

LIFE AFTER WELFARE: ELEVENTH REPORT

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EXECUTIVE SUMMARY

On February 8, 2006, President Bush signed the Deficit Reduction Act of 2005 (S. 1932), reauthorizing the Temporary Assistance to Needy Families (TANF) program for another four years. Relative to the controversy surrounding passage of the Personal Responsibility and Work Opportunity Act (PRWORA) and creation of the TANF block grant, passage of the DRA and reauthorization was a quiet affair, with some news coverage not even commenting on the TANF provisions included (see, for example, CNN (February 8, 2006)). Public attention has only recently shifted to focus on the new welfare reform provisions contained in the DRA (Wetzstein, 2006).

National, state and local welfare officials, however, realized the significance of TANF reauthorization immediately. In effect, the DRA modified the work participation rate calculation in ways that will make it more difficult for most states to meet the 50% work participation standard for all families and 90% target for two-parent families. Specifically, effective October 1, 2006, states must include families assisted through Separate State Programs (SSP) in their work participation rate calculation. In addition, the base year for the caseload reduction credit was changed from 1995 to 2005, resulting in a significantly smaller credit.

These changes are significant and substantial and, for state and local welfare officials, pose conceptual and operational challenges equivalent to those associated with the original TANF program. Similarly, empirically tracking the effect of these program changes on recipient families, particularly those who leave welfare under the new DRA rules, takes on renewed importance. Because of the foresight and commitment of Maryland's elected and appointed officials in mandating a comprehensive, ongoing, longitudinal study of TANF leavers, *Life After Welfare*, our state is better-positioned than most to be able to monitor and report on the outcomes of the revised TANF program.

When PRWORA was initially passed and welfare caseloads began to rapidly decline, many states responded to questions about who was leaving welfare and why by implementing "leavers" studies. Maryland was the first in the nation to issue a report on its leavers, publishing findings in September 1997, only eleven months after the state's acceptance of the TANF block grant (Welfare and Child Support Research and Training Group, 1997). Despite differences in locality, welfare programs, and study methods, leavers studies were remarkably consistent in their findings. Most showed that the majority of exiting adults obtained employment and few families returned to the TANF rolls (see, for example, Acs & Loprest, 2001; Ovwigho, Saunders, & Born, 2005).

In the intervening years, a number of states have discontinued their leavers studies. Maryland, however, chose to continue profiling the characteristics and circumstances of families leaving TANF each year, as well as continuing to follow up on long-term employment and welfare outcomes of families who exited in the earliest years of welfare reform.

Maryland's choice to continue its leavers research has proven to be prescient and wise in that the study provides state and local policy makers and program managers with unparalleled data on the outcomes of welfare leavers over time and, more importantly, during various economic cycles. In addition, our annual reports also have great utility as a metric for assessing various policy changes, such as the adoption of a Universal Engagement policy. As we move forward in meeting the challenges of TANF II, Maryland's longitudinal leavers data set a baseline for outcomes achieved under PRWORA and a mechanism for examining the outcomes of the DRA and TANF reauthorization.

Today's report, the eleventh in the *Life After Welfare* series, profiles 11,473 families who exited Maryland's TANF program for at least one month between October 1996 and March 2006. Using a variety of administrative data sources we examine who exits welfare and what happens to them when they do. In addition to presenting data on short- and long-term (up to nine years) employment and recidivism outcomes, we also compare the characteristics and circumstances of recent (April 2005 to March 2006) and earlier (October 1996 to March 2005) leavers.

Overall, our findings mirror most trends observed in previous years. The data still indicate generally positive outcomes, with the majority of adults finding and maintaining employment and few families returning to the welfare rolls. The following bullets summarize key points:

- ✘ **TANF exits in Maryland still primarily occur among the types of families cash assistance programs have traditionally served. Most cases consist of an African-American mother in her early thirties and her one or two children, the youngest of whom is about five and one half years old. The majority of adults have worked in a Maryland UI-covered job at some point in the previous two years and are exiting from a relatively short welfare spell.**

The profile of a typical payee leaving Maryland's welfare rolls has remained relatively stable over the past decade: an African American (74.1%) female (95.3%) in her early thirties (average age of 32.79 years) with one or two children (average number of children = 1.73). Also consistent with previous years' data, we continue to find that almost half (46.4%) of exiting families reside in Baltimore City and most consist of two- to three-person assistance units (mean size of 2.6 persons). Less than one in five cases (15.9%) are child-only, in which no adult is included on the grant. On average, the youngest child in an exiting case is a little under six years old (mean age of 5.68 years). Two out of every five households (39.9%) have at least one child under the age of three years.

Welfare leavers are definitely not strangers to the world of work. In fact, more than seven out of ten leavers worked in the two years prior to their most recent welfare spell (70.3%), and in the two years immediately preceding the welfare exit (71.5%).

Unfortunately, they are also not strangers to the welfare rolls and most appear to have cycled from welfare-to-work-to-welfare before. Most were ending a welfare spell that had lasted a relatively short time, on average 16.8 months. Nearly two-thirds of leavers (65.6%) are ending a welfare spell that has lasted less than a year. However, their cumulative welfare histories are longer. On average, leavers had received welfare assistance for almost two and one-half (mean = 28.47 months) of the previous five years. In other words, a typical adult was on the welfare rolls for about half the time. Roughly one in three (35.9%) leavers were on TANF for more than three years, and about one-fifth (22.8%) received assistance for at least four out of the five years preceding their exit.

☒ In terms of case characteristics, we observe statistically significant differences between the recent and earlier cohorts in terms of the proportion of cases containing at least one child under the age of three, the percentage of child-only cases, and former payees' welfare histories. However, compared to last year, trends are slightly different with a large increase in the percent of families with a child under three and a decrease in the percentage of child only cases.

Our comparison of recent leavers (April 2005 to March 2006) to earlier leavers (October 1996 to March 2005) reveals many similarities and a few notable differences. Consistent with patterns observed in earlier years, we find that shorter welfare histories are more common among recent leavers. On average, families in the most recent cohort exited the rolls after only 9.30 months, compared to 17.50 months, almost twice as long, for all early leavers. More than one out of ten (11.3%) earlier leavers were exiting from a spell that had lasted for at least three years; only 2.7% of the most recent leavers had most recent spells that were that long.

Similar differences are found when we consider families' cumulative welfare histories. The most recent leavers averaged 20 months of welfare receipt in the previous five years, about nine months fewer than earlier leavers (mean = 29.23).

Recent leavers are also significantly more likely to have a young child than earlier leavers. Among the most recent cohort, almost half of all cases (46.4%) include a child under the age of three, compared to only two-fifths (39.3%) of cases that left the rolls earlier. Throughout our *Life After Welfare* series, the trend has been for the percentage of exiting cases with young children to increase from year to year. However, the increase this year has been fairly dramatic. In our tenth report, we found that 42.5% of families exiting between April 2004 and March 2005 included a child less than three years old (Ovwigbo, et al., 2005). That percentage has increased 3.9 percentage points

Also consistent with trends observed in previous years, we again find a significantly higher proportion of child only cases among recent leavers (16.7%) than among all cohorts combined (15.3%). However, the percentage of child only cases among the April 2005 to March 2006 cohort has actually declined from the percentage observed last year among the April 2004 to March 2005 cohort (Ovwigbo, et al., 2005). In fact, one-fifth (20.2%) of the latter group consisted of child only cases. Thus, while child only cases remain more common among recent leavers than earlier leavers, their overall proportion among exiting cases has declined. We suspect that the universal engagement policy, which does not apply to child only cases, may be partially responsible for this change by increasing exits among traditional, non-child-only cases.

☒ Trends in administrative case closing codes persist: most families leave welfare because their income is above the eligibility limit or they do not reapply for benefits. Relatively few cases close because of a full family sanction for non-compliance with work requirements.

Overall, the most common reason for case closure among our entire sample is “Income Above Limit,” accounting for about three out ten (29.2%) cases. Less than one-fifth (18.3%) of closures are due to failure of recipients to reapply for benefits when their certification period ended, and 15.4% of case closures are because families did not provide required eligibility-related information. Full family sanctions for non-compliance with work requirements accounted for 14.5% of closure codes while 6.7% of cases were closed at the request of the recipient. Together, these five case-closure codes make up more than four of every five closures (84.1%). In general, the top five closure reasons, their relative positions, and the percent of total cases they account for have remained the same over the past several years.

Notably, sanctioning rates are higher among the most recent cohort of leavers. One-fifth (20.2%) of recent leavers had their cases closed with a work sanction, compared to 14.5% of earlier leavers. In fact, among the most recent cohort of leavers, work sanction is the second most-common reason for closure; it ranked fourth for earlier leavers. One likely explanation for this trend is the increased focus on engaging all customers in work activities as a result of both the state’s universal engagement policy and the increased pressure to ramp up efforts to meet the long-anticipated, tougher work participation rules that have now been crystallized through TANF reauthorization.

☒ After exiting the TANF rolls, most adults find employment in a UI-covered job. Quarterly employment rates remain stable over time, with about half of former payees working in each quarter through the ninth post-exit year.

We continue to find that employment is the most common outcome for TANF leavers. Approximately half (49.6%) of all exiting payees were employed in a Maryland UI-covered job in the quarter in which they left cash assistance. In addition to Maryland employment, 4.2% of exiting payees were employed in a border state in the exit quarter.

In total, 51.4% had earnings from a UI-covered job during the exit quarter, comparable to last year's figure, 51.2%.¹ Accounting for both in-state and out-of-state jobs, employment rates for our entire sample remain quite stable in the 1st through 36th quarter after exit, with rates ranging between 49.9% and 52.4%. In other words, approximately half of all exiting payees participate in UI-covered employment, even nine years after their initial welfare exit.

✘ **Initially, welfare leavers earn about \$3000 per quarter. Average quarterly earnings increase steadily over time, almost doubling by the ninth follow-up year.**

In terms of earnings from UI-covered employment, we find that while initial earnings may be fairly low, they do increase over time. Among the entire sample of those employed during the quarter in which they exited welfare, average quarterly earnings were just under \$3,000 (mean=\$2,830.02), and one-half earned \$2,279.88 or more. In the first full quarter after exiting welfare, earnings were somewhat higher, with an average of \$3,214.22 and a median of \$2,703.27. The good news is that average quarterly earnings continue to rise over the next nine years, reaching a high of \$5,724.28 in the 36th quarter after exit.

✘ **An examination of the average number of quarters worked per year and annual earnings clearly illustrates that, for leavers in general, labor market participation has paid off in terms of steady employment and increasing earnings.**

Among welfare leavers working in UI-covered jobs, the average number of quarters worked each year and total annual earnings steadily increase over time. In the first year after exit, employed leavers work three quarters, on average, or about 75% of the time. Their earnings in that first post-welfare year total a little more than \$10,000, on average. By the fifth follow-up year, the mean quarters worked have increased to 3.2 and average earnings total about \$15,000. By the ninth follow-up year, earnings have increased to more than \$18,000, 80% higher than average earnings in the first year.

Of course, averages do not accurately reflect the reality for all families. A full analysis of employment stability and household poverty among our leavers' sample is beyond the scope of the current project and its data sources. However, at minimum, we can say that the hard work of recipient adults, the local Departments of Social Services who have served them, and policymakers who crafted and continue to monitor welfare reform in Maryland, has led to results which, all in all, are quite positive vis-à-vis these welfare reform outcomes.

¹ Some payees worked in both Maryland and a bordering jurisdiction during the exit quarter; this explains why the total percent employed does not equal the sum of the percent working in Maryland and the percent working out-of-state.

✘ **Overall, recidivism rates remain relatively low and, after the third follow-up year, constant. In other words, recidivism tends to happen sooner rather than later and among families who have remained independent for three years, virtually none come back on welfare at a later date.**

Another possible outcome for exiting families is having to return to the cash assistance rolls. We find that this outcome is still relatively uncommon. By the end of the first year after their initial welfare exit, about seven out of ten families remained off TCA (71.9%), while about three out of ten (28.1%) had returned. By the end of the third follow-up year, three-fifths (61.3%) of families still had not returned for even one additional month of assistance, although not quite two-fifths (38.7%) did receive additional aid. Recidivism rates remain relatively stable after the third post-exit year, rising only an additional 2.8%. Even by the ninth year, the majority of welfare leavers, about 60%, had not returned to public assistance.

Our data strongly suggest that risk of returning to welfare is highest in the first few years and especially in the first few months after exiting. These findings underscore the importance of having transitional supports in place when a TANF case closes and not waiting until the family encounters a crisis. The good news, for families and policy makers alike, is that if a family can maintain self-sufficiency during those first few years, chances are very small that they will need to ever return to cash assistance.

✘ **Risk of returning to cash assistance is correlated with certain demographic, welfare history, and employment characteristics. These findings indicate that agencies would be wise to provide as much post-exit support as possible, including connections to job opportunities, to those leavers who do not have UI-covered employment at the time of exit.**

We find that recidivists and non-recidivists differ on nine of the 13 demographic and welfare utilization variables examined. In general, recidivists are about one year younger (mean = 31.77 vs. 32.96 years), more likely to be African American (81.9% vs. 72.9%), more likely to have exited TANF in Baltimore City (54.4% v. 45.0%), and have a larger assistance unit (mean = 2.75 vs. 2.58 persons) with more children on the grant (mean = 1.85 vs. 1.72 children) than those who do not experience an early return to welfare. In addition, the average age of the youngest child in recidivist families is significantly lower than in non-recidivist families (mean = 5.44 vs. 5.72 years). Recidivists were more dependent on cash assistance in the previous five years than non-recidivists, receiving cash assistance for an average of 33.9 months compared to about 28 months, respectively.

Families' likelihood of returning to welfare also differs significantly by administratively-recorded case closure reasons. Non-recidivists were significantly more likely than recidivists to have their cases closed because of employment or attaining income above the eligibility limit (31.1% vs. 18.3%). On the other hand, recidivists are significantly more likely to leave welfare because of a full family work sanction (20.6% vs. 13.3%).

This latter finding is not necessarily a negative one, as the intent of work sanctions in Maryland is to ensure recipient accountability, while motivating them to participate in activities aimed at moving them to self-sufficiency.

Finally, employment plays a critical role in preventing welfare recidivism. The majority of both recidivists and non-recidivists worked in a Maryland UI-covered job at some point in the two years before their welfare exit. However, non-recidivists (53.3%) are significantly more likely than recidivists (39.3%) to have UI-covered employment in the exit quarter. For program managers, these data suggest that even among customers with recent employment histories, recidivism can occur. They also point to the wisdom of continuing to pay close attention to supports for families exiting the TANF rolls.

✘ **The vast majority of families leaving cash assistance continue to participate in the Food Stamp and Medical Assistance (including MCHP) programs. Use of child care subsidies is significantly lower, with at most one in four families participating. While these rates are comparable to those reported in other states, policy makers and program managers would be wise to consider what strategies might be effective at increasing child care take-up rates.**

Unlike the AFDC program, which served as a gateway to other forms of assistance such as Food Stamps, medical assistance and childcare subsidies, today's reformed welfare system encourages customers to view these other forms of assistance as supports available to them while they are employed. Our data on welfare leavers' utilization of these support programs indicate that, in general, families have received that message. Three-fifths (61.9%) of all families receive Food Stamps within the first three months after exit. Food Stamp participation rates for TANF leavers remain relatively high, even through the ninth year of follow-up, with one-third (33.7%) still receiving benefits.

Medical assistance/MCHP participation is equally high. Overall, about four-fifths of all adult payees (78.0%), children (78.2%), and cases (82.8%) in our sample received medical benefits during the first quarter after their TANF exit. Participation rates remain high up to four years post-exit, with more than seven out of ten (72.6%) families having at least one family member enrolled. Even up to nine years after leaving cash assistance, more than half (53.2%) of former TANF families still have someone who is participating in the Medical Assistance/ MCHP programs.

Child care subsidy utilization rates are quite a bit lower and may not be what one might expect or think optimal, given that the average age of the youngest child among exiting families is just under six years and two-fifths of all cases include a child under the age of three. Overall, almost one-fifth (19.5%) of leavers with a child under the age of 13 had a child care voucher paid on their behalf in the quarter of their welfare exit. Subsidy utilization declines somewhat over time reaching 16% by the end of the first year. By the end of the second post-exit year, participation drops to about one in seven (14.2%),

and by the fourth post-exit year, fewer than one in ten (8.5%) former welfare families receives child care assistance. While our results are on par with those reported in other states, agencies interested in increasing the use of child care subsidies among families transitioning from welfare-to-work would be wise to adopt strategies such as notifying families often of the availability of child care assistance even when they leave TANF, simplifying the application process, and minimizing what parents have to do to keep subsidies during the welfare-to-work transition (Adams, Koralek, & Martinson, 2006).

✘ Despite a higher sanctioning rate, recent exiters are faring just as well, if not better, than their earlier-leaving counterparts. Employment and recidivism rates are similar. In addition, recent leavers initially earn more than earlier leavers and are more likely to utilize work supports.

Compared to earlier leavers, those who left TANF most recently are just as likely to be employed and few return to the cash assistance rolls. Moreover, later leavers have higher initial earnings and higher take-up rates of post-exit Food Stamps, medical assistance, and child care subsidies. Those who exited TANF most recently earned significantly more in the first quarter after their exit than former payees who left in the earlier years of welfare reform. On average, later leavers working in the first follow-up quarter earned a little more than \$3500 per quarter, about \$350 more than their earlier-exiting counterparts. At both the three- and six-month follow up points, later leavers have significantly higher Food Stamp and Medical Assistance/MCHP participation rates than their earlier-leaving counterparts. For example, in the first three months after exit, almost three-fourths (73.6%) of recent leavers received Food Stamps, compared to three-fifths (61.1%) of earlier leavers. Similarly, more than nine out of ten (94.2%) families who left TCA most recently have at least one family member receiving medical assistance in the first three months after exit. In contrast, only four-fifths (82.1%) of early exiters have a family member participating in this period.

These findings are particularly encouraging, given earlier predictions and some indications that later leavers were having a more difficult time transitioning from welfare-to-work. Undoubtedly a combination of factors contributes to these positive outcomes, including an improving economy and concerted efforts by local departments to provide support services for transitioning families.

✘ It remains true that very few children enter foster care after their families leave welfare. These findings are particularly positive in light of the prevalence of substantiated or indicated abuse and/or neglect in these children's histories. There are some differences between early and recent leavers at the child level, but not the case level.

Throughout our *Life After Welfare* series, we have studied rates of child welfare involvement among children whose families exit TANF. Our data consistently show that few children enter care in the year following the welfare exit. One out of every five

(21.5%) children in our exiting sample experienced at least one indicated or substantiated instance of abuse or neglect prior to their exit. During the first three months after exit, 1.5% of children were involved in a CPS complaint that was determined to be substantiated or indicated. Rates increase marginally over the next few months, although remaining much lower than historical rates, reaching 4.7% by the end of the first post-exit year.

Concerning out-of-home placements, we find that one in twenty children (4.9%) had been involved in the Kinship Care program before leaving welfare. Few children experienced a Kinship Care placement during the first year after leaving welfare; the rate was only 0.6% at the six months post-exit point and only 1.0% after the first year of exit.

Findings are similar with regard to formal foster care. About one in twenty children (5.5%) had been in a formal placement at some point before their TANF case closure. Relatively few of these episodes (1.1%) occurred within the 90 days immediately preceding their exit. Foster care entries remain low after welfare exit reaching 0.9% by the six-month follow-up point and 1.8% by the end of the first post-TANF year.

Although we see no reason for alarm in terms of child well-being, we do find some interesting differences between recent and earlier leavers. Though both groups have similar histories of indicated or substantiated abuse or neglect events, children in the earlier cohort were three times as likely as recent leavers' children to experience a substantiated or indicated abuse or neglect event in the first three months following their TANF exit (1.4% vs. 0.3%, respectively). However, the difference disappears by the six-month follow up point.

We also find higher rates of post-exit kinship care entries among later leavers. Although rates for both groups are low, the most recent cohort is more likely than their earlier-leaving counterparts to be placed with family members in the 90 days after exit (0.9% vs. 0.3%, respectively). It is important to note that almost all of this difference is explained by larger family sizes among the later leavers. In fact, if we examine kinship care entry rates at the case level, differences between early and later leavers are no longer statistically significant. Specifically, we find that 0.4% of early and 0.7% of recent exiting families had one or more children enter kinship care in the first three follow-up months. Rates at the sixth month follow-up point are similar at 0.8% and 1.2%, respectively.

An in-depth examination of these trends is beyond the scope of the present study. However, the data presented here suggest that while there is no indication that welfare exits lead to child welfare entries, it probably would be beneficial to systematically explore how TANF and child welfare services might be able to more closely work together. In particular, it might be fruitful to explore the relationships between the TANF and the child welfare program and perhaps, how the two distinct programs can mutually support each other in reaching their common goals of caring for families and children.

In sum, this eleventh *Life After Welfare* report provides a point of reflection on the positive outcomes achieved by Maryland's empirically-based, locally-tailored, and well-crafted bi-partisan approach to welfare reform. It clearly shows that the hard work of families, community-based partners, and local Departments of Social Services has paid off in many respects, most notably higher employment stability and earnings for former welfare families.

With reauthorization of TANF, welfare agencies across the country are now gearing up to make even more changes. Efforts to meet work participation rates are redoubling and program officials are grappling with the tension between achieving federal work participation standards and addressing families' specific situations.

Drawing from the data presented here, we would offer three program and policy implications:

- 1) The declining prevalence of child only cases among this year's exiting cohort suggests that there may be a repeat of the trend witnessed in the early years of welfare reform when traditional cases left the rolls at a faster rate than child only cases. If this is true, welfare agencies may again see a rise in the proportion of their TANF caseload comprised of child only cases.**

Most of the rapid TANF caseload decline occurring in the early years of reform resulted from traditional welfare cases (i.e. single mother with one or two children) leaving the rolls. As a result, today's TANF caseload contains a much larger proportion of child only cases, in which the adult payee does not receive assistance. Because TANF II also includes, in effect, increased work participation requirements, it is likely that the pattern of more and faster exits among traditional cases will be repeated and the child-only share of the caseload will climb again.

For policy makers and program managers, it is critical to start thinking about this likely scenario now. Recent studies of child only cases demonstrate that their demographic profiles differ from "traditional" cases in many important ways. These findings, in turn, suggest that they may have different service needs and concerns (see, for example, Hetling, Saunders, & Born, 2005b; Gibbs, Kasten, Bir, Hoover, Duncan, & Mitchell, 2004).

- 2) Access to affordable, convenient child care, particularly for very young children, remains a critical issue for welfare leavers. Efforts to increase work participation among TANF recipients are likely to increase the demand for services and possibly for subsidies. Policy makers and program managers would be wise to develop and then adopt strategies to increase subsidy utilization among TANF leavers.**

Despite the fact that two-fifths of earlier leavers and almost half of later leavers have children under the age of three, post-exit utilization of child care subsidies remains fairly low, with at most one in four families participating. Take-up rates are similarly low in other states and have prompted several new studies regarding the factors affecting subsidy receipt. Because stable child care is critical to most families' welfare-to-work transitions, we strongly suggest that the state consider adopting some of the strategies mentioned previously for increasing child care participation (Adams, et al., 2006).

3) Because recent leavers are more likely to leave TANF because of a work-related sanction, policy makers and program managers would be wise to continue to monitor sanctioning patterns and outcomes as the state works towards meeting the reauthorization-revised work participation standards.

Our data reveal that recent leavers have a significantly higher sanctioning rate than that observed in the earlier years of reform, likely due, to some degree, to adoption of a universal engagement policy and efforts to increase work participation rates in anticipation of the tougher rules that are now a part of TANF reauthorization. As the state continues to strive towards increasing the work participation rate, it is possible that sanctioning will become a more common practice. The good news is that it appears that most sanctioned families are either complying and thus, returning to the welfare rolls or finding employment to support their families. However, because the potential negative consequences for families are high, we strongly recommend decision-makers continue to monitor the outcomes of welfare leavers in general and sanctioned families in particular.

Clearly, for policymakers, program managers, community-based providers, researchers, and advocates, new immediate challenges and policy choices associated with TANF reauthorization now exist. These challenges may, in fact, be greater than those presented by initial TANF implementation because they may now be met by a smaller and in some ways, less work-ready caseload. Maryland's best hope of achieving success in the next phase of welfare reform rests in using the lessons learned during the first ten years of welfare reform as the building blocks for today's policy deliberations and program practices. Through the continuing *Life After Welfare* series, and other research conducted via the FIA-SSW partnership, the state will also be well-positioned to monitor the progress of TANF II, and make any necessary mid-course corrections. Given this history, we are confident that Maryland will continue to be at the forefront of designing and operating a reformed welfare system and safety nets that best serve the state and its people.

INTRODUCTION

On February 8, 2006, President Bush signed the Deficit Reduction Act of 2005 (S. 1932), reauthorizing the Temporary Assistance to Needy Families (TANF) program for another four years. Relative to the controversy surrounding passage of the Personal Responsibility and Work Opportunity Act (PRWORA) and creation of the TANF block grant, passage of the DRA and reauthorization was a quiet affair, with some news coverage not even commenting on the TANF provisions included (see, for example, CNN (February 8, 2006)). Public attention has only recently shifted to focus on the new welfare reform provisions contained in the DRA (Wetzstein, 2006).

National, state and local welfare officials, however, realized the significance of TANF reauthorization immediately. In effect, the DRA modified the work participation rate calculation in ways that will make it more difficult for most states to meet the 50% work participation standard for all families and 90% target for two-parent families. Specifically, effective October 1, 2006, states must include families assisted through Separate State Programs (SSP) in their work participation rate calculation. In addition, the base year for the caseload reduction credit was changed from 1995 to 2005, resulting in a significantly smaller credit.

These changes are significant and substantial and, for state and local welfare officials, pose conceptual and operational challenges equivalent to those associated with the original TANF program. Similarly, empirically tracking the effect of these program changes on recipient families, particularly those who leave welfare under the new DRA rules, takes on renewed importance. Because of the foresight and commitment of Maryland's elected and appointed officials in mandating a comprehensive, ongoing, longitudinal study of TANF leavers, *Life After Welfare*, our state is better-positioned than most to be able to monitor and report on the outcomes of the revised TANF program.

When PRWORA was initially passed and welfare caseloads began to rapidly decline, many states responded to questions about who was leaving welfare and why by implementing "leavers" studies. Maryland was the first in the nation to issue a report on its leavers, publishing findings in September 1997, only eleven months after the state's acceptance of the TANF block grant (Welfare and Child Support Research and Training Group, 1997). Despite differences in locality, welfare programs, and study methods, leavers studies were remarkably consistent in their findings. Most showed that the majority of exiting adults obtained employment and few families returned to the TANF rolls (see, for example, Acs & Loprest, 2001; Ovwigho, Saunders, & Born, 2005).

In the intervening years, a number of states have discontinued their leavers studies. Maryland, however, chose to continue profiling the characteristics and circumstances of families leaving TANF each year, as well as continuing to follow up on long-term employment and welfare outcomes of families who exited in the earliest years of welfare reform.

Maryland's choice to continue its leavers research has proven to be prescient and wise in that the study provides state and local policy makers and program managers with unparalleled data on the outcomes of welfare leavers over time and, more importantly, during various economic cycles. In addition, our annual reports also have great utility as a metric for assessing various policy changes, such as the adoption of a Universal Engagement policy. As we move forward in meeting the challenges of TANF II, Maryland's longitudinal leavers data set a baseline for outcomes achieved under PRWORA and a mechanism for examining the outcomes of the DRA and TANF reauthorization.

Today's report, the eleventh in the *Life After Welfare* series, profiles over 11,000 families that exited Maryland's TANF program between October 1996 and March 2006 and presents up to nine years of follow up data. Using a variety of administrative data sources we address nine basic questions concerning the well-being of families making the transition from welfare to work:

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

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

METHODS

In this chapter, we present a description of the sample for our eleventh project report. Our administrative data sources are also discussed.

Sample

To insure that the study sample accurately represents the universe of exiting cases, we draw a five percent random sample from all cases that close each month. The first sample (n=183) was drawn for October 1996, the first month of welfare reform in Maryland, and samples have been drawn for each subsequent month up to and including, for purposes of this report, March 2006 (n=114).

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

We also define a welfare exit more broadly than most studies, which typically exclude cases that close but reopen within two months. In contrast, cases are eligible for selection into our study as long as the welfare case did not close and reopen on the same day. Among other advantages, this approach has allowed us to closely and uniquely examine the phenomenon of “churning”, or welfare cases which close but reopen within a very short period of time (see, for example, Born, Ovwigho, and Cordero, 2002).

While we continue to follow all cases in our sample, certain “churning” cases are excluded from the analyses presented in this 11th report. Specifically, we exclude cases that returned to welfare within one month of exit. Thus, of the total sample of cases that exited between October 1996 and March 2006 (n=16,191), we exclude the 4,718 (29.1%) that returned to cash assistance within one month of exit.

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

This eleventh *Life After Welfare* report focuses on the first 102 monthly samples - families who left Temporary Cash Assistance (TCA, formerly Aid to Families with Dependent Children) between October 1996 and March 2006, the first nine and one-half years of reform. A total of 11,473 cases (16,191 - 4,718) are included in the analyses. Drawing five percent samples from each month's universe of non-churning TCA closing cases yields a valid statewide sample at the 99% confidence level with a $\pm 1\%$ margin of error.

Data Sources

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

CARES.

CARES became the statewide automated data system for DHR programs in March 1998. Similar to its predecessor AIMS/AMF, CARES provides individual and case level program participation data for cash assistance (AFDC or TCA), Food Stamps, Medical Assistance and Social Services. Demographic data are provided, as well as information about the type of program, application and disposition (denial or closure) date for each service episode, and codes indicating the relationship of each individual to the head of the assistance unit.

MABS.

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

In Maryland, which shares borders with Delaware, Pennsylvania, Virginia, West Virginia and the District of Columbia, out-of-state employment is quite common. Most Maryland counties border at least one other state. Moreover, according to the 2000 census, in some Maryland counties, more than one of every three employed residents worked outside the state. Overall, the rate of out-of-state employment by Maryland residents (17.4%) is roughly five times greater than the national average (3.6%)². Out-of-state

²Data obtained from U.S. Census Bureau website <http://www.factfinder.census.gov> using the Census 2000 Summary File 3 Sample Data Table QT-P25: Class of Worker by Sex, Place of Work and Veteran Status, 2000.

employment is particularly common among residents of two very populous jurisdictions (Montgomery, 31.3% and Prince George's Counties, 43.8%), which have the 5th and 2nd largest welfare caseloads in the state. Also notable is the fact that there are more than 100,000 federal jobs located within Maryland³ and the majority of state residents live within commuting distance of Washington, D.C., where federal jobs are even more numerous.

To supplement the MABS data, we incorporate data on UI-covered employment in the states that border Maryland. These data, obtained through a data sharing agreement among the participating states, did not become available until 2003 and thus, are not available for our exiting cohorts for all time periods. While the inclusion of these data provides a more comprehensive picture of leavers' post-exit employment, readers are reminded that our lack of data on federal civilian and military employment continues to depress our employment findings to an unknown, but perhaps not insignificant, extent.

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

CCAMIS.

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

In January 2003, budget constraints led to the creation of a waiting list for subsidies, so that new applicants with no recent TANF history were placed on the list indefinitely. The waiting list was opened completely in November 2005. The decrease in availability of child care subsidies during a portion of our study period is likely to have a depressing effect on observed participation rates.

³Data obtained from the Bureau of Labor and Statistics website: <http://www.data.bls.gov> through a public data query from the Current Employment Statistics Survey.

FINDINGS: BASELINE CHARACTERISTICS

In addition to the circumstances of welfare leavers, one of the most researched questions concerning welfare reform is whether the composition of the welfare caseload has changed over time. Most studies in this genre focus on the active TANF caseload (see, for example, Hetling, Saunders, & Born, 2005a; Ovwigho, 2001; Zedlewski & Alderson, 2001). The data clearly demonstrate that the proportion of child only cases, in which the adult casehead is not included in the TANF grant, has increased. In addition, TANF caseloads have become even more heavily concentrated in large urban areas.

While studies of the active caseload are useful for program planning and evaluation, data on the characteristics of welfare leavers may be more useful for designing post-exit work supports. For example, knowing that most customers have worked in the past, but these jobs have not lasted long, agencies can focus on providing work supports that will help customers remain in any new jobs they acquire. To this end, we use this chapter to describe the characteristics of our leavers sample at the time they left the TANF rolls.

We begin our findings discussion by describing the 11,473 sampled families at the time they left welfare. Specifically, the findings profile exiting families in regard to their demographic and case characteristics, welfare and employment histories, and administratively-recorded case closures. We also examine what differences, if any, exist between those who exited within the past year (cases with a closure date between April 2005 and March 2006) and all other cases that left assistance in earlier years (i.e. cases with a closure date between October 1996 and March 2005).

What are the Characteristics of Exiting Payees and Cases?

We begin our profile of exiting families by describing payee characteristics including payees' gender, age, age at first birth, and racial/ethnic background, along with case characteristics which include jurisdiction, assistance unit size, number of adults and children per case, and age of youngest child. Findings are presented Table 1, following this discussion, in three columns. The first column presents summary data for the entire sample, followed by separate columns for the most recent cohort and earlier cohorts.

Characteristics of the Entire Sample.

If we were to describe a typical payee leaving Maryland's welfare rolls, the portrait would be of an African American (74.1%) female (95.3%) in her early thirties (average age of 32.79 years) with one to two children (average number of children = 1.73). She would typically have been a young mother, having her first child before her 22nd birthday (average age at first birth = 21.88).⁴

⁴ Age at first birth estimates are calculated using the payee's date of birth and the date of birth of her oldest child included in the TANF case. To the extent that payees have other, older children who are not members of the TANF case, our figures underestimate the true age at first birth.

A cursory sketch of Maryland's exiting cases reveals that almost half (46.4%) reside in Baltimore City and most consist of two- to three-person assistance units (mean size of 2.6 persons). Relatively few cases (15.9%) are child-only, in which no adult is included on the grant. On average, the youngest child in an exiting case is a little under six years old (mean age of 5.68 years). Two out of every five households (39.9%) have at least one child under the age of three years.

Do Recent Leavers Differ from Earlier Leavers?

The data presented in Table 1 reveal that the demographic profiles of both the most recent and earlier leavers are quite similar. There are no statistically significant differences in terms of payee-level characteristics between the two cohorts. In other words, both recent and earlier leavers follow our typical payee portrait described in the previous section. However, in terms of case characteristics, we observe two statistically significant differences between the recent and earlier cohorts: 1) the proportion of cases containing at least one child under the age of three; and 2) the percentage of child-only cases.

Recent leavers are significantly more likely to have a very young child than earlier leavers. Among the most recent cohort, almost half of all cases (46.4%) include a child under the age of three, compared to only two-fifths (39.3%) of cases that left the rolls earlier. Throughout our *Life After Welfare* series, the trend has been for the percentage of exiting cases with very young children to increase from year to year. However, the increase this year has been fairly dramatic. In our tenth report, we observed that 42.5% of families exiting between April 2004 and March 2005 included a child less than three years old (Ovwigo, et al., 2005). That percentage has increased 3.9 percentage points among our most recent exiting cohort. For policy makers and program managers, these findings underscore the importance of affordable and available child care, particularly for infants, toddlers, and preschoolers, as a work support for today's welfare leavers.

Also consistent with trends observed in previous years, we again find a significantly higher proportion of child only cases among recent leavers (16.7%) than among earlier cohorts (15.3%). However, the percentage of child only cases among the April 2005 to March 2006 cohort has actually declined from the percentage observed last year among the April 2004 to March 2005 cohort (Ovwigo, et al., 2005). In fact, one-fifth (20.2%) of the latter group consisted of child only cases. Thus, while child only cases remain more common among recent leavers than earlier leavers, their overall proportion among exiting cases has declined. We suspect that the universal engagement policy, which does not apply to child only cases, maybe at least partially responsible for this change by increasing exits among traditional, non-child-only cases.

Table 1. Demographic Characteristics of Exiting Payees and Cases

	Entire Sample 10/96 - 3/06 (n=11,473)	Most Recent Cohort 4/05 - 3/06 (n=952)	Early Cases 10/96 - 3/05 (n=10,521)
Payee's Gender (% female)	95.3%	93.8%	95.5%
Payee's Age			
Mean (Standard deviation)	32.79 (10.86)	32.58 (11.55)	32.81 (10.79)
Age at First Birth			
Mean (Standard deviation)	21.88 (5.46)	21.79 (5.49)	21.89 (5.46)
Payee's Racial/Ethnic Background			
African American	74.1%	75.5%	74.0%
Caucasian	23.4%	20.9%	23.6%
Other	2.5%	3.6%	2.4%
Region⁵			
Baltimore City	46.4%	47.9%	46.3%
Prince George's County	12.7%	11.0%	12.9%
Baltimore County	11.5%	10.6%	11.6%
Metro Region	6.1%	6.6%	6.0%
Anne Arundel County	4.9%	6.3%	4.8%
Montgomery County	4.5%	4.6%	4.4%
Upper Eastern Shore Region	4.2%	4.7%	4.1%
Western Maryland Region	3.4%	2.8%	3.5%
Lower Eastern Shore Region	3.3%	2.5%	3.4%
Southern Maryland Region	3.1%	2.8%	3.1%
Assistance Unit Size			
Mean (Standard deviation)	2.60 (1.19)	2.57 (1.21)	2.61 (1.18)
% child only cases***	15.87%	16.72%	15.79%
Number of Children			
Mean (Standard deviation)	1.73 (1.06)	1.70 (1.08)	1.74 (1.06)
Age of Youngest Child			
Mean (Standard deviation)	5.68 (1.06)	5.19 (4.94)	5.72 (4.74)
% households with a child under 3*	39.9%	46.9%	39.3%

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

⁵ The regions are as follows: Metro (Carroll, Harford, Howard, and Frederick); Western (Allegany, Garrett, and Washington); Southern (Calvert, Charles, and St. Mary's); Upper Shore (Cecil, Kent, Queen Anne's, Caroline, Talbot, and Dorchester); and Lower Shore (Worcester, Wicomico, and Somerset).

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

Payees' welfare and employment histories represent other important baseline characteristics that can impact their welfare-to-work transitions. Empirical research and front-line practice have long confirmed the welfare-to-work transition is often more difficult for persons with extensive welfare histories as well as for those with little or no history of workforce participation. In an effort to better understand the context of the post-welfare outcomes for our study families, this section profiles their historical welfare-use and employment patterns.

Table 2, following this discussion, describes exiting payees' welfare histories, including the length of recipients' most recent welfare spells and the cumulative number of months of welfare receipt in the five years before the exit that brought them into our sample. The top portion of Table 2 shows that most families are exiting from a relatively short welfare spell. Nearly two-thirds of leavers (65.6%) are ending a welfare spell that has lasted one year or less. The average spell has lasted 16.8 months, a little less than one-and-one-half years. Notably, only one out of ten families (10.6%) received cash assistance continuously for more than three years before exiting.

Because the most recent welfare spell alone gives a rather incomplete picture of families' entire welfare histories, we also include in the bottom half of Table 2 the total number of months payees received cash assistance in Maryland in the five years before the exit that brought them into our sample. Previous analyses have demonstrated that this measure correlates highly with measures of lifetime welfare receipt ($r = .79$ to $.91$).

We find that, for the typical exiting payee, the most recent welfare spell was not the first. On average, leavers had received welfare assistance for almost two and one-half (mean = 28.47 months) of the previous five years. In other words, a typical adult was on the welfare rolls for about half the time. However, almost half (48.7%) of the entire sample received assistance for two or fewer of the past five years. Roughly one in three (35.9%) leavers were on TANF for more than three years, and about one-fifth (22.8%) received assistance for at least four out of the five years preceding their exit.

Consistent with patterns observed in earlier years, we find that shorter welfare spells are more common among recent leavers. On average, families in the most recent cohort exited the rolls after only 9.30 months, compared to 17.50 months, almost twice as long, for all early leavers. More than one out of ten (11.3%) earlier leavers were exiting from a spell that had lasted for at least three years. In contrast, only 2.7% of the most recent leavers had most recent spells that were that long.

Similar differences are found when we consider families' cumulative welfare histories. Among the most recent exiters, more than two-fifths (44.2%) received assistance for one year or less in the five years before exit. In contrast, only a little more than one-quarter (28.6%) of earlier leavers had such short histories. Overall, more recent leavers

averaged 20 months of welfare receipt in the previous five years, about nine months fewer than earlier leavers (mean = 29.23).

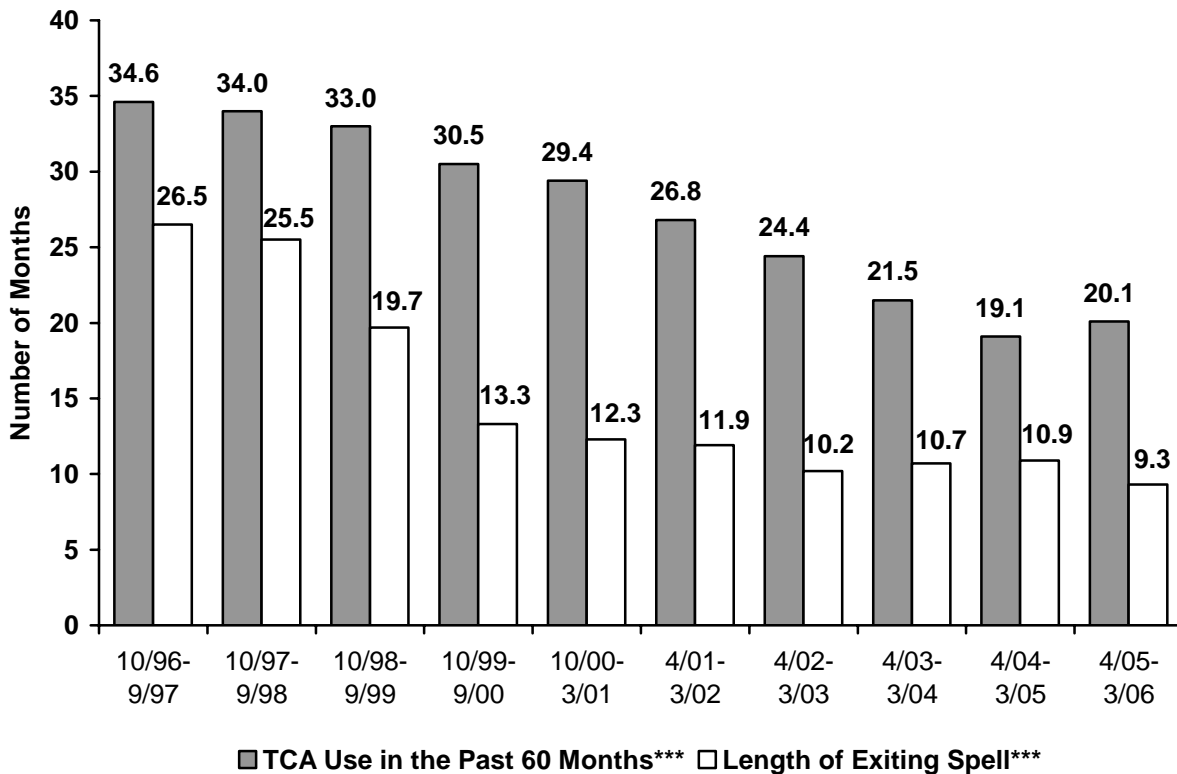
Table 2. Welfare Receipt History

	Entire Sample 10/96 - 3/06 (n=11,473)	Most Recent Cohort 4/05 - 3/06 (n=952)	Early Cases 10/96 - 3/05 (n=10,521)
Length of Exiting Spell***			
12 months or less	65.6%	79.3%	64.4%
13 - 24 months	17.5%	15.5%	17.7%
25 - 36 months	6.2%	2.4%	6.6%
37 - 48 months	3.2%	1.7%	3.4%
49 - 60 months	2.0%	0.4%	2.1%
More than 60 months	5.4%	0.6%	5.8%
Mean***	16.82 months	9.30 months	17.50 months
Median	8.64 months	5.80 months	8.94 months
Standard Deviation	25.99 months	11.70 months	26.81 months
TCA Receipt in 5 Yrs Prior to Exit***			
12 months or less	29.8%	44.2%	28.5%
13 - 24 months	18.8%	22.6%	18.4%
25 - 36 months	15.5%	16.9%	15.4%
37 - 48 months	13.1%	8.6%	13.5%
49 - 60 months	22.8%	7.7%	24.1%
Mean***	28.47 months	20.05 months	29.24 months
Median	25.00 months	15.00 months	27.00 months
Standard Deviation	19.34 months	15.94 months	19.44 months

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

Despite the significant differences between the two cohorts, it is important to note that the trend of decreasing welfare utilization among more recent welfare leavers continues to stabilize. Figure 1 illustrates changes in the length of exiting spell and cumulative welfare receipt by yearly exiting cohort for families leaving TCA between October 1996 and March 2006. Although the general trend continues to be downward, the changes in exit spell and lifetime history between this year's cohort of most recent leavers and last year's are relatively small.

Figure 1. Welfare Receipt Trends by Exit Cohort



Prevailing sentiment, affirmed by several previous studies, holds that a key factor predicting the likelihood that an adult welfare recipient will achieve a successful transition from the welfare rolls to self-sufficiency is her previous experience in the labor market. The importance of employment experience and immediate work-related activities is the basis for Maryland’s work-first philosophy and universal engagement policies.

Table 3, following this discussion, presents our findings regarding welfare leavers’ experiences with Maryland UI-covered employment during the two-year period prior to entering their most recent welfare spell, as well as the two-year period preceding their welfare exit. In general, our results remain consistent with last year’s reported findings, which revealed that recipients are not strangers to the world of work. More than seven out of ten sampled recipients have worked in a Maryland UI-covered job in the two years before exit. There are no significant differences between recent and earlier exiting cases on either employment measure. In fact, more than seven out of ten leavers in both cohorts worked within the two years prior to their most recent welfare spell, and in the two years immediately preceding the welfare exit.

These employment findings are positive in the sense that they reflect the presence of a strong work ethic among this population. However, it is important to remember that we

are studying these families because they have left the welfare rolls. The fact that most of them have prior employment experience indicates that, for whatever reason, their earlier employment was not sufficient or sustainable and therefore the family had to turn or return to welfare for further income support.

Table 3. Employment History

	Entire Sample 10/96 – 3/06 (n=11,443)	Most Recent Cohort 4/05 – 3/06 (n=945)	Early Cases 10/96 – 3/05 (n=10,498)
% working at some point in the 8 quarters preceding spell entry	70.3%	71.5%	70.2%
% working at some point in the 8 quarters preceding spell exit	71.5%	72.6%	71.4%

Note: The employment figures exclude 30 sample members with no unique identifier. In addition, employment preceding spell entry excludes anyone whose welfare spell began before April 1, 1987. Valid percentages are reported.

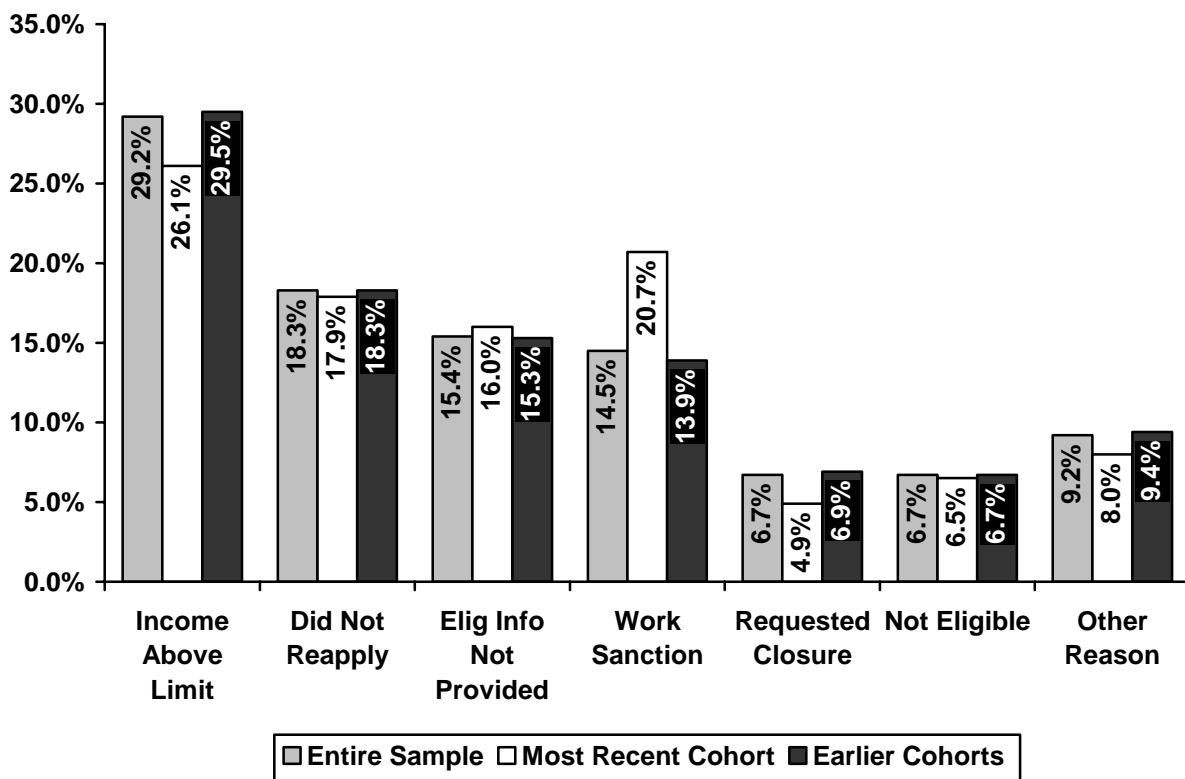
Why Are Families Leaving Welfare?

Our final discussion of baseline characteristics concerns the reasons why families are exiting the TANF rolls. Our data consist of administratively-recorded case closure reasons, a set of pre-determined system codes from which case workers must select when closing a TCA case. We thus present our findings with the important caveat that although there are many codes from which caseworkers may choose, the data may not fully capture the complexity surrounding a family’s welfare exit. In particular, previous analyses indicate that administratively-recorded closing codes significantly understate the true rate of work-related welfare exits, because exiters may not notify the agency when they obtain employment. Despite these shortcomings, prior research has shown that administrative case closure codes are correlated with important post-exit outcomes such as employment and recidivism, and are our best measure of full family sanctioning rates (Ovwigo, Tracy, & Born, 2004).

Figure 2, following this discussion, presents the top five case-closure codes for our entire sample, the most recent cohort of leavers (4/05-3/06), and those who left prior to the recent cohort (10/96-3/05). Overall, the most common reason for case closure among our entire sample is “Income Above Limit,” accounting for about three out ten (29.2%) cases. Less than one-fifth (18.3%) of closures are due to failure of recipients to reapply for benefits when their certification period ended, and 15.4% of case closures are because families did not provide required eligibility-related information. Full family sanctions for non-compliance with work requirements accounted for 14.5% of closure codes while 6.7% of cases were closed at the request of the recipient. Together, these five case-closure codes account for more than four of every five closures (84.1%). In general, the top five closure reasons, their relative positions, and the percent of total cases they account for have remained the same over the past several years.

We find both similarities and differences between the recent and earlier exiting cohorts in regard to their case-closing codes. For both groups, the most common closing code is “Income above Limit”, although income-related closure codes occurred more frequently among earlier leavers (29.5%) than later leavers (26.1%). The most notable difference between the two groups, however, is that the most recent leavers are significantly more likely to experience a work sanction than were their earlier-leaving counterparts. One-fifth (20.2%) of recent leavers had their cases closed with a work sanction, compared to 14.5% of earlier leavers. In fact, among the most recent cohort of leavers, work sanction is the second most-common reason for closure; it ranked fourth for earlier leavers. One likely explanation for this trend is the increased focus on engaging all customers in work activities as a result of both the state’s universal engagement policy and the increased pressure to ramp up efforts to meet the long-anticipated, tougher work participation rules that have now been crystallized through TANF reauthorization.

Figure 2. Case Closing Reasons***



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

FINDINGS: POST-EXIT EMPLOYMENT

The main premise of welfare reform in the United States is that work is the best way for parents to support their families. Provisions included in the original TANF legislation and maintained in its reauthorization such as work participation requirements, work participation rate standards, and time limits on adults' receipt of assistance reinforce this emphasis on work.

In this chapter, we examine key issues related to former TANF families' post-welfare lives, in particular the adult payees' success in obtaining and maintaining employment. Our discussion is shaped by the following two general questions: What are customers' employment patterns after welfare exit, both initially and in the long term? And Do early and later leavers differ in terms of post-exit employment? The findings presented should help policy makers and program managers better understand the labor market participation patterns of families exiting the TANF rolls and, perhaps, offer some guidance as we begin to operate under the new TANF rules.

How Many Work in UI-Covered Jobs Right Away?

For families leaving welfare, the ideal is to have this exit co-occur with the acquisition of employment or an increase in wages or hours. Our first analysis focuses on this question by examining the rates of UI-covered employment among exiting payees in the quarter in which their TCA cases closed.

As shown in Table 4, following this discussion, approximately half (49.6%) of all exiting payees were employed in a Maryland UI-covered job in the quarter in which they left cash assistance. This figure has remained quite stable over the past 10 years of our *Life After Welfare* study. In addition to Maryland employment, 4.2% of exiting payees were employed in a border state in the exit quarter. In total, 51.4% had earnings from a UI-covered job during the exit quarter, comparable to last year's figure, 51.2%.⁶

Table 4 also shows that there are no statistically significant differences in initial employment rates between recent and earlier leavers; half of former payees in each group worked in a UI-covered job in the exit quarter. For policy makers and program managers, this lack of difference is good news. Previous years' analyses have shown significantly lower rates of initial employment among later leavers (Ovwigbo, et al., 2005). This year the rate for UI-covered employment in the quarter of exit is 54.0% for later leavers (April 2005 to March 2006), a notable 6.5% higher than the 47.5% found among last year's recent leavers (April 2004 to March 2005). This increase in the percentage of UI-employed recent exiters is perhaps associated with recent declines in unemployment rates nationwide. Maryland, for example, experienced only a 3.4%

⁶ Some payees worked in both Maryland and a bordering jurisdiction during the exit quarter; this explains why the total percent employed does not equal the sum of the percent working in Maryland and the percent working out-of-state.

unemployment rate in March 2006, the lowest since 2000. This observation demonstrates a commonsensical, yet often overlooked, point in discussions surrounding welfare leavers: they too are susceptible to the fluctuating trends of the economy; when the economy performs well, they will reap its benefits and when it performs poorly, they are also subject to its pains.

Does Work Effort Persist Over Time?

It is well-documented that cycling between welfare assistance and employment is not an uncommon phenomenon. Thus, for policy makers and program managers, assessments of the ability of exiting families to sustain employment over time is perhaps more important than their initial employment rates. Table 4, following this discussion, addresses this question by reporting on employment rates among former TANF payees for the 1st through 36th post-exit quarters.⁷

Overall, our findings indicate that employment does, in fact, persist over time. Accounting for both in-state and out-of-state jobs, employment rates for our entire sample remain quite stable, with rates ranging between 49.9% and 52.4%. In other words, approximately half of all exiting payees participate in UI-covered employment, even nine years after their initial welfare exit.

Although total employment remains stable, we find different trends for in-state and out-of-state employment rates. Specifically, the percentage of those employed in a Maryland UI-covered job decreases over time, while the proportion working outside the state slightly increases.

Also noteworthy is the fact that we find no statistically significant differences in employment rates between early and more recent leavers during the first two post-exit quarters. This lack of difference is counter to other studies showing that later leavers are not faring at least as well as their earlier-leaving counterparts (Loprest, 2003) and our *Life After Welfare* report of last year which found lower employment rates among more recent leavers (Ovwigbo, et al., 2005). For policy makers and program managers, these data should be encouraging, not only because they indicate that later leavers are now faring as well as earlier leavers, but also because the later leavers' employment rates are just as high, despite the fact that they have higher sanctioning rates.

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

In addition to reporting employment rates for our entire sample as well as for the separate cohorts, Table 4 presents data regarding the mean and median quarterly

⁷ The number of follow-up quarters available for analyses depends on the exiting cohort. See Appendix A for a complete list of the quarters available for each exiting cohort.

earnings TANF leavers receive from UI-covered employment.⁸ Among the entire sample of those employed during the quarter in which they exited welfare, average quarterly earnings were just under \$3,000 (mean=\$2,830.02), and one-half earned \$2,279.88 or more. In the first full quarter after exiting welfare, earnings were somewhat higher, with an average of \$3,214.22 and a median of \$2,703.27. The good news is that average quarterly earnings continue to rise over the next nine years, reaching a high of \$5,724.28 in the 36th quarter after exiting the TANF rolls.

In terms of quarterly earnings, we find only one statistically significant difference between earlier and later leavers. Those who exited TANF most recently earned significantly more in the first quarter after their exit than former payees who left in the earlier years of welfare reform. On average, later leavers working in the first follow-up quarter earned a little more than \$3500 per quarter, about \$350 more than their earlier-exiting counterparts.

⁸ All reported earnings figures are standardized to 2005 dollars. Note that UI earnings are reported on an aggregated quarterly basis. Thus, we do not know how many hours or weeks individuals worked in a quarter. It is impossible to compute hourly wage figures from these quarterly earnings data.

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

	Entire Sample 10/96 – 3/06	Most Recent Cohort 4/05 – 3/06	Early Cases 10/96 – 3/05
Quarter of TCA Exit			
Percent Working in Maryland	49.6%	51.6%	49.4%
Percent Working in a Border State	4.2%	3.4%	4.4%
Total Percent Working	51.4%	54.0%	51.2%
Mean Earnings	\$2,830.02	\$3,056.75	\$2,813.74
Median Earnings	\$2,279.88	\$2,330.00	\$2,274.58
1st Quarter After TCA Exit			
Percent Working in Maryland	49.9%	52.1%	49.8%
Percent Working in a Border State	5.1%	4.1%	5.1%
Total Percent Working	52.2%	54.9%	52.1%
Mean Earnings*	\$3,214.22	\$3,554.40	\$3,198.52
Median Earnings	\$2,703.27	\$3,161.50	\$2,687.95
2nd Quarter After TCA Exit			
Percent Working in Maryland	48.7%	48.3%	48.7%
Percent Working in a Border State	5.4%	5.1%	5.4%
Total Percent Working	51.2%	51.7%	51.2%
Mean Earnings	\$3,349.24	\$3,417.11	\$3,347.70
Median Earnings	\$2,849.71	\$2,609.50	\$2,852.06
3rd Quarter After TCA Exit			
Percent Working in Maryland	47.7%		47.7%
Percent Working in a Border State	5.6%		5.6%
Total Percent Working	50.6%		50.6%
Mean Earnings	\$3,480.11		\$3,480.11
Median Earnings	\$2,988.30		\$2,988.30
4th Quarter After TCA Exit			
Percent Working in Maryland	48.0%		48.0%
Percent Working in a Border State	5.7%		5.7%
Total Percent Working	50.9%		50.9%
Mean Earnings	\$3,570.42		\$3,570.42
Median Earnings	\$3,071.03		\$3,071.03
8th Quarter After TCA Exit			
Percent Working in Maryland	47.6%		47.6%
Percent Working in a Border State	6.2%		6.2%
Total Percent Working	51.9%		51.9%
Mean Earnings	\$3,895.81		\$3,895.81
Median Earnings	\$3,443.62		\$3,443.62
12th Quarter After TCA Exit			
Percent Working in Maryland	47.2%		47.2%
Percent Working in a Border State	7.1%		7.1%
Total Percent Working	52.4%		52.4%
Mean Earnings	\$4,207.40		\$4,207.40

	Entire Sample 10/96 – 3/06	Most Recent Cohort 4/05 – 3/06	Early Cases 10/96 – 3/05
Median Earnings	\$3,811.27		\$3,811.27
16th Quarter After TCA Exit			
Percent Working in Maryland	45.4%		45.4%
Percent Working in a Border State	7.6%		7.6%
Total Percent Working	51.1%		51.1%
Mean Earnings	\$4,515.77		\$4,515.77
Median Earnings	\$4,101.82		\$4,101.82
20th Quarter After TCA Exit			
Percent Working in Maryland	45.4%		45.4%
Percent Working in a Border State	8.2%		8.2%
Total Percent Working	51.4%		51.4%
Mean Earnings	\$4,819.25		\$4,819.25
Median Earnings	\$4,411.00		\$4,411.00
24th Quarter After TCA Exit			
Percent Working in Maryland	43.7%		43.7%
Percent Working in a Border State	7.6%		7.6%
Total Percent Working	49.9%		49.9%
Mean Earnings	\$5,049.51		\$5,049.51
Median Earnings	\$4,578.92		\$4,578.92
28th Quarter After TCA Exit			
Percent Working in Maryland	44.8%		44.8%
Percent Working in a Border State	8.0%		8.0%
Total Percent Working	51.6%		51.6%
Mean Earnings	\$5,125.74		\$5,125.74
Median Earnings	\$4,719.89		\$4,719.89
32nd Quarter After TCA Exit			
Percent Working in Maryland	45.8%		45.8%
Percent Working in a Border State	7.2%		7.2%
Total Percent Working	51.7%		51.7%
Mean Earnings	\$5,350.29		\$5,350.29
Median Earnings	\$4,911.00		\$4,911.00
36th Quarter After TCA Exit			
Percent Working in Maryland	46.3%		46.3%
Percent Working in a Border State	7.1%		7.1%
Total Percent Working	52.3%		52.3%
Mean Earnings	\$5,724.28		\$5,724.28
Median Earnings	\$5,393.00		\$5,393.00

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

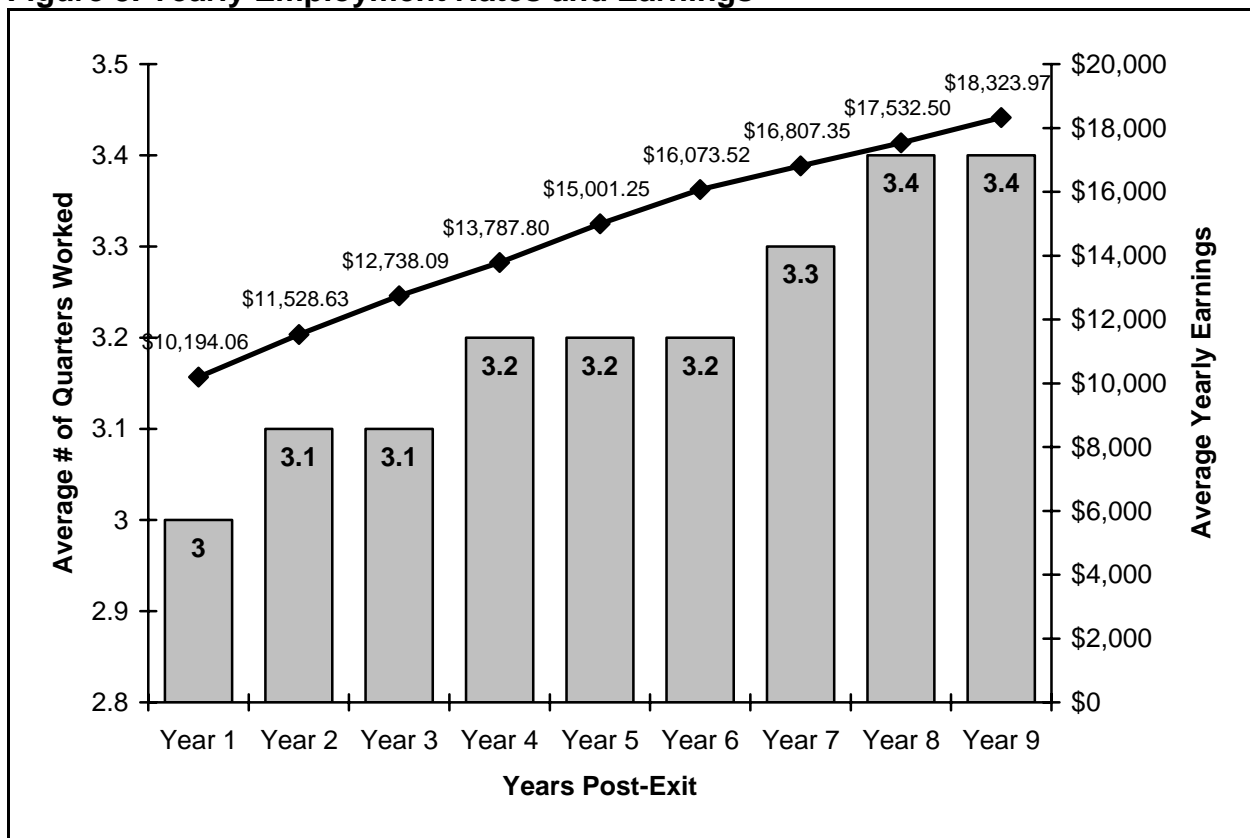
*p<.05, **p<.01, ***p<.001

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

Figure 3 clearly shows two encouraging trends. Among welfare leavers working in UI-covered jobs, the average number of quarters worked each year and total annual earnings steadily increase over time. In the first year after exit, employed leavers work three quarters, on average, or about 75% of the time. Their earnings in that first post-welfare year total a little more than \$10,000, on average. By the fifth follow-up year, the mean quarters worked have increased to 3.2 and average earnings total about \$15,000. By the ninth follow-up year, earnings have increased to more than \$18,000, 80% higher than average earnings in the first year.

These data clearly illustrate that, for leavers in general, labor market participation has paid off in terms of steady employment and increasing earnings. Of course, averages do not accurately reflect the reality for all families. A full analysis of employment stability and household poverty among our leavers' sample is beyond the scope of the current project and its data sources. However, at minimum, we can say that the hard work of recipient adults, the local Departments of Social Services who have served them, and policymakers who crafted and continue to monitor welfare reform in Maryland, has led to results which, all in all, are quite positive vis-à-vis these welfare reform outcomes.

Figure 3. Yearly Employment Rates and Earnings



Note: The employment figures exclude 30 sample members for whom we have no unique identifier. In addition, average number of quarters worked and average yearly earnings are only for those working.

What Types of Industries Hire Former Welfare Recipients?

Since the beginning of our study in 1996, we have tracked industries in which leavers find employment after their exit. These findings provide additional contextual information regarding the types of jobs Maryland welfare leavers obtain after exiting, and are particularly useful in assessing post-welfare employment in terms of likely stability, advancement opportunities, turnover rates, and even prospects for subsequent cohorts of welfare leavers.

Figure 4, following this discussion, shows the top five aggregate-level employment sectors in which former recipients were employed during the first full-quarter after their welfare cases close. Consistent with other studies, we find that jobs held by Maryland welfare leavers are concentrated in the service sector (The Urban Institute, 2002). Almost one-fourth of our sample worked in professional business services (23.5%, n=943). Jobs in this sector were primarily in the administrative support services field (n=735). An additional one-fifth of leavers worked in trade, transportation, and utilities (22.3%), including general merchandise stores (n=250) and gasoline stations (n=160). Almost an identical proportion, another one in five, worked in education and health services (21.2%), most often in nursing and residential care facilities (n=247). Together

these three industries account for two-thirds (67.0%) of all jobs held by former TANF payees.

Leisure and hospitality is the fourth most common industry employing former TANF recipients. One in ten (9.8%) jobs were in this field, primarily food services and drinking places (n = 251). Rounding out the top five, we find that 5.4% of jobs are in other service professions, such as private, religious, civic or similar organizations (n=129).

Together, the top five sectors represent 82.2% of the Maryland UI-covered jobs in which leavers were employed immediately following their welfare case closure. These sectors and the proportion of first post-welfare jobs for which they account are virtually unchanged from last year's findings.

Figure 4. Top Five Employment Sectors in Quarter After Exit (NAICS)

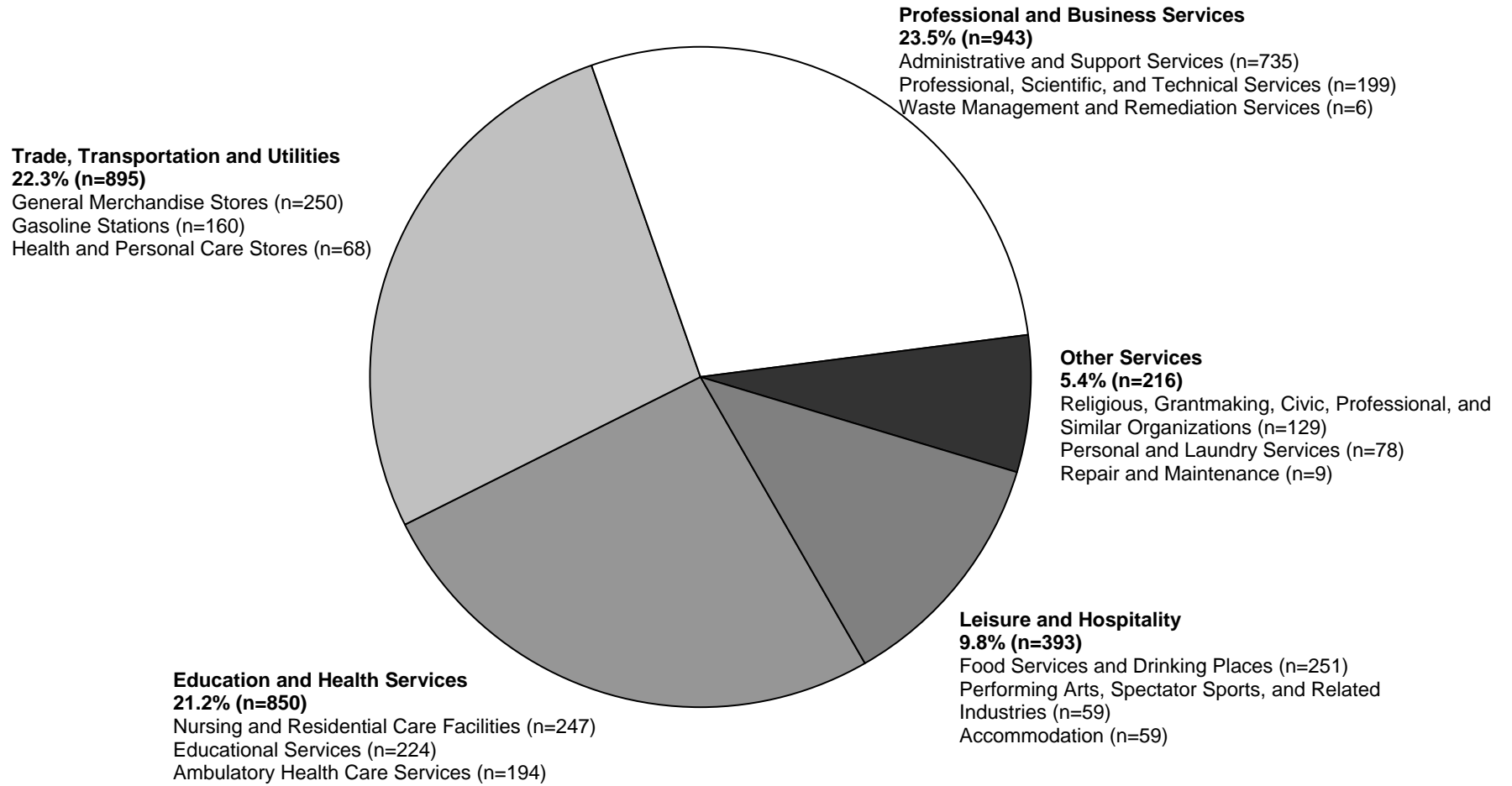


Table 5 provides additional detailed information on the top 25 sub-sectors of industry classification, and shows that Maryland welfare leavers are most often employed in the following fields, in descending order: administrative and support services (18.3%); food services and drinking places (6.3%); general merchandise stores (6.2%); nursing and residential care facilities (6.2%); educational services (5.6%); professional, scientific, and technical services (5.0%); ambulatory health care services (4.8%); gasoline stations (4.0%) ; religious, grantmaking, civic, professional and similar organizations (3.2%); executive, legislative, and other general government support (3.2%); and hospitals (3.1%). These 11 industry groups account for roughly two-thirds of all jobs held by leavers in the first full quarter after exiting (65.9%, n=2,644). In terms of leading industry groups, there are no notable changes from last year's findings.

Table 5. Top 25 Industries in the First Quarter After TCA Exit

Type of Employer/Industry (NAICS)	FREQUENCY	Percent
Administrative and Support Services	735	18.3%
Food Services and Drinking Places	251	6.3%
General Merchandise Stores	250	6.2%
Nursing and Residential Care Facilities	247	6.2%
Educational Services	224	5.6%
Professional, Scientific, and Technical Services	199	5.0%
Ambulatory Health Care Services	194	4.8%
Gasoline Stations	160	4.0%
Religious, Grantmaking, Civic, Professional, and Similar Org	129	3.2%
Executive, Legislative, and Other General Government Support	129	3.2%
Hospitals	126	3.1%
Personal and Laundry Services	78	1.9%
Food Manufacturing	70	1.7%
Health and Personal Care Stores	68	1.7%
Credit Intermediation and Related Activities	67	1.7%
Food and Beverage Stores	61	1.5%
Wholesale Electronic Markets and Agents and Brokers	59	1.5%
Social Assistance	59	1.5%
Performing Arts, Spectator Sports, and Related Industries	59	1.5%
Accommodation	59	1.5%
Clothing and Clothing Accessories Stores	58	1.4%
Transit and Ground Passenger Transportation	58	1.4%
Specialty Trade Contractors	41	1.0%
Insurance Carriers and Related Activities	39	1.0%
Justice, Public Order, and Safety Activities	39	1.0%
Total Number of Jobs in Top 25 Industries	3,459	86.3%

Note: Data are based on 4,009 jobs held by 4,009 exiters. The entire sample included 5,465 non-churning, former payees for whom a unique identifier and follow-up data were available and who worked in a Maryland UI-covered job in the first quarter after exit. The industry could not be classified for 1,456 jobs (26.6%), and valid percents are reported.

The preceding chapter demonstrated that about half of exiting adults obtain UI-covered employment immediately upon their departure from the welfare rolls. In addition, the number of quarters worked each year and total annual earnings both increase over time. Despite these positive trends, the transition off the welfare rolls continues to be fragile for some families and achieving financial self-sufficiency can be quite difficult. As a result, for some families, the welfare exit that brought them into our sample is not a permanent one. Life events such as losing a job or becoming ill can prompt a return to welfare. In this chapter, we examine the extent to which welfare leavers return to the rolls in the months and years following an exit.

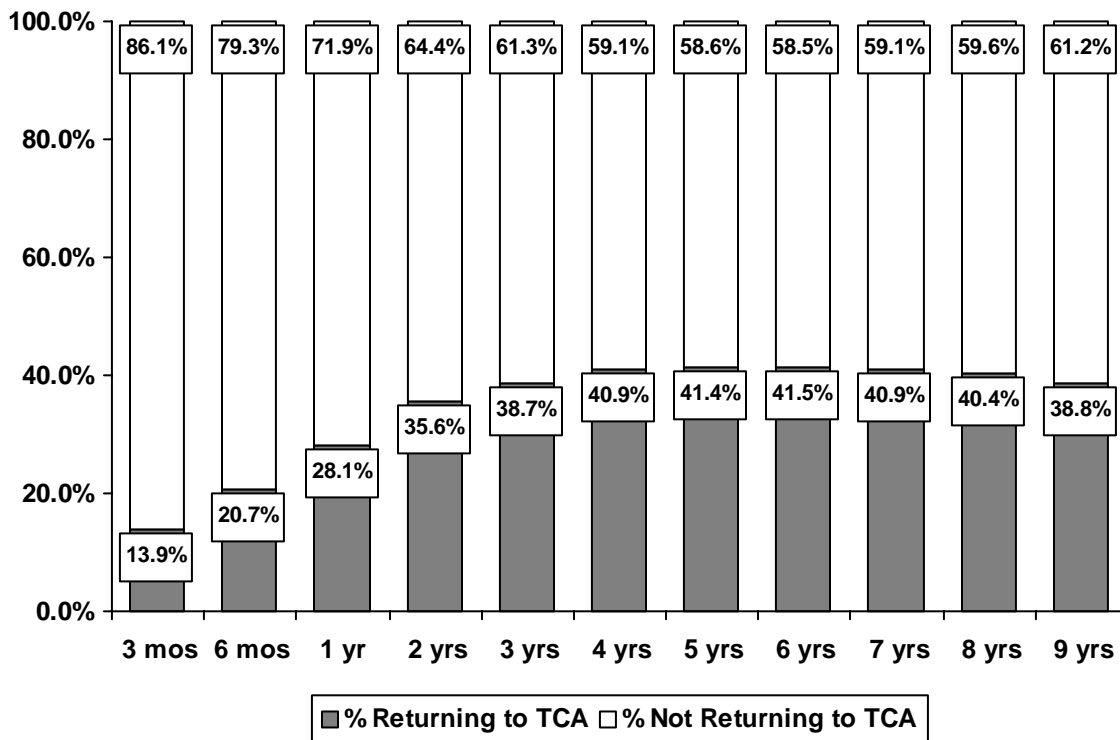
How Many Families Return to Welfare?

Figure 5, following this discussion, presents the percent of exiting families who returned to cash assistance and the percent who remained off of assistance during the first nine years after exit.⁹ Overall, recidivism rates remain relatively low and, after the third follow-up year, constant. In other words, recidivism tends to happen sooner rather than later and among families who have remained independent for three years, virtually none come back on welfare at a later date. By the end of the first year after their initial welfare exit, about seven out of ten families remained off TCA (71.9%), while about three out of ten (28.1%) had returned. By the end of the third follow-up year, three-fifths (61.3%) of families still had not returned for even one additional month of assistance, although not quite two-fifths (38.7%) did receive additional aid. Recidivism rates remain relatively stable after the third post-exit year, rising only an additional 2.8%. Even by the ninth year, the majority of welfare leavers, about 60%, had not returned to public assistance for even one month.

Figure 5 also strongly suggests that risk of returning to welfare is highest in the first few years and especially in the first few months after exiting. These findings underscore the importance of having transitional supports in place when a TANF case closes and not waiting until the family encounters a crisis. The good news, for families and policy makers alike, is that if a family can maintain self-sufficiency during those first few years, chances are very small that they will ever need to return to cash assistance.

⁹ Follow up data availability varies by cohort. Please see Appendix C for details on the amount of follow up data available for each exiting cohort.

Figure 5. Recidivism Rates.



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

Another important question to consider regarding welfare recidivism is whether returns to TCA are more common among more recent leavers than among earlier leavers. Table 6, following this discussion, shows that the answer to this question is a resounding “no”: there are no statistically significant differences between the two cohorts through the first six month follow up period. In both groups, a little more than one-tenth of families return to TANF in the first three months and about one-fifth return by the sixth post-exit month.

Table 6. Recidivism Rates by Cohort

Months Post-Exit	Entire Sample 10/96 – 03/06	Most Recent Cohort 04/05 – 03/06	Early Cases 10/96 - 3/05
	% not returning to TCA by this time		
3 mos	86.1% (9,681)	87.6% (631)	86.0% (9,050)
6 mos	79.3% (8,713)	79.3% (368)	79.3% (8,345)
	% returning to TCA by this time		
3 mos	13.9% (1,560)	12.4% (89)	14.0% (1,471)
6 mos	20.7% (2,272)	20.7% (96)	20.7% (2,176)

Note: Data in the table do not include cases closing between January 2006 and March 2006 because at the time of this writing, no follow-up data were available. See Appendix C-1 for detailed information on the availability of recidivism data.

What are the Risk Factors for Recidivism?

In an era of lifetime limits on adults' receipt of cash assistance, every month of cash assistance is critical. The previous section demonstrated that the majority of families are able to remain off the welfare rolls after exiting. For policy makers and program managers, an important follow up question is whether there are certain characteristics or factors that are associated with a heightened risk of recidivism. We address that question in this section by comparing the characteristics of recidivists and non-recidivists. Because the first few months after case closure have consistently been the period when most returns occur, we define recidivists for the purpose of this analysis as those who return to TANF within the first three months.

Table 7, following this discussion, presents our findings. We find that recidivists and non-recidivists differ on nine of the 13 demographic and welfare utilization variables examined. In general, recidivists are about one year younger (mean = 31.77 vs. 32.96 years), more likely to be African American (81.9% vs. 72.9%), more likely to have exited TANF in Baltimore City (54.4% v. 45.0%), and have a larger assistance unit (mean = 2.75 vs. 2.58 persons) with more children on the grant (mean = 1.85 vs. 1.72 children) than those who do not experience an early return to welfare. In addition, the average age of the youngest child in recidivist families is significantly lower than in non-recidivist families (mean = 5.44 vs. 5.72 years).

Recidivists and non-recidivist families also differ significantly in terms of administratively-recorded case closure reasons and welfare receipt during the previous five years. Non-recidivists were significantly more likely than recidivists to have their cases closed because of employment or attaining income above the eligibility limit (31.1% vs. 18.3%). On the other hand, recidivists are significantly more likely to leave welfare because of a full family work sanction (20.6% vs. 13.3%). This latter finding is not necessarily a negative one, as the intent of work sanctions is to ensure recipient accountability, while motivating them to participate in activities aimed at moving them to self-sufficiency.

In terms of welfare history, there is no difference in the length of the welfare spell culminating in the exit that brought the family into our sample. However, consistent with

trends observed in previous years, we find that recidivists were more dependent on cash assistance in the previous five years than non-recidivists. Recidivists received cash assistance for an average of 33.9 months out of the past 60, or a little more than half of the time. In contrast, those who did not return to welfare in the first three months had received assistance for about 28 months.

The final two rows of Table 7 speak to the critical role of employment in preventing welfare recidivism. The majority of both recidivists and non-recidivists worked in a Maryland UI-covered job at some point in the two years before their welfare exit. However, non-recidivists are significantly more likely to have UI-covered employment in the exit quarter. More than one-half (53.3%) of those who do not experience an early return to welfare are working in the exit quarter, compared to about two-fifths (39.3%) of those who return. For program managers, these data suggest that even among customers with recent employment histories, recidivism can occur. They further indicate that agencies would be wise to provide as much post-exit support as possible, including connections to job opportunities, to those leavers who do not have UI-covered employment at the time of exit.

Table 7. Characteristics of Recidivists and Non-Recidivists

Characteristics	Non-Recidivists (n=9,681)	Recidivists (n=1,560)	Total (n=11,241)
Payee's Age			
Mean***	32.96	31.77	32.79
Median	30.86	29.75	30.72
Standard Deviation	10.94	10.22	10.86
Payee's Age at First Birth			
Mean*	21.92	21.59	21.88
Median	20.28	20.02	20.25
Standard Deviation	5.45	5.46	5.46
Payee's Race***			
African American	72.9%	81.9%	74.1%
Caucasian	24.6%	16.1%	23.4%
Other	2.6%	2.0%	2.5%
Region***			
Baltimore City	45.0%	54.4%	46.4%
Prince George's County	12.9%	12.6%	12.7%
Baltimore County	11.6%	11.0%	11.5%
Anne Arundel County	4.8%	5.3%	4.9%
Montgomery County	4.6%	3.5%	4.5%
Baltimore Metro Region	6.4%	3.6%	6.1%
Upper Eastern Shore	4.3%	2.9%	4.2%
Western Maryland	3.7%	2.1%	3.4%
Lower Eastern Shore	3.4%	2.8%	3.3%
Southern Maryland	3.3%	1.8%	3.1%
Assistance Unit Size			
Mean***	2.58	2.75	2.60
Median	2.00	2.00	2.00
Standard Deviation	1.17	1.22	1.18
Number of Children			
Mean***	1.72	1.85	1.73
Median	1	2	1
Standard Deviation	1.05	1.14	1.06
% of child only cases***	16.4%	12.7%	15.9%
Age of Youngest Child			
Mean*	5.72	5.44	5.68
Median	4.22	3.92	4.16
Standard Deviation	4.78	4.56	4.76
Percent with a child under 3 years old	39.7%	40.9%	39.9%

Characteristics	Non-Recidivists (n=9,681)	Recidivists (n=1,560)	Total (n=11,241)
Closing Code***			
Income Above Limit/Started Work	31.1%	18.3%	29.2%
Failed to Reapply/Complete Redetermination	17.4%	24.1%	18.3%
Eligibility/Verification Information Not Provided	14.4%	20.9%	15.4%
Work Sanction	13.3%	20.6%	14.5%
Assistance Unit Requested Closure	7.5%	2.3%	6.7%
Total Closings Accounted for by Top 5 Codes	83.7%	86.1%	84.1%
Length of Exiting Spell			
12 months or less	65.3%	65.5%	65.3%
13 - 24 months	17.6%	17.4%	17.6%
25 - 36 months	6.4%	6.0%	6.3%
37 - 48 months	3.3%	3.2%	3.3%
49 - 60 months	2.1%	1.5%	2.0%
More than 60 months	5.4%	6.4%	5.5%
Mean	16.89	17.72	17.00
Median	8.71	8.94	8.74
Standard Deviation	26.04	27.15	26.20
Welfare Receipt in 5 Years Prior to Exit***			
12 months or less	31.1%	19.9%	29.6%
13 - 24 months	19.2%	15.9%	18.7%
25 - 36 months	15.2%	16.9%	15.5%
37 - 48 months	12.7%	15.9%	13.2%
49 - 60 months	21.7%	31.4%	23.1%
Mean***	27.79	33.90	28.64
Standard Deviation	19.27	19.04	19.36
Percent employed in a UI-covered job in the two years before exit	71.8%	69.9%	71.5%
Percent Working in the Exit Quarter***	53.3%	39.3%	51.4%

Note: Data in the table do not include cases closing between January 2006 and March 2006 because at the time of this writing, no follow-up data were available. See Appendix C-1 for detailed information on the availability of recidivism data. *p<.05, **p<.01, ***p<.001

FINDINGS: RECEIPT OF OTHER BENEFITS

PRWORA and the TANF program fundamentally changed the nature of cash assistance programs in the United States in several ways. One change, often overlooked in discussions of welfare reform, was the shift from a system in which cash assistance was the gateway to other forms of assistance such as Food Stamps, medical assistance and childcare subsidies to one in which customers were encouraged to view these other forms of assistance as supports available to them while they are employed. Many welfare agencies, including those in Maryland, spent considerable time and effort designing materials to convey this new “work pays” message. While caseload declines in the late 1990s for other programs, such as Food Stamps, mirrored those for the TANF program, this trend eventually reversed and more non-TANF families began receiving these benefits as well.

In this chapter, we examine the extent to which Maryland’s welfare leavers utilize supports such as Food Stamps, medical assistance and childcare subsidies. We also consider whether utilization rates differ between recent and earlier leavers.

How Many Families Receive Food Stamps After Leaving Welfare?

Table 8, following this discussion, provides detailed findings regarding leavers’ participation in the Food Stamp program in the months following their exit from TANF. Overall, the trend is positive, with three-fifths (61.9%) of all families receiving Food Stamps within the first three months after exit. Given the data presented earlier on UI-covered earnings, it is not surprising to find that over half of all leavers still participate in the Food Stamps program up to three years after their exit.

Food Stamp participation rates for TANF leavers remain relatively high, even through the ninth year of follow-up, with one-third (33.7%) still receiving benefits. The trend of high participation is most likely the result of effective outreach and support, as well as relatively low earnings among some TANF leavers and, of course, higher income eligibility thresholds in the Food Stamp program. It must be noted, however, that the phenomenon of returns to welfare also affects these findings. That is, those who return to welfare are included in these data and, as a result, our reported findings overstate the true rate of Food Stamp eligibility and participation among those who did not return to welfare after their exit.

Nonetheless, overall our findings are positive and indicate the effectiveness of recent measures to increase eligible families’ participation in the Food Stamp program. A comparison of Food Stamp utilization rates among early and later leavers provides further evidence that recent outreach efforts have been effective. At both the three- and six-month follow up points, later leavers have significantly higher Food Stamp receipt rates than their earlier-leaving counterparts. In the first three months after exit, almost three-fourths (73.6%) of recent leavers received Food Stamps, compared to three-fifths (61.1%) of earlier leavers. Participation rates decrease slightly in the fourth through sixth post-exit months, but still remain high in both groups, with more than two-thirds (68.3%) of recent exiters and more than half (56.4%) of early exiters participating.

Table 8. Food Stamp Participation Rates

	Total 10/96-3/06	Most Recent Cohort 4/05-3/06	Earlier Cohort 10/96-3/05
Months 1-3***	61.9%	73.6%	61.1%
Months 4-6***	56.9%	68.3%	56.4%
Months 7-12	55.7%		55.7%
Months 13-24	56.0%		56.0%
Months 25-36	49.3%		49.3%
Months 37-48	45.0%		45.0%
Months 49-60	41.1%		41.1%
Months 61-72	39.8%		39.8%
Months 73-84	37.9%		37.9%
Months 85-96	35.0%		35.0%
Months 97-108	33.7%		33.7%

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

How Many Families Receive Medical Assistance After Leaving Welfare?

Because health problems and illness can wreak havoc on a transitioning family's progression toward self-sufficiency, Medical Assistance is often an important transitional benefit for welfare leavers. In recognition of the difficulty or, in some cases, the impossibility of obtaining health benefits from low-wage, entry-level jobs, exiting families are eligible for Medical Assistance for up to one year after leaving TANF for work. In addition, children may be eligible for continuing coverage through MCHP (Maryland Children's Health Program) at no cost until the family's income reaches 200% of poverty and with a low-cost premium up to 300% of poverty.

Table 9, following this discussion, presents data on participation rates among exiting caseheads and their children in the Medical Assistance/MCHP programs. The good news is that participation rates are high for both adults and children, both immediately after the welfare exit and in subsequent years. Overall, about four-fifths of all adult payees (78.0%), children (78.2%), and cases (82.8%) in our sample received medical benefits during the first quarter after their TANF exit.

Participation rates remain high up to four years post-exit, with more than seven out of ten (72.6%) families having at least one family member enrolled. Even up to nine years after leaving cash assistance, more than half (53.2%) of former TANF families still have someone who is participating in the Medical Assistance/ MCHP programs.

Consistent with the trends for Food Stamp utilization described earlier, Table 9 shows that participation in Medical Assistance is significantly higher among most recent leavers. More than nine out of ten (94.2%) families who left TCA most recently have at least one family member receiving medical assistance in the first three months after exit. In contrast, only four-fifths (82.1%) of early exiters have a family member participating in this period. Participation rates follow a similar pattern in the fourth through sixth post-exit months, with 92.7% of later leavers and 82.0% of earlier leavers enrolled in medical assistance or MCHP.

Table 9. Medical Assistance Participation Rates

	Total 10/96-3/06	Most Recent Cohort 4/05-3/06	Earlier Cohort 10/96-3/05
Payee Received MA			
Months 1-3***	78.0%	90.8%	77.1%
Months 4-6***	76.0%	88.1%	75.5%
Months 7-12	76.0%		76.0%
Months 13-24	70.4%		70.4%
Months 25-36	67.1%		67.1%
Months 37-48	63.4%		63.4%
Months 49-60	59.8%		59.8%
Months 61-72	56.3%		56.3%
Months 73-84	53.9%		53.9%
Months 85-96	50.4%		50.4%
Months 97-108	45.2%		45.2%
Child(ren) Received MA			
Months 1-3***	78.0%	89.4%	77.2%
Months 4-6***	77.5%	86.6%	77.1%
Months 7-12	78.0%		78.0%
Months 13-24	73.6%		73.6%
Months 25-36	69.5%		69.5%
Months 37-48	65.8%		65.8%
Months 49-60	61.4%		61.4%
Months 61-72	57.5%		57.5%
Months 73-84	54.0%		54.0%
Months 85-96	49.1%		49.1%
Months 97-108	43.3%		43.3%
Anyone in the AU Received MA			
Months 1-3***	82.8%	94.2%	82.1%
Months 4-6***	82.4%	92.7%	82.0%
Months 7-12	83.3%		83.3%
Months 13-24	78.8%		78.8%
Months 25-36	76.1%		76.1%
Months 37-48	72.6%		72.6%
Months 49-60	69.2%		69.2%
Months 61-72	65.4%		65.4%
Months 73-84	62.5%		62.5%
Months 85-96	58.6%		58.6%
Months 97-108	53.2%		53.2%

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

How Many Families Utilize Child Care Subsidies After Leaving Welfare?

Child care subsidies provide vital support for parents leaving welfare, particularly for single parents. While recipients must locate an appropriate child care provider, whether informal or formal, a subsidy helps offset some of the costs associated with going to work. Data shown in Table 10, following this discussion, represent take-up rates for child care subsidies among families with at least one child under the age of 13, and who left welfare between April 2000 and March 2006 (n=5,015).¹⁰

Overall, almost one-fifth (19.5%) of leavers with a child under the age of 13 had a child care voucher paid on their behalf in the quarter of their welfare exit. Subsidy utilization declines somewhat over time reaching 16% by the end of the first year. By the end of the second post-exit year, participation drops to about one in seven (14.2%), and by the fourth post-exit year, fewer than one in ten (8.5%) former welfare families receives child care assistance.

Table 10 also shows that, in the first few months after exit, recent leavers utilize child care vouchers at significantly higher rates than earlier leavers. In the quarter of exit, one-fourth (24.1%) of recent exiters received child care subsidies compared to a little less than one-fifth (18.6%) of earlier exiters. Utilization rates drop for both groups in the 1st post-exit quarter. However, the difference between the cohorts remains significant with 21.3% of later leavers and 17.5% of earlier leavers receiving vouchers.

Given that the average age of the youngest child among exiting families is just under six years and two-fifths of all cases include a child under the age of three, the child care subsidy utilization rates are lower than one might expect or think optimal. However, low child care assistance take-up rates among welfare leavers have been noted in several other studies, and our results are on par with those reported in other states. A recent analysis by the Urban Institute provides several practical suggestions for agencies interested in increasing the use of child care subsidies among families transitioning from welfare-to-work (Adams, Koralek, & Martinson, 2006). These strategies include notifying families often of the availability of child care assistance even when they leave TANF, simplifying the application process, and minimizing what parents have to do to keep subsidies during the welfare-to-work transition.

¹⁰ Childcare subsidy data are not available for families who exited TANF before April 2000.

Table 10. Child Care Subsidy Utilization

	Total 4/00-3/06 (n=5,015)	Most Recent Cohort 4/05-3/06 (n=790)	Earlier Cohort 4/00-3/05 (n=4,225)
Quarter of Exit ***	19.5%	24.1%	18.6%
1st Quarter Post-Exit *	18.0%	21.3%	17.5%
2nd Quarter Post-Exit	17.3%	19.4%	17.1%
3rd Quarter Post-Exit	16.5%	13.5%	16.7%
4th Quarter Post-Exit	16.0%		16.0%
5th Quarter Post-Exit	15.4%		15.4%
6th Quarter Post-Exit	15.3%		15.3%
7th Quarter Post-Exit	14.8%		14.8%
8th Quarter Post-Exit	14.2%		14.2%
9th Quarter Post-Exit	12.9%		12.9%
10th Quarter Post-Exit	11.8%		11.8%
11th Quarter Post-Exit	11.3%		11.3%
12th Quarter Post-Exit	9.7%		9.7%
13th Quarter Post-Exit	9.8%		9.8%
14th Quarter Post-Exit	9.2%		9.2%
15th Quarter Post-Exit	9.1%		9.1%
16th Quarter Post-Exit	8.5%		8.5%
17th Quarter Post-Exit	7.2%		7.2%
18th Quarter Post-Exit	6.5%		6.5%
19th Quarter Post-Exit	7.2%		7.2%
20th Quarter Post-Exit	7.3%		7.3%
21st Quarter Post-Exit	6.4%		6.4%
22nd Quarter Post-Exit	5.8%		5.8%
23rd Quarter Post-Exit	7.0%		7.0%

Note: Percentages indicate subsidies utilization and vouchers **paid** through March 2006 on behalf of caseheads in our sample for any of their children. In addition, vouchers were only available after April 1, 2000. Thus, anyone who exited prior to that date is not included in these analyses.

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

FINDINGS: CHILD WELFARE

Much of our discussion in the previous chapters has focused on the circumstances and outcomes of the adult caseheads exiting the TANF rolls. We must not overlook, however, that these 11,473 adults care for 19,956 children who also received TANF and are part of and affected by their families' transition from welfare to financial self-sufficiency. Thus, it is important not only to examine the post-exit outcomes of adults, but also the outcomes of children leaving welfare assistance.

Despite the concerns raised over possible negative effects on child well-being associated with welfare reform provisions such as time limits, work participation requirements, and sanctioning, there has been little empirical evidence to date supporting such a relationship. Simply stated, data on child welfare caseloads does not support a significant relationship between welfare reform and child welfare involvement (Geen, Fender, Leos-Urbel & Markowitz, 2001). In fact, research has shown that the best predictor of future child welfare involvement is a prior history of child welfare involvement, not cash assistance receipt patterns (Ovwigbo, Leavitt, & Born, 2003).

While the news based on the empirical data has been good to date, the well-being of children remains of critical concern to Maryland officials. Consequently, we believe it is important to continue to monitor child welfare outcomes for children in families leaving TANF. Table 11, following this discussion, presents data on involvement by children in our leavers sample with four child welfare services in the year after their welfare exit: Child Protective Services (CPS), Intensive Family Services, Kinship Care, and Foster Care. To provide a context for these data, we also present information on children's pre-exit child welfare histories.

Table 11 shows that one out of every five (21.5%) children whose families exited TANF experienced at least one indicated or substantiated instance of abuse or neglect prior to their exit. The findings also suggest that for most children these events did not occur immediately before their welfare exit, as only 2.0% of children experienced an indicated or substantiated abuse/neglect event in the 90 days before exit.

Given the relatively high (approximately one in five) rate of previous protective services involvement among exiting children, post-exit rates are quite low throughout the first year after welfare case closure. During the first three months after exit, 1.5% of children were involved in a CPS complaint that was determined to be substantiated or indicated. Rates increase marginally over the next few months, although remaining much lower than historical rates, reaching 4.7% by the end of the first post-exit year.

We find one statistically significant difference between early and recent leavers in terms of CPS investigations. Though both groups have similar histories of indicated or substantiated abuse or neglect events, children in the earlier cohort were three times as likely as recent leavers' children to experience a substantiated or indicated abuse or neglect event in the first three months following their TANF exit (1.4% vs. 0.3%, respectively). However, the difference disappears by the six-month follow up point.

In addition to CPS investigations, we also examine the extent to which families were involved in the Intensive Family Services Program (IFS) before and after leaving welfare. IFS is a short-term, voluntary program aimed at preventing child removal and future abuse or neglect. Only a small percentage of sampled families participated in this program before exiting TANF (4.1%), and less than one-half of one percent were involved in the program in the 90 days immediately preceding their exit (0.4%).

IFS involvement remains quite low among both recent and earlier leavers following the TANF exit, with only 0.5% of families participating in the first three post-exit months. By 12 months after TANF exit, only 1.4% of children exiting welfare received Intensive Family Services.

In terms of IFS, we find a statistically significant difference regarding historical rates of involvement. Specifically, recent leavers (7.2%) are almost twice as likely as early leavers (3.9%) to have participated at some point before exiting TANF. We have found both this trend and the one regarding CPS involvement in the first three post-exit months in previous years (see, for example, Ovwigho, et al., 2005). These trends may, in fact, be related and the differences may be more a factor of child welfare practice than a change in “risk” among welfare leavers. A full analysis of these trends is beyond the scope of this report. However, we would note that the program is voluntary and it is possible that the community in general has come to recognize its possible benefits and thus, families may be more willing to participate.

The final two child welfare services examined concern out-of-home placements. Before leaving welfare, about one in twenty children (4.9%) had been involved in the Kinship Care program, which places children in the care of non-parental family members. Few children experienced a Kinship Care placement during the first year after leaving welfare; the rate was only 0.6% at the six months post-exit point and only 1.0% after the first year of exit.

For the first time since we began reporting this statistic for separate cohorts in 2002, however, we find higher rates of post-exit kinship care entries among later leavers. Although rates for both groups are very, very low, the most recent cohort is three times more likely than their earlier-leaving counterparts to be placed with family members in the 90 days after exit (0.9% vs. 0.3%, respectively). Similarly, by the sixth post-exit month, children whose families left TANF later are two and one-half times more likely to be involved in kinship care than children in early exiting families (1.5% vs. 0.6%, respectively).

These percentages actually represent a very small number of children and an even smaller number of families. The three month follow-up statistics, to illustrate, represent a total of 67 out of 19,571 children entering kinship care; the six month figures represent a total of 122 out of 19,139 youngsters entering care. Nonetheless, child welfare effects of welfare reform remain of great importance and concern and this is the first time we have found significantly greater kinship care involvement among the most recent leavers.

For the above reasons, we took a closer look at these data and are pleased to report that, in reality, the finding does not mean that individual children in the recent leavers' cohort are at heightened risk. Rather, the difference between earlier and later leavers appears to result from the fact that many of the children who entered kinship care post-welfare were members of sibling groups from the same families. This reality becomes evident when data are examined at the case, rather than individual child, level.

Of all families/cases in our sample, 45 or 0.4% (n=45/10,531) had one or more children enter kinship care within three months of the welfare case closure and 82 families or 0.8% (n=82/10,285) experienced such an event within six months of leaving welfare. However, sibling groups entering care were more common among more recent leavers than among earlier leavers; thus, measuring kinship care entries at the individual or child level, leads to the apparent difference. When we measure entries into care at the family or case level, differences between the early and more recent cohorts are no longer statistically significant. Specifically, 0.4% of early and 0.7% of recent exiting families had one or more children enter kinship care in the first three months. Rates at the six month follow-up point are similar at 0.8% and 1.2%, respectively.

There is also a suggestion in the data that, in some cases, the child welfare event may have occurred simultaneously with, if not before, the welfare case closure. For example, among the 45 cases with a child entering kinship care in the first three months, 31.0% had a welfare case closure code of no eligible members, child no longer with relative, and a similar code. In these cases, it appears the child welfare entry may have led to the welfare exit.

In terms of formal foster care, Table 11 shows that about one in twenty children (5.5%) had been in a formal placement at some point before their TANF case closure. Relatively few of these episodes (1.1%) occurred within the 90 days immediately preceding their exit. Foster care entries remain low after welfare exit reaching 0.9% by the six-month follow-up point and 1.8% by the end of the first post-TANF year. There are no statistically significant differences between early and later leavers in foster care entry rates.

Table 11. Child Welfare Entries Among Exiting Children

	Entire Sample 10/96 -3/06 (19,956)	Most Recent Cohort 4/05 - 3/06 (1,616)	Early Cases 10/96 - 3/05 (18,340)
Child Abuse/Neglect			
History Before Exit	21.5%	20.6%	21.6%
90 Days Before Exit	2.0%	1.4%	2.0%
90 Days After Exit**	1.4%	0.3%	1.4%
6 Months After Exit	2.7%	2.8%	2.7%
12 Months After Exit	4.7%	N/A	4.7%
Intensive Family Services			
History Before Exit***	4.1%	7.2%	3.9%
90 Days Before Exit	0.4%	0.5%	0.3%
90 Days After Exit	0.5%	0.8%	0.5%
6 Months After Exit	0.8%	0.9%	0.8%
12 Months After Exit	1.4%	N/A	1.4%
Kinship Care			
History Before Exit	4.9%	5.9%	4.9%
90 Days Before Exit	0.6%	0.3%	0.6%
90 Days After Exit**	0.3%	0.9%	0.3%
6 Months After Exit**	0.6%	1.5%	0.6%
12 Months After Exit	1.0%	N/A	1.0%
Foster Care			
History Before Exit	5.5%	4.9%	5.6%
90 Days Before Exit	1.1%	1.0%	1.2%
90 Days After Exit	0.5%	0.7%	0.5%
6 Months After Exit	0.9%	1.0%	0.9%
12 Months After Exit	1.8%	N/A	1.8%

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

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

CONCLUSIONS

In the 10 years since PRWORA repealed the AFDC program and established the TANF block grant, much has changed for our country and our state. Babies born in the early days of welfare reform are now in grade school and children who were in middle school are now young adults. Tens of thousands of families have left the welfare rolls and most have not returned. Still others have entered the system for the first time and begun the often difficult transition from welfare to work.

With reauthorization of TANF, welfare agencies across the country are now gearing up to make even more changes. Efforts to meet work participation rates are redoubling and program officials are grappling with the tension between achieving federal work participation standards and addressing families' specific situations.

Maryland's history has demonstrated that policy makers and program managers can make better decisions by using empirical data. Our state's original approach to TANF was largely based on studies of caseload characteristics and welfare receipt patterns, carried out via the FIA-SSW partnership. Throughout the welfare reform period, Maryland's *Life After Welfare* study has performed an important program monitoring function by providing decision-makers with current data on the characteristics of and outcomes achieved by families leaving TANF. The study will continue to provide critical program monitoring information as we move into the next phase of welfare reform.

Today's report, the 11th in the series, reveals that the general trends observed in earlier years remain the same:

- ✘ **Most cases close because the family's income has reached the income limit, usually through earnings from work, or the family has not reapplied for benefits. The majority of adults find employment in UI-covered jobs and their employment stability and earnings improve over time. A minority of families returns to the welfare rolls and very few children enter foster care.**

Among these general trends are a few important differences from previous years, particularly in our comparisons of recent and earlier leavers. Most notably, compared to last year, the percentage of child only cases among the exiting cohort has declined and the percentage of families with a child under the age of three has increased. Both of these findings hold important implications for the TANF program:

- ✘ **The declining prevalence of child only cases among this year's exiting cohort suggests that there may be a repeat of the trend witnessed in the early years of welfare reform when traditional cases left the rolls at a faster rate than child only cases. If this is true, welfare agencies may again see a rise in the proportion of their TANF caseload comprised of child only cases.**

It is well known that welfare caseloads across the country have declined dramatically since the mid-1990s. Most of this decline resulted from traditional welfare cases (i.e. single mother with one or two children) leaving the rolls. As a result, today's TANF caseload contains a much larger proportion of child only cases, in which the adult payee does not receive assistance. Because TANF II also includes, in effect, increased work participation requirements, it is likely that the pattern of more and faster exits among traditional cases will be repeated and the child-only share of the caseload will climb again.

For policy makers and program managers, it is critical to start thinking about this likely scenario now. Recent studies of child only cases demonstrate that their demographic profiles differ from "traditional" cases in many important ways. These findings, in turn, suggest that they may have different service needs and concerns (see, for example, Hetling, Saunders, & Born, 2005b; Gibbs, Kasten, Bir, Hoover, Duncan, & Mitchell, 2004).

✘ Access to affordable, convenient child care, particularly for very young children, remains a critical issue for welfare leavers. Efforts to increase work participation among TANF recipients are likely to increase the demand for childcare services and possibly for subsidies. Policy makers and program managers would be wise to consider what strategies might be effective at increasing subsidy utilization among TANF leavers.

Despite the fact that two-fifths of earlier leavers and almost half of later leavers have children under the age of three, post-exit utilization of child care subsidies remains fairly low, with at most one in four families participating. Take-up rates are similarly low in other states and have prompted several new studies regarding the factors affecting subsidy receipt. Because stable child care is critical to most families' welfare-to-work transitions, we strongly suggest that local departments and/or the Department of Education consider adopting some of the recommended strategies for increasing child care participation, including notifying families often of the availability of child care assistance even when they leave TANF, simplifying the application process, and minimizing what parents have to do to keep subsidies during the welfare-to-work transition (Adams, et al., 2006).

✘ Because recent leavers are more likely to leave TANF because of a work-related sanction, policy makers and program managers would be wise to continue to monitor sanctioning patterns and outcomes as the state works towards meeting the reauthorization-revised work participation standards.

Our data reveal that one-fifth of recent leavers had their cases closed because of a full family sanction for non-compliance with work activities, a rate significantly higher than that observed in the earlier years of reform. An increase in work sanctions over time was not unexpected; adoption of a universal engagement policy and efforts to increase work participation rates in anticipation of the tougher rules that are now a part of TANF reauthorization have likely contributed to these higher rates.

As the state continues to strive towards increasing the work participation rate, it is possible that sanctioning will become a more common practice. The good news is that it appears that most sanctioned families are either complying and thus, returning to the welfare rolls or finding employment to support their families. However, because the potential negative consequences for families are high, we strongly recommend decision-makers continue to monitor the outcomes of welfare leavers in general and sanctioned families in particular.

✘ Despite a higher sanctioning rate, recent exiters are faring just as well, if not better, than their earlier-leaving counterparts. Employment and recidivism rates are similar. In addition, recent leavers initially earn more than earlier leavers and are more likely to utilize work supports.

Compared to earlier leavers, those who left TANF most recently are just as likely to be employed and few return to the cash assistance rolls. Moreover, later leavers have higher initial earnings and higher take-up rates of post-exit Food Stamps, medical assistance, and child care subsidies. These findings are particularly encouraging, given earlier predictions and some indications that later leavers were having a more difficult time transitioning from welfare-to-work. Undoubtedly, a combination of factors contribute to these positive outcomes, including an improving economy and concerted efforts by local departments to provide support services for transitioning families.

✘ We continue to find no evidence of increased risk of child welfare involvement or foster care placement among children whose families leave welfare. However, there are some differences between early and recent leavers, which likely relate to changes in child welfare practice and may be worth further investigation.

Since the beginning of our *Life After Welfare* series, we have examined rates of foster care entry among children whose families exit the TANF rolls. In more than ten years of research, we have consistently found the same thing: Few children enter foster care in the year after their families' welfare exits.

Although we see no reason for alarm in terms of child well-being, we do find some interesting differences between recent and earlier leavers. An in-depth examination of these trends is beyond the scope of the present study. However, the data presented here suggest that there may be a need to further explore the relationships between the TANF and child welfare program and perhaps, how the two distinct programs can mutually support each other in their common goals to care for families and children.

In sum, this eleventh *Life After Welfare* report provides a point of reflection on the positive outcomes achieved by Maryland's empirically-based, locally-tailored, and well-crafted bi-partisan approach to welfare reform. It clearly shows that the hard work of families, community-based partners, and local Departments of Social Services has paid off in many respects, most notably higher employment stability and earnings for former welfare families.

For policymakers, program managers, community-based providers, researchers, and advocates, new immediate challenges and policy choices associated with TANF reauthorization now exist. These challenges may, in fact, be greater than those presented by initial TANF implementation because they may now be met by a smaller and, in some ways, less work-ready caseload. Maryland's best hope of achieving success in the next phase of welfare reform rests in using the lessons learned during the first ten years of welfare reform as the building blocks for today's policy deliberations and program practices. Through the continuing *Life After Welfare* series, and other research conducted via the FIA-SSW partnership, the state will also be well-positioned to monitor the progress of TANF II, and make any necessary mid-course corrections. Given this history, we are confident that Maryland will continue to be at the forefront of designing and operating a reformed welfare system and safety nets that best serve the state and its people.

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Appendix A. Availability of Post-Exit Employment Data

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

Exit Month	Exit	1st	2nd	3rd	4th	8th	12th	16th	20th	24th	28th	32nd	36th
10/96-12/96	√	√	√	√	√	√	√*	√*	√*	√*	√*	√*	√*
1/97-3/97	√	√	√	√	√	√	√*	√*	√*	√*	√*	√*	
4/97-6/97	√	√	√	√	√	√*	√*	√*	√*	√*	√*	√*	
7/97-9/97	√	√	√	√	√	√*	√*	√*	√*	√*	√*	√*	
10/97-12/97	√	√	√	√	√	√*	√*	√*	√*	√*	√*	√*	
1/98-3/98	√	√	√	√	√	√*	√*	√*	√*	√*	√*		
4/98-6/98	√	√	√	√	√*	√*	√*	√*	√*	√*	√*		
7/98-9/98	√	√	√	√*	√*	√*	√*	√*	√*	√*	√*		
10/98-12/98	√	√	√*	√*	√*	√*	√*	√*	√*	√*	√*		
1/99-3/99	√	√*	√*	√*	√*	√*	√*	√*	√*	√*			
4/99-6/99	√*	√*	√*	√*	√*	√*	√*	√*	√*	√*			
7/99-9/99	√*	√*	√*	√*	√*	√*	√*	√*	√*	√*			
10/99-12/99	√*	√*	√*	√*	√*	√*	√*	√*	√*	√*			
1/00-3/00	√*	√*	√*	√*	√*	√*	√*	√*	√*				
4/00-6/00	√*	√*	√*	√*	√*	√*	√*	√*	√*				
7/00-9/00	√*	√*	√*	√*	√*	√*	√*	√*	√*				
10/00-12/00	√*	√*	√*	√*	√*	√*	√*	√*	√*				
1/01-3/01	√*	√*	√*	√*	√*	√*	√*	√*					
4/01-6/01	√*	√*	√*	√*	√*	√*	√*	√*					
7/01-9/01	√*	√*	√*	√*	√*	√*	√*	√*					
10/01-12/01	√*	√*	√*	√*	√*	√*	√*	√*					
1/02-3/02	√*	√*	√*	√*	√*	√*	√*						
4/02-6/02	√*	√*	√*	√*	√*	√*	√*						
7/02-9/02	√*	√*	√*	√*	√*	√*	√*						
10/02-12/02	√*	√*	√*	√*	√*	√*	√*						
1/03-3/03	√*	√*	√*	√*	√*	√*							
4/03-6/03	√*	√*	√*	√*	√*	√*							
7/03-9/03	√*	√*	√*	√*	√*	√*							
10/03-12/03	√*	√*	√*	√*	√*	√*							
1/04-3/04	√*	√*	√*	√*	√*								
4/04-6/04	√*	√*	√*	√*	√*								
7/04-9/04	√*	√*	√*	√*	√*								
10/04-12/04	√*	√*	√*	√*	√*								
1/05-3/05	√*	√*	√*	√*									
4/05-6/05	√*	√*	√*										
7/05-9/05	√*	√*											
10/05-12/05	√*												
1/06-3/06													

Note: A √ indicates that Maryland UI data are available. A * indicates that UI data from the states that border Maryland are available (Delaware, District of Columbia, Pennsylvania, Virginia, and West Virginia).

APPENDIX B. EMPLOYMENT INDUSTRIES

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

Goods-Producing		
Natural Resources and Mining	0.4	17
Agriculture, Forestry, Fishing and Hunting		17
Crop Production		8
Animal Production		8
Support Activities for Agriculture and Forestry		1
Construction	1.4	58
Construction		58
Construction of Buildings		14
Heavy and Civil Engineering Construction		3
Specialty Trade Contractors		41
Manufacturing	4.6	184
Manufacturing		78
Food Manufacturing		70
Textile Mills		2
Textile Product Mills		1
Apparel Manufacturing		5
Manufacturing		41
Paper Manufacturing		5
Printing and Related Support Activities		12
Petroleum and Coal Products Manufacturing		4
Chemical Manufacturing		9
Plastics and Rubber Products Manufacturing		2
Nonmetallic Mineral Product Manufacturing		9
Manufacturing		65
Primary Metal Manufacturing		1
Fabricated Metal Product Manufacturing		15
Machinery Manufacturing		8
Computer and Electronic Product Manufacturing		9
Electrical Equipment, Appliance, and Component Manufacturing		3
Transportation Equipment Manufacturing		13
Furniture and Related Product Manufacturing		7
Miscellaneous Manufacturing		9

Service-Producing		
Trade, Transportation, and Utilities	22.3	895
Utilities		1
Wholesale Trade		90
Merchant Wholesalers, Durable Goods		19
Merchant Wholesalers, Nondurable Goods		12
Wholesale Electronic Markets and Agents and Brokers		59
Retail Trade		421
Motor Vehicle and Parts Dealers		19
Furniture and Home Furnishings Stores		8
Electronics and Appliance Stores		9
Building Material and Garden Equipment and Supplies Dealers		38
Food and Beverage Stores		61
Health and Personal Care Stores		68
Gasoline Stations		160
Clothing and Clothing Accessories Stores		58
Retail Trade		296
Sporting Goods, Hobby, Book, and Music Stores		13
General Merchandise Stores		250
Miscellaneous Store Retailers		26
Nonstore Retailers		7
Transportation and Warehousing		74
Air Transportation		1
Truck Transportation		7
Transit and Ground Passenger Transportation		58
Scenic and Sightseeing Transportation		1
Support Activities for Transportation		7
Transportation and Warehousing		13
Postal Service		2
Couriers and Messengers		10
Warehousing and Storage		1
Information	1.9	77
Information		77
Publishing Industries (except Internet)		1
Motion Picture and Sound Recording Industries		15
Broadcasting (except Internet)		7
Internet Publishing and Broadcasting		26
Telecommunications		22
Internet Service Providers, Web Search Portals, and Data Providers		3
Other Information Services		3

Financial Activities	4.9	195
Finance and Insurance		139
Monetary Authorities - Central Bank		6
Credit Intermediation and Related Activities		77
Securities, Commodity Contracts, and Other Financial Investments		11
Insurance Carriers and Related Activities		39
Funds, Trusts, and Other Financial Vehicles		6
Real Estate and Rental and Leasing		56
Real Estate		37
Rental and Leasing Services		18
Lessors of Nonfinancial Intangible Assets (except Copyrighted Materials)		1
Professional and Business Services	23.5	943
Professional, Scientific, and Technical Services		199
Management of Companies and Enterprises		3
Administrative and Support and Waste Management and Remediation Services		741
Administrative and Support Services		735
Waste Management and Remediation Services		6
Education and Health Services	21.2	850
Educational Services		224
Health Care and Social Assistance		626
Ambulatory Health Care Services		194
Hospitals		126
Nursing and Residential Care Facilities		247
Social Assistance		59
Leisure and Hospitality	9.8	393
Arts, Entertainment, and Recreation		83
Performing Arts, Spectator Sports, and Related Industries		59
Amusement, Gambling, and Recreation Industries		24
Accommodation and Food Services		310
Accommodation		59
Food Services and Drinking Places		251
Other Services	5.4	216
Other Services except Public Administration		216
Repair and Maintenance		9
Personal and Laundry Services		78
Religious, Grantmaking, Civic, Professional, and Similar Organizations		129
Public Administration	4.5	181
Public Administration		181
Executive, Legislative, and Other General Government Support		129
Justice, Public Order, and Safety Activities		39
Administration of Human Resource Programs		9
Administration of Environmental Quality Programs		2
Administration of Housing Programs, Urban Planning, and Communities		2
Total	100.0	4,009

APPENDIX C. AMOUNT OF RECIDIVISM DATA AVAILABLE

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

Sample Months	3 mo	6 mo	1 yr	2 yrs	3 yrs	4 yrs	5 yrs	6 yrs	7 yrs	8 yrs	9 yrs
10/96 – 3/97	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
4/97 – 3/98	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	
4/98 – 3/99	✓	✓	✓	✓	✓	✓	✓	✓	✓		
4/99 – 3/00	✓	✓	✓	✓	✓	✓	✓	✓			
4/00 – 3/01	✓	✓	✓	✓	✓	✓	✓				
4/01 – 3/02	✓	✓	✓	✓	✓	✓					
4/02 – 3/03	✓	✓	✓	✓	✓						
4/03 – 3/04	✓	✓	✓	✓							
4/04 – 3/05	✓	✓	✓								
4/05 – 6/05	✓	✓									
7/06 – 9/05	✓	✓									
10/05 – 12/05	✓										
1/06 – 3/06											
Total Number of Closing Cases with Available Data	11,241	10,985	10,521	9,550	8,567	7,569	6,543	5,452	4,345	2,689	974