to be done by local welfare agencies, the state, community-based partners, and, of course,

low-income women, to produce the generally positive results that we have documented since the inception of reforms in October 1996. Our research shows that, in Maryland, most of the formidable challenges associated with welfare reform implementation and initial operation have been met and mastered, but also that our work is not done.

In addition to the ongoing challenges of continued uncertainty about the content and timing of TANF reauthorization and helping women successfully make the transition from welfare-to-work, new challenges associated with “universal engagement”, more child only cases and more work sanctioning, among others, will require our attention. Two other matters also require the concerted, committed attention of policy-makers, program managers, community-based providers, researchers and advocates, in our opinion.

The first is to develop strategies, techniques and/or services specifically focused on families whose welfare-to-work transitions have not been successful and who have returned to welfare (i.e., the recidivists). A certain amount of recidivism is inevitable, but we consistently find that the first few months after welfare case closure is when recidivism risk is highest. Experimentation with creative approaches to serving families during this period of apparent fragility could potentially have enormous benefits for families, communities and the TANF program.

Related to this is the difficult but very important and long-standing challenge of trying to prevent unsuccessful transitions in the first place or, in other words, the challenge of breaking the welfare-to-work-to-welfare-to-work cycle. Building on the base of empirical data about recidivism patterns and risk factors, for example, more sophisticated assessment, intensive case management, or specialized, risk-based transitional services might be worth considering.

A final, though certainly not insignificant, challenge for all of us is to make certain that the lessons learned during Maryland’s first nine years of welfare reform are used as the building blocks or foundation for the future. As caseload characteristics change, as TANF is reauthorized, and as other unexpected issues and challenges arise, we should use our “lessons learned” to make sure that, in true bipartisan fashion, we continue to design and operate a reformed welfare system that is most appropriate for the State of Maryland and its people.

REFERENCES

- Born, C.E., Hetling-Wernyj, A., Lacey, D., & Tracy, K. (2003). *Life On Welfare: A Snapshot of the Active TCA Caseload in October 2001*. Baltimore: University of Maryland School of Social Work.
- Born, C.E., Ovwigho, P.C., and Cordero, M.L. (2002). Returns to welfare under welfare reform: Early patterns and their implications. *Administration in Social Work*, 26(3), 53-69.
- Born, C. E., Ovwigho, P. C., Leavitt, K. L., & Cordero, M. L. (2001). *Life after welfare: Sixth report*. Baltimore: University of Maryland School of Social Work.
- Boushey, H. (2002). *Staying Employed After Welfare: Work Supports and Job Quality Vital to Employment Tenure and Wage Growth*. Washington, DC: Economic Policy Institute.
- Boushey, H. & Rosnick, D. (2003). *Jobs Held by Former Welfare Recipients Hit Hard by Economic Downturn*. Washington, DC: Center for Economic and Policy Research.
- Danziger, S., Oltmans Ananat, E., & Browning, K. (2004). Childcare subsidies and the transition from welfare to work. *Family Relations*, 52 (2).
- Geen, R., Fender, L., Leos-Urbel, J., & Markowitz, T. (2001). *Welfare reform's effect on child welfare caseloads*. Washington, DC: Urban Institute.
- Goerge, R., Reidy, M., Lyons, S., Chin, M., & Harris, A. (2004). *Understanding the Food Stamp Program Participation Decisions of TANF Leavers*. Chicago: Chapin Hall Center for Children at the University of Chicago.
- Hetling, A., Saunders, C., and Born, C.E. (2005). *Life On Welfare: A Snapshot of the Active Caseload in October 2003*. Baltimore: University of Maryland School of Social Work.
- Kenney, G., Haley, J., & Tebay, A. (2003). *Children's insurance coverage and service use improve*. Washington, DC: Urban Institute.
- Illinois Families Study. (2001). *The importance of transitional benefits: Who loses Medicaid and Food Stamps, and what does it mean for staying off welfare?* (Policy Brief No. 1). Evanston, IL: Institute for Policy Research, Northwestern University.

- Isaacs, J., & Lyon, M. (2000). *A cross-state examination of families leaving welfare: Findings from the ASPE-funded leavers studies*. Washington, DC: Office of the Assistant Secretary for Planning and Evaluation, U.S. Department of Health and Human Services.
- Lloyd, E., & Mueller, C. (2005). Payroll Employment Grows in 2004. *Monthly Labor Review*, 128(3), 18-31.
- Maryland Department of Human Resources (2000). *Maryland TCA Manual*. Baltimore, MD: Author.
- Maryland Department of Labor, Licensing, and Regulation (2004). *Employment and payrolls: 2003 annual averages*. Baltimore, MD: Author.
- Ovwigo, P. C., Born, C. E., Ruck, D. C., Srivastava, S., & Owens, C.S. (2002). *Life after welfare: Seventh report*. Baltimore: University of Maryland School of Social Work.
- Ovwigo, P. C., Born, C. E., Ruck, & Tracy, K. (2003). *Life after welfare: Eighth report*. Baltimore: University of Maryland School of Social Work.
- Ovwigo, P.C., Leavitt, K.L., & Born, C.E. (2003). Risk factors for child abuse and neglect among former TANF families: Do later leavers experience greater risk? *Children and Youth Services Review*, 25(1-2), 139-163.
- Ovwigo, P.C., Saunders, C., Kolupanowich, N., & Born, C.E. (2005). *Caseload Exits at the Local Level: Statewide Trends During the First Seven Years of FIP*. Baltimore: University of Maryland School of Social Work.
- Ovwigo, P.C., Tracy, K., & Born, C.E. (2004). *Estimating Welfare Work Exits: Case Closing Reasons vs. UI Data*. Baltimore: University of Maryland School of Social Work.
- U.S. Department of Agriculture, Food and Nutrition Service. *Frequently Asked Questions About the Food Stamp Program*. Retrieved from <http://www.fns.usda.gov/fsp/faqs.htm>.
- U.S. Department of Health and Human Services (2004). *Indicators of Welfare Dependence: Annual Report to Congress 2004*. Washington, DC: Office of the Assistant Secretary for Planning and Evaluation.
- Welfare and Child Support Research and Training Group. (1997). *Life after welfare: An interim report*. Baltimore: University of Maryland School of Social Work.

Welfare and Child Support Research and Training Group. (1998). *Life after welfare: Second interim report*. Baltimore: University of Maryland School of Social Work.

Welfare and Child Support Research and Training Group. (1999a). *Life after welfare: Fourth interim report*. Baltimore: University of Maryland School of Social Work.

Welfare and Child Support Research and Training Group. (1999b). *Life after welfare: Third interim report*. Baltimore: University of Maryland School of Social Work.

Welfare and Child Support Research and Training Group. (2000). *Life after welfare: Fifth report*. Baltimore: University of Maryland School of Social Work.

APPENDIX A. AVAILABILITY OF POST-EXIT EMPLOYMENT DATA

As stated previously, there are certainly some limitations to using UI employment and wage data, though it is an invaluable resource. In addition to excluding some types of employment and reporting only quarterly wages, data are not available in real time. That is, data available for our study may lag two to three quarters behind calendar time. Thus, follow-up employment data for this report were available through the fourth quarter of 2004 (October to December 2004). In Table A-1, following this discussion, the check marks indicate that follow-up data are available for cohorts according to the quarter of the exit month.

Data for employment in Maryland's border states are more limited, with available data between April, 1999, and September, 2004. The stars in Table A-1 indicate the number of quarters in which follow-up data were available according to exit month.

Table A-1 Number of Quarter of Available Employment Data By Exit Month

Exit Month	N	Exit	1st	2nd	3rd	4th	8th	12th	16th	20th	24th	28th	32nd
10/96-12/96	503	√	√	√	√	√	√	√*	√*	√*	√*	√*	√
1/97-3/97	468	√	√	√	√	√	√	√*	√*	√*	√*	√*	
4/97-6/97	461	√	√	√	√	√	√*	√*	√*	√*	√*	√*	
7/97-9/97	448	√	√	√	√	√	√*	√*	√*	√*	√*	√*	
10/97-12/97	407	√	√	√	√	√	√*	√*	√*	√*	√*	√	
1/98-3/98	397	√	√	√	√	√	√*	√*	√*	√*	√*		
4/98-6/98	410	√	√	√	√	√*	√*	√*	√*	√*	√*		
7/98-9/98	432	√	√	√	√*	√*	√*	√*	√*	√*	√*		
10/98-12/98	437	√	√	√*	√*	√*	√*	√*	√*	√*	√		
1/99-3/99	372	√	√*	√*	√*	√*	√*	√*	√*	√*			
4/99-6/99	318	√*	√*	√*	√*	√*	√*	√*	√*	√*			
7/99-9/99	295	√*	√*	√*	√*	√*	√*	√*	√*	√*			
10/99-12/99	251	√*	√*	√*	√*	√*	√*	√*	√*	√			
1/00-3/00	240	√*	√*	√*	√*	√*	√*	√*	√*				
4/00-6/00	269	√*	√*	√*	√*	√*	√*	√*	√*				
7/00-9/00	287	√*	√*	√*	√*	√*	√*	√*	√*				
10/00-12/00	266	√*	√*	√*	√*	√*	√*	√*	√				
1/01-3/01	263	√*	√*	√*	√*	√*	√*	√*					
4/01-6/01	271	√*	√*	√*	√*	√*	√*	√*					
7/01-9/01	273	√*	√*	√*	√*	√*	√*	√*					
10/01-12/01	247	√*	√*	√*	√*	√*	√*	√					
1/02-3/02	233	√*	√*	√*	√*	√*	√*						
4/02-6/02	259	√*	√*	√*	√*	√*	√*						
7/02-9/02	256	√*	√*	√*	√*	√*	√*						
10/02-12/02	237	√*	√*	√*	√*	√*	√						
1/03-3/03	239	√*	√*	√*	√*	√*							
4/03-6/03	215	√*	√*	√*	√*	√*							
7/03-9/03	267	√*	√*	√*	√*	√*							
10/03-12/03	247	√*	√*	√*	√*	√							
1/04-3/04	251	√*	√*	√*	√								
4/04-6/04	247	√*	√*	√									
7/04-9/04	239	√*	√										
10/04-12/04	232	√											
1/05-3/05	247												
Total	10,484												

Note: Sample sizes listed in this table are slightly smaller than those listed in other sections because employment data are missing for 37 sample members who do not have a Social Security Number in the administrative data. A √ indicates that Maryland UI data are available. A * indicates that UI data from the states that border Maryland are available (Delaware, District of Columbia, Pennsylvania, Virginia, & West Virginia).

APPENDIX B. EMPLOYMENT INDUSTRIES

Table B-1. Industries Employing Former Welfare Recipients (NAICS)

Goods-Producing		
Natural Resources and Mining	0.4%	15
Agriculture, Forestry, Fishing and Hunting		15
Crop Production		8
Animal Production		7
Construction	1.4%	52
Utilities		1
Utilities		1
Construction		52
Construction of Buildings		11
Heavy and Civil Engineering Construction		2
Specialty Trade Contractors		38
Manufacturing	4.7%	170
Manufacturing		170
Food Manufacturing		67
Textile Mills		1
Textile Product Mills		1
Apparel Manufacturing		5
Paper Manufacturing		5
Printing and Related Support Activities		11
Petroleum and Coal Products Manufacturing		4
Chemical Manufacturing		8
Plastics and Rubber Products Manufacturing		2
Nonmetallic Mineral Product Manufacturing		8
Primary Metal Manufacturing		1
Fabricated Metal Product Manufacturing		14
Machinery Manufacturing		7
Computer and Electronic Product Manufacturing		7
Electrical Equipment, Appliance, and Component Manufacturing		3
Transportation Equipment Manufacturing		12
Furniture and Related Product Manufacturing		6
Miscellaneous Manufacturing		8

Service-Producing		
Trade, Transportation, and Utilities	22.3%	814
Wholesale Trade		83
Merchant Wholesalers, Durable Goods		16
Merchant Wholesalers, Nondurable Goods		9
Wholesale Electronic Markets and Agents and Brokers		58
Retail Trade		385
Motor Vehicle and Parts Dealers		18
Furniture and Home Furnishings Stores		8
Electronics and Appliance Stores		8
Building Material and Garden Equipment and Supplies Dealers		31
Food and Beverage Stores		52
Health and Personal Care Stores		65
Gasoline Stations		151
Clothing and Clothing Accessories Stores		52
Retail Trade		263
Sporting Goods, Hobby, Book, and Music Stores		11
General Merchandise Stores		221
Miscellaneous Store Retailers		24
Nonstore Retailers		7
Transportation and Warehousing		70
Air Transportation		1
Truck Transportation		5
Transit and Ground Passenger Transportation		56
Scenic and Sightseeing Transportation		1
Support Activities for Transportation		7
Transportation and Warehousing		12
Postal Service		2
Couriers and Messengers		9
Warehousing and Storage		1
Information	2.1%	76
Information		76
Publishing Industries except Internet		1
Motion Picture and Sound Recording Industries		15

Broadcasting - except Internet	7
Internet Publishing and Broadcasting	26
Telecommunications	21
Internet Service Providers, Web Search Portals, and Data Pro	3
Other Information Services	3
Financial Activities	4.9% 177
Finance and Insurance	126
Monetary Authorities - Central Bank	6
Credit Intermediation and Related Activities	62
Securities, Commodity Contracts, and Other Financial Investments	11
Insurance Carriers and Related Activities	37
Funds, Trusts, and Other Financial Vehicles	4
Real Estate and Rental and Leasing	51
Real Estate	34
Rental and Leasing Services	17
Professional and Business Services	23.6% 861
Professional, Scientific, and Technical Services	174
Professional, Scientific, and Technical Services	174
Management of Companies and Enterprises	2
Management of Companies and Enterprises	2
Administrative and Support and Waste Management and Remediation	685
Administrative and Support Services	679
Waste Management and Remediation Services	6
Education and Health Services	20.9% 763
Educational Services	201
Educational Services	201
Health Care and Social Assistance	562
Ambulatory Health Care Services	168
Hospitals	114
Nursing and Residential Care Facilities	231
Social Assistance	49
Leisure and Hospitality	10.0% 364
Arts, Entertainment, and Recreation	91
Performing Arts, Spectator Sports, and Related Industries	69

Amusement, Gambling, and Recreation Industries		22
Accommodation and Food Services		273
Accommodation		54
Food Services and Drinking Places		219
Other Services	5.3%	194
Other Services except Public Administration		194
Repair and Maintenance		8
Personal and Laundry Services		73
Religious, Grantmaking, Civic, Professional, and Similar Org		113
Public Administration	4.4%	161
Public Administration		161
Executive, Legislative, and Other General Government Support		118
Justice, Public Order, and Safety Activities		34
Administration of Human Resource Programs		6
Administration of Environmental Quality Programs		1
Administration of Housing Programs, Urban Planning, and Comm		2
TOTAL CLASSIFIED	100.0	3,647
Unclassified		1341
TOTAL SAMPLE		4,988

APPENDIX C. AVAILABILITY OF RECIDIVISM DATA

Table C-1, following this discussion, shows the amount of recidivism data that is available for each cohort of leavers in our sample. In order to provide the most comprehensive and up-to-date information on trends in our sample, we continue to track leavers for as long as our data permit, thus increasing our ability to pick up on patterns that may be developing. As a result, the amount of follow-up data varies by exit month. For example, three-month follow-up data are available for all those who exited between October 1996 and December 2004 (n=10,270), while eight years of follow-up data are available for the earliest leavers, those who exited between October 1996 and March 1997 (n=974).

Table C-1. Availability of Recidivism Data by Exit Month

Sample Months	3 mo	6 mo	1 yr	2 yrs	3 yrs	4 yrs	5 yrs	6 yrs	7 yrs	8 yrs
Oct 1996 - Mar 1997	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Apr 1997 - Mar 1998	✓	✓	✓	✓	✓	✓	✓	✓	✓	
Apr 1998 - Mar 1999	✓	✓	✓	✓	✓	✓	✓	✓		
Apr 1999 - Mar 2000	✓	✓	✓	✓	✓	✓	✓			
Apr 2000 - Mar 2001	✓	✓	✓	✓	✓	✓				
Apr 2001 - Mar 2002	✓	✓	✓	✓	✓					
Apr 2002 - Mar 2003	✓	✓	✓	✓						
Apr 2003 - Mar 2004	✓	✓	✓							
Apr - Jun 2004	✓	✓								
July - Sep 2004	✓	✓								
Oct - Dec 2004	✓									
Jan - Mar 2005										
Total Number of Closing Cases with Available Data	10,270	10,038	9,550	8,567	7,569	6,543	5,452	4,345	2,689	974