

PROFILE OF THE ACTIVE CASELOAD:  
SEPARATE STATE PROGRAMS  
& SHORT-TERM DISABILITIES

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## EXECUTIVE SUMMARY

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The most hotly debated aspects of the long-deferred reauthorization of the Temporary Assistance to Needy Families (TANF) program concerned work participation requirements and State work participation standards. Ultimately, the final legislation, the Deficit Reduction Act of 2005 (DRA), did make significant changes. The base year for calculating the caseload reduction credit was changed from 1995 to 2005, states are now required to include cases funded through Separate State Programs (SSP) in the work participation rate denominator, and the definition of what constitutes 'work' has been substantially tightened.

These changes are controversial. Proponents argue they are needed to prevent clients from languishing on welfare and/or states from counting spurious activities as work. Opponents assert they constitute prescriptive, federal micro-management of TANF which, by design, incorporated fixed block grant funding in exchange for state flexibility. All parties agree, however, that the new rules – effective October 2006 - represent a significant challenge to states.

The choices states make about how to move forward under the new rules will have important fiscal and other consequences. It is thus critical to try and anticipate what the implications of the various options might be so that the choices made are the ones most suited to the realities of welfare caseloads at the state and sub-state level.

Fortunately, Maryland has a long, strong tradition of using research to inform and guide welfare policy decision-making. Today's report continues that tradition. Its purpose is to provide empirical information to aid officials in sifting through the options available with regard to the new TANF rules and making decisions about how our state should proceed. In Maryland, as elsewhere, the new mandate that SSP groups be included in participation rate calculations presents a major and immediate challenge; for that reason, the TANF SSP caseload is the central focus of our study. Specifically, we use administrative data to profile the characteristics and work participation prospects of clients who, in October 2005, were enrolled in one of the state's Separate State Programs (SSP), where assistance has been paid with state Maintenance of Effort (MOE) funds, not federal TANF dollars. The specific SSP case types examined are:

- 1) Needy Caretaker Relatives – Cases where the casehead is not the parent of the children who are eligible for TANF, has low or no income and thus is also included in the TANF grant.
- 2) DEAP-Disabled – Cases where the casehead and/or the casehead's spouse has a long-term disability (12 months or more). The family is required to apply for Supplemental Security Income (SSI) and cooperate with the Disability Entitlement Advocacy Program (DEAP).
- 3) Two-Adult – Cases with two able-bodied, adult recipients.

- 4) Legal Immigrants – Cases where the adult casehead is a legal immigrant who entered the country after August 22, 1996. The casehead is not eligible for federally funded TANF but, because Maryland law considers these families ‘eligible’ and pays them with state funds claimed as MOE, the new federal rules require they be counted in the work participation rate calculations.

For comparison purposes we also profile cases headed by an able-bodied, single adult recipient. These are the traditional cases for which TANF work requirements were intended and who have always been included in work participation rate calculations. Information on another group, those with short-term disabilities, is also included.

As it stands now, all families in the above groups will have to be included in Maryland’s work participation rate calculations.<sup>1</sup> Failure to have 50% of all adults (90% of two-adult cases) taking part in a federally defined work activity for at least 30 hours per week can result in the imposition of substantial financial penalties and require the expenditure of additional state funds.

There are only a few options available: (1) continue to target traditional, able-bodied, single adult cases; (2) devote major effort to the newly-added SSP groups; or (3) attempt to work creatively and effectively with both types of clients. A fourth, somewhat different, but equally important option also warrants careful study. That is, concurrent with deliberations about which client populations to target, the desirability, feasibility and potential fiscal and performance implications of removing certain client groups from the participation rate calculations should also be examined. Here we refer to the fact that, if Maryland elected not to claim some or all SSP expenditures as MOE, the groups whose benefits were financed through state funds would not have to be included in our federal work participation rate calculations.

The TANF-related decisions that need to be made now are difficult ones, they are vitally important, and they will matter for Maryland and its people for some time to come. Thus, in addition to deliberating carefully and conscientiously, it is also important to consider actual data about the size, distribution, composition and characteristics of the client population at the state and sub-state levels. This report provides that data and notes possible implications and potential consequences of various policy choices for consideration. The following bullets summarize our key findings:

**✘ Despite increases in the proportion of child only cases in the TANF caseload, the majority of families will be included in the new method of calculating the federal work participation rate.**

Statewide, almost two-fifths (38.5%) of the caseload consists of child only cases where the adult casehead is not included in the TANF grant. Emerging research indicates that child only cases are distinct from traditional welfare cases in several ways and may have special needs, particularly with regard to child welfare supports and services

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<sup>1</sup> One additional SSP group, those covered by the Family Violence Option, is not included in the federal work participation rate.

(Gibbs, Kasten, Bir, Hoover, Duncan, & Mitchell, 2004; Hetling, Saunders, & Born, 2005b). However, the salient point here is that child only cases are currently exempt from work requirements and excluded from States' rate calculations.

The most important finding, for the present study, is that three-fifths (61.8%) of Maryland's total TCA caseload consists of cases with an adult recipient on the grant. Therefore, as long as all cases with an adult recipient are paid with federal TANF or state MOE dollars, most of the caseload will be included under the new method of calculating the work participation rate.

✘ **Four-fifths of cases that will be included in the work participation rate calculation are those with one able-bodied single parent. These are the families for whom work programs have been targeted and whose service needs, barriers to work, and demographic profile, relatively speaking, are well understood.**

The large majority (80.5%) of the newly-expanded work participation caseload consists of cases with one able-bodied parent. This is the "traditional" welfare case type, the population for whom TANF work requirements were originally designed, and to whom these requirements applied for TANF's first ten years.

Among the remaining cases, DEAP disabled are most common, about one-tenth (10.7%) of those covered by the new federal work rules. Four percent (4.3%) are needy caretaker relative cases. Two adult recipient cases account for 2.9%, TANF disabled for 1.3% and, finally, legal immigrants make up less than one-half of one percent (0.3%) of the new expanded population for work participation rate calculation purposes.

✘ **At least theoretically, Maryland could meet the 50% work participation standard for all adults without ever engaging the SSP groups or TANF disabled cases in federally allowable work activities.**

Because SSP and TANF Disabled groups are such a small portion of the total work participation caseload, it is possible for Maryland to reach the 50% all families goal solely by having more able-bodied single parent recipients participating. If a little more than three-fifths (62.5%) of non-SSP and non-TANF disabled cases took part in federally-allowable work activities for at least 30 hours per week, the all families participation rate would be met ( $80\% * 62.5\% = 50.0\%$ ). That is, despite the understandable consternation and concern about the groups (i.e. SSP cases) newly added to the work participation rate calculations, the reality is that the large majority – fully four of every five cases – in our state's expanded, countable population are of the traditional, single-parent type with whom local DSSes are well-experienced in terms of welfare to work efforts.

The practical problem is that for some families in the "Not SSP" group (i.e. traditional, single adult, already work mandatory families) 30 hours of weekly participation may be



infeasible. For example, in roughly one in ten of these families (9.7%; n = 1,129), the casehead cares for a child under one and thus has “good cause” for not participating.

✘ **The TANF caseload is not evenly distributed across the state. Regardless of case subtype being considered, four jurisdictions – Baltimore City, Prince George’s County, Baltimore County, and Anne Arundel County – account for the lion’s share of the overall statewide caseload.**

Those familiar with Maryland are well aware that the caseload is primarily concentrated in the state’s most populous jurisdictions: in the total statewide TANF caseload, a little more than half (52.6%) of cases are from Baltimore City. Prince George’s (11.3%) and Baltimore (9.3%) counties contain about one out of ten statewide cases and 5.6% are located in Anne Arundel County. Together these four jurisdictions account for almost four-fifths (78.8%) of all cases in the entire state. Conversely, the other 20 Maryland counties, as a whole, account for only one of every five (21.2%) cases.

✘ **The portion of the statewide TANF caseload that is included in the work participation rate calculation is more concentrated in Baltimore City and less concentrated in the 23 counties than the caseload in general. Because Baltimore City accounts for almost three-fifths of “work participation” cases, success in the City is absolutely essential to success for the state.**

The distribution of the statewide caseload across jurisdictions is even more lopsided when the child only and work participation populations are examined separately. Most notably, Baltimore City accounts for 58% of Maryland’s “work participation” cases, almost 6% higher than its share of the total TANF caseload.

Concentration of the state’s work participation caseload in one jurisdiction (Baltimore City) indicates that Maryland will not be able to meet the 50% federal standard without a sizable proportion of Baltimore City cases participating in federally allowable activities for at least 30 hours per week. Because of the skewed distribution of work participation cases, success is mathematically improbable, no matter how well the 23 counties may perform, unless Baltimore City also consistently performs at a very high level.

✘ **Despite the centrality of Baltimore City as an ingredient in overall state success, all jurisdictions must pull their fair share of the weight for the state to reach the 50% target. If any fall short, how much slack might have to be made up by other localities depends on whether it is Baltimore City or the 23 counties who falls short.**

Although Baltimore City has most of the work participation caseload, it is important to remember that the 23 counties do contain 42% or slightly more than two-fifths of all cases that will be included in the new rate calculation. Thus, it will remain critical for all jurisdictions to put forth their best effort to engage customers in countable activities. If any fall short, the slack will need to be made up by other jurisdictions. Because caseload declines have been so large, however, margins are thin in many locales. That

is, because the number of cases is so small in many places – fewer than 200 work mandatory cases in 17 of 24 counties - their ability to compensate for shortfalls that might occur elsewhere may be limited.

For example, Maryland can theoretically meet the 50% participation standard if all 24 local Departments have at least 50% of all non-child-only cases in allowable activities at least 30 hours per week. But, if the City only reached 40%, the 23 counties would have to achieve a participation rate of at least 57% in order to compensate. On the other hand, if counties' overall rate was 40%, Baltimore City would need to have at least 64% of its work participation cases in activities in order for Maryland to reach the standard.

“If-then” calculations could be done for any number of participation rate achievement scenarios. Because the stakes are so high, it might behoove state and local welfare officials to jointly articulate what they believe are a range of most likely participation rate achievement scenarios and carry out the appropriate ‘If-then’ calculations. Policy and case prioritization options, and various performance target choices should then be considered in light of the results and what they suggest in terms of implications for the state and individual local Departments of Social Services.

**✘ There is wide variation in the geographic distribution of the work mandatory case types across the state. It is thus important to think carefully about the contributions each local Department might reasonably be expected to make to the state’s work participation success. Policy makers should also recognize that if new screening policies or service requirements specific to some SSP groups were adopted, the bulk of the implementation burden would fall on the 23 counties.**

Our examination of how the various work mandatory case types are distributed across the state reveals great variability. The key finding is that, relative to its share of the entire statewide TANF caseload (52.6%), Baltimore City contains a disproportionate share – more than three of every five (62.0%) - of all Not SSP (i.e. traditional, single-parent) cases and Needy Caretaker Relative cases (64.8%). In contrast, the City accounts for only a little more than one-third (36.2%) of all DEAP Disabled cases statewide and about 5% of Maryland’s TANF Disabled cases.

These data have several important implications. First, it bears repeating that, at least theoretically, Maryland can meet the 50% work standard with the traditional, able-bodied, one adult cases (Not SSP). However, under this scenario, Maryland’s overall work participation rate would rely even more heavily on just one jurisdiction, Baltimore City because, as noted, the City accounts for more than three-fifths of all Not SSP cases statewide, compared to just about half of all TANF cases.

A second implication of the geographical distributions concerns DEAP Disabled and TANF Disabled cases. If the state were to adopt new screening or service requirements for these groups, the implementation burden would mainly fall on the 23 counties. Because of the geography and resources/population/ transportation situations in many

subdivisions, this point should be kept in mind when considering the costs and benefits of new approaches or rules pertaining to disabled clients. Implementation of and compliance with even seemingly simple new requirements (e.g., requiring a medical evaluation from an LDSS-selected provider), in some counties, could potentially be difficult and expensive for agencies and their disabled clients. It is conceivable that there could be Americans with Disabilities Act (ADA) implications or challenges as well.

✘ **Examination of local caseloads suggests that ‘one size does not fit all’ and the principle of ‘local flexibility’ should probably remain important welfare program mantras. Although most jurisdictions have a larger share of work participation cases than child only cases, these subtypes are more evenly distributed or child only cases predominate in 9 of 24 local subdivisions.**

All else equal, one could set the same work performance expectation threshold for each local DSS and, if each achieved a 50% rate, Maryland would meet the federal, all families work standard. As demonstrated, however, “all else” is not equal in Maryland in terms of TANF caseloads so the possibility that performance targets should vary across jurisdictions should at least be considered.

Three situations describe the distribution of child only vs. non-child-only cases across the state. Most common, in 15 of 24 jurisdictions, is for a locality’s TANF caseload to have a greater share of ‘work participation’ than child only cases. The 15 subdivisions where this situation prevails and the percentage of work cases are: Anne Arundel, 61.7%; Calvert, 67.6%; Caroline, 53.5%; Carroll, 60.8%; Cecil, 57.4%; Dorchester, 65.3%; Frederick, 59.8%; Harford, 62.1%; Howard, 54.9%, Montgomery, 52.0%; Prince George’s, 53.9%; Queen Anne’s, 54.3%; St. Mary’s, 58.6%; Somerset, 59.0% and Baltimore City, 68.2%.

The second situation is where the total local TANF caseload is just about evenly divided between child-only and non-child-only cases. A fairly diverse group of six of 24 subdivisions fit this profile: Baltimore County (49.8% child only); Charles (48.6%); Garrett (48.9%); Kent (49.0%); Washington (48.7%); and Wicomico (48.4%). Child only cases are not affected by the new work rules but could potentially affect the degree to which a county can contribute to Maryland’s overall work participation success. Child only cases reduce the total pool to which mandatory work engagement efforts can be addressed and, thus, may make it more difficult to achieve work performance targets.

The third situation is where more than half of the entire local TANF caseload consists of child only cases. Three subdivisions fit this profile: Worcester (70.8%); Talbot (66.7%); and Allegany (52.7%) counties. In terms of planning and goal setting it is thus important to bear in mind that, in these three subdivisions, a minority (as small as one-third or fewer) of their entire caseloads will be part of the work participation rate calculations.

✘ **Looking at local “work participation” caseloads more closely, we find that, in 18 of 24 jurisdictions, not-SSP cases (i.e., traditional, single adult cases) account for 60% or more of those that will be included in the expanded work rate calculation. In all localities, DEAP Disabled cases predominate among SSP cases. These data also suggest that the successful approach to meeting the work participation rate is probably to focus our efforts on engaging more traditional cases (i.e., not-SSP) in federally-allowable activities for at least 30 hours per week.**

Within local work participation caseloads, traditional, able-bodied single parent cases are the norm in most jurisdictions. In nine subdivisions, at least three-fourths of the work participation cases are Not SSP cases: Anne Arundel (79%); Dorchester (88%); Harford (74%); Howard (81%); Prince George’s (83%); Queen Anne’s (74%); Somerset (79%) and Wicomico (77%) counties; and Baltimore City (86%). For these localities, meeting the 50% participation rate is theoretically achievable without having to engage any SSP or TANF disabled clients.

Not SSP cases are 60 to 70% of the total work participation caseload in nine counties: Baltimore (70%); Calvert (70%); Caroline (64%); Carroll (64%); Cecil (63%); Frederick (68%); Kent (64%); Montgomery (60%); and St. Mary’s (63%). For four counties (Charles, 56%; Talbot 58%; Washington 57%; and Worcester 52%), roughly half to three-fifths of the work participation caseloads are made up of Not SSP cases.

Finally, in Allegany and Garrett counties, the percentage of SSP and TANF-disabled cases is greater than the percentage of able-bodied, single adult families; only about two-fifths of all work participation cases are traditional, Not SSP cases. Notably, DEAP-disabled cases are almost as common in both counties: a little more than one-third (35.3%) of Allegany’s non-child only caseload is composed of DEAP disabled cases while in Garrett County more than two-fifths (43.5%) are DEAP disabled.

Many factors must be considered when making the crucial decisions about how Maryland can best approach the new TANF work participation rate challenges and about which option or options have the greatest likelihood of enabling us to be successful. At least in terms of data about the caseload sizes and composition, however, it appears that the most effective approach, all else equal, would be to focus and redouble our efforts to appropriately assess and then effectively engage more traditional cases (i.e., not-SSP) in federally-allowable activities for at least 30 hours per week. All other policy choices notwithstanding, it is actually imperative that this be done in Baltimore City. Due to the City’s disproportionate share of the expanded statewide work participation population, it will be numerically impossible for Maryland to achieve the federal participation rate threshold unless significant success with the non-SSP, traditional work mandatory population is achieved in Baltimore City.

✘ **Although our analyses show that, for the most part, most local caseloads are not child only and most work participation cases are Not SSP, decision-makers should also keep in mind that jurisdictions vary widely in caseload size. One effect of caseload size variations is that the number of cases needed to reach certain work participation goals will vary even among jurisdictions with similar caseload compositions.**

Of course Maryland jurisdictions also vary widely in caseload size, from fewer than 50 cases overall in Garrett and Kent counties to more than 12,000 cases in Baltimore City. One implication of these size variations is that the effect on a jurisdiction's work participation rate of not having one or a few cases in federally defined work activities for the minimum number of hours will be larger in localities with small caseloads and smaller in those with large caseloads.

For example, Montgomery and Washington counties have similar percentages of work participation cases and Not SSP cases, but differ in caseload size. Montgomery County (n = 769) has more than twice as many cases as Washington County (n = 310). Both have about half of their cases included in the work participation rate calculation and about three-fifths of their work participation cases are Not SSP. Despite these similarities, having just ten fewer cases participating in work activities would affect Washington County's work participation rate by -6.0%. For Montgomery County, the effect would be much smaller, lowering their work participation rate by only -2.5%.

To the extent that work participation rate expectations are set equally across all jurisdictions (e.g., everyone's target is 50%), simple variations in caseload size could have significant negative effects on goal achievement, particularly in counties where caseloads are small. It would seem prudent to take this into account, in some manner, during discussions about overall program design and goal setting.

Discussion thus far has focused mainly on the 50% participation rate. However, it is important to remember that, if Two Adult cases continue to be paid through state funds claimed as MOE, Maryland must also meet the 90% participation rate standard for two-adult cases. The data show that two adult cases are rare in all jurisdictions, totaling only 417 cases statewide in October 2005; in fact, only six jurisdictions have more than 10 such cases. As a result, many counties could fail to achieve 90% if only one case did not comply. Moreover, only Baltimore City (n=184) and possibly Prince George's County (n=66) potentially have enough Two Adult cases to be able to make up any shortfall that might occur elsewhere. Given other challenges these two jurisdictions face and the looming presence of possible financial penalty though, it may not be realistic to expect that this would be able to be accomplished.

✘ **In terms of payee characteristics, we find both similarities and differences among the work participation groups. The vast majority of cases, regardless of sub-group, are headed by African American women. Payees vary widely in age, with Needy Caretaker Relatives being, on average, about 20 years older than traditional, Not SSP caseheads.**

One thing that has not changed much in ten years of welfare reform is that cash assistance programs still primarily serve women and children. Almost all Not SSP (97.2%) and Needy Caretaker Relative (94.7%) caseheads are female, and the percentages are only slightly lower among DEAP disabled (91.9%), TANF disabled (92.6%) and Legal Immigrant (88.0%) cases. Though still a large majority, the lowest percentage (74.6%) of female caseheads, expectedly, is found among Two Adult cases. In other words, in Two Adult cases, the man is the TANF casehead in one out of four cases. The practically relevant point here is that, expansion of the work participation population notwithstanding, women are still the vast majority of clients targeted for welfare to work involvement and reporting.

In terms of ethnicity, newly-added SSP payees are much more likely to be Caucasian than the not-SSP or traditional, single adult case payees. Still, for every SSP group, more than half of all cases are headed by African-Americans. More than four-fifths of Not SSP (85.3%) and Needy Caretaker Relative (84.9%) cases are headed by an African American adult. The percentage of African American payees is markedly lower among DEAP Disabled (57.2%), Legal Immigrant (58.3%), and Two Adult (63.2%) cases. Among legal immigrant cases, a little more than one-third are neither Caucasian nor African American. TANF Disabled cases are evenly split, with 49.2% having a Caucasian payee and 46.5% an African American casehead.

On average, Not SSP (mean = 29.54 years) and TANF disabled (mean = 29.70 years) caseheads are about 30 years old. Adults who head Legal Immigrant and Two Adult cases are slightly older, with average ages of 32 and 34 years, respectively. DEAP disabled caseheads are older still, having a mean age of 37 years and with almost three out of five over the age of 36. As expected, Needy Caretaker Relative caseheads are the oldest. On average, adults heading Needy Caretaker TCA cases are about 50 years of age and almost all of them (91.6%) are over the age of 35.

✘ **Data on the composition of TCA assistance units also reveal statistically significant differences, but none that are surprising. For planning purposes, it is particularly important to note that Two Adult cases have significantly more children than the other cases.**

Except for Two Adult cases, the vast majority of other types of work participation cases include only one adult on the TCA grant. Most cases, across all case types, include one or two children. About two-fifths of Not SSP (41.7%), DEAP Disabled (45.4%), TANF Disabled (43.1%), and Legal Immigrant (40.0%) cases include only one child. Having only one child is even more common among Needy Caretaker Relative cases, about

three-fifths of all cases (60.7%) in this sub-group. Two Adult cases are unique, with almost seven out of ten (68.6%) including two or more children.

The presence of more children in two-adult cases may warrant particular attention in the process of deciding the best approach for this group. It has already been recognized that, because of the very small size of this sub-group and the much more stringent participation standard (i.e., 90%) that attaches to two-parent families, a shortfall of only one or two cases per jurisdiction would make it impossible for the state to meet the federal threshold. The fact that, statewide, Two Adult cases also have significantly more children than any other type of case should also be considered cautionary.

**✘ There are statistically significant differences among work participation groups in the average ages of their youngest children and thus their potential child care needs. Not SSP and Legal Immigrant cases have the youngest children on average, indicating that reliable, affordable child care for infants, toddlers, and preschoolers will be key to engaging these customers in work activities.**

One key element in a TCA client's ability to participate in work activities, obtain and maintain employment, and exit welfare is the availability and affordability of child care, particularly for young children. Our analyses show that both Needy Caretaker Relative and DEAP Disabled cases have primarily school-age children. In two-thirds (65.9%) of DEAP Disabled and almost three-fourths (72.9%) of Needy Caretaker Relative families, the youngest child is over five years of age.

The other SSP groups tend to have younger children. Among TANF disabled cases, the youngest child, on average, is five years old and almost half (46.3%) of these cases include a child who is less than four. The average age of youngest child is similar for Two Adult Recipient cases (mean = 5.05), and two-fifths (42.1%) include a child between one and three years of age.

Not SSP (i.e., traditional) and Legal immigrant cases have the youngest children, on average. The median age of the youngest child is about 2 ½ years for both groups, indicating that half of all cases have a child who is less than this age. These findings suggest that child care, particularly for infants and preschoolers, will be especially critical for the work participation and work transitions of Not SSP and Legal Immigrant families. Non-SSP cases are, by a very wide margin, the largest group – about 80% of the total - who will need to be successfully engaged. Thus, the importance of the finding that the majority of such cases have young children should not be overlooked, nor should its implications for child care.

Most Needy Caretaker Relative payees (65%) are caring for grandchildren. Except for the fact that they are included in the TCA grant, these payees closely resemble non-parental, child-only payees. Needy Caretaker Relative cases also have the highest percentage of household members receiving SSI. These findings suggest that Needy Caretaker Relative cases, like many TANF child-only cases, may have unique

circumstances and service needs and, for numerous reasons, may be unsuitable targets for welfare to work programming. Work participation may be difficult for these adults and may not be in the overall best interest of the state either. In particular, it would be prudent to consider potential child welfare costs and effects of imposing work requirements on these non-parental custodians. It is conceivable, for example, that for some of these caregivers, most of them older grandmothers, a 30 (or 40) hour per week work requirement might prove impossible. In at least some such cases, it seems likely that children could come into foster care.

✘ **Not surprisingly, applications for SSI are nearly universal among DEAP Disabled cases. However, SSI applications on behalf of the casehead or other family members are also fairly common among other work participation cases, a finding that does not bode well for their work participation potential.**

Maryland has long recognized the importance of SSI benefits for disabled individuals and the difficulties low-income individuals often face when applying for SSI. Since the early 1990s, DHR has funded the Disability Entitlement Advocacy Program (DEAP) to provide SSI application assistance and advocacy. Moreover, Maryland requires that all TANF clients with a documented disability expected to last 12 months or more work with DEAP to apply for and, as necessary, appeal denials of SSI benefits. TANF clients working with DEAP are part of Maryland's SSP and thus, will be included in the work participation rate calculation. However, to qualify for SSI, applicants must meet the SSI program's stringent definition for long-term disability, including being unable to perform any "substantial gainful activity."

As expected, we find statistically significant differences among the work participation groups in terms of SSI applications. The vast majority (81.7%) of DEAP disabled caseheads have applied for SSI.<sup>2</sup> SSI application is also fairly common among Needy Caretaker Relative (37.0%) and TANF Disabled (21.8%) caseheads. Among the other work participation groups, SSI casehead applications are fairly rare with a little more than one-tenth of Not SSP (14.9%) and Two Adult Recipient (12.0%) caseheads and 6.0% of Legal Immigrant payees applying.

We also find that an SSI application has been filed on behalf of a case member in a little more than one-fourth of Needy Caretaker Relative (26.7%), DEAP Disabled (26.8%), and Two Adult Recipient (24.2%) cases. A little less than one-fifth (16.5%) of Not SSP cases have filed for SSI for a family member. Case member applications are less common among TANF Disabled (8.5%) and Legal Immigrant (2.0%) cases.

Most broadly, we also looked at the percentage of cases in which either the casehead or another household member had applied for SSI. As expected, SSI applications are

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<sup>2</sup> This number reflects the percentage of caseheads with an SSI application that had been entered into the data system by October 31, 2005. For the other 18.3% of DEAP disabled caseheads without an application in the system it could be either because their applications have not been entered into the data system yet or, for two parent cases, the casehead's spouse is the one filing for SSI.



nearly universal among DEAP Disabled (87.7%) families but are fairly high among the other groups as well. In more than one half (53.6%) of Needy Caretaker Relative families, to illustrate, and almost three out of ten Not SSP (27.8%), TANF Disabled (27.1%) and Two Adult Recipient (29.7%) cases someone in the family has had a health or mental health problem perceived as being severe enough to prompt an SSI application.

These findings suggest, at minimum, that more than cursory consideration should be given to the risk-reward tradeoffs associated with the decision to include or take steps to exclude the disabled groups in the state's work participation programs and rate calculations. If such cases are included, it would appear that thorough assessment of family health and mental health issues would be imperative. In addition, local agencies may need to find creative ways to provide activities that take into account families' special needs, while still counting toward the participation rate.

**✎ Data on the welfare history of work participation customers suggest that three of the SSP groups (TANF Disabled, Legal Immigrants, & Two Adult Recipient cases) may be expected to exit the rolls fairly quickly, even without specifically targeting them for work participation activities. Non-SSP or traditional, able-bodied, single adult cases, however, appear to have exited the rolls before, but returned for further assistance; this suggests that assessment and services should be targeted for this group to ensure they can maintain employment and financial self-sufficiency.**

In general, we find that short welfare spells are the norm for four of the six work participation groups: TANF Disabled; Legal Immigrants; Two Adult Recipients; and Not SSP (i.e., the traditional, able-bodied, single adult cases). Almost all TANF Disabled (95.7%) and four-fifths of Legal Immigrant (78.0%) and Two Adult (80.3%) cases had been open for a year or less at the time of sample selection. TANF Disabled cases have the shortest current spell length, on average, with a mean of four months. The mean number of months of continuous receipt is fairly low as well among Two Adult (mean = 8 months) and Legal Immigrant (mean = 10 months) families. Not SSP or traditional able-bodied, single adult cases also tend to be in the midst of a current welfare spell of relatively short duration (mean = 13 months).

As expected, current welfare spells are significantly longer, on average, for DEAP Disabled. These cases had been open without interruption for an average of 21 months or almost two years, with about one-fifth (18.3%) having received assistance continuously for more than three years.

For all groups, we find that, on average, families have received welfare for more months in the past five years than just those in their current spell. However, the difference between total current spell months and total months of benefit receipt in the past five years is slight for TANF Disabled, Legal Immigrant, and Two Adult Recipient cases but larger for the other three groups. The mean number of months of welfare receipt in the past five years for DEAP Disabled caseheads is 28 months, eight months greater than

the average current spell. On average, Not SSP, single adult families utilized 22 months or not quite two years of cash assistance in the five years before October 2005, about nine months longer than their average current spell.

- ✘ **Needy Caretaker Relative cases have the longest welfare histories. Moreover, it appears that many of these may have begun as child only cases (and perhaps, before that, as child welfare cases). Further study is needed to determine what factors may lie behind these child-only to Needy Caretaker case transitions and if there are certain supports or interventions that might make it possible for the adult caregiver to remain independent of welfare. We should proceed with great caution, however, before deciding to make work participation mandatory for the adults in these cases.**

By far, the longest average current spell length (33 months or almost three years) was found among Needy Caretaker Relative cases. Notably, in these cases, the adult has been included in the grant, on average, for 23 of those months, or about 70% of the time. This suggests that some families may flip back and forth from Child Only to Needy Caretaker Relative case types. It is also possible that the case begins as Child Only, with the adult having income from employment but, perhaps because of family care-giving demands, the employment ends and the adult becomes part of the TCA grant. Further research of these hypotheses should probably be undertaken and, if the hypotheses are confirmed, it may be prudent to assess the extent to which work supports might feasibly assist caretaking relatives to remain employed.

Needy Caretaker Relative cases also have the longest welfare histories in the past five years; more than two-fifths (43.0%) have received TCA for at least four of the past five years. Average receipt is 37 out of 60 months, a little over three years. Again, however, the caretaking adults have not always been included in the TANF grant. On average, these adults have been on the grant 27 months out of the past 60.

It is worth noting that these particular findings are generally consistent with those we have reported in separate studies of the child-only TANF caseload. It seems plausible then that at least some, perhaps many, Needy Caretaker Relative TANF cases, like child-only TANF cases, may actually result from the agency's efforts to prevent or reduce formal foster care placements. Given the immediacy of the new TANF work participation/calculation challenges, and the very real possibility that mandating essentially full-time work participation for the adults in these cases could lead to unintended child welfare consequences, it would seem most prudent to take the steps needed to insure that Needy Caretaker Relative cases are not subject to or counted under the new TANF work rules.

- ✘ **Previous employment is nearly universal among all work participation groups, but there are statistically significant differences in employment rates, employment stability, and earnings. Because they have the highest rates of current and recent work experience, Not SSP and TANF Disabled cases appear to be the most "work ready" and the most work experienced.**

Almost all Not SSP (93.2%), DEAP Disabled (95.1%), and TANF Disabled (94.7%) payees have worked in a Maryland UI-covered job. Among Needy Caretaker Relative cases, historical rates are slightly lower but, even so, more than four-fifths (86.3%) have worked for a UI-covered employer at some point.

The lowest, though still significant, rates of historical employment are found among Legal Immigrant (68.0%) and Two Adult Recipient (63.5%) caseheads. For the latter group, it is likely that in some cases where the casehead has not been employed, the other adult had been the breadwinner. It is also important to note that one-third (33.3%) of all Two Adult Recipient cases are Hurricane Katrina victims. Because these families came to Maryland just a few months before our sample was selected in October 2005, they are less likely to have worked for Maryland UI-covered employers.

Issues such as less time spent in Maryland, limited English fluency and immigration-related work restrictions may explain the lower employment rates among Legal Immigrant payees. For these customers, it seems clear that individualized assessment would be especially important to determine the most appropriate work activities that can move them from welfare to work.

The highest rates of recent employment (within the past two years) are found among TANF Disabled (79.8%) and Not SSP (70.6%) or traditional cases. Slightly more than half (54.0%) of Legal Immigrant caseheads also have a recent employment history. The lowest rates of recent UI-covered employment are found among DEAP Disabled (45.3%), Two Adult (43.6%), and Needy Caretaker Relative (36.7%) cases, a somewhat different trend from that observed with regard to historical employment

The earnings an adult can command in the labor market is an important predictor of successful welfare-to-work transitions. Overall, adults in our sample have typically received about \$2000 per quarter in UI-covered earnings. However, and not surprisingly, there are statistically significant differences among the six participation groups. Average quarterly earnings are lowest for Not SSP and Legal Immigrant families; employed adults in these cases earned an average of \$1789 and \$1697 per quarter, respectively, in the two years before sample selection. In contrast, DEAP Disabled, TANF Disabled, and Two Adult Recipient caseheads earned several hundred dollars more per quarter, with mean earnings of \$1944, \$2175, and \$2015, respectively.

Employed Needy Caretaker Relative payees commanded the highest average quarterly earnings of all the work participation groups. These employed participants received an average of \$2403 per quarter from UI-covered employment.

Most generally, our analyses of Maryland UI-covered employment among TANF recipients who will be included in the work participation rate calculation suggest that most are familiar with the world of work, having been employed at some time in the past. However, except for Not SSP (i.e., traditional) and TANF Disabled customers, their work experience is not all that recent. Moreover, their employment has tended to

be somewhat unstable in the past. Typically, clients worked about half of the time and, on average, had quarterly earnings that are fairly low.

Not SSP cases represent four-fifths of the work mandatory population under the new TANF rules and, theoretically, Maryland could achieve the required work participation rate by focusing only on this traditional population. Going forward, it would thus be very worthwhile, especially for Not SSP cases, to conduct thorough assessment to find out why previous jobs ended and what services or work supports might be needed to determine the most appropriate work activities and increase the client's chances of long-term success. In the case of TANF Disabled payees, many of whom are receiving TCA while pregnant or recovering from childbirth, it is likely that they will move back into the labor force once their health situations improve. Case planning for these families should focus on having the work supports, especially child care, in place to allow the adult to obtain and maintain employment over the long term.

**✘ States face several important decisions with regard to the new TANF rules but none are as pressing, critical or of long-lasting effect as those related to the SSP populations. Our findings concerning the newly-expanded work mandatory population, particularly the SSP groups, provide food for thought for state and local officials who must determine Maryland's best course of action. The findings suggest that, at least for the first year or two of operation under the new federal rules, one particular course of action may be the most prudent one to pursue or at least to seriously consider.**

At least in the short-run, the data presented in this report suggest it would be advisable for Maryland to explicitly think through and cost out the option of removing SSP cases from the work participation rate calculation. This could be done by no longer counting their assistance payments as Maintenance of Effort (MOE) expenditures or, possibly, some other method or approach. This strategy makes sense to consider, at least for the time being, for several reasons. First, despite the substantive nature of the TANF changes, there has been extremely limited time between issuance of the guiding federal regulations (June 2006) and the new rules' effective date (October 2006). This leaves little time for the type of thoughtful, participatory, comprehensive program design which characterized Maryland's approach to the original TANF legislation and which has served our state and its people so well. In addition, the potential risks (e.g., fiscal penalties, increased MOE requirements, ADA lawsuits, foster care placements) to our state if hasty decisions prove faulty are considerable.

Second, the empirical data presented here suggest that, for the largest SSP groups, there may be little payoff from efforts to engage them in work, but there may be the risk of undesirable consequences. Given the characteristics and circumstances of most SSP clients, the more prescriptive federal definition of work, the expectation that 'participation' means 30 hours of work each week, and the fact that SSP clients, overall, constitute such a small portion of the overall work participation caseload (about 20%), we think that, for the time being, the fiscal and other risks of including these populations outweigh the benefits. Results from this study and our 20+ years of experience with

Maryland welfare programs lead us to believe that, in the short-run, agencies' energies and resources could probably be more productively and successfully spent on engaging traditional cases in countable activities for the required number of hours.

We realize, certainly, that real world realities often make it impossible to do what research results may suggest is best. In this case, removing all SSP cases from the state's work participation rate calculations would require the identification of an equivalent amount of state expenditures that could be legitimately claimed as MOE (i.e., substituting for the SSP expenditures). It may or may not be possible to come up with the needed amount but, for the reasons noted, we think the exercise is one that should be undertaken.

To the extent that only partial replacement MOE claims could be identified, it would be necessary to prioritize SSP groups to be removed from the work participation rate calculation. These would be difficult, perhaps contentious, choices but the data suggest that three groups, in particular, should receive serious consideration: two adult cases; DEAP disabled cases; and caretaker relative cases. It may be that no MOE substitutions are possible, but given the strength of our findings, the short time frame, and the potential consequences of certain policy choices, we strongly recommend that serious consideration at least be given to determining if this or some other option is affordable and feasible, in whole or in part.

Last but certainly not least, it is important to remember that Maryland's welfare reform program created as a result of the original TANF legislation has served our state well for the past decade. In no small measure, this is because our state's approach to the task of designing a reformed system was bi-partisan, carefully-crafted, and based on empirical data. Although the original TANF challenges were many and substantial, they were more than met in Maryland because of the state's methodical, data-driven deliberations and decisions. TANF reauthorization occurred with much less fanfare and media attention, but the challenges it presents to all states, including Maryland, are just as important and the potential negative consequences are equally severe. We are confident that our state, its decision-makers and front-line managers are up to and will meet these new challenges as effectively as they addressed the challenges a decade ago. We also trust that, as was true in the mid-1990s, the research results reported in this and other of our studies are useful in working through the various policy and program choices.

## INTRODUCTION

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The most hotly debated aspects of the long-deferred reauthorization of the Temporary Assistance to Needy Families (TANF) program concerned work participation requirements and State work participation standards. Ultimately, the final legislation, the Deficit Reduction Act of 2005 (DRA), did make significant changes. The base year for calculating the caseload reduction credit was changed from 1995 to 2005, states are now required to include cases funded through Separate State Programs (SSP) in the work participation rate denominator, and the definition of what constitutes 'work' has been substantially tightened.

These changes are controversial. Proponents argue they are needed to prevent clients from languishing on welfare and/or states from counting spurious activities as work. Opponents assert they constitute prescriptive, federal micro-management of TANF which, by design, incorporated fixed block grant funding in exchange for state flexibility (see, for example, Fletcher, 2006). All parties agree, however, that the new rules – effective October 2006 - represent a significant challenge to states.

Unstated but inevitable is the fact that the choices states make about how to move forward under the new rules will have important fiscal and other consequences. To the extent possible, it is thus important to try and anticipate what the implications of the various options might be so that the choices made are the ones most suited to the realities of welfare caseloads at the state and sub-state level.

Fortunately, Maryland has a long, strong tradition of using research to inform and guide welfare policy decision-making. Today's report continues that tradition. Its purpose is to provide empirical information to aid officials in sifting through the options available with regard to the new TANF rules and making the important decisions about how our state should proceed. In Maryland, as elsewhere, the new mandate that SSP groups be included in participation rate calculations presents a major and immediate challenge; for that reason, the TANF SSP caseload is the central focus of our study. Specifically, we use administrative data to profile the characteristics and work participation prospects of clients who, in October 2005, were enrolled in one of the state's Separate State Programs (SSP), where assistance has been paid with state Maintenance of Effort (MOE) funds, not federal TANF dollars. The specific SSP case types examined are:

- 1) Needy Caretaker Relatives – Cases where the casehead is not the parent of the children who are eligible for TANF, has low or no income and thus is also included in the TANF grant.
- 2) DEAP-Disabled – Cases where the casehead and/or the casehead's spouse has a long-term disability (12 months or more). The family is required to apply for Supplemental Security Income (SSI) and cooperate with the Disability Entitlement Advocacy Program (DEAP).
- 3) Two-parent – Cases with two able-bodied, adult recipients.

- 4) Legal Immigrants – Cases where the adult casehead is a legal immigrant who entered the country after August 22, 1996. The casehead is not eligible for federally funded TANF but, because Maryland law considers these families ‘eligible’ and pays them with state funds claimed as MOE, the new federal rules require they be counted in the work participation rate calculations.

For comparison purposes we also profile cases headed by an able-bodied, single adult recipient. These are the traditional cases for which TANF work requirements were intended and who have always been included in work participation rate calculations. Information on another group, those with short-term disabilities, is also included.

As it stands now, all families in the above groups will have to be included in Maryland’s work participation rate calculations.<sup>3</sup> This is because, although state funds are used to pay assistance benefits to families in SSPs, those state expenditures have been claimed as part of Maryland’s required TANF MOE (Maintenance of Effort) expenditures. Under the new federal TANF rules, clients paid with MOE-claimed funds must be included in the work participation rate calculations. Failure to have 50% of all adults (90% of two-parent households) taking part in a federally defined work activity can result in the imposition of substantial financial penalties and require the expenditure of additional state funds (Parrott, et al., 2006).

In essence, there are only a few options available. We can: (1) continue to focus the bulk of our efforts on traditional, able-bodied, single adult cases; (2) devote major attention to the newly-added SSP groups; or (3) attempt to work creatively and effectively with both types of clients. A fourth, somewhat different, but perhaps even more important option also warrants careful consideration. That is, concurrent with deliberations about which client populations to target, the desirability, feasibility and potential fiscal and performance implications of removing certain client groups from the participation rate calculations should also be examined. Here we refer to the fact that, if Maryland elected not to claim some or all of its SSP expenditures as MOE, the client groups whose benefits were financed through state funds would not have to be included in our federal work participation rate calculations.

The TANF-related decisions that need to be made by our state at the present time are difficult ones, they are vitally important, and they will matter for Maryland and its people for some time to come. Thus, in addition to deliberating carefully and conscientiously, it is also important to consider actual data about the size, distribution, composition and characteristics of the client population at the state and sub-state levels. This report provides that data and, where possible, notes possible implications and potential consequences of various policy choices for consideration. We hope the report is of value to those who must chart the best course for Maryland welfare reform in these challenging times.

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<sup>3</sup> One additional SSP group, those covered by the Family Violence Option, is not included in the federal work participation rate.

## METHODS

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### **Sample**

The sample for this report comes from the universe of cases (n = 23,381) receiving Temporary Cash Assistance (TCA, Maryland's TANF program) in October 2005. Our analyses focus on those cases that will be included in the denominator of the work participation rate calculation beginning October 1, 2006: SSP; TANF Disabled; and traditional, single-adult.

At the specific request of the Department, we report on four SSP groups: 1) needy caretaker relatives (n = 587); 2) DEAP-disabled (n = 1546); 3) two-parent cases (n = 418); and 4) legal immigrants (n = 57). The vast majority of SSP cases fall into one of these categories.<sup>4</sup>

For purposes of comparison, we also include cases that are headed by an able-bodied, single parent, called "Not SSP" in this context. These are the traditional cases for which TANF was designed and which have always been included in the work participation rate calculation.

Finally, our analyses consider one additional TCA subgroup funded by federal TANF dollars: cases where the casehead has a short-term disability (less than 12 months; n = 188). These cases, called TANF-disabled, have always been included in the work participation rate calculation. However, they have traditionally been granted good cause for not participating in federally allowable work activities for at least 30 hours per week. Because local Departments of Social Services may now have to engage some of these clients in order to meet the work participation rate standard, it is important to present data on their characteristics as well.

### **Data Sources**

Data on customers' characteristics, welfare utilization patterns, and employment histories are drawn from two computerized management information systems maintained by the State of Maryland. Demographic and program participation data were extracted from the Client Automated Resources and Eligibility System (CARES). Employment and earnings data were obtained from the Maryland Automated Benefits System (MABS), which contains official data on all Maryland jobs covered by the state's Unemployment Insurance system. Each of these systems is briefly described below.

#### **CARES.**

As of March 1998, the Client Automated Resource and Eligibility System (CARES) became the statewide, automated data system for programs under the purview of DHR.

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<sup>4</sup> It should be noted that fully one-third of all two adult cases are Hurricane Katrina victims.



The system contains individual and case level program participation data for all families who apply for cash assistance, Food Stamps, or Medical Assistance.

### ***MABS.***

The Maryland Automated Benefits System (MABS) contains employment and earnings data on all jobs within the state that are covered by the Unemployment Insurance (UI) program. Roughly 93% of all in-state jobs are covered. However, notable exclusions in the administrative employment records are federal government employees (civilian and military), independent contractors, commission-only salespersons, most religious organization employees, some student interns, self-employed persons with no paid staff, and farm workers. “Off the books” or “under the table” employment and jobs located outside of Maryland are not included.

The lack of administrative data on jobs in other states and federal jobs is particularly important. According to the 2000 census, the rate of out-of-state employment among Maryland residents (17.4%) was nearly five times greater than that of the nation as a whole (3.6%).<sup>5</sup> Moreover, jurisdictions vary significantly in their rates of out-of-state employment. In certain populous counties with sizable TANF caseloads (Prince George’s and Montgomery), one-third or more of employed residents work outside Maryland; in contrast, only 2.3% of Baltimore City residents do so. Thus, our lack of access to employment data from the states that border Maryland understates true rates of employment. Also, there are more than 100,000 federal jobs in Maryland and the majority of state residents live within commuting distance of Washington, D.C., where federal jobs are even more numerous.

It is also important to note that earnings from UI-covered jobs in Maryland are reported on an aggregated quarterly basis. Thus, we do not know, in any given quarter, how much of that quarter (i.e., how many hours in a month or months in the quarter) the individual was employed. It is impossible to compute hourly wage, or weekly or monthly salary, from these administrative data. Readers are reminded also that these data do not necessarily equate to total household income because we have no information about other income sources available to the casehead or about earnings or income of other adult household members. It is important to bear these data limitations in mind when examining and interpreting employment and earnings findings.

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<sup>5</sup> Data were obtained from the U.S. Census Bureau web-site <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.

## FINDINGS: CASELOAD COMPOSITION

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This report has three findings chapters. In this first chapter we focus on the size and composition of the TANF caseload at the state and sub-state levels and the policy and program implications of those findings vis-à-vis the new TANF rules. The second findings chapter presents descriptive data on the characteristics of families who will be included in the work participation rate calculation while the third and final findings chapter describes the welfare and employment histories of the adults in our sample.

### ***Statewide Caseload***

Before examining the characteristics of SSP cases, it is important to consider their proportions relative to the entire caseload. A necessary first step in this process is to examine the share of the total statewide TANF caseload that will be included in the work participation calculation. At its most basic level, the caseload can be divided into two groups: 1) those with at least one adult recipient and 2) those with no adult recipients (i.e. child only cases). The former will be included in the work participation rate calculation; the latter are excluded.

### ***Child Only and Non-Child Only Case Types.***

Figure 1, following, displays the distribution of child only and non-child-only cases among Maryland's October 2005 active TCA caseload. Statewide, almost two-fifths (38.5%) of the caseload consists of child only cases where the adult casehead is not included in the TANF grant. Emerging research indicates that child only cases are distinct from traditional welfare cases in several ways and may have special needs, particularly with regard to child welfare supports and services (Gibbs, Kasten, Bir, Hoover, Duncan, & Mitchell, 2004; Hetling, Saunders, & Born, 2005b). However, in terms of work participation rates and standards, child only cases are currently exempt from work requirements and excluded from States' rate calculations.

For purposes of this study, the most important finding is that three-fifths (61.8%) of Maryland's TCA caseload consists of cases with an adult recipient included in the grant. In other words, the majority of cases will be included in the new method of calculating the TANF work participation rate.

**Figure 1. Maryland's October 2005 TANF Caseload by Case Type**

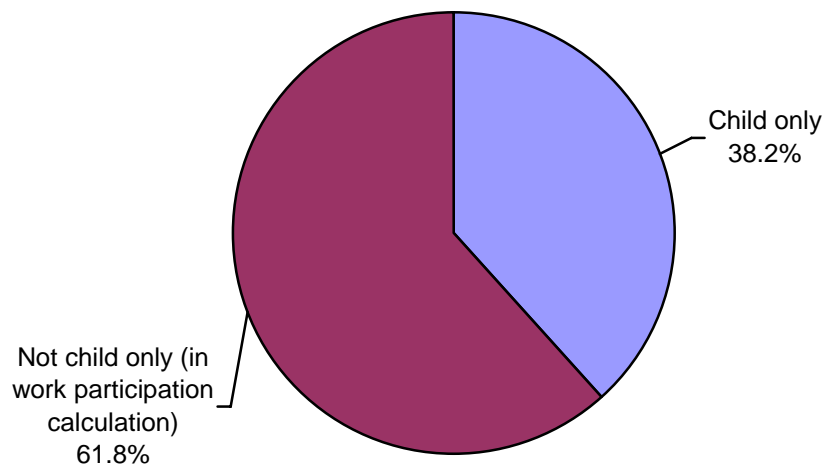


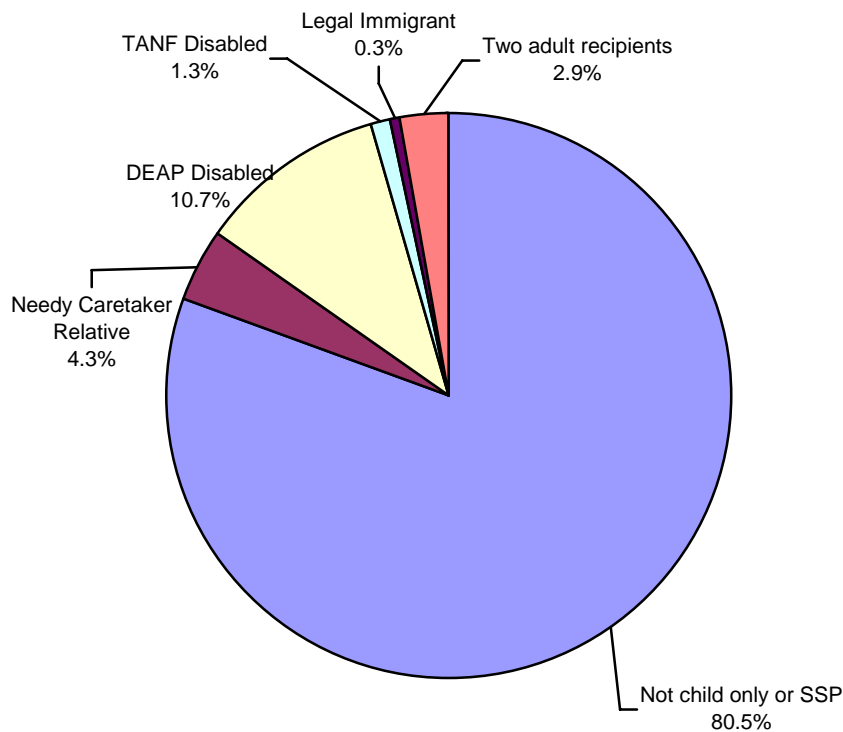
Figure 1 presents a global picture of Maryland's total TANF caseload. However, because child only cases are included in the total, it does not provide a detailed picture of the portion of the caseload subject to work participation requirements. That data appears in Figure 2, following this discussion, which displays case type information solely among the non-child-only caseload, the relevant population for this analysis.

***Work Participation Cases by Case Type.***

As shown in Figure 2, the vast majority (80.5%) of the new work participation eligible caseload consists of cases with one able-bodied parent. This group represents the "traditional" cash assistance case type, the population for whom TANF work requirements were originally designed, and to whom these requirements applied for TANF's first ten years. For local departments, it is encouraging to find that four-fifths of cases that will be included in the work participation rate calculation are those for whom work programs have been targeted and whose service needs, barriers to work, and demographic profile, relatively speaking, are well understood.

Among the remaining cases, DEAP disabled are most common, accounting for one-tenth (10.7%) of those included in the new work participation rate calculation. Four percent (4.3%) are needy caretaker relative cases. Two adult recipient cases account for 2.9%, TANF disabled for 1.3% and, finally, legal immigrants make up less than one-half of one percent (0.3%) of the new expanded population for work participation rate calculation purposes.

**Figure 2. Work Participation Rate Groups.**



Although simple, the previous figures actually hold two extremely important implications for Maryland’s efforts to meet the new work participation rate standard. First, Figure 1 demonstrates that while child only cases make up a significant minority of the caseload, most TANF cases do include at least one adult and thus are covered by the new federal rules.

Second, Figure 2 illustrates that, at least theoretically, Maryland could meet the 50% work participation standard for all adults without ever engaging the SSP groups or TANF disabled cases in federally allowable work activities. That is, if a little less than two-thirds (62.5%) of the caseload who are not in an SSP or TANF disabled case participate in federally-allowable work activities for at least 30 hours per week, the one adult participation rate standard would be met ( $80\% * 62.5\% = 50.0\%$ ). In other words, despite the understandable consternation and concern about the groups (i.e. SSP cases) newly added to the work participation rate calculations, the reality is that the large majority – fully four of every five cases – in our state’s expanded, countable population are of the traditional, single-parent type with whom local DSSes are well-experienced in terms of welfare to work efforts.

The practical problem, of course, is that for many of the families in the “Not SSP” group (i.e. the traditional, single adult, already work mandatory families), 30 hours per week of participation in federally allowable activities may not be feasible. For example, in almost one out of ten of these families (9.7%;  $n = 1,129$ ), the casehead has “good cause” for not participating because she is caring for a child under the age of one year.

The above is but one example that illustrates the risks that could be associated with any hasty assumption that the obvious approach to meeting new TANF work challenges (i.e., set a 50% participation rate in each LDSS and in all LDSSes focus on traditional cases) is the correct strategy to adopt. It may be that this is the optimal course of action to pursue. However, because the fiscal consequences to Maryland of not meeting the work participation rate would be considerable, it behooves state and local policy-makers and program managers to collaboratively consider all available options before setting the state's course. To make the best possible decisions for our state and its families, it is obvious that we need to look beyond aggregate caseload numbers in order to better understand the characteristics, needs, and prospects of all portions of the caseload, including SSP and TANF disabled families.

### ***Jurisdictional Distribution: Child Only & Non-Child Only Cases.***

Another confounding factor that must be taken into account is the reality that caseloads are not evenly distributed across the state in terms of size or case type. Although Maryland is a relatively small state, it is also quite diverse in terms of population and economy. Given this diversity, it is important to consider the distribution of the statewide caseload across jurisdictions. Table 1, following this discussion, displays the distributions of the total statewide, child only, and work participation caseloads across the 24 subdivisions.

Regardless of case subtype being considered, Table 1 clearly shows that four jurisdictions – Baltimore City, Prince George's County, Baltimore County, and Anne Arundel County – account for the lion's share of the overall statewide caseload. In the total statewide TANF caseload, a little more than half (52.6%) of cases are from Baltimore City. Prince George's County (11.3%) and Baltimore County (9.3%) each account for about one out of ten TCA cases in Maryland and 5.6% are located in Anne Arundel County. Taken together these four jurisdictions represent almost four-fifths (78.8%) of all cases in the entire state. Conversely, the other 20 Maryland counties, as a whole, account for only one of every five (21.2%) cases.

This lopsided total caseload distribution is an important planning consideration. However, Table 1 also illustrates that there are some differences in jurisdictional distributions when the child only and work participation populations are separately examined. These are also relevant to consider in light of the new TANF rules, perhaps most particularly, when contemplating how and at what level sub-state performance expectations should be set.

Most significantly, we find that the portion of the statewide TANF caseload that is included in the work participation rate calculation is more concentrated in Baltimore City and less concentrated in the 23 counties than the caseload in general. Table 1 clearly shows that about three-fifths of Maryland's "work participation" cases (58.0%) are in Baltimore City. This is almost 6% higher than the City's share of the total TANF caseload.

The concentration of the state's work participation caseload in this one jurisdiction (Baltimore City) has several implications for Maryland. First and foremost, success in the City will be absolutely essential to success for the state; most simply stated, Maryland will not be able to meet the 50% federal standard without a significant proportion of Baltimore City cases participating in federally allowable work activities for at least 30 hours per week. Because of the lopsided distribution of work participation cases, success is mathematically improbable, no matter how well the 23 counties may perform, unless Baltimore City also consistently performs at a very high level.

Despite the centrality of Baltimore City as an ingredient in overall state success, another implication is that, for the state to reach the 50% target, all jurisdictions must pull their fair share of the weight. If any fall short, the slack will need to be picked up by the other jurisdictions. Because caseload declines have been so dramatic in many jurisdictions, however, the margins are thin in many locales. That is, because the number of cases is so small in many places – fewer than 200 work mandatory cases in 17 of 24 counties - their ability to compensate for shortfalls that might occur elsewhere may be limited.

A final related point is that how much slack might have to be made up depends on whether it is Baltimore City or the 23 counties who fall short. For example, most simplistically (although probably also unrealistically), Maryland can meet the 50% participation rate standard if each of its 24 jurisdictions has at least 50% of its non-child-only caseload in federally allowable work activities for at least 30 hours per week. However, if Baltimore City can only reach 40%, the 23 counties would have to achieve a work participation rate of at least 57% to make up the difference. On the other hand, if the rate for the 23 counties proved to be only 40%, Baltimore City would have to have at least 64% of its work participation caseload in activities for Maryland to reach the standard.

"If-then" calculations could be done for any number of participation rate achievement scenarios. Because the stakes are so high, we think it would behoove state and local welfare agency officials to jointly articulate what they believe are a range of most likely participation rate achievement scenarios and then carry out the appropriate 'If-then' calculations. Policy and case prioritization options, and various performance target choices should then be considered in light of the results and what they suggest in terms of implications for the state and individual local Departments of Social Services.

**Table 1. Distribution of Statewide Caseloads across Jurisdictions.**

	Work Participation Groups		Child Only		Total	
	%	N	%	N	%	N
<b>Allegany County</b>	0.7%	95	1.2%	106	0.9%	201
<b>Anne Arundel County</b>	5.6%	806	5.6%	500	5.6%	1,306
<b>Baltimore County</b>	7.5%	1,086	12.1%	1,077	9.3%	2,163
<b>Calvert County</b>	0.8%	115	0.6%	55	0.7%	170
<b>Caroline County</b>	0.4%	61	0.6%	53	0.5%	114
<b>Carroll County</b>	0.8%	110	0.8%	71	0.8%	181
<b>Cecil County</b>	1.3%	182	1.5%	135	1.4%	317
<b>Charles County</b>	1.1%	161	1.7%	152	1.3%	313
<b>Dorchester County</b>	1.1%	160	1.0%	85	1.0%	245
<b>Frederick County</b>	1.3%	186	1.4%	125	1.3%	311
<b>Garrett County</b>	0.2%	23	0.2%	22	0.2%	45
<b>Harford County</b>	2.8%	399	2.7%	244	2.8%	643
<b>Howard County</b>	1.0%	150	1.4%	123	1.2%	273
<b>Kent County</b>	0.2%	25	0.3%	24	0.2%	49
<b>Montgomery County</b>	2.8%	400	4.1%	369	3.3%	769
<b>Prince George's County</b>	9.9%	1,429	13.7%	1,221	11.3%	2,650
<b>Queen Anne's County</b>	0.3%	38	0.4%	32	0.3%	70
<b>St Mary's County</b>	1.0%	139	1.1%	98	1.0%	237
<b>Somerset County</b>	0.5%	72	0.6%	50	0.5%	122
<b>Talbot County</b>	0.2%	24	0.5%	48	0.3%	72
<b>Washington County</b>	1.1%	159	1.7%	151	1.3%	310
<b>Wicomico County</b>	1.6%	229	2.4%	215	1.9%	444
<b>Worcester County</b>	0.1%	21	0.6%	51	0.3%	72
<b>Baltimore City</b>	58.0%	8,391	43.9%	3,913	52.6%	12,304
<b>State</b>	100.0%	14,461	100.0%	8,920	100.0%	23,381

### ***Jurisdictional Distribution: Work Participation Cases.***

The earlier discussion describing the composition of the statewide “work participation” caseload showed that the majority of those cases are headed by an able-bodied single-adult and do not fall within one of the newly-added SSP or TANF disabled groups. At the same time, our analysis of statewide data also revealed that neither the overall caseload nor the expanded work mandatory caseloads are evenly distributed across jurisdictions.

Given this ‘big picture’ context, it is important to think carefully and creatively about the contributions each local Department might reasonably be expected to make to the state’s overall work participation success. A key driver of local capacity and performance, obviously, will be the distribution, across jurisdictions, of the various work participation subgroups. Thus, Table 2, following, presents the percentage of Not SSP, Needy Caretaker Relative, DEAP Disabled, TANF Disabled, Legal Immigrants, and Two Adult Cases accounted for by each local subdivision. The data illustrate that there is wide variation in the geographic distribution of various work mandatory case types across the state.

The most important finding is that, relative to its share of the entire statewide TANF caseload (52.6%), Baltimore City accounts for a disproportionate share – more than three of every five - (62.0%) of all Not SSP (i.e. traditional, single-parent) cases and Needy Caretaker Relative cases (64.8%, or almost two of every three). In contrast, the City accounts for only a little more than one-third (36.2%) of all DEAP Disabled cases statewide and about 5% of Maryland’s TANF Disabled cases.

The data presented in Table 2 have several important implications. First, the point was made earlier but bears repeating that, at least theoretically, Maryland can meet the 50% work participation rate goal with the traditional, able-bodied, single-adult cases (Not SSP). However, under this scenario, the state’s overall work participation rate would rely even more heavily on just one jurisdiction, Baltimore City. That is because, as noted, Baltimore City accounts for more than three-fifths (62.0%) of all Not SSP cases in Maryland, compared to only a little more than half (52.6%) of all TANF cases and 58% of all work participation cases.

A second implication of the geographical distributions concerns DEAP Disabled and TANF Disabled cases. That is, if the state were to adopt new screening policies or service requirements specific to these groups, the bulk of the implementation burden would fall on the 23 counties. Because of the geography and resources/population/transportation situations in many subdivisions, this point should be kept in mind when considering the costs and benefits of new approaches or rules pertaining to disabled clients. In some counties, implementation of and compliance with even seemingly simple new requirements (i.e., requiring a medical evaluation from a provider selected by the LDSS) could potentially be difficult and expensive for both LDSSes and their disabled clients. It is conceivable that there could be Americans with Disabilities Act (ADA) implications or challenges as well.



The general point is that, in deciding how our state can most effectively address the new TANF work rules, the realities of Maryland's local communities suggest that 'one size does not fit all' and the principle of 'local flexibility' should probably remain important program mantras. In addition, the data describing the relative sizes of the work participation sub-groups and the geographic distribution of those groups across the 24 jurisdictions suggest that some thought should be given to perhaps having different performance targets for different jurisdictions.

Actual data on the composition of local TANF caseloads makes the continuing need for some degree of local flexibility even more evident. This point is illustrated and discussed in the next section of this chapter.

**Table 2. Distribution of Work Participation Groups Across Jurisdictions.**

	Not SSP/Traditional		Needy Caretaker Relative		DEAP Disabled		TANF Disabled		Legal Immigrant		Two Adult Recipients	
	%	N	%	N	%	N	%	N	%	N	%	N
Allegany County	0.4%	43	0.8%	5	2.2%	34	3.7%	7	0.0%	0	1.4%	6
Anne Arundel County	5.4%	634	4.2%	26	7.2%	111	1.1%	2	4.0%	2	7.4%	31
Baltimore County	6.5%	762	7.6%	47	14.2%	219	16.5%	31	16.0%	8	4.6%	19
Calvert County	0.7%	81	0.2%	1	1.6%	24	1.1%	2	0.0%	0	1.7%	7
Caroline County	0.3%	39	0.6%	4	1.0%	15	1.1%	2	0.0%	0	0.2%	1
Carroll County	0.6%	70	0.0%	0	1.9%	29	2.1%	4	2.0%	1	1.4%	6
Cecil County	1.0%	114	0.5%	3	2.8%	44	6.9%	13	0.0%	0	1.9%	8
Charles County	0.8%	90	1.0%	6	3.8%	59	0.0%	0	0.0%	0	1.4%	6
Dorchester County	1.2%	141	1.0%	6	0.5%	8	0.0%	0	0.0%	0	1.2%	5
Frederick County	1.1%	127	0.6%	4	1.9%	30	8.5%	16	2.0%	1	1.9%	8
Garrett County	0.1%	9	0.0%	0	0.6%	10	2.1%	4	0.0%	0	0.0%	0
Harford County	2.5%	294	2.4%	15	3.3%	51	14.9%	28	0.0%	0	2.6%	11
Howard County	1.0%	121	0.3%	2	1.1%	17	1.6%	3	0.0%	0	1.7%	7
Kent County	0.1%	16	0.0%	0	0.3%	5	1.6%	3	0.0%	0	0.2%	1
Montgomery County	2.0%	238	2.6%	16	5.6%	87	12.2%	23	18.0%	9	6.5%	27
Prince George's County	10.2%	1,182	8.9%	55	7.2%	112	4.8%	9	10.0%	5	15.8%	66
Queen Anne's County	0.2%	28	0.0%	0	0.6%	9	0.5%	1	0.0%	0	0.0%	0
St. Mary's County	0.8%	88	1.1%	7	2.3%	36	1.1%	2	0.0%	0	1.4%	6
Somerset County	0.5%	57	0.2%	1	0.5%	7	2.7%	5	2.0%	1	0.2%	1
Talbot County	0.1%	14	0.2%	1	0.4%	6	0.5%	1	0.0%	0	0.5%	2
Washington County	0.8%	91	0.6%	4	2.5%	38	10.6%	20	0.0%	0	1.4%	6
Wicomico County	1.5%	177	2.3%	14	1.7%	26	1.6%	3	0.0%	0	2.2%	9
Worcester County	0.1%	11	0.2%	1	0.6%	9	0.0%	0	0.0%	0	0.0%	0
Baltimore City	62.0%	7,214	64.8%	401	36.2%	560	4.8%	9	46.0%	23	44.1%	184
State	100.0%	11,641	100.0%	619	100.0%	1,546	100.0%	188	100.0%	50	100.0%	417

## ***Local Caseloads***

Our discussion thus far has focused on the statewide TANF caseload. The concluding section of that discussion considered the extent to which each jurisdiction contributes to the whole but does not address a separate, equally important issue: the composition of local caseloads in terms of case type. This issue is of vital importance because, while the federal government will hold the entire state accountable for meeting the work participation rate standards, it is highly probable that the state itself will examine or measure work participation performance at the local level.

All else equal, one could set the same work performance expectation threshold for each local Department and, if each LDSS did achieve a 50% rate, the state would meet its federal, all families work participation target. As we have demonstrated, however, “all else” is not equal in Maryland in terms of TANF caseloads so the possibility that performance targets should vary across jurisdictions should at least be considered. As will be discussed later in this section, this approach may be unavoidable with regard to Two Adult cases where the federal requirement is for 90% participation.

### ***Child Only and Non-Child-Only Case Types.***

Regardless of the method of goal-setting or case prioritization that is ultimately adopted, it is essential to consider the percentage of each local caseload that will be included in the work participation rate calculation and the composition of each local department’s work participation caseload. To that end, we now look at the caseload data from a different perspective. Instead of looking at the statewide caseload across jurisdictions, we now look inside each locality’s TANF caseload. Table 3, on the following page, presents the percentage of each jurisdiction’s caseload that is included in the work participation rate calculations and the percentage that is child only.

Three situations characterize local caseloads. The most common situation is for a locality’s TANF caseload to have a greater share of ‘work participation’ than child only cases. This is true in 15 of 24 jurisdictions although, in some counties, there are only three or four percentage points difference between the size of the work and child only cohorts. The 14 counties in which work cases are more numerous than child only cases and the percentage of work cases are: Anne Arundel, 61.7%; Calvert, 67.6%; Caroline, 53.5%; Carroll, 60.8%; Cecil, 57.4%; Dorchester, 65.3%; Frederick, 59.8%; Harford, 62.1%; Howard, 54.9%; Montgomery, 52.0%; Prince George’s, 53.9%; Queen Anne’s, 54.3%; St. Mary’s, 58.6%; and Somerset, 59.0%. Baltimore City also fits this model (68.2%).

Again, the Baltimore City finding is of particular relevance in terms of work program planning, goal setting, and eventual statewide outcomes. First, the City’s rate of work cases (68.2%) is the highest among all jurisdictions. Only Calvert County approaches the City in terms of proportion of work cases. However, we should also remember that the City contains more TANF cases overall than do the 23 counties combined (53% vs. 47%), and it contains nearly three-fifths (58%) of all work mandatory cases in the state.

The point has been made before but bears repeating: now, more than ever, statewide success hinges on success in Baltimore City.

The second situation is where the total local TANF caseload is just about evenly divided between child-only and non-child-only cases. A fairly diverse group of six of 24 subdivisions fit this profile: Baltimore County (49.8% child only); Charles (48.6% child only); Garrett (48.9% child only); Kent (49.0% child only); Washington (48.7% child only); and Wicomico (48.4% child only). Child only cases are not affected by the new work rules. However, they could potentially have an effect on the degree to which a county can contribute to Maryland's overall work participation success. Child only cases reduce the total pool of cases to which work engagement/welfare to work services can be addressed and, thus, might make it more difficult to achieve lofty work performance targets.

The third situation is where more than half of the entire local TANF caseload consists of child only cases. Three subdivisions fit this profile: Worcester (70.8%); Talbot (66.7%); and Allegany (52.7%) counties. In terms of planning and goal setting it is thus important to bear in mind that, in these three subdivisions, a minority (as small as one-third or less) of their entire caseloads will be part of the work participation rate calculations.

**Table 3. Jurisdictional Caseloads: Child Only vs. Work Participation Groups.**

	Work Participation Groups		Child Only	
	%	N	%	N
Allegany County	47.3%	95	52.7%	106
Anne Arundel County	61.7%	806	38.3%	500
Baltimore County	50.2%	1,086	49.8%	1,077
Calvert County	67.6%	115	32.4%	55
Caroline County	53.5%	61	46.5%	53
Carroll County	60.8%	110	39.2%	71
Cecil County	57.4%	182	42.6%	135
Charles County	51.4%	161	48.6%	152
Dorchester County	65.3%	160	34.7%	85
Frederick County	59.8%	186	40.2%	125
Garrett County	51.1%	23	48.9%	22
Harford County	62.1%	399	37.9%	244
Howard County	54.9%	150	45.1%	123
Kent County	51.0%	25	49.0%	24
Montgomery County	52.0%	400	48.0%	369
Prince Georges County	53.9%	1,429	46.1%	1,221
Queen Anne's County	54.3%	38	45.7%	32
St Mary's County	58.6%	139	41.4%	98
Somerset County	59.0%	72	41.0%	50
Talbot County	33.3%	24	66.7%	48
Washington County	51.3%	159	48.7%	151
Wicomico County	51.6%	229	48.4%	215
Worcester County	29.2%	21	70.8%	51
Baltimore City	68.2%	8,391	31.8%	3,913

### ***Work Participation Cases by Case Type.***

Our primary purpose is to describe the distribution, characteristics and likely work activity and employment prospects of the newly expanded work mandatory TANF population. In view of those findings, another purpose is to note possible implications of the various policy, program and performance expectation choices that could be made in the new environment.

Our statewide analysis revealed that, even with the addition of the new SSP groups, the vast majority (80%) of today's non-child-only (i.e., work participation) cases are those headed by an able-bodied, single adult. The data also show that Baltimore City contains a disproportionate share of the state's total work-countable cases and, further, that the percentage of the overall caseload that is comprised of work-countable cases varies considerably from one jurisdiction to the next.

The key question for real-world program planning and work services targeting though is: what is the distribution of the various types of work participation cases at the local level? Table 4, on the following page, displays findings describing the specific composition of each local Department's newly-expanded, work-countable TANF caseload.

The good news is that, in 18 of 24 jurisdictions, not-SSP cases (i.e., traditional, single adult cases) account for 60% or more of today's expanded 'work participation' caseload. In nine jurisdictions, at least three-fourths of the work participation caseload is composed of Not SSP cases: Anne Arundel (79%); Dorchester (88%); Harford (74%); Howard (81%); Prince George's (83%); Queen Anne's (74%); Somerset (79%); Wicomico (77%); and Baltimore City (86%). For these localities, meeting any locally defined work participation goals, at least theoretically, should be doable without having to engage any SSP or TANF disabled clients in federally allowable work activities for at least 30 hours per week.

Not SSP cases account for 60 to 70% of the work participation caseload in an additional nine counties: Baltimore (70%); Calvert (70%); Caroline (64%); Carroll (64%); Cecil (63%); Frederick (68%); Kent (64%); Montgomery (60%); and St. Mary's (63%). For four jurisdictions (Charles, 56%; Talbot 58%; Washington 57%; and Worcester 52%), only about half to three-fifths of the work participation caseloads are made up of Not SSP cases.

For two jurisdictions, the percentage of SSP and TANF-disabled cases is greater than the percentage of able-bodied, single adult families. In Allegany (45%) and Garrett (39%) counties, only about two-fifths of work participation cases are traditional, Not SSP cases. Notably, DEAP-disabled cases are almost equally as common in these jurisdictions. A little more than one-third (35.3%) of Allegany's non-child only caseload is composed of DEAP disabled cases while in Garrett County more than two-fifths (43.5%) are DEAP disabled. Also of note and warranting consideration in the decision-making process is the fact that, in every single jurisdiction, DEAP disabled cases are the most common SSP case type, although the range is considerable. To illustrate, in

Dorchester County, 5% of work participation cases are DEAP disabled, while, as noted, the percentage in Garrett is 43.5%.

Many factors must be taken into account when making the crucial decisions about how our state can best approach the new TANF work participation rate challenges and about which option or options have the greatest likelihood of enabling us to be successful. At least in terms of the data about caseload sizes and composition, however, it appears that the most effective approach, all else equal, would be to focus and redouble our efforts to appropriately assess and then effectively engage more traditional cases (i.e., not-SSP) in federally-allowable activities for at least 30 hours per week. All other policy choices notwithstanding, it is actually imperative that this be done in Baltimore City. Due to the City's disproportionate share of the expanded statewide work participation population, it will be numerically impossible for Maryland to achieve the federal participation rate threshold unless significant success with the non-SSP, traditional work mandatory population is achieved in Baltimore City.

**Table 4. Jurisdictional Caseloads: Work Participation Groups.**

	Not SSP /Traditional		Needy Caretaker Relative		DEAP Disabled		TANF Disabled		Legal Immigrant		Two Adult Recipients	
	%	N	%	N	%	N	%	N	%	N	%	N
Allegany County	45.3%	43	5.3%	5	35.8%	34	7.4%	7	0.0%	0	6.3%	6
Anne Arundel County	78.7%	634	3.2%	26	13.8%	111	0.2%	2	0.2%	2	3.8%	31
Baltimore County	70.2%	762	4.3%	47	20.2%	219	2.9%	31	0.7%	8	1.7%	19
Calvert County	70.4%	81	0.9%	1	20.9%	24	1.7%	2	0.0%	0	6.1%	7
Caroline County	63.9%	39	6.6%	4	24.6%	15	3.3%	2	0.0%	0	1.6%	1
Carroll County	63.6%	70	0.0%	0	26.4%	29	3.6%	4	0.9%	1	5.5%	6
Cecil County	62.6%	114	1.6%	3	24.2%	44	7.1%	13	0.0%	0	4.4%	8
Charles County	55.9%	90	3.7%	6	36.6%	59	0.0%	0	0.0%	0	3.7%	6
Dorchester County	88.1%	141	3.8%	6	5.0%	8	0.0%	0	0.0%	0	3.1%	5
Frederick County	68.3%	127	2.2%	4	16.1%	30	8.6%	16	0.5%	1	4.3%	8
Garrett County	39.1%	9	0.0%	0	43.5%	10	17.4%	4	0.0%	0	0.0%	0
Harford County	73.7%	294	3.8%	15	12.8%	51	7.0%	28	0.0%	0	2.8%	11
Howard County	80.7%	121	1.3%	2	11.3%	17	2.0%	3	0.0%	0	4.7%	7
Kent County	64.0%	16	0.0%	0	20.0%	5	12.0%	3	0.0%	0	4.0%	1
Montgomery County	59.5%	238	4.0%	16	21.8%	87	5.8%	23	2.3%	9	6.8%	27
Prince Georges County	82.7%	1,182	3.8%	55	7.8%	112	0.6%	9	0.3%	5	4.6%	66
Queen Annes County	73.7%	28	0.0%	0	23.7%	9	2.6%	1	0.0%	0	0.0%	0
St Marys County	63.3%	88	5.0%	7	25.9%	36	1.4%	2	0.0%	0	4.3%	6
Somerset County	79.2%	57	1.4%	1	9.7%	7	6.9%	5	1.4%	1	1.4%	1
Talbot County	58.3%	14	4.2%	1	25.0%	6	4.2%	1	0.0%	0	8.3%	2
Washington County	57.2%	91	2.5%	4	23.9%	38	12.6%	20	0.0%	0	3.8%	6
Wicomico County	77.3%	177	6.1%	14	11.4%	26	1.3%	3	0.0%	0	3.9%	9
Worcester County	52.4%	11	4.8%	1	42.9%	9	0.0%	0	0.0%	0	0.0%	0
Baltimore City	86.0%	7,214	4.8%	401	6.7%	560	0.1%	9	0.3%	23	2.2%	184



### ***Caseload Size and Work Participation Rate Calculations.***

It is important to consider one final point before leaving our discussion of local caseloads. The previous analyses have shown that, for the most part, the majority of local caseloads are not child only and that most work participation cases are Not SSP (i.e., they are the traditional, one adult, able-bodied cases). However, jurisdictions vary widely in caseload size, from fewer than 50 cases overall in Garrett and Kent Counties to more than 12,000 cases in Baltimore City. One effect of caseload size variations is that the number of cases needed to reach certain work participation goals will vary even among jurisdictions with similar caseload compositions. In other words, the effect on a jurisdiction's work participation rate of not having one case or a few cases in federally defined work activities for the minimum number of hours will be larger in localities with small caseloads and smaller in those with large caseloads.

Table 5 presents an illustration of this reality. As shown, Montgomery and Washington counties have similar percentages of work participation cases and Not SSP cases in their caseloads. They differ though in caseload size, with Montgomery County (n = 769) having more than twice as many cases as Washington (n = 310). Both have about half of their cases included in the work participation rate calculation and about three-fifths of their work participation cases are Not SSP. The last row of Table 5 shows that, despite these similarities, having just ten fewer cases participating in work activities would affect Washington County's work participation rate by -6.0%. For Montgomery County, the effect would be much smaller, lowering their work participation rate by only -2.5%.

To the extent that work participation rate expectations going forward are set equally across all jurisdictions (i.e., everyone's target is 50%), simple variations in caseload size could have significant negative effects on goal achievement, particularly in counties where caseloads are small. It would seem prudent to take this into account, in some manner, during discussions about overall program design and goal setting.

Finally, we would note that while our example pertains to the 50% all adult participation rate, the same logic applies to Two Adult cases where the expectation is that 90% will participate in work activities. Because the number of Two Adult cases is so small overall and miniscule in most jurisdictions – fewer than 10 such cases in 18 of 24 local Departments – the effect is magnified. Many counties could fail to achieve 90% if only one case did not comply. Moreover, Table 4 shows that only Baltimore City (with 184 Two Adult cases) and possibly Prince George's County (with 66 Two Adult cases) potentially have enough of these cases to be able to make up any shortfall that might occur in the other counties. Given the other challenges faced by these two jurisdictions and the looming presence of possible financial penalty though, it may not be realistic or wise to expect that this would be able to be accomplished. Considering everything, it would probably most prudent to remove all Two Adult cases from the work participation rate calculations (i.e. by not claiming expenditures as MOE).

**Table 5. Example: Caseload Size Effects on Work Participation Rate Calculations.**

	Montgomery	Washington
<b>Total Cases</b>	769	310
<b>% Work Participation</b>	52%	51%
<b>Work Participation Cases</b>	400	159
<b>% Not SSP</b>	60%	57%
<b>Not SSP Cases</b>	238	91
<b>Cases Needed to Achieve 50% Work Participation Rate</b>	200	80
<b>Effect of having 10 fewer cases participating in work activities</b>	-2.50%	-6.00%

### **Summary**

This chapter has presented a large amount of data and discussion. Some of the findings are not ‘new news’ but take on new meaning and have new implications and possible consequences in the context of the new federal TANF rules and requirements. We think the chapter provides several ‘take home’ points for consideration by decision-makers and program managers. These include the following summary points.

First, despite the new TANF rules and regardless of which of several policy and program options is chosen, achieving state and local work participation rate goals still primarily depends on engaging traditional, able-bodied, single-adult families in work activities. Moreover, because Maryland’s SSP caseload, the cohort newly added to the work population, is so small the impact of the new rules might not be as large in Maryland as in some other states. In terms of the 50% all adult rate, it does not matter how performance targets are set (statewide or varying by county) or if the newly added mandatory SSP groups are left in the calculations or deleted - the bottom-line is the same. Theoretically, we can completely achieve the 50% rate by only focusing on traditional, not SSP, cases. In fact, because non-SSP cases constitute such a large share (80%) of the expanded work-countable population, it is imperative that non-SSP cases continue to be the main focus of our efforts.

Second, the work of welfare reform will most likely be more difficult, not less difficult, going forward. Among other things, caseloads are significantly smaller in most jurisdictions, leaving little margin for error and making accurate assessment and tracking of each case even more important than in the past. Indeed, in the new environment, the importance of adequate and timely documentation of all clients’ work activities and hours cannot be overstated. States risk serious fiscal sanctions if they do not meet the 50% federal work participation standard and Maryland, along with many other states, historically relied heavily on the caseload reduction credit to meet this goal. However, the DRA effectively reduces the caseload reduction credit by changing the base year from 1995 to 2005. This change, along with the inclusion of SSP cases, means that states (and their local agencies) will have to be vigilant about insuring that every possible case is participating and that all legitimate activities and hours are documented.

Finally, it is important to recognize that all local Departments of Social Services will face challenges in meeting work participation goals, but the nature of those challenges will vary. Thus, in devising policies and programs for the second decade of welfare reform in our state, we would be wise to continue to recognize that “one size does not fit all jurisdictions” and “one size does not fit all cases”.

Our analyses of local shares of the statewide caseload and of the composition of those local caseloads reveal great diversity in terms of percentages of work participation cases and the different work participation subgroups. These data illustrate that for the vast majority of local subdivisions, most of their work-countable cases will be of the traditional, able-bodied, single-adult (i.e. Not SSP) variety. It is most important to note, though, that a 50% work participation goal for each jurisdiction may be difficult and, perhaps, not the optimal approach to insuring that the state achieves an overall rate of 50%. For larger jurisdictions, the challenge will be how to move and keep large numbers of families in the right activities for a sufficient number of hours. For smaller localities, the issue will be making sure that every possible case that can be counted as participating is counted because, due to large previous caseload declines, most of them have very little “wiggle room”. In the next chapter we take a closer look at the profile of the work mandatory population and its sub-groups and what these profile data may suggest in terms of work participation and policy choices.

## FINDINGS: CASELOAD CHARACTERISTICS

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The use of empirical data and research to inform policy and program decisions is a hallmark of Maryland's welfare reform efforts and an emphasis on the characteristics and circumstances of clients has been a feature of almost all of our welfare research projects. This study is no exception. Thus, this chapter examines the characteristics of families who, as it stands now, will be included in the work participation rate calculation beginning October 1, 2006. Our discussion focuses primarily on similarities and differences among the Not SSP (i.e., traditional), SSP, and TANF Disabled groups and what these trends may suggest in terms of work participation and policy choices.

### ***Demographic Characteristics of Work Participation Cases***

In Table 6, following this discussion, we present statewide data on three demographic characteristics of TANF caseheads (gender, race, and age) and four variables describing the TANF case (number of adults, number of children, assistance unit size, and age of youngest child). Data are presented separately for each sub-group within the work-countable population. Not surprisingly, we find significant differences among the groups on all seven variables examined.

#### ***Gender.***

The vast majority of cases, regardless of sub-group, are headed by women. Almost all Not SSP (97.2%) and Needy Caretaker Relative (94.7%) caseheads are female. The percentages of female caseheads are slightly lower among DEAP disabled (91.9%), TANF disabled (92.6%) and Legal Immigrant (88.0%) cases. Although still a large majority, the lowest percentage (74.6%) of female caseheads, expectedly, is found among Two Adult cases. In other words, in Two Adult cases, the man is the TANF casehead in one out of four cases. The practically relevant point here is that, expansion of the work participation population notwithstanding, women are still the vast majority of clients targeted for welfare to work involvement and reporting.

#### ***Race/Ethnicity.***

Differences in race are more marked. More than four-fifths of Not SSP (85.3%) and Needy Caretaker Relative (84.9%) cases are headed by an African American adult. The percentage of African American payees is markedly lower among DEAP Disabled (57.2%), Legal Immigrant (58.3%), and Two Adult (63.2%) cases, although still the majority, accounting for about three out of five cases. Among legal immigrant cases, a little more than one-third are neither Caucasian nor African American. TANF Disabled cases are evenly split, with 49.2% having a Caucasian payee and 46.5% an African American casehead.

In terms of ethnicity, it is clear that the newly-added SSP group payees are much more likely to be Caucasian than are payees in the not-SSP or traditional, single adult cases which have been subject to work participation and rate calculations since the beginning

of the TANF program. Still, for every SSP group except TANF Disabled, more than half of all cases are headed by African-Americans.

### ***Age.***

In terms of age, we find that, on average, Not SSP (mean = 29.54 years) and TANF disabled (mean = 29.70 years) caseheads are about 30 years old. Perhaps notably, however, more than two-fifths of payees in both of these groups are less than 26 years old. Adults who head Legal Immigrant and Two Adult cases are slightly older, with average ages of 32 and 34 years, respectively. DEAP disabled caseheads are older still, having a mean age of 37 years and with almost three out of five over the age of 36. As expected, Needy Caretaker Relative caseheads are the oldest. On average, adults heading Needy Caretaker TCA cases are about 50 years of age and almost all of them (91.6%) are over the age of 35.

### ***Assistance Unit Size and Composition.***

Data on the composition of TCA assistance units also reveal statistically significant differences, but none that are surprising. With the exception of Two Adult cases, the vast majority of other types of work participation cases include only one adult on the TCA grant. Most cases, across all case types, include one or two children. About two-fifths of Not SSP (41.7%), DEAP Disabled (45.4%), TANF Disabled (43.1%), and Legal Immigrant (40.0%) cases include only one child. Having only one child is even more common among Needy Caretaker Relative cases, accounting for three-fifths of all cases (60.7%) in this sub-group. For planning purposes, it is particularly important to note that Two Adult cases have significantly more children than the other cases, with almost seven out of ten (68.6%) including two or more children.

Trends in assistance unit size are similar to those for number of adults and number of children. Two Adult cases are the largest with an average of four people included in the welfare grant. On average, Needy Caretaker Relative and TANF disabled cases have two members and Not SSP, DEAP Disabled, and Legal Immigrant cases have three.

Our findings regarding the presence of more children in two-adult cases may warrant particular attention in the process of deciding the best approach for this group. Policy-makers and administrators have already recognized that, because of the very small size of this sub-group and the much more stringent participation rate expectation (i.e., 90%) that attaches to two-parent families, a shortfall of only one or two cases per jurisdiction would make it impossible for the state to meet the federal threshold. The fact that, statewide, Two Adult cases also have significantly more children than any other type of case should probably also be considered cautionary, as should the fact that more than half (54%) of such cases contain at least one child under the age of three.

A minority of cases in all work participation groups has no children included in the assistance unit. This situation may arise for any number of reasons. For example, the payee may be pregnant and have no other children in the household and/or the children

on the case could be receiving Social Security or Supplemental Security Income (SSI). The TANF Disabled group has the highest percentage of “no children” cases, with one-fifth (19.1%) including only adults in the assistance unit. For all work participation groups except Needy Caretaker Relative and DEAP disabled cases, the majority of assistance units without children are headed by a pregnant payee. Needy Caretaker Relative and DEAP disabled cases are unique in that their “no child” assistance units are almost exclusively because the children who are eligible for assistance are receiving SSI.

### ***Age of Youngest Child.***

The final section of Table 6 presents information on the average age of the youngest child in work participation cases. These data and any subgroup differences are very important to consider for many reasons. Perhaps the most important is because one key determinant of a welfare recipient’s ability to participate in work activities, obtain and maintain employment, and exit cash assistance is the availability and affordability of child care, particularly for very young children.

There are statistically significant differences among work participation groups in the average ages of their youngest children and thus their potential child care needs. Both Needy Caretaker Relative and DEAP Disabled cases have primarily school-age children. In two-thirds (65.9%) of DEAP Disabled and almost three-fourths (72.9%) of Needy Caretaker Relative families, the youngest child is over five years of age.

The other SSP groups tend to have younger children. Among TANF disabled cases, the youngest child, on average, is five years old and almost half (46.3%) of these cases include a child who is less than four. The average age of youngest child is similar for Two Adult Recipient cases (mean = 5.05), and two-fifths (42.1%) include a child between one and three years of age.

Not SSP (i.e., traditional) and Legal immigrant cases have the youngest children, on average, of all the work participation groups. The median age of youngest child is about two and one half years for both groups, indicating that half of all cases have a child who is less than this age. These findings suggest that child care, particularly for infants and preschoolers, will be especially critical for the work participation and work transitions of Not SSP and Legal Immigrant families. Non-SSP cases are, by a very wide margin, the largest group – about 80% of the total - who will need to be successfully engaged. Thus, the importance of the finding that the majority of such cases have very young children should not be overlooked, nor should its implications for child care.

In addition to those with young children, concern has also been expressed about the work participation and employment prospects of payees who are pregnant. The final row of Table 6 shows that the majority of potentially work-countable female caseheads receiving cash assistance in October 2005 were not pregnant in that month. Only one Needy Caretaker Relative and fewer than two percent of DEAP disabled payees were

expecting. Pregnancies are more common, although still pretty rare, among Legal Immigrant (11.4%), Not SSP (6.8%), and Two Adult recipient (6.1%) cases.

TANF Disabled cases are unique among the work participation groups, with almost three out of ten (28.7%) female payees pregnant in the month of sample selection. It is quite possible that, for these women, pregnancy may in fact be or be related to the “temporary disability” that brought them into the TANF Disabled group. If this is the case, the likely trajectory will be that, once the baby is delivered, these TANF disabled cases will move into the Not SSP group, with good cause for not participating in work activities because they have a child less than one year old. Ultimately, however, it is most likely that these women will become or rejoin the traditional, non-exempt not-SSP work mandatory caseload.

**Table 6. Demographic Characteristics.**

	<b>Not in an SSP</b> <i>n = 11,641</i>	<b>Needy Caretaker Relative</b> <i>n = 619</i>	<b>DEAP Disabled</b> <i>n = 1546</i>	<b>TANF Disabled</b> <i>n = 188</i>	<b>Legal Immigrant</b> <i>n = 50</i>	<b>Two Adult</b> <i>n = 417</i>
<b>Payee Gender (Female)***</b>	97.2%	94.7%	91.8%	92.6%	88.0%	74.6%
<b>Payee Race***</b>						
<i>Caucasian</i>	13.3%	14.4%	40.0%	49.2%	6.3%	30.7%
<i>African American</i>	85.3%	84.9%	57.2%	46.5%	58.3%	63.2%
<i>Other</i>	1.4%	0.7%	2.8%	4.3%	35.4%	6.1%
<b>Payee Age***</b>						
<i>18-25</i>	40.9%	2.7%	8.1%	44.7%	32.0%	23.3%
<i>26-30</i>	20.7%	3.1%	13.8%	13.3%	10.0%	18.8%
<i>31-35</i>	14.1%	2.6%	19.2%	10.1%	24.0%	16.8%
<i>36 and older</i>	24.3%	91.6%	59.0%	31.9%	34.0%	41.1%
<i>Mean*** (Median)</i>	29.5 (27.0)	49.6 (51.0)	37.5 (38.0)	29.7 (27.0)	32.4 (33.0)	33.8 (33.0)
<i>Std Dev.</i>	8.3	9.5	8.0	8.6	9.9	9.4
<i>Range</i>	18 to 72	20 to 84	19 to 67	18 to 54	19 to 77	19 to 65
<b>Number of Adults***</b>						
<i>1</i>	100.0%	98.4%	93.3%	97.3%	86.0%	0.0%
<i>2</i>	0.0%	1.6%	6.7%	2.7%	14.0%	100.0%
<b>Number of Children***</b>						
<i>None</i>	6.2%	5.0%	2.7%	19.1%	10.0%	1.9%
<i>One</i>	41.7%	60.7%	45.4%	43.1%	40.0%	29.5%
<i>Two</i>	27.6%	19.9%	29.1%	22.9%	24.0%	35.5%
<i>Three or more</i>	24.5%	14.4%	22.8%	14.9%	26.0%	33.1%
<i>Mean*** (Median)</i>	2 (2)	2 (1)	2 (2)	1 (1)	2 (2)	2 (2)
<i>Std Dev.</i>	1	1	1	1	1	1
<i>Range</i>	0 to 14	0 to 9	0 to 8	0 to 5	0 to 4	0 to 9
<b>Assistance Unit Size***</b>						
<i>1</i>	6.2%	5.0%	2.5%	19.1%	10.0%	0.0%
<i>2</i>	41.7%	60.1%	43.7%	42.0%	38.0%	1.9%
<i>3</i>	27.6%	19.9%	28.8%	22.3%	18.0%	29.5%
<i>4 or more</i>	24.5%	15.0%	25.0%	16.5%	34.0%	68.6%
<i>Mean*** (Median)</i>	2.9 (3.0)	2.6 (2.0)	2.9 (3.0)	2.4 (2.0)	2.8 (3.0)	4.3 (4.0)
<i>Std Dev.</i>	1.3	1.1	1.2	1.1	1.2	1.3
<i>Range</i>	1 to 15	1 to 10	1 to 10	1 to 6	1 to 6	2 to 11
<b>Age of Youngest Child***</b>						
<i>Less than 1 year</i>	12.8%	1.3%	2.3%	19.5%	19.6%	10.6%
<i>1 to 3 years old</i>	42.9%	13.1%	19.6%	26.8%	43.5%	42.1%
<i>4 to 5 years old</i>	13.5%	12.7%	12.2%	10.1%	8.7%	10.3%
<i>6 to 10 years old</i>	16.4%	26.9%	26.7%	22.8%	13.0%	19.7%
<i>11 to 14 years old</i>	9.2%	28.6%	23.4%	13.4%	10.9%	11.8%
<i>15 years &amp; older</i>	5.2%	17.4%	15.8%	7.4%	4.3%	5.4%
<i>Mean*** (Median)</i>	4.6 (2.9)	9.4 (9.8)	8.5 (8.5)	5.6 (4.2)	4.0 (2.5)	5.1 (3.2)
<i>Std Dev.</i>	4.6	4.8	5.1	5.1	4.5	4.7
<i>Range</i>	<1 to 18 yrs	<1 to 18 yrs	<1 to 18 yrs	<1 to 18 yrs	<1 to 18 yrs	<1 to 18 yrs
<b>Percent of female payees who are pregnant***</b>	6.8%	0.2%	1.2%	28.7%	11.4%	6.1%



## **Summary.**

In sum, our findings concerning the demographic characteristics of the expanded work participation population reveal some similarities, but also certain important and programmatically relevant differences among the various sub-groups. At a most general level, and all else equal, it appears that Not SSP (i.e., able-bodied, single adult cases), Legal Immigrant, and Two Adult Recipient cases are the best positioned to be able to meet the work requirements and would be lower risk in terms of their ability to help local Departments and the state meet required performance targets.

This is not to say that achieving success for and with these clients will be easy; there are rather clear indications even in these most basic descriptive data that many families will face challenges in achieving the transition from welfare to work. To illustrate, a significant number of families in all three of these groups have very young children, and a minority of payees are pregnant or recently postpartum. In addition, Two Adult Recipient cases have, on average, about twice as many members as all other work participation case types and half have at least one child aged three or younger. Because wages do not vary by family size, while welfare grants do, larger families could face greater difficulty transitioning from the cash assistance rolls to employment (Lewin & Maurin, 2005).

Our findings also suggest that work participation may not be feasible nor, for the state, perhaps cost-effective, for many clients who have either a short-term (TANF disabled) or long-term disability (DEAP disabled). Compared to their Not SSP (i.e., traditional) counterparts, DEAP disabled caseheads are about ten years older, while TANF disabled are about the same age. The good news concerning the later group is the fact that three out of ten are pregnant and their short-term disability may be pregnancy-induced. This suggests that once the pregnancy ends, these customers will likely be able to participate in work activities.

Although not discussed here, there are also other issues that should be considered and could well influence decision-making. Among these are potential legal issues or ADA challenges that might arise from targeting welfare-to-work efforts to disabled clients, English language proficiency issues that would probably need to be addressed for at least some immigrant families and, last but certainly not least, potential child welfare effects that could occur if welfare-to-work emphasis was placed on non-parental caretakers/caseheads. The next and last two sections of this chapter provide information about two of these topics that are particularly germane to our population of key interest, non-traditional (i.e., SSP) TANF families. These are: the relationships of needy caretaker relatives to the youngsters in their assistance units and the rates of application for and receipt of Supplemental Security Income (SSI) benefits among cases in our sample.

### ***Needy Caretaker Relatives' Relationships***

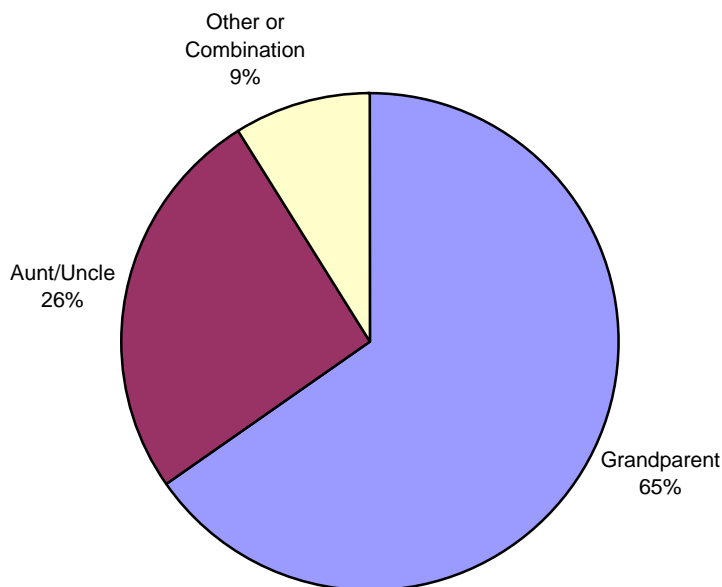
Needy Caretaker Relative cases are unique among the work participation groups in that the casehead is caring for and receiving cash assistance for children who are not hers and, because of her own low income, is also included in the grant. The previous table showed that payees in these cases are significantly older than their counterparts in the other work participation groups; their average age (50 years) is significantly higher than that of any other group and virtually all of them (91.6%) are older than 35.

One might anticipate, from these age findings alone, that most of these caseheads are the grandparent of the children in their care and Figure 3, following, confirms that this hypothesis is correct. Two-thirds (65%) of Needy Caretaker Relative caseheads are caring for grandchildren. One-quarter (26%) are looking after their nieces and/or nephews and about one out of ten (9%) are either related in some other way or caring for several children with whom they have different familial relationships.

Except for the fact that they are included in the TCA grant, Needy Caretaker Relative payees closely resemble non-parental, child-only payees. Previous studies have documented that non-parental child only cases appear to straddle the murky boundary between public welfare and child welfare, with more than two-fifths of the children in such cases having a history of substantiated or indicated child abuse or neglect (Hetling, et al., 2005b). Although we did not examine that question here, it seems very likely that high rates of previous child welfare involvement may also characterize Needy Caretaker Relative cases.

In addition, as will be discussed in the next section, these cases have the highest percentage of household members receiving SSI. Together all of these findings suggest that Needy Caretaker Relative cases, like many TANF child-only cases, may have unique circumstances and service needs and, for numerous reasons, be unsuitable targets for welfare to work programming. Work participation may be particularly difficult for these cases and targeting them for work may not be in the overall best interest of the state either. In particular, it would be prudent to consider the potential child welfare costs and effects of imposing work requirements on these non-parental custodians. For example, it is conceivable that for some of these caregivers, most of them older grandmothers, a 30 (or 40) hour per week work requirement might prove impossible. In at least some such cases, it seems likely that children could come into foster care.

**Figure 3. Needy Caretaker Relatives' Relationship to Children Receiving TCA**



### ***SSI Applications and Receipt***

The Supplemental Security Income (SSI) program is the nation's major cash assistance program for low-income persons who are aged or disabled and, although overseen by two different federal agencies, there have always been areas of overlap and intersection between TANF and SSI. Many welfare recipients and/or their children experience serious, long-term health and mental health problems that prevent work or interfere with employment. Rather than leaving welfare for work or remaining on TANF, at least some disabled families may eventually transition to SSI, in whole or in part, because of the application for and receipt of benefits by one or more family members. According to an analysis of the Census Bureau's Survey of Income and Program Participation (SIPP) data by the U.S. Government Accountability Office (GAO, 2002), in fact, two-fifths of welfare leavers with health impairments (or 14% of all leavers) receive SSI after exiting.

Some adults with serious health or mental health issues will never qualify for SSI, however, because of the program's very stringent disability definitions. Others who eventually may qualify often remain on TANF until they are approved for SSI benefits, a process that can take an average of two years but often takes even longer. Maryland, for many years, has recognized the importance of SSI benefits for families affected by disabilities and the difficulties low-income individuals often face when attempting to apply for SSI. Specifically, since the early 1990s, DHR has operated the Disability Entitlement Advocacy Program (DEAP), which provides SSI application assistance and advocacy for disabled individuals. Moreover, Maryland requires that all TANF recipients with a documented disability expected to last 12 months or more work with DEAP to apply for and, as is often necessary, appeal denials of SSI benefits. TANF customers working with DEAP are part of Maryland's State Specific Program and thus, will be

included in the work participation rate calculation. However, to qualify for SSI, applicants must meet the SSI program's stringent definition for long-term disability, including being unable to perform any "substantial gainful activity."

For our present analyses of work participation groups, it is important to consider how many families have applied for SSI. Table 7, following, presents data on the percentage of customers who have applied for SSI, how long it has been since the applications were filed, and the percentages of families with other members who have applied for and receive SSI.

As expected, we find statistically significant differences among the work participation groups on all of these dimensions. The vast majority (81.7%) of DEAP disabled caseheads have applied for SSI.<sup>6</sup> Applying for SSI is also fairly common among Needy Caretaker Relative and TANF Disabled caseheads. Almost two-fifths (37.0%) of Needy Caretaker Relatives and more than one-fifth (21.8%) of TANF Disabled customers applied for SSI at some point before or during October 2005. Among the other work participation groups, SSI applications for the casehead are fairly rare with a little more than one-tenth of Not SSP (14.9%) and Two Adult Recipient (12.0%) caseheads and 6.0% of Legal Immigrant payees applying.

There are two distinct trends in terms of how long it has been since the casehead applied for SSI. On average, it had been a little more than a year since DEAP Disabled (mean = 1.21), TANF Disabled (mean = 1.34), Legal Immigrant (1.33) and Two Adult Recipient (1.36) caseheads had applied. Given the average SSI processing time of about two years, it is likely that most, if not all, of these applications are still being reviewed. The time since application is significantly longer for Not SSP and Needy Caretaker Relative payees, with an average of three years (mean = 3.09 and 2.82, respectively).

The third and fourth rows of cells in Table 7 concern SSI applications among TANF household members other than the casehead. These data provide some indication of the extent to which the casehead's work participation and eventual employment may be limited by needing to care for an ill or disabled family member.

We find that an SSI application has been filed on behalf of a case member in a little more than one-fourth of Needy Caretaker Relative (26.7%), DEAP Disabled (26.8%), and Two Adult Recipient (24.2%) cases. A little less than one-fifth (16.5%) of Not SSP cases have filed for SSI for a family member. Case member applications are less common among TANF Disabled (8.5%) and Legal Immigrant (2.0%) cases.

Applying for SSI benefits, of course, does not necessarily mean that the application will be approved and benefits will be received, particularly when the basis for application is

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<sup>6</sup> This number reflects the percentage of caseheads with an SSI application that had been entered into the data system by October 31, 2005. For the other 18.3% of DEAP disabled caseheads without an application in the system it could be either because their applications have not been entered into the data system yet or, for two parent cases, the casehead's spouse is the one filing for SSI.

disability rather than old age. Thus, the fourth row of cells in Table 7 presents data on the rates of actual SSI benefit receipt among TANF case members. As shown, the patterns differ somewhat and there are statistically significant differences among the groups.

Although the rates are not high in any group, Needy Caretaker Relative cases have the highest percentage of SSI receipt, with one out of ten (10.2%) households including an SSI recipient. The next highest percentages are found among Not SSP (5.7%) and DEAP Disabled (7.7%) families. Curiously, Two Adult Recipient cases have one of the lowest rates of SSI receipt, at 3.6%, even though they have a fairly high percentage of applications.

Finally, and to present the broadest picture of at least perceived serious disability within sample cases, the last row of cells in the table present the percentage of cases in which either the casehead or another household member had applied for SSI. As expected, SSI applications are nearly universal among DEAP Disabled (87.7%) families. However, the percentages among the other work participation groups are also fairly high, a finding which may not bode well for their work participation prospects. In more than one half (53.6%) of Needy Caretaker Relative families, to illustrate, and almost three out of ten Not SSP (27.8%), TANF Disabled (27.1%) and Two Adult Recipient (29.7%) cases someone in the family has had a health or mental health problem perceived as being severe enough to prompt an SSI application.

These findings suggest, at minimum, that more than cursory consideration needs to be given to the risk-reward tradeoffs associated with the decision to include or take steps to exclude the disabled groups in the state's work participation programs and rate calculations. If such cases are included, however, it would appear that comprehensive assessment of family health and mental health issues would be imperative. In addition, local departments may need to find creative ways to provide activities that take into account families' special needs, while still counting toward the participation rate.

**Table 7. SSI Applications & Receipt.**

	<b>Not in an SSP</b>	<b>Needy Caretaker Relative</b>	<b>DEAP Disabled</b>	<b>TANF Disabled</b>	<b>Legal Immigrant</b>	<b>Two Adult Recipients</b>
<b>Casehead has applied for SSI at some point***</b>	14.9%	37.0%	81.7%	21.8%	6.0%	12.0%
<b>Number of years since casehead applied for SSI***</b>						
<i>One year or less</i>	47.2%	42.4%	71.9%	78.0%	66.7%	68.0%
<i>Two to four years</i>	29.1%	34.5%	25.1%	17.1%	33.3%	26.0%
<i>Five years or more</i>	23.7%	23.1%	3.0%	4.9%	0.0%	6.0%
<i>Mean (years)***</i>	3.09	2.82	1.21	1.34	1.33	1.36
<b>Household member other than the casehead has applied for SSI at some point***</b>	16.5%	26.7%	26.8%	8.5%	2.0%	24.2%
<b>Household member other than the casehead receives SSI***</b>	5.7%	10.2%	7.7%	1.6%	0.0%	3.6%
<b>Case includes anyone who has applied for SSI***</b>	27.8%	53.6%	87.7%	27.1%	8.0%	29.7%

## FINDINGS: WELFARE USE, EMPLOYMENT AND EARNINGS

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This last and final findings chapter addresses two central themes, welfare utilization patterns and employment/earnings patterns. These topics have characterized all of our Maryland welfare research studies and are of inestimable importance in deliberations about how best to approach today's TANF work participation challenges.

### ***Welfare Utilization History***

One of the key concerns that gave birth to the TANF program and its lifetime limit on cash assistance receipt is that, absent a limit, families can become "dependent" on welfare and remain on assistance for years if not generations. The imagery of large numbers of long-term, inter-generational welfare recipients has always been more illusory than real. Nonetheless, several studies have found that customers with longer welfare histories often do have a more difficult time exiting the rolls and are more likely to return (Ovwigbo, Saunders, Head, Kolupanowich, & Born, 2006).

In the years since welfare reform began, our own research profiling Maryland's active TANF caseload has revealed that the average number of months families receive assistance has declined (Hetling, Saunders, & Born, 2005a). To illustrate, the average cumulative months of welfare receipt in the past five years is 28.2 months for the October 2005 active TCA caseload, compared to 31.4 months in October 2001 (Saunders, Ovwigbo, & Born, forthcoming). However, we have not examined if this declining trend applies to all case types and are not aware of any other studies which have looked at this issue either. Unquestionably, however, baseline information about newly-added work mandatory groups' past and present reliance on cash assistance benefits can help inform policy choices and program design. Thus, we present empirical data about our sub-groups' receipt of TCA benefits in Table 8 which follows this discussion.

Table 8 provides four measures of welfare history. The first two, presented in the top two rows of cells, pertain to the current welfare spell families were in the midst of in our study month, October 2005. The first row of cells counts all continuous months of receipt from October 2005 backwards to the first two-month break while the second row counts only months where the casehead was included in the TANF grant. The bottom rows provide a longer-term perspective and report the total number of months of TANF receipt in the previous five years, not necessarily consecutive. All months of assistance received and just those months where the casehead was included in the grant are reported.

Because most have been excused from participating in work activities, we may expect that SSP and TANF Disabled cases would have longer welfare histories than their Not SSP counterparts. As illustrated in Table 8, following this discussion, however, our prediction is not entirely correct.

### ***Current Welfare Spell.***

In terms of current welfare receipt, the data reveal that short welfare spells are the norm for four of the six groups examined: TANF Disabled; Legal Immigrants; Two Adult Recipients; and Not SSP (i.e., the traditional, able-bodied, single adult cases). Almost all TANF Disabled (95.7%) and four-fifths of Legal Immigrant (78.0%) and Two Adult (80.3%) cases had been open for a year or less at the time of sample selection. TANF Disabled cases have the shortest current spell length, on average, with a mean of four months. However, the mean number of months of continuous receipt is fairly low as well for Two Adult (mean = 8 months) and Legal Immigrant (mean = 10 months) families.

Not SSP or traditional able-bodied, single adult cases also tend to be in the midst of a current welfare spell of relatively short duration. Two-thirds of these families (65.4%) had been receiving TCA for 12 months or less when selected for this study. On average, able-bodied, single-adult cases had been open for 13 months.

As expected, current welfare spells are significantly longer, on average, for DEAP Disabled and Needy Caretaker Relative families. DEAP Disabled cases had been open without interruption for an average of 21 months or almost two years, with about one-fifth (18.3%) having received assistance continuously for more than three years. The longest average current spell length (33 months or almost three years) was found among Needy Caretaker Relative cases. Notably, at the time of sample selection, more than one-third (35.7%) of these families were in the midst of a current welfare spell that had lasted more than four years.

The second row of cells in the table present the current welfare spell measure counting only months in which the casehead was included in the TANF grant. In other words, the data in the second row of cells do NOT count any months in which the case was a child only case.

Cursory examination of the data reveal that this definitional change makes no difference in our findings regarding the length of the current spell for all work participation groups, with the notable exception of Needy Caretaker Relative cases. Here, we find that while Needy Caretaker Relative cases have been open for an average of 33 months total, the casehead has only been included in the grant for 23 of those months, or about 70% of the time. These data suggest that some families may flip back and forth from Child Only to Needy Caretaker Relative case types. Another possible scenario is that the case begins as Child Only, with the casehead having income from employment, and then, perhaps because of family care-giving demands, the employment ends and the casehead becomes part of the TCA grant. If this is indeed the case – and independent of decisions made with regard to the new TANF work rules – state officials and local program managers may wish to assess the extent to which working child only caseheads could use work supports in order to remain employed and not become Needy Caretaker Relative cases.



### ***Historical Welfare Use.***

The bottom half of Table 8 provides a longer term and thus more comprehensive look at families' welfare experiences. It measures the total number of months of TCA receipt in the previous five years, regardless of whether those months were continuous or not. We have demonstrated in previous studies that this measure is highly correlated with lifetime welfare receipt ( $r = .79$  to  $.91$ ).

For all work participation groups, we find that, on average, families have received welfare for more months in the past five years than just those in their current welfare spell. However, the difference between total months in the current welfare spell and total months of benefit receipt in past five years is slight for TANF Disabled, Legal Immigrant, and Two Adult Recipient cases. About seven out of ten Legal Immigrant (72.0%) and Two Adult Recipient (70.5%) caseheads and more than four-fifths of TANF Disabled payees (82.5%) have received TCA for one year or less in the past five years. For all three of these groups, the average number of months of receipt in the past five years is only two to three months longer than the average number of months in their current welfare spell.

For the other three work participation groups, the difference between the current spell and our proxy measure of lifetime welfare receipt is larger. Among DEAP Disabled cases, about one-quarter (25.7%) have received TCA for one year or less out of the last five. In contrast, more than two-fifths (43.5%) were in the midst of a current welfare spell that had lasted 12 or fewer months. The mean number of months of welfare receipt in the past five years for DEAP Disabled caseheads is 28 months, eight months greater than the average current spell.

On average, Not SSP, single adult families utilized 22 months or not quite two years of cash assistance in the five years before October 2005, about nine months longer than their average current spell. Less than two-fifths (38.7%) of Not SSP caseheads have cumulative welfare histories of short duration (i.e. one year or less). In contrast, two-thirds (65.4%) had a current welfare spell that short. About one in four (24.9%) of these families had received welfare in 37 or more of the preceding 60 months; only 9.3%, however, were in the midst of a current welfare spell that long.

Needy Caretaker Relative cases have the longest welfare histories in terms of both the current welfare spell and the past five years. More than two-fifths (43.0%) of Needy Caretaker Relative payees have received TCA for at least four of the past five years, with average receipt of 37 months or a little over three years. However, as with the current spell data, we find that Needy Caretaker Relative caseheads have not always been included in the TANF grant. On average, these adults have been included in the assistance unit for 27 months out of the past 60, ten months fewer than the total months the family has received assistance. These particular findings are generally consistent with those we have reported in other studies of the child-only TANF caseload and, in our view, most likely result from the fact that many Needy Caretaker Relative cases, like child-only cases, have prior child welfare involvement. Indeed, it seems plausible that a

not insignificant portion of the Needy Caretaker Relative TANF cases, like child-only TANF cases, may actually result from the agency's efforts to prevent or reduce formal foster care placements.

**Table 8. Welfare Participation History by Work Participation Group.**

	Not in an SSP	Needy Caretaker Relative	DEAP Disabled	TANF Disabled	Legal Immigrant	Two Adult
<b>Current Welfare Spell***</b>						
12 months or less	65.4%	26.8%	43.5%	95.7%	78.0%	80.3%
13 - 24 months	17.5%	16.2%	23.6%	3.7%	12.0%	9.4%
25 - 36 months	7.7%	12.3%	14.6%	0.5%	4.0%	5.5%
37 - 48 months	3.9%	9.0%	7.2%	0.0%	4.0%	3.1%
49 - 60 months	5.4%	35.7%	11.1%	0.0%	2.0%	1.7%
Mean*** (Median)	13 (7)	33 (30)	21 (16)	4 (3)	10 (6)	8 (2)
Standard Deviation	15	23	18	4	12	12
<b>Current Welfare Spell With Casehead Included in the TANF Grant***</b>						
12 months or less	65.9%	41.2%	45.1%	95.7%	78.0%	80.3%
13 - 24 months	17.5%	21.0%	23.4%	3.7%	14.0%	9.6%
25 - 36 months	7.6%	11.3%	14.4%	0.5%	4.0%	5.5%
37 - 48 months	3.8%	9.0%	6.7%	0.0%	2.0%	2.9%
49 - 60 months	5.2%	17.4%	10.5%	0.0%	2.0%	1.7%
Mean*** (Median)	13 (7)	23 (17)	20 (15)	4 (3)	9 (5)	8 (2)
Standard Deviation	15	20	17	4	11	11
<b>TANF Receipt in Previous Five Years***</b>						
12 months or less	38.7%	20.0%	25.7%	82.4%	68.0%	69.8%
13 - 24 months	20.7%	12.3%	22.8%	14.4%	12.0%	11.0%
25 - 36 months	15.7%	12.8%	18.8%	2.1%	12.0%	8.4%
37 - 48 months	12.8%	12.0%	14.2%	0.5%	2.0%	5.8%
49 - 60 months	12.1%	43.0%	18.6%	0.5%	6.0%	5.0%
Mean*** (Median)	22 (19)	37 (41)	28 (25)	6 (4)	12 (7)	11 (2)
Standard Deviation	18	22	18	8	15	16
<b>TANF Receipt in Previous Five Years with Casehead Included in the Grant***</b>						
12 months or less	39.4%	33.8%	27.1%	82.4%	72.0%	70.5%
13 - 24 months	20.8%	19.9%	23.0%	14.4%	12.0%	10.3%
25 - 36 months	15.5%	12.3%	18.6%	2.1%	10.0%	9.1%
37 - 48 months	12.6%	11.3%	13.6%	0.5%	2.0%	5.3%
49 - 60 months	11.6%	22.8%	17.7%	0.5%	4.0%	4.8%
Mean*** (Median)	22 (18)	27 (22)	27 (24)	6 (4)	11 (5)	11 (2)
Standard Deviation	18	21	18	8	13	15

## ***Summary.***

Together our four measures of welfare utilization provide some important information for policy makers and program managers. First, three of the SSP groups considered (TANF Disabled, Legal Immigrants, & Two Adult Recipient cases) tend to have fairly short current welfare spells and total welfare utilization histories. These findings suggest that, as a whole, these families may be expected to exit the rolls fairly quickly, even without specifically targeting them for participation in welfare to work programs.

Second, able-bodied, single-adult (i.e. Not SSP) cases are typically in the midst of a fairly short welfare spell. However, on average, they have longer welfare histories, indicating that many have exited the rolls before but, for whatever reason, were unable to maintain their independence and returned for further assistance. These data suggest that it may be fruitful for case managers to specifically assess why recidivist families (i.e., those who leave welfare and subsequently return) are having difficulty maintaining employment and financial self-sufficiency. As noted earlier in this report, Not SSP or traditional cases will remain, by far, the largest group of work mandatory clients. Thus, regardless of the decisions made concerning the newly-added SSP groups, achieving success under the new TANF rules will also require some retooling or enhancements to welfare to work efforts targeted to traditional, single adult families. Learning more from exiting clients who returned to welfare about what went wrong and what might have prevented their return could be potentially very helpful vis-à-vis service planning that could increase the odds that families' next exits from welfare are permanent ones. This is not a new challenge for welfare programs, certainly, but the importance of recidivism prevention efforts is heightened under the new TANF rules.

Finally, it bears repeating that Needy Caretaker Relative cases have the longest welfare histories. Moreover, it appears that many of these may have begun as child only cases (and perhaps, before that, as child welfare cases). Further study is needed to determine what factors may lie behind these child-only to Needy Caretaker case transitions and if there are certain supports or interventions that might make it possible for the adult caregiver to remain independent of welfare. This might be a particularly fruitful area to explore for the adults who have recent work experience. However, given the immediacy of the new TANF work participation/calculation challenges, and the very real possibility that mandating essentially full-time work participation for the adults in these cases could lead to unintended child welfare consequences, it would seem most prudent to take the steps needed to insure that Needy Caretaker Relative cases are not subject to or counted under the new TANF work rules.

## ***Employment History***

In this final section of our last findings chapter, we turn to the important question of historical employment among TANF families who, absent state-level actions to the contrary, will be included in the work participation rate calculation. Because past employment is a strong predictor of future employment, we examine rates of

employment and earnings from Maryland UI-covered jobs. Table 9, following this discussion, presents our results.

### ***Historical Employment Rates.***

The first row of cells describes the percent of caseheads who have ever worked in a Maryland UI-covered job before October 2005. The majority of TANF payees, regardless of work participation group, have been employed at some point, although rates do vary significantly among the six case types. Previous employment is nearly universal among Not SSP (93.2%), DEAP Disabled (95.1%), and TANF Disabled (94.7%) payees. Among Needy Caretaker Relative cases, historical rates are slightly lower but, even so, more than four-fifths (86.3%) have worked for a UI-covered employer at some point.

The lowest, though still significant, rates of historical employment are found among Legal Immigrant (68.0%) and Two Adult Recipient (63.5%) caseheads. For the latter group, it is likely that in at least portion of the cases where the casehead has not been employed, the other adult in the household has traditionally been the breadwinner. It is also important to reiterate that fully one-third (33.3%) of all Two Adult Recipient cases are Hurricane Katrina victims. In contrast, very few families in the other groups are identified in the administrative data as Hurricane Katrina victims.<sup>7</sup> Because these families came to Maryland just a few months before our sample was selected in October 2005, they are less likely to have worked for Maryland UI-covered employers.

Issues such as less time spent in Maryland, limited English fluency and immigration-related work restrictions may explain the lower employment rates among Legal Immigrant payees. For these customers, it seems clear that individualized assessment would be especially important to determine the most appropriate work activities that can move them from welfare to work.

### ***Recent Employment and Earnings.***

The middle section of Table 9 provides data on more recent employment, specifically employment in the eight quarters or two years immediately prior to our study month (October 2005). As shown, there are statistically significant differences among the work participation groups in employment rates, employment stability, and earnings.

The highest rates of recent employment are found among TANF Disabled and Not SSP or traditional cases. Almost four-fifths (79.8%) of caseheads with short-term disabilities and seven out of ten (70.6%) Not SSP payees worked for a Maryland UI-covered employer at some point in the two years before October 2005. Slightly more than half (54.0%) of Legal Immigrant caseheads also have a recent employment history.

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<sup>7</sup> None of the DEAP Disabled and TANF Disabled, 6.0% of the Legal Immigrant, 3.1% of the Needy Caretaker Relative, and 1.7% of the Not SSP cases are Hurricane Katrina victims.

The lowest rates of recent UI-covered employment are found among DEAP Disabled, Two Adult Recipient, and Needy Caretaker Relative caseheads, a somewhat different trend from that observed with regard to historical employment. That is, although they have among the highest percentages of “ever employed” caseheads, only a little more than two-fifths (45.3%) of DEAP Disabled and a little more than one-third of Needy Caretaker Relative (36.7%) payees worked in a Maryland UI-covered job in the two years immediately prior to sample selection. For Two Adult Recipient cases (including Hurricane Katrina families), about two out of five caseheads (43.6%) have a recent employment history.

We also look at a measure of employment stability, the number of quarters worked in the two years or eight quarters before October 2005. TANF Disabled caseheads worked the most, earning at least some UI-covered wages, on average, in five of the previous eight quarters. DEAP Disabled payees have the lowest stability, working in only an average of three quarters out of eight, or about 37.5% percent of the time. For the remaining four groups (Not SSP, Needy Caretaker Relatives, Legal Immigrant, and Two Adult Recipient, including Hurricane Katrina families), the average employed casehead worked in four quarters or half of the previous two years.

Another important predictor of successful welfare-to-work transitions is the earnings an adult can command in the labor market. Historically welfare recipients have been concentrated in low-skill, low-wage jobs with few benefits and few opportunities for advancement. The ramped up, current pressure on states to meet federal work participation rates tends to support an “any job is a good job model”. Over the long run, and to break the welfare-to-work-to-welfare cycle, however, it still behooves policy makers and program managers to devise creative ways to improve the skills and longer-term employment and earnings prospects of welfare recipients. To set the earnings baseline as we begin the second decade of TANF, we thus also examine recent quarterly earnings among adults in the different work participation sub-groups. These findings are presented in Table 9, following.

As a whole, the TANF caseheads in our sample have typically received about \$2000 per quarter in UI-covered earnings, although we again caution that we have no way of knowing if these earnings were obtained from full- or part-time employment. However, and not surprisingly, there are statistically significant differences among the six work participation groups in average quarterly earnings.

Average quarterly earnings are lowest for Not SSP and Legal Immigrant families; employed adults in these cases earned an average of \$1789 and \$1697 per quarter, respectively, in the two years before sample selection. In contrast, DEAP Disabled, TANF Disabled, and Two Adult Recipient caseheads earned several hundred dollars more per quarter, on average, with mean earnings of \$1944, \$2175, and \$2015, respectively.

Employed Needy Caretaker Relative payees commanded the highest average quarterly earnings of all the work participation groups. These employed participants received an average of \$2403 per quarter from UI-covered employment.

**Current Employment.**

The final row of cells in Table 9 concerns employment in the quarter of sample selection, or the fourth calendar quarter of 2005 (October to December 2005). Because all families received TANF in the first month of that quarter, it is not surprising to find that employment rates are low. About one-third of Not SSP (36.5%), Legal Immigrant (34.0%), TANF Disabled (28.7%), and Two Adult Recipient (27.6%) caseheads worked in that quarter. Employment rates are significantly lower for DEAP Disabled and Needy Caretaker Relative caseheads, at 10.0% and 16.0% respectively.

Although employment rates are low, it is heartening to see that earnings are higher in the most recent period, than historical averages, for four of the six work participation groups (Not SSP, DEAP Disabled, Legal Immigrant, and Two Adult Recipient). In addition, for all four of these groups, average earnings were more than \$2000 for the quarter. Average quarterly earnings are highest for payees in Two Adult Recipient cases, who earned \$3057.

**Table 9. Employment History by Work Participation Group.**

	Not in an SSP	Needy Caretaker Relative	DEAP Disabled	TANF Disabled	Legal Immigrant	Two Adult Recipients
Ever worked in a Maryland UI-covered job***	93.2%	86.3%	95.1%	94.7%	68.0%	63.5%
Employed in the 8 quarters before critical date***	70.6%	36.7%	45.3%	79.8%	54.0%	43.6%
Quarters Worked (Mean)***	4	4	3	5	4	4
Average Quarterly Earnings (Mean)***	\$1,788.64	\$2,402.57	\$1,944.47	\$2,175.18	\$1,696.77	\$2,015.25
Total Earnings (Mean)***	\$8,870.64	\$11,050.56	\$7,957.39	\$12,459.51	\$8,303.82	\$9,170.70
Employed in the Critical Quarter***	36.5%	16.0%	10.0%	28.7%	34.0%	27.6%
Quarterly Earnings (Mean)**	\$2,130.83	\$2,234.38	\$2,094.81	\$2,020.41	\$2,207.88	\$3,057.32

Note: Quarters worked and earnings figures only include those who are employed in that time period.

**Summary.**

Our analyses of Maryland UI-covered employment among TANF recipients who will be included in the work participation rate calculation suggest that most are familiar with the world of work, having been employed at some time in the past. However, except for Not SSP (i.e., traditional) and TANF Disabled customers, their work experience is not all that recent. Moreover, their employment has tended to be somewhat unstable in the past. Typically, clients worked about half of the time and, on average, had quarterly earnings that are fairly low.

On the face of it, Not SSP and TANF Disabled cases appear to be the most “work ready” and the most work experienced. As of October 2005, adults in these two groups had the largest percentages of adults with current work experience, with work experience in the past two years, and with any work experience at all. Not SSP cases represent four-fifths of the work mandatory population under the new TANF rules and, theoretically, Maryland could achieve the required work participation rate by focusing only on this traditional population. As we go forward, it would thus be very worthwhile, especially for Not SSP cases, to conduct thorough assessment to find out why previous jobs ended and what services or work supports might be needed to determine and facilitate the most appropriate work activities and increase the client’s chances of long-term success. In the case of TANF Disabled payees, many of whom are receiving TCA while pregnant or recovering from childbirth, it is likely that they will move back into the labor force once their health situations improve. Case planning for these families should focus on having the work supports, especially child care, in place to allow the adult to obtain and maintain employment over the long term.

Less obvious but also important to consider is that, while the vast majority of DEAP Disabled caseheads have a history of employment, their current health situations may not be conducive to work participation or sustained unsubsidized employment. The same may be true for some, perhaps the majority, of Needy Caretaker Relative caseheads as well who, on average, are fifty years old. On the other hand, most adults in these latter families have worked in the past, and many may be interested in working in the future. Again, individualized assessment of families’ strengths, challenges, and service needs could help local agencies to most appropriately sift through their work participation caseloads and place customers in the most appropriate and effective work activity.



## CONCLUSIONS AND IMPLICATIONS

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Reauthorization of the TANF program has finally happened, but took place with relatively little fanfare even though the legislation makes changes that all observers agree are more than just cosmetic or inconsequential. Indeed, several changes pose real and immediate programmatic challenges, contain the threat of serious fiscal consequences and, unless state officials take explicit steps to do otherwise, will require additional types of clients to be counted in work participation rate calculations.

The latter requirement, that State Specific Program (SSP) clients must be included in states' work participation rate calculations, is arguably the most important change and the one that could have the greatest, immediate effect on local Departments of Social Services and individual clients and their families.

States face a number of important decisions with regard to the new TANF rules but none, in our view, are as critical or will have as long-lasting effects as those related to the SSP populations. To assist Maryland in working through these choices, this report considers a variety of empirical data in an attempt to answer two straightforward, but central questions: 1) what the implications for Maryland of including SSP cases in the work participation rate calculation? and 2) what the characteristics of SSP cases and what do they suggest in terms of their potential work participation and likely success? We can draw several policy and program implications from the data presented:

- ✘ **At least theoretically, Maryland can meet the 50% work participation rate standard by engaging at least 62.5% of their traditional, able-bodied, single-parent cases in federally allowable work activities for a minimum of 30 hours each week. In other words, the 50% federal goal could be achieved without targeting SSP and TANF Disabled families for welfare to work activities and/or without having any of those families meet the federal definition of "participation."**

Statewide, the large majority of families who will be included in the work participation rate calculation under the new rules are not currently members of the SSP population nor are they TANF Disabled cases. Rather, they are members of the traditional TANF population (i.e., single adult cases) for whom the original TANF welfare to work programs were originally designed. As we have discussed, participation in federally-countable activities for at least 30 hours per week may not be feasible or appropriate for all adults in these "Not SSP" cases. However, in the midst of the understandably great concern about the new TANF rules and the very short timeframe for their implementation, we should not lose sight of the fact that, all else equal, Maryland could, theoretically, meet its work participation goal and avoid costly fiscal penalties by having a little less than two-thirds of these families participating.

- ✘ **Maryland's TANF caseload and, in particular, its newly-redefined "work participation" caseload is concentrated in Baltimore City. Thus, successful engagement of City clients in work activities will be critical to statewide success. Indeed, without a significant proportion of Baltimore City cases**

**participating in federally-allowable work activities for at least 30 hours per week, Maryland will not be able to meet the 50% target.**

Baltimore City accounts for a little more than half (52.6%) of the statewide TANF caseload, but almost three-fifths (58.0%) of cases that will be included in the new work participation rate calculation. It also accounts for just over three-fifths (62.0%) of traditional, one adult work mandatory cases (i.e., Not SSP cases), the largest group, by far, within the work mandatory population. The adage “as the City goes, so goes the State” is clearly true in this instance because it is almost mathematically impossible for Maryland to achieve the needed results without stellar performance in Baltimore City.

Caseload concentration notwithstanding, each local jurisdiction, each case, and each caseworker is critical in Maryland’s efforts to increase our work participation rate. If any jurisdictions fail to meet the 50% (or 90% in the case of Two Adult cases) targets, the slack will have to be made up elsewhere in the state. Because jurisdictional caseloads vary so much, how much extra effort will be needed depends on which jurisdiction or jurisdictions fall short.

**✘ Local caseloads vary in terms of the proportion of their caseload that will be included in the work participation rate calculation and the proportion that are SSP or TANF Disabled. These differences suggest that local departments will face different challenges in attempting to reach the 50% work participation goal, but, for the majority, the most effective approach to improving their work participation rate is to have more traditional cases in federally allowable activities for at least 30 hours per week.**

We find that in most jurisdictions “work participation” cases account for at least half of the total TANF caseload and in 18 of the 24 jurisdictions, Not SSP cases represent at least three-fifths of the work participation caseload. Across almost all localities, DEAP Disabled cases are the most common SSP cases, accounting for as little as 5% (Dorchester) to as much as 44% (Garrett) of those who will be included in the work participation rate calculation.

Meeting the 50% goal will likely be challenging for all local departments. For larger jurisdictions, the challenge will be how to move and keep large numbers of families in countable activities for a sufficient number of hours. For smaller jurisdictions, the issue will be to make sure that every possible case that can be counted as participating is, because they have very little “wiggle room” in terms of the total number of cases in their caseloads.

**✘ Based on their demographic characteristics, welfare histories, and previous employment experiences, it appears that Not SSP, Legal Immigrant, and Two Adult Recipient cases are the best positioned to fully participate in work activities.**

In general, Not SSP, Legal Immigrant, and Two Adult Recipient caseheads are about in their early thirties, have worked before, and have relatively short welfare histories. Because they also have no documented short- or long-term disability, they appear to be the most “work ready”. However, they will certainly face challenges in moving from welfare to work. More than half, for example, include a child who is less than four years old so child care for very young children could be an issue. In addition, legal Immigrant families may have language barriers or immigration-related constraints on their ability to work.

For Two Adult Recipient families, two challenges are most apparent from the data presented here. First, one out of three Two Adult Recipient cases include Hurricane Katrina victims. These families may face barriers related to having lost all or nearly all of their personal possessions and relocating to Maryland. Second, Two Adult Recipient families tend to have larger assistance units and, in particular, more children than other TANF cases. Because wages do not increase with family size, while TANF grants do, the transition from welfare-to-work could be especially challenging.

Despite these challenges, it remains true that these three groups are the most likely to participate in work activities and ultimately, to leave welfare for work. For local departments, it is important to continue to conduct individualized assessments with each family and creatively package activities and supports that will help them move towards financial self-sufficiency.

**✘ In general, TANF Disabled cases closely resemble Not SSP cases. Many appear to be experiencing a short-term health limitation or disability related to pregnancy. Thus, these customers will be likely to participate in work activities once the pregnancy ends.**

About three out of ten TANF Disabled payees were pregnant in the month of sample selection. In terms of age, case composition, welfare history, and employment experiences, these families closely resemble Not SSP cases. The important implication for policy makers and program managers is that it appears the trajectory for most of these families will be to move into the Not SSP group once the pregnancy ends or the payee’s health situation improves. They may then either receive an exemption for having a child under the age of one or begin participating in work activities.

**✘ Historically, DEAP Disabled caseheads have worked in Maryland UI-covered jobs and earned about \$2000 per quarter. However, their current health situations will likely keep them from either participating in work activities or reentering the labor force. Moreover, most have applied for SSI recently, suggesting that they may receive TANF for another year or more before their applications are approved.**

Our data indicate that DEAP Disabled caseheads have worked in the past, but that employment is not generally recent. On average, DEAP Disabled families have received TCA for a little more than two of the past five years. Clearly definitions of

disability vary and it is possible that some of these families will never receive SSI. However, at least in the interim, their participation with DEAP and SSI applications suggest that they are not able to participate in work activities and/or employment at this time. The good news is that because DEAP Disabled cases represent such a small percentage of the work participation caseload, 10.7% statewide, their inclusion in the work participation rate calculation will likely have little impact on Maryland's ability to meet the 50% target. However, from a longer term perspective, policy makers and program managers may wish to explore how many DEAP Disabled cases never get certified for SSI and program alternatives for these families.

✘ **In many ways, Needy Caretaker Relative families bear a strong resemblance to non-parental, child-only cases and share few similarities with their other work participation group counterparts. The data suggest that many started out as child only cases, but then the casehead entered the TANF rolls as well. Because these families may also straddle the murky boundary between public welfare and child welfare, we strongly suggest that policy makers and program managers further explore their service needs and when appropriate, their possible desire to reenter the labor market.**

On average, Needy Caretaker Relative caseheads are about 50 years old and are caring for one grandchild who is about nine years old. Their welfare histories are fairly lengthy, receiving TCA for a total of three out of the previous five years. However, the caseheads have not been included in the grant for this entire time. The data suggest that a common scenario is for the case to begin as a child only assistance unit. It continues that way for about 10 months, on average, and then the casehead is added to the grant. Clearly, more analysis is needed to determine how common it is for an employed, non-parental child-only casehead to become a needy caretaker relative and what supports may be needed to prevent this from happening. It is also important to note that this is not the only issue for Needy Caretaker Relative cases. That is, many of the caseheads are elderly and in over half of the cases, the casehead has applied for SSI for herself and/or the children she is raising. For these families, work activities and labor force reentry may not be an appropriate goal. Rather, policy makers and program managers in both public welfare and child welfare may need to work together to determine the best supports and services to meet these families' needs.

✘ **States face several important decisions with regard to the new TANF rules but none are as pressing, critical or of long-lasting effect as those related to the SSP populations. Our findings concerning the newly-expanded work mandatory population, particularly the SSP groups, provide food for thought for state and local officials who must determine Maryland's best course of action. The findings suggest that, at least for the first year or two of operation under the new federal rules, one particular course of action may be the most prudent one to pursue or at least to seriously consider.**

At least in the short-run, the data presented in this report suggest it would be advisable for Maryland to explicitly think through and cost out the option of removing SSP cases from the work participation rate calculation. This could be done by no longer counting their assistance payments as Maintenance of Effort (MOE) expenditures or, possibly, some other method or approach. This strategy makes sense to consider, at least for the time being, for several reasons. First, despite the substantive nature of the TANF changes, there has been extremely limited time between issuance of the guiding federal regulations (June 2006) and the new rules' effective date (October 2006). This leaves little time for the type of thoughtful, participatory, comprehensive program design which characterized Maryland's approach to the original TANF legislation and which has served our state and its people so well. In addition, the potential risks (e.g., fiscal penalties, increased MOE requirements, ADA lawsuits, foster care placements) to our state if hasty decisions prove faulty are considerable.

Second, the empirical data presented here suggest that, for the largest SSP groups, there may be little payoff from efforts to engage them in work, but there may be the risk of undesirable consequences. Given the characteristics and circumstances of most SSP clients, the more prescriptive federal definition of work, the expectation that 'participation' means 30 hours of work each week, and the fact that SSP clients, overall, constitute such a small portion of the overall work participation caseload (about 20%), we think that, for the time being, the fiscal and other risks of including these populations outweigh the benefits. Results from this study and our 20+ years of experience with Maryland welfare programs lead us to believe that, in the short-run, agencies' energies and resources could probably be more productively and successfully spent on engaging traditional cases in countable activities for the required number of hours.

We realize, certainly, that real world realities often make it impossible to do what research results may suggest is best. In this case, removing all SSP cases from the state's work participation rate calculations would require the identification of an equivalent amount of state expenditures that could be legitimately claimed as MOE (i.e., substituting for the SSP expenditures). It may or may not be possible to come up with the needed amount but, for the reasons noted, we think the exercise is one that should be undertaken.

To the extent that only partial replacement MOE claims could be identified, it would be necessary to prioritize SSP groups to be removed from the work participation rate calculation. These would be difficult, perhaps contentious, choices but the data suggest that three groups, in particular, should receive serious consideration: two adult cases; DEAP disabled cases; and caretaker relative cases. It may be that no MOE substitutions are possible, but given the strength of our findings, the short time frame, and the potential consequences of certain policy choices, we strongly recommend that serious consideration at least be given to determining if this or some other option is affordable and feasible, in whole or in part.

Last but certainly not least, it is important to remember that Maryland's welfare reform program created as a result of the original TANF legislation has served our state well for

the past decade. In no small measure, this is because our state's approach to the task of designing a reformed system was bi-partisan, carefully-crafted, and based on empirical data. Although the original TANF challenges were many and substantial, they were more than met in Maryland because of the state's methodical, data-driven deliberations and decisions. TANF reauthorization occurred with much less fanfare and media attention, but the challenges it presents to all states, including Maryland, are just as important and the potential negative consequences are equally severe. We are confident that our state, its decision-makers and front-line managers are up to and will meet these new challenges as effectively as they addressed the challenges a decade ago. We also trust that, as was true in the mid-1990s, the research results reported in this and other of our studies are useful in working through the various policy and program choices.

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