



LIFE AFTER WELFARE: DISCONNECTED LEAVERS WHO RECONNECT

Elizabeth Gleason & Letitia Logan Passarella

The Temporary Assistance for Needy Families (TANF) program is meant to provide cash benefits to its recipients for limited periods of time. As intended, the majority of welfare recipients in Maryland receive Temporary Cash Assistance benefits (TCA, Maryland's TANF program) for 12 or fewer months before leaving the program (Hall, Nicoli, & Passarella, 2015). Recipients are expected to transition from the program into employment, and many do. In fact, about 60% of TCA leavers are employed in the year after they exit (Hall et al., 2015).

However, as we found in an earlier brief, a substantial portion of TCA leavers face disconnection from any source of income after they exit the program (Gleason, Nicoli, & Passarella, 2015). Disconnected leavers are those who are simultaneously not participating in the workforce and not receiving cash assistance, whether TCA benefits or Supplemental Security Income (SSI) benefits. Disconnected leavers face more barriers than other low-income families, including poor health and food insecurity (Loprest & Zedlewski, 2006). In comparison with other welfare leavers, they have very little income of any kind (Moore, Wood, & Rangarajan, 2012). Even though they may not have any cash income, disconnected leavers are very likely to receive assistance in non-cash forms, including Supplemental Nutrition Assistance Program (SNAP) benefits and Medicaid (Hall et al., 2015).

From our previous report on disconnection, we know that over half of TCA leavers experience at least one quarter of disconnection in the first

year after they exit the program, and about 19% are disconnected during all four quarters in the first year after exit (Gleason et al., 2015).

Disconnection is thus a common experience for TCA leavers.

We also found that disconnection is a short-term experience for some disconnected leavers. Among TCA leavers who were disconnected at some point during the year after exiting the program, about one in three was only disconnected for a single quarter. These leavers were able to reconnect to a source of income after a brief period of disconnection. Research on disconnected leavers often looks at the long-term, or chronically, disconnected, but there is little research about short-term disconnected leavers who are able to reconnect to a source of income. This brief examines leavers who were disconnected during the first quarter after their exits from TCA but subsequently reconnected to a source of income in the following quarter. We examine the sources of income to which they reconnect and how long they were connected to those sources.

We also compare reconnected leavers to those who remain disconnected. How does this reconnection to a source of income affect a client's subsequent employment and TCA receipt? Are there demographic factors that might provide clues about whether a disconnected leaver reconnects quickly? This brief provides an introductory profile of short-term disconnected leavers and how they differ from leavers who remain disconnected for longer periods of time.

Methods

This brief uses a subset of the 2014 *Life after Welfare* longitudinal data set, which is comprised of a 5% random sample of cases closed in each month from October 1996 to March 2013. The sample excludes cases that return to TCA within one month of exit. For our previous brief on disconnection, we used a subsample of cases that closed from January 2007 to December 2012 and excluded child-only cases (n=4,642). Follow-up data for the cases in the final sample extends through June 2013. For this particular brief, we focus on the leavers within this sample who were disconnected from a source of income in the first quarter after they exited TCA and had two full years of follow-up data available (n=1,134).

Data Sources

Administrative data from two information management systems maintained by the State of Maryland are used in this brief. Individual- and case-level demographic characteristics and program participation data come from the Client Automated Resources and Eligibility System (CARES). Employment data are obtained from the Maryland Automated Benefits System (MABS) as well as from Unemployment Insurance (UI)-covered employment records in some neighboring states.

Data Analysis

This report uses univariate statistics based on a random sample of case closures to describe disconnection and reconnection to a source of income among welfare leavers during the two years after their exit from the TCA program. Where appropriate, we use chi-square and analysis of variance (ANOVA) to test for differences between the disconnected and connected samples.

Measuring Disconnection and Reconnection

As in our earlier brief on disconnection, leavers who are disconnected in a given quarter cannot have employment in a UI-covered job in Maryland or a neighboring state *and* cannot receive either TCA or SSI benefits at any point in the quarter. We found that 38% of leavers were disconnected in the quarter immediately following their exits from TCA (Gleason et al., 2015).

In this brief, we focus on these families who became disconnected just after exiting TCA. We examine short-term employment and TCA outcomes based on whether or not these leavers were able to reconnect to a source of income in the second quarter after TCA exit. For this brief, we define three groups of leavers:

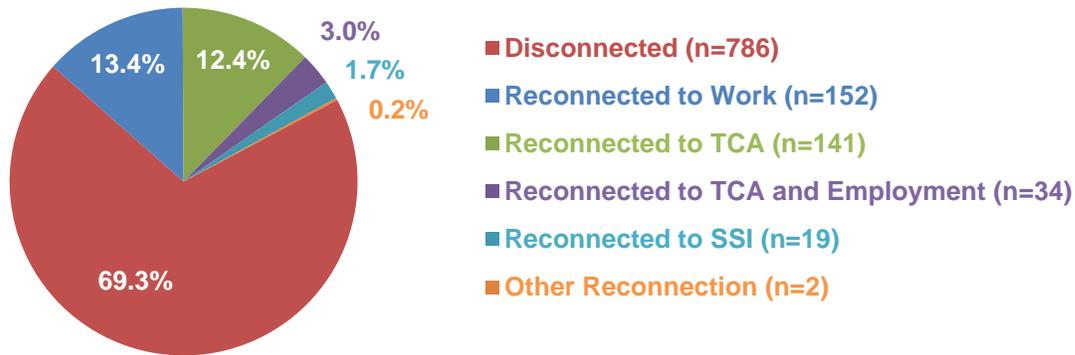
- **Reconnected to Work**—leavers who were disconnected in the first quarter after their exit from TCA, but became employed in the second post-exit quarter with no TCA or SSI receipt.
- **Reconnected to TCA**—leavers who were disconnected in the first quarter after their exit from TCA, but returned to TCA in the second post-exit quarter with no SSI receipt or employment.
- **Disconnected**—leavers who were disconnected from employment, TCA, and SSI in *both* the first and second quarters after exiting TCA.

As Figure 1 shows, the majority of sampled leavers who were disconnected during the first quarter after exit remained disconnected in the second post-exit quarter. About 70% of leavers were disconnected, while 13.4% reconnected to work and 12.4% reconnected to TCA. Thus, disconnected leavers are about equally likely to reconnect by returning to TCA as they are to reconnect by finding employment.

A small percentage (3%) of leavers reconnected to both TCA and employment at some point in the second post-exit quarter, and a smaller percentage (1.7%) reconnected through receiving SSI benefits. Due to the relatively

small size of the latter categories, the remainder of this brief looks at only those leavers who remained disconnected, reconnected to work, and reconnected to TCA.

Figure 1. Source of Income in the 2nd Post-Exit Quarter



Note: The *Other Reconnection* category includes clients who reconnected to SSI and to either employment or TCA in the second quarter after TCA exit.

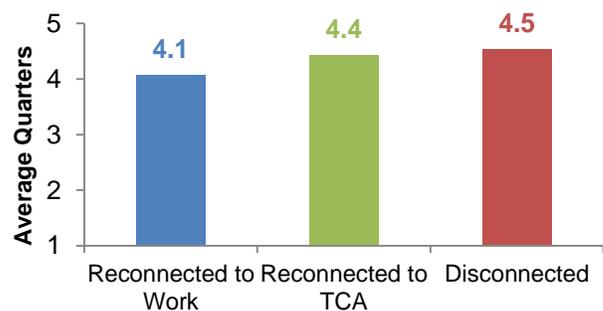
Reconnection and Short-term Outcomes

Leavers who reconnect are often able to stay reconnected for considerable amounts of time. Figure 2 shows the average number of consecutive quarters—the average spell length—that leavers remained connected to work or TCA or remained disconnected. A leaver who reconnected to work remained employed for an average of 4.07 quarters, or about one year, indicating that employment is relatively stable for these leavers. A leaver who reconnected to TCA remained a recipient for an average of 4.43 quarters, or about one year and one month. It is important to remember that neither employment nor TCA receipt may be continuous during a particular quarter. Leavers are counted as participating in a given quarter even if they do so for a single month or less. Additionally, after the initial quarter of reconnection, both employment and TCA receipt may occur alongside other sources of income.

Figure 2 also shows that leavers who are still disconnected in the second post-exit quarter

remained so for an average of 4.53 quarters, or about a year and two months. While median values for reconnection to TCA and work are both four quarters, the median value for disconnection is five quarters. Furthermore, these leavers were also disconnected in the first quarter after their exit from TCA, which is not accounted for in Figure 2. These findings imply that what happens to a leaver in the very next quarter after becoming disconnected has some impact on their future employment and TCA participation. We examine these outcomes in the next set of figures.

Figure 2. Average Length of Spell



Note: Spell begins in the second quarter after TCA exit.

Those who reconnect through employment are likely to continue working, but the leavers who remain disconnected or who reconnect to TCA may also find employment at some later point. As expected, Figure 3 shows that employment rates over time are highest for leavers who reconnected to employment in the second post-exit quarter. About eighty percent (81.6%) of leavers who reconnected to work were employed in the third quarter after exit. By the eighth post-exit quarter, two years after their initial exit from TCA, about half (48.7%) were still employed.

Declining employment over time is consistent with the trend found among all TCA leavers. However, employment participation for leavers who reconnected to employment is slightly higher than that found among the entire population of TCA leavers in the same time period (Hall et al., 2015). And, while only half of leavers who initially reconnected to work were employed by the end of the two-year follow-up period, this is a substantially higher percentage than for both groups we examine.

Interestingly, employment rates over time were slightly higher for leavers who reconnected to TCA than for leavers who remained disconnected, though both were low. About 13% of leavers who reconnected to TCA found employment in the third quarter after they exit, while about 10% of disconnected leavers found work. By the eighth post-exit quarter, about 30% of leavers who reconnected to TCA were employed, and about 25% of the disconnected leavers were employed. This finding suggests that it may be more beneficial for leavers to return to TCA rather than remain disconnected from any source of income, at least in terms of finding employment. Returning to TCA may give

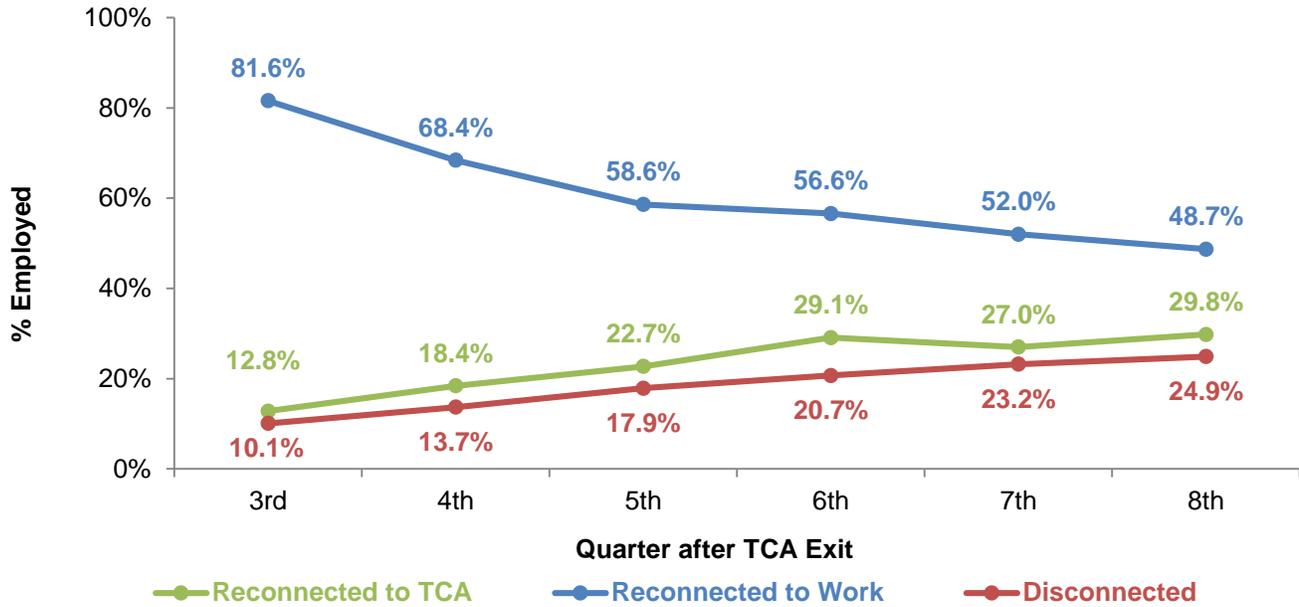
these leavers the support necessary for them to continue searching for employment, which is support disconnected leavers may not receive.

Quarterly earnings for all TCA leavers tend to be low. In the *Life after Welfare* report, average quarterly earnings for all TCA leavers were \$4,233 in the fourth quarter after their exit (Nicoli, Passarella, & Born, 2013). This earnings pattern is especially true for leavers who do not reconnect to employment right away. While not shown here, we found that the small percentage of leavers who reconnected to TCA and were employed in the fourth quarter after exit (18.4%) had median quarterly earnings of only \$1,653 in that quarter. This is substantially lower than median quarterly earnings in the fourth quarter for leavers who reconnected to work (\$3,602), but similar to the earnings of disconnected leavers who later found employment (\$1,919).

Just as some leavers who initially reconnected to TCA later found employment, leavers who do not initially reconnect to TCA may eventually return to cash assistance. However, Figure 4 shows that TCA receipt over time is much less likely for leavers who reconnected to work or remained disconnected. About 89% of leavers who reconnected to TCA were still receiving TCA in the third quarter after their initial exit, while less than 10% of leavers who reconnected to work or remained disconnected were receiving TCA in the third quarter after exit.

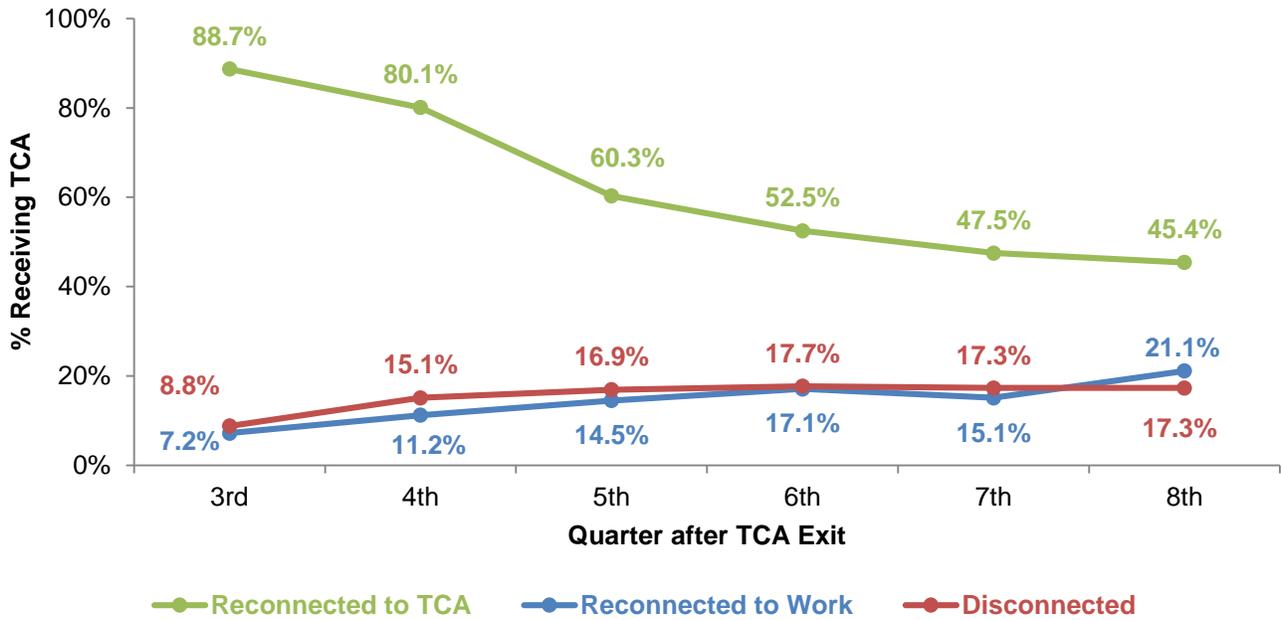
Program participation for leavers who reconnected to TCA declined by over 40 percentage points to 45% by the eighth post-exit quarter. TCA receipt increased for leavers in the other two groups, to about 20% for those who initially reconnected to work and about 17% for leavers who were disconnected for two consecutive quarters after exit.

Figure 3. Quarterly Employment Participation***



Notes: *p<.05 **p<.01 ***p<.001.

Figure 4. Quarterly TCA Participation



Reconnection Status and Demographic Factors

While there are considerable differences in outcomes between disconnected leavers who reconnect to either TCA or employment and leavers who remain disconnected for at least two quarters, there are also differences in their demographic characteristics and in their prior employment and TCA participation. These differences may help explain why disconnection is more persistent for some leavers after exit. Table 1 presents selected demographic data for the three groups.

Leavers who reconnected to TCA were more likely to be African American (81.9%) than leavers who reconnected to work (66.2%) or leavers who remained disconnected (65.5%). As the majority of TCA leavers in Baltimore City are African American, it is unsurprising that leavers who reconnect to TCA are also more likely to live there (62.4%) than leavers who reconnect to work (33.6%) or remain disconnected (37.5%). Leavers who remained disconnected are more likely to be divorced, separated, or widowed (15.9%) than leavers who reconnect to TCA (10.0%) or employment (9.9%) and less likely to have never married. Seven percent of disconnected leavers were married, compared to 2% of leavers who reconnected to TCA and 6% who reconnected to work.

Slightly over half (53.2%) of leavers who reconnected to TCA did not finish high school, and only about 35% of leavers who reconnected to work and about 39% of those who remained disconnected did not finish high school. This suggests that educational barriers existing before TCA entry may not be as predictive of a

leaver remaining disconnected as they are of a leaver returning to TCA. Since disconnected leavers are less likely to have educational barriers than leavers who return to TCA, disconnected leavers may face different barriers to employment and self-sufficiency than other leavers.

For instance, leavers who remained disconnected were more likely to report having a disability themselves or to report that another individual on the TCA case has a disability. More than one in 10 (12.5%) disconnected leavers reported having a disability, but only 2.6% of leavers who reconnected to TCA and 3.5% of those who reconnected to work reported the same. Another case member was reported to have a disability in 8.7% of cases in which the leaver remained disconnected, compared with 2% of cases where the leaver reconnected to TCA and 3.5% of cases where the leaver reconnected to work.

The higher rates of disability for leavers who remain disconnected suggest that disabled leavers and leavers who are caring for disabled family members may be at a greater risk of becoming disconnected. This may be because disabled leavers are more likely to be physically unable to either work or meet TCA program requirements. Additionally, leavers who are caring for disabled family members may be unable to find alternative care arrangements that would give them the time to either work or fulfill program requirements. However, these clients could be applying for SSI or receiving assistance with the application while they are disconnected from a source of income.

Table 1. Selected Demographics

	Reconnected to TCA	Reconnected to Work	Disconnected
Race**			
Caucasian	15.2% (21)	31.1% (46)	30.4% (232)
African American	81.9% (113)	66.2% (98)	65.5% (500)
Other	2.9% (4)	2.7% (4)	4.1% (31)
Marital Status*			
Married	2.1% (3)	5.9% (9)	7.0% (55)
Never Married	87.9% (123)	84.2% (128)	77.1% (602)
Divorced/Separated/Widowed	10.0% (14)	9.9% (15)	15.9% (124)
Education**			
Did Not Finish High School	53.2% (75)	34.9% (53)	38.5% (300)
Residence***			
Baltimore City	62.4% (88)	33.6% (51)	37.5% (295)
Reported Disability			
Casehead***	2.6% (4)	3.5% (5)	12.5% (98)
Other Case Member**	2.0% (3)	3.5% (5)	8.7% (68)

Notes: Individuals who received a GED are counted as having completed grade 12. Due to missing data for some variables, cell counts may not sum to group totals. Valid percentages are reported. * p<.05, ** p<.01, *** p<.001

Prior Employment and TCA Participation

Leavers who reconnected to work were the most likely to have prior employment experience, as shown in Table 2. About 80% of leavers who reconnected to work were employed at some point in the two years before their exit from TCA, and about 62% worked in the previous year. Leavers who reconnected to TCA were the least likely to work in the previous two years (54.6%) and previous year (37.6%). Leavers who stayed disconnected were slightly more likely than leavers who reconnected to TCA to have worked in the previous two years (58.8%) and previous year (40.1%).

Surprisingly, leavers who remained disconnected had the highest median quarterly earnings, about \$1,600 and \$1,500, respectively. However, leavers who reconnected

to work had higher median earnings than leavers who reconnected to TCA.

Leavers who reconnected to TCA had the highest average number of months of TCA receipt in the five years before exit, about 17 months out of 60. Leavers who reconnected to work and disconnected leavers had roughly similar numbers of months of TCA receipt, just over one year of benefits, on average.

Disconnected leavers have less history with TCA than leavers who reconnected to TCA, suggesting that these leavers may not rely on the program for support. Leavers who are disconnected may have other means of support that we are unable to measure here, like self-employment, income from another household member, or informal support from family members.

Table 2. Prior Employment, Earnings, and TCA Receipt

	Reconnected to TCA	Reconnected to Work	Disconnected
Employment			
<i>2 Years Before TCA Exit</i>			
Percent (count) Employed***	54.6% (77)	79.6% (121)	58.8% (462)
Median Quarterly Earnings*	\$1,066	\$1,531	\$1,629
<i>1 Year Before TCA Exit</i>			
Percent (count) Employed***	37.6% (53)	61.8% (94)	40.1% (315)
Median Quarterly Earnings*	\$905	\$1,213	\$1,528
TCA Receipt			
Average [Median] Months Before Exit*	17.02 [14.00]	13.11 [9.50]	14.18 [10.00]

Notes: Valid percentages are reported. Wages are standardized to 2013 dollars. Median earnings figures include only cases in which the leaver was employed in the given time period. *p<.05, **p<.01, ***p<.001

Conclusions

The intention of the TCA program is to provide temporary support while families find employment that can lead to self-sufficiency. The TCA leavers examined in this brief were all disconnected immediately after exiting the program. For these leavers, that means they and their families had no cash income for at least three months. However, about one in four disconnected leavers was able to reconnect to a source of income in the subsequent quarter and stayed connected to that source for an average of about one year.

For disconnected TCA leavers, the optimal outcome is that they find employment quickly. Leavers who reconnected to employment had better employment and earnings outcomes and were unlikely to return to TCA. However, we also found that there may be some advantage in reconnecting to TCA versus remaining disconnected. Leavers who reconnected to TCA had rates of employment that were consistently, albeit slightly, higher than those of leavers who remained disconnected. This may mean that leavers who reconnect to TCA are receiving services from the local social services offices that assist them in finding employment.

While a return to TCA may not be the ideal outcome for leavers, it is still an important source of income for the families who receive it, a source that disconnected leavers do not have. Given the research that demonstrates a wide variety of negative outcomes associated with disconnection, it may be more advantageous for leavers' health and well-being to return to TCA, as well as having a positive impact on their employment outcomes. Still, agencies must take into consideration the length of time that leavers who return to TCA will remain on assistance. We find that leavers who reconnect to TCA continue to receive assistance for about another year, on average, after going back onto the program.

Many TCA leavers face serious challenges as they work towards self-sufficiency, and leavers who become and stay disconnected from employment and cash assistance face even greater ones. Given the enormous disadvantages that disconnected families face, being able to identify leavers who are more likely to become and stay disconnected may help target programmatic efforts towards these vulnerable families. It appears that clients who report a disability for themselves or another case member may be at a greater risk for persistent disconnection. By assisting clients in finding employment they can manage or by helping them apply for SSI, these families may avoid disconnection and the negative outcomes associated with it.

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For additional information about this research brief, please contact Letitia Logan Passarella (410-706-2479; llogan@ssw.umaryland.edu) at the School of Social Work.

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525 W. Redwood Street
Baltimore, MD 21201
410-706-2479
www.familywelfare.umaryland.edu