Clients who leave Temporary Cash Assistance, Maryland’s version of the Temporary Assistance for Needy Families (TANF) program, have two main options for supporting their families. They can either find employment, or they can return to TCA. Some leavers combine these options, working part-time and continuing to receive welfare at the same time. Still others leave TCA for a job, only to lose that job several months later, and subsequently return to cash assistance. A few leavers neither work nor receive TCA.

As part of our annual Life after Welfare report, we examine these outcomes regularly. We classify leavers into four groups, which we call “work and welfare groups,” based on their participation in employment and TCA in the first year after exit. One group consists of leavers who worked and did not receive TCA during this year, and another is leavers who received welfare and did not work. The third group contains leavers who combined work and welfare. In this group, leavers worked and then returned to welfare, or they went back to TCA and then left for work, or they received TCA and worked concurrently. Leavers in the final group have no connection to work or welfare. They may have moved out of state, begun receiving disability payments from Supplemental Security Income (SSI), or be financially supported by friends and family. In the worst case scenario, these families may be homeless or experiencing other serious problems.

In general, we find that working and not receiving cash assistance during the first year after exit is the most common outcome (Nicoli, Passarella, & Born, 2013). This holds true throughout the first five years after exit. However, we have not investigated the extent to which leavers stay in the same categories through each post-exit year. Does working and not receiving TCA in the first year after exit mean that a leaver is much more likely to continue working in the following years? Do those who are disconnected from work and welfare reconnect in later years?

This brief explores the relationship between clients’ work and welfare status in the first year after exit and their work and welfare outcomes in the following four years. We begin by describing how many leavers fell into each work and welfare group during the first year after exit and what the characteristics of the leavers in each of those groups are. Then we detail work and welfare outcomes for the next four years by clients’ work and welfare status in the first post-exit year. This allows us to see if work and welfare outcomes in the first year after exit set leavers on particular trajectories. If those who only work in the first year after exit are the most likely to continue working, it is even more important to help clients get into steady jobs paying sustainable, family-supporting wages before leaving TCA.
Research Methods

We use a 5% random sample of all families who left TCA in each month from October 1996 through June 2008 (n=13,270). Follow-up data end in June 2013, so all sampled families have five years of data after exit. Because we are primarily interested in cases that include payees who are required to work, the analyses presented here exclude child-only cases. The final sample size is 11,111.

Data comes from the Client Automated Resources and Eligibility System (CARES) and the Maryland Automated Benefits System (MABS), which are the administrative data systems for TCA and Unemployment Insurance (UI), respectively. In addition to data from Maryland, we include employment in neighboring states, including Virginia, the District of Columbia, West Virginia, Pennsylvania, Delaware, New Jersey, and Ohio. These out-of-state employment data, which come from each state’s UI administrative data system, vary in terms of availability. Some states provide data for every quarter, but other states only provide data for a much more limited period of time.

Work and Welfare Status in the First Year after Exit

Looking at work and welfare groups in the first year after exit provides a fuller picture of how leavers are faring than simply examining the percent of leavers who work or return to TCA. Figure 1 shows work and welfare status in the first year after exit. This forms the basis for the groups we use throughout the rest of this brief.

Work is, by far, the most common status. Over half of all leavers (53.2%) work and do not receive cash assistance in the first post-exit year. Slightly less than one-fifth of leavers (19.2%) are disconnected from both work and welfare, and about the same percent (18.8%) both work and receive TCA. Less than one in ten leavers (8.8%) only receives welfare in the first year after exit.

These results demonstrate that the vast majority of leavers engage in UI-covered employment in the first year after exit. Combining leavers who only work with those who both work and receive welfare, 72% of leavers work at some point in the first year after exit. This suggests that, overwhelmingly, leavers both want to work and can find a job.

However, returning to TCA is not unusual, either. Slightly more than one-quarter (27.6%) of leavers receive welfare at some point in the first year after exit. Because many leavers who return to cash assistance also work at some point, this may indicate that some leavers need more assistance to make their exits permanent.

A minority of leavers, almost one in five, is disconnected from work and cash assistance in the first post-exit year. In the annual Life after Welfare report, we examine whether these families are connected to other programs, such as the Food Supplement (FS) program and Medical Assistance (MA), Maryland’s Medicaid program (Nicoli, Passarella, & Born, 2013). Less than 15% of those who do not receive TCA or work in jobs covered by Maryland’s UI system are also disconnected from FS and MA. The fact that many of these families are connected to other programs may reflect continued need.
Client Characteristics

Because the families in each of these groups may differ considerably, we present characteristics of payees by work and welfare status in the first year after exit in Table 1. We find substantial differences among the groups on most characteristics, suggesting that each group may represent a different population. Overall, slightly less than half (47.4%) of all leavers in the sample live in Baltimore City, and three-quarters (75.0%) are African American. Over three-quarters (78.5%) never married, but 60% finished high school. On average, leavers in the sample were 30 years old when they exited, and they received TCA for 27 months, on average, in the five years prior to their exits.

This profile camouflages differences among the groups. Two-thirds (67.2%) of welfare-only leavers, the smallest group, live in Baltimore City. Since less than half of all leavers in the sample live in Baltimore City, this is an unusually high percentage. In general, TCA recipients in Baltimore City are more likely to be African American, more likely to have never married, and less likely to have finished high school (Gleason, Nicoli, & Born, 2014). This could explain why those in the welfare-only group are more likely to be African American (84.2% vs. 75.0%), more likely to have never married (84.5% vs. 78.5%), and less likely to have finished 12th grade (43.5% vs. 60.1%) than the sample as a whole.

Similarly, leavers who combine employment and TCA receipt, the next smallest group, are also disproportionately likely to live in Baltimore City (58.3% vs. 47.4%). Not surprisingly, they too are more likely to be African American (85.0% vs. 75.0%) and to have never married (86.3% vs. 78.5%) and less likely to have finished high school (51.7% vs. 60.1%).

In contrast, disconnected leavers are less likely to live in Baltimore City (42.4% vs. 47.4%), less likely to be African American (65.4% vs. 75.0%), and more likely to have been married (30.2% vs. 21.5%) at some
point. Education is on par with the total sample (59.4% vs. 60.1%).

Work-only leavers, which are more than half of the sample, are also somewhat less likely to live in Baltimore City (42.1% vs. 47.4%). Most likely due to the fact that they comprise a large portion of the sample, they are close to the average for the entire sample on percent African American (73.3% vs. 75.0%) and percent never married (77.6% vs. 78.5%). They are much more likely to have finished high school than the total sample (67.1% vs. 60.1%), however, which may indicate that education is an important aspect of finding a job.

The remaining characteristics, average age and average number of months of TCA receipt in the previous five years, show less variation among the four groups. Those who work—the work-only (29.6 years) and combined work and TCA groups (28.5 years)—are slightly younger, on average, than the total sample (30.3 years). At an average age of 33 years, disconnected leavers are the oldest group, and welfare-only leavers are slightly younger than that at 32 years old, on average.

In terms of past TCA receipt, work-only leavers (25.0 months) have received two fewer months of TCA than the whole sample (26.9 months), and disconnected leavers (27.5 months) are about the same as the whole sample. Work and welfare leavers (29.2 months), as well as welfare-only leavers (31.7 months), are higher than average.

Case Closure Reasons

When clients leave TCA, their caseworkers select a reason that the case closed from a lengthy list of options. For all case closures, two of the most common reasons for case closure are work sanctions and income that exceeds eligibility standards (O'Donnell, Passarella, & Born, 2013). These case closure reasons can reveal whether the family left because the adult did not comply with work requirements or because the adult found employment. Figure 3 presents the percent of cases that closed due to work sanctions and high income by work and welfare group. In the total sample, about one in three (32%) leavers had “income above limit” as a case closure reason, and slightly less than one in five (18.2%) leavers left due to a work sanction. This suggests

<table>
<thead>
<tr>
<th>Table 1. Client Characteristics by Work and Welfare Group</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Work</strong> (n=5,910)</td>
</tr>
<tr>
<td>% in Baltimore City***</td>
</tr>
<tr>
<td>% African American***</td>
</tr>
<tr>
<td>% Never Married***</td>
</tr>
<tr>
<td>% Who Finished Grade 12***</td>
</tr>
</tbody>
</table>

Note: Counts may not sum to totals due to missing values. Valid percentages are reported. *p<.05 **p<.01 ***p<.001.
that, as a whole, families in the sample are more likely to leave due to finding employment rather than not cooperating with program rules.

Case closure reasons vary widely by work and welfare group, however. Welfare-only leavers have much higher rates of work-sanctioning than other leavers, as over one in three (34.4%) welfare-only leavers was work-sanctioned. Welfare-only leavers also have the lowest rate of closures due to high income at about 10%. This suggests that welfare-only leavers tended to exit because they had difficulty with participation in work activities, not because they found jobs; this may explain how they ended up in the welfare-only group.

Those who combined work and cash assistance in the first year after exit are a mixed bag. They have the second-highest rate of work-sanctioning (21.9%), but they also have the second-highest rate of “income above limit” closures (30.4%). Some in this group were probably work-sanctioned and then found a job that they held for a brief period of time before returning to TCA. Others may have been employed but did not tell their caseworkers, receiving a work sanction when they did not participate in work activities. Still others may have left due to finding a full-time job that they subsequently lost. Finally, a few may have found part-time employment that did not pay enough to render them ineligible for TCA, meaning they simultaneously worked and received welfare.

Disconnected leavers are slightly more likely to be work-sanctioned than the sample as a whole (19.7% vs. 18.2%). However, they are also much less likely to have a case closure due to high income (18.0% vs. 32.0%). Many of the leavers in this group do not seem to be leaving for employment, although the work-sanction rate is not excessively high either. Most of these leavers had a case closure reason other than these two, which is somewhat different from the rest of the sample. Work sanctions and income above limit comprised

Figure 2. Closure Reasons by Work and Welfare Group

![Figure 2. Closure Reasons by Work and Welfare Group](image)

Note: Valid percentages are reported. *p<.05 **p<.01 ***p<.001.
37.7% of case closure reasons for disconnected leavers, compared to 50.2% for the total sample.¹

Work-only leavers have the highest rate of closures due to high income (41.1%) and the lowest rate of closures due to a work sanction (13.7%). This suggests that many in this group left TCA only after they found a job. Those who were work-sanctioned may have that as their closure code because they did not inform their caseworkers they were employed and were work-sanctioned when they did not participate in their assigned work activities. Alternatively, work-sanctioned leavers in this group may have obtained employment after their cases closed.

**Employment**

Finally, we examine leavers’ employment histories. Figure 3 presents the percentage of leavers who were employed in the two years before they began receiving cash assistance by work and welfare group. Working before receiving TCA means that leavers have some work experience that could make them attractive to employers. Compared with those who did not work in that period, those with considerable employment histories may be more likely to find jobs.

That supposition is confirmed, as Figure 3 shows. In the total sample, three-quarters (75.3%) of leavers worked before coming on cash assistance, but there are substantial variations from this by work and welfare group. Those who work in the first year after exit, either in the combined work and welfare group or the work-only group, have much higher employment participation than those in the disconnected and welfare-only groups. Over 80% of leavers in both of the work groups were employed in the two years before entering TCA, compared to less than 60% of disconnected and welfare-only leavers. Although a majority of the disconnected and welfare-only groups worked in the two years prior to TCA entry, leavers in those groups are clearly less likely to have a recent work history than those in the combined work and welfare and work-only groups.

**Figure 3. Percent Employed in Two Years before TCA Entry***

<table>
<thead>
<tr>
<th>Group</th>
<th>Percent Employed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Work</td>
<td>82.2%</td>
</tr>
<tr>
<td>Work &amp; Welfare</td>
<td>84.0%</td>
</tr>
<tr>
<td>Welfare</td>
<td>57.9%</td>
</tr>
<tr>
<td>Disconnected</td>
<td>55.6%</td>
</tr>
<tr>
<td>Total</td>
<td>75.3%</td>
</tr>
</tbody>
</table>

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

¹ Compared to the other three groups, disconnected leavers had higher percentages of closures due to not being eligible and requesting closure.
Similarly, Figure 4 shows the percentage of leavers who worked in the three months, or quarter, during which they exited TCA. Because the work and welfare groups are constructed using employment data beginning with the first quarter after exit, some in the disconnected or welfare-only groups may have employment in the exit quarter. Those who were employed in the exit quarter either found jobs before leaving TCA or acquired them shortly after they exited, which could mean that they are better equipped to maintain self-sufficiency than those who were not employed in the exit quarter.

While over half (53.7%) of the sample worked in the exit quarter, there are stark differences by work and welfare group. More than 60% of combined work and welfare leavers—and more than 70% of work-only leavers—worked in the exit quarter while less than 20% of disconnected and welfare-only leavers worked in the exit quarter. These statistically significant and rather large differences suggest that working in the exit quarter may signal how likely a leaver is to continue working after exit.

Finally, these substantial differences in employment history and exit quarter employment may indicate some underlying problem. With the data that we have available, it is difficult to ascertain what that problem is—perhaps an adult or child in the household is disabled,2 perhaps the adult has been unable to secure reliable transportation. Ongoing challenges such as these may explain why some leavers

\[\text{72.5\%} \quad \text{62.0\%} \quad \text{15.5\%} \quad \text{11.1\%} \quad \text{53.7\%}\]

become disconnected or return to welfare rather than relying on employment for income.

**Figure 4. Percent Employed in Exit Quarter***

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

**Outcomes for Work and Welfare Groups**

Now that we know how many people are in each work and welfare group, as well as characteristics associated with each group, we turn to work and welfare status for each group in the second through fifth years after exit. If the first year after exit is particularly influential, we would expect that leavers stay in the work and welfare group in which they started.

These analyses have the potential to shed some light on some very important questions. Do those who only receive TCA in the first year after exit eventually transition into supporting themselves through employment? Do those who combine work and welfare remain in that group, or do they shift to welfare-only or work-only?

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2 While recorded disabilities are rare among all work and welfare groups, we did find that disconnected and welfare-only leavers are significantly more likely to either be disabled themselves or have another individual on the case designated as disabled than leavers in the other two groups.
Work

More than any other group, work-only leavers stay in the same category. Three in four (75.0%) are only working in the second year after exit. By the fifth year after exit, the percentage only working declined somewhat, but 65% of work-only leavers were still in that category. Additionally, 10% to 13% of work-only leavers both worked and received TCA in the second through fifth years after exit. When those categories are combined, we see that 75% to 85% of work-only leavers worked at some point in each post-exit year. This implies that those who manage to only work in the first year after exit are remarkably likely to keep working, even if they require additional TCA receipt to help make ends meet from time to time.

This interpretation is further bolstered by the very small percentage of work-only leavers who solely receive TCA in the second through fifth years after exit. In the second year after exit, just 3% of work-only leavers receive TCA and do not work. This percentage rises slightly over time, so that about 5% received TCA in the fifth post-exit year. Combining those percentages with work-only leavers who participated in both work and welfare in subsequent years, just 15 to 17% of work-only leavers received TCA at all during the second through fifth years after exit. This means that those who only work in the first year after exit are particularly unlikely to receive TCA in the following years.

Despite the generally strong labor force attachment among work-only leavers, some do become disconnected from both work and welfare. In the second year after exit, 10% of those who only worked in the first year after exit neither worked nor received TCA. This percentage grew steadily after that, reaching about 20% in the fifth year after exit.

Figure 5. Work-Only Leavers in 1st through 5th Post-Exit Years

![Bar chart showing the percentage of work-only leavers in each year after exit, categorized by work, work and welfare, welfare, and disconnected. The chart shows a decrease in the percentage of work-only leavers who only work as the years after exit increase.]
Work and Welfare

Leavers who combine work and welfare in the first year after exit tend to continue on that path in the second year after exit, when half of them (50.6%) are still both working and receiving TCA. However, over three in ten (31.4%) work and welfare leavers transitioned into the work-only category in the second year after exit. That percentage grows over time; by the fifth year after exit, almost half (48.2%) of leavers who both work and receive TCA in the first year after exit are only working.

At the same time that the percent of work and welfare leavers who solely work is growing, the percent who combine work and welfare is declining. At five years after exit, one in five (21.5%) leavers who worked and received TCA in the first year after exit continues to engage in both work and welfare. This suggests that work and welfare leavers have a strong commitment to the labor force—about 70% are working in the fifth year after exit—but they may have barriers preventing them from making a permanent exit from cash assistance.

A minority of work and welfare leavers receives only TCA or is disconnected in any subsequent year after exit. In the second year after exit, less than 15% of work and welfare leavers solely received welfare and about 4% were disconnected. While the percent only receiving TCA stays at 13% to 14% in the third through fifth years after exit, the percent who become disconnected rises over time. By the fifth year after exit, over 15% (16.4%) of work and welfare leavers are disconnected. This is slightly less than the work-only group, suggesting that participating in both employment and TCA in the first year after exit leads leavers to be less likely to be disconnected from work and welfare.

Figure 6. Work and Welfare Leavers in 1st through 5th Post-Exit Years

![Figure 6](image.png)
Welfare

Those who only received TCA in the first year after exit continued to be likely to receive TCA in the second through fifth years after exit. Half (51.0%) of welfare-only leavers received only TCA in the second year after exit, and an additional quarter (26.7%) both worked and received welfare. Both of these percentages decline over the following post-exit years. By the fifth year after exit, about one in four (26.8%) welfare-only leavers solely receives TCA, and one in ten (11.0%) works and receives welfare. Because over half of welfare-only leavers continue to receive cash assistance through the third year after exit—and because they are far more likely to have left due to a work sanction than the other groups—this suggests that many in the welfare-only group did not actively choose to leave TCA. Instead, it appears that they returned to TCA after fully complying with work requirements.

Over time, considerable minorities of the welfare-only group end up being work-only or disconnected. While just 7.2% of welfare-only leavers transitioned to work-only in the second post-exit year, about one in four (26.3%) were only working in the fifth post-exit year. At least some welfare-only leavers seem to be able to support themselves via work, eventually.

Unfortunately, welfare-only leavers were more likely to be disconnected than to solely work. About 15% were disconnected in the second post-exit year, a percentage that rose to about 35% in the fifth post-exit year. In the fifth year after exit, then, the most common outcome for welfare-only leavers was disconnection, which is not an optimal outcome. This is also much higher than disconnection in the fifth year after exit for the work-only and combined work and welfare groups, perhaps indicating that welfare-only leavers need additional support.

Figure 7. Welfare-Only Leavers in 1st through 5th Post-Exit Years

![Figure 7](image-url)
Disconnected

Disconnected leavers are particularly likely to remain in the category in which they started. In the second through fifth years after exit, over half of leavers who were disconnected in the first year after exit are disconnected in those years as well. In the second year after exit, over 60% of disconnected leavers remain disconnected, and over 55% are disconnected in each subsequent year. While the same people may not be disconnected in each post-exit year, this does indicate that a majority of leavers who are disconnected in the first year after exit experience one or more additional years of disconnection.

Aside from continued disconnection, the next most common outcome for the disconnected group in each post-exit year is work-only. Just under one in four (23.1%) of the disconnected group works (and does not receive TCA) in the second year after exit. This grows to almost three in ten (29.3%) in the fifth year after exit. It is heartening that some leavers are able to achieve a measure of self-sufficiency after a year with no welfare receipt and no work. Additionally, this percentage is higher than the comparable one for welfare-only leavers, implying that disconnected leavers may be more likely to support themselves through work in subsequent years than welfare-only leavers.

The outcomes related to receiving TCA are particularly uncommon for leavers who were disconnected in their first year after exit. About 7% to 9% only receive welfare in the second through fifth post-exit years, and just 3% to 5% participated in both work and welfare in any of those years. Perhaps it is easier for disconnected leavers to reconnect to work, rather than to welfare.

Figure 8. Disconnected Leavers in 1st through 5th Post-Exit Years

![Figure 8: Disconnected Leavers in 1st through 5th Post-Exit Years](image-url)
Conclusions

Clients’ outcomes in the first year after exit are surprisingly revealing. Each work and welfare group—work-only, work and welfare, welfare-only, and disconnected—is a distinct population, and each group’s outcomes in subsequent years follow different trajectories. This reinforces the importance of helping leavers find jobs that allow them to become self-sufficient, as that can set leavers up for more success in the future.

The good news is that work-only leavers are, by far, the largest work and welfare group, and they are the most likely to stay within the same work and welfare group in later years. Over half of all leavers are in this group, and 65% are still work-only in the fifth year after exit. These leavers are significantly more likely to have finished high school than the other work and welfare groups. Additionally, they are very likely to have worked in the two years before TCA entry as well as in the exit quarter, and they have the highest rate of closures due to income above limit. Most likely, all of these factors play a role in their employment success.

Disconnected leavers, who comprise about one-fifth of the leavers in this sample, are the second most likely to remain in the same work and welfare group through the fifth post-exit year. While the percentage who remain disconnected declines slightly from the second through fifth year after exit, over 55% of disconnected leavers still neither work nor receive TCA in each year after exit. This is troubling, although the fact that over one in four disconnected leavers ends up in the work-only category in the third through fifth years after exit indicates that some leavers do find a way to self-sufficiency after disconnection.

Leavers who combine work and welfare, in contrast, are the least likely to stay in the same group through the fifth post-exit year and most likely to transition to the work-only category. By the fifth year after exit, almost half of work and welfare leavers are just working. Leavers in this group are much less likely to have a high-school education than the sample as a whole, but their prior work experience is similar to the work-only group. This suggests that leavers in this group want to work but may be facing barriers, such as lack of education or unreliable childcare, that keep them cycling into and out of jobs.

Welfare-only leavers are the smallest group at about 10% of the sample, and, arguably, they are the most disadvantaged too. While 60% of all leavers in the sample finished 12th grade, less than 45% of welfare-only leavers have at least that level of education. Like disconnected leavers, they are much less likely to be employed in the two years before entering TCA or in the exit quarter than work-only or combined work and welfare leavers. Their case closures are much more likely to be due to work sanctions and much less likely to be due to high income than the other three groups. This cluster of characteristics implies that many leavers in this group were not prepared to leave TCA and perhaps left due to noncompliance with program requirements. It may also mean that these leavers need substantial support in order to achieve self-sufficiency.

Unlike the other work and welfare groups, there is no category that dominates welfare-only leavers by the fifth year after exit. Over half of welfare-only leavers stay in that
category during the second post-exit year, but that percentage drops to just over 25% in the fifth post-exit year. The most common outcome for welfare-only leavers in the fifth year after exit is disconnection, at about 35%. Welfare-only leavers are more likely to transition into disconnection than work and welfare leavers or work-only leavers, suggesting that some welfare-only leavers lack viable options to support themselves without TCA.

While these results highlight the importance of helping clients find good jobs, they also hint at the challenges involved. For example, lacking a high-school education may keep many leavers from accessing well-paying employment opportunities. It is no coincidence that over two thirds of work-only leavers finished 12th grade, compared to about 60% of disconnected leavers, just over half of work and welfare leavers, and less than 45% of welfare-only leavers.

Furthermore, the groups with some employment in the first post-exit year—the combined work and welfare and work-only groups—are significantly more likely to have worked at some point in the two years before beginning to receive TCA. At over 24 percentage points, the difference between those groups and the disconnected and welfare-only groups is enormous. This may indicate some persistent, underlying problems preventing disconnected and welfare-only leavers from obtaining stable employment.

Ultimately, these results show that the first year after exit can set leavers on a path to success. Through helping clients find employment at family-sustaining wages before they exit TCA, caseworkers, vendors, and other partners can reduce the need for future assistance and ensure that families are able to remain self-sufficient after exit. While this path may be more difficult for some families to follow, more support may enable some clients to obtain good jobs. With this support, they too can achieve self-sufficiency.

References

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