

THE TANF TIME LIMIT:
BARRIERS & OUTCOMES AMONG FAMILIES
REACHING THE LIMIT

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EXECUTIVE SUMMARY

The federal time limit on welfare receipt imposed by the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) of 1996 was designed to create a sense of urgency for families to make the transition from welfare to financial self-sufficiency. Today the controversy originally generated by the time limit policy is a distant memory as states focus on meeting federal work participation standards and avoiding fiscal penalties

Despite the initial controversy over the time limit policy, surprisingly little research has been done on the topic. The few studies available have shown that those cases that have reached the time limit have characteristics differing from those of the remainder of the caseload (Bloom, et. al., 2002; Caudill & Born, 1997; Richardson, Schoenfeld, & LaFever, 2003). In addition, time-limited families may face a greater number of barriers to self-sufficiency than their counterparts who are able to end their reliance on cash assistance at an earlier point (Hetling, Tracy, & Born, 2005; Seefeldt & Orzol, 2005; Welfare and Child Support Research and Training Group, 2001; Zedlewski, 2003).

The University of Maryland has been in the forefront of examining this important issue (Caudill & Born, 1997; Hetling, et al., 2005; Welfare and Child Support Research and Training Group, 2001). Our most recent study compared outcomes for families leaving after reaching the 60 month limit to the outcomes for a matched comparison group (Hetling, Patterson, & Born, 2006). We found that time limit leavers fared worse than other leavers in terms of employment and recidivism, and these differences could not be explained by factors such as urban residence, exiting because of a work sanction, or having more children.

For policymakers and program managers, several key questions remain regarding the TANF time limit. In this study, we address four of the most critical ones:

- 1) What are the characteristics of families reaching the time limit? Have these characteristics changed over time?
- 2) What barriers to employment do time-limited families face?
- 3) What happens to families after they reach the limit? Do they remain on TCA? To what extent do they find employment?
- 4) What is the relationship between families' employment barriers and outcomes?

Our sample of 4,538 cases represents the universe of Temporary Cash Assistance (TCA, Maryland's TANF program) caseheads who reached the time limit between December 2001 and January 2005. Data on these individuals and their families were obtained from two sources and provide follow-up information through December 2005, up to four years after reaching the TANF limit. The Client Automated Resource and Eligibility System (CARES) provided individual and case level information on participation in TCA, food stamps, and medical assistance, as well as case narratives for our examination of employment barriers. Data on Unemployment Insurance (UI)

covered jobs in Maryland comes from the Maryland Automated Benefits System (MABS).

What are the characteristics of families reaching the time limit?

Findings show that those who have reached the 60-month limit are typically African-American females residing in Baltimore City. On average, time-limited caseheads are 34 years old, about four years older than those heading non-child-only cases in the active caseload. While the majority of these time limit reachers worked in a Maryland UI-covered job at some point in the two years before reaching the limit, they worked fewer quarters and had lower earnings than the TANF caseload in general.

Have these characteristics changed over time?

Compared to those who reached the 60-month mark in the first years, today's time-limit reachers are younger and have younger children. While long continuous spells of welfare use contributed to the accumulation of 60 months for cases reaching the TANF limit in the early years, for today's recipients, cycling between welfare and work is more common.

What barriers to employment do time-limited families face?

In terms of employment barriers, we find that families who have reached the federal time limit are far more likely to experience such barriers than their counterparts in the remainder of the caseload; they are also more likely to have multiple barriers. For example, physical health problems are twice as common among time limit cases, affecting 28.3% compared to only 15.5% of the active caseload.

Comparing time-limited cases to the June 2002 caseload, we find that more families who reach the time limit have barriers documented than TANF recipients in general, and they are more likely to have multiple barriers as well.

About two-fifths (39.7%), have no barriers to self-sufficiency documented in their case narrative in the year before and year after reaching the 60-month mark. However, a little more than one-third (36.8%) have one barrier noted and almost one-quarter (23.4%) of the sample had two or more barriers documented. In contrast, almost three-fifths (58.4%) of June 2002 TANF customers had no barriers to self-sufficiency documented and only a little more than one-tenth (10.7%) have two or more barriers.

What happens to families after they reach the limit?

After reaching the 60-month mark, about two-fifths of caseheads enter employment and work an average of about two and one-half quarters in each of the first four follow-up years. Although mean total earnings are low overall, there is an annual increase and average total earnings have almost doubled by the fourth follow-up year.

Also in the follow-up period, we see that families do manage to leave welfare even after receiving benefits for five years. Almost two-thirds (63.8%) of our sample exited for at least two consecutive months during the follow-up period. However, among those who left, one-third (33.9%) returned to TANF.

What is the relationship between families' employment barriers and outcomes?

In general, the type of barrier experienced by a family does not appear to be a good predictor of their subsequent employment and welfare outcomes. However, a clear relationship exists between the number of barriers and likelihood of having UI-covered employment. Consistent with the cumulative risk hypothesis, time limit caseheads with two or more barriers are less likely to work in the first four follow-up years than those with fewer or no barriers. In addition, those with no barriers had significantly higher earnings, compared to adults with barriers.

There is also a statistically significant relationship between number of barriers and likelihood of exiting welfare for at least two consecutive months in the follow-up period. Seven out of ten (71.1%) customers with no barriers documented in their case narratives left the TANF rolls compared to only a little more than half (52.9%) of those with one barrier and two-fifths (43.2%) of those with two or more.

In sum, despite the lack of attention the TANF time limit has received of late, the differences documented in today's report between those who have reached the time limit and the rest of the caseload deserve further examination. It is noteworthy that the profile of families reaching the 60-month limit has changed over time. Today, time-limited cases are more likely to have accumulated their months by cycling on and off the welfare rolls. For program managers, these findings suggest that the cumulative number of families reaching the time limit may eventually be higher than originally anticipated and that specific strategies should be developed for ensuring that families' initial TANF exits are lasting ones.

Consistent with other studies, our examination of barriers demonstrates that the prevalence rates for nearly all barriers are higher among time-limited families than the TANF caseload in general. Although there is a general trend for employment rates to be lower among those with particular barriers, a significant minority of all time-limited caseheads works during the follow up period. These findings suggest that effective identification and removal of barriers can help families transition from welfare to work, even after they have accumulated more than 60 months of assistance.

In conclusion, our analysis of the characteristics, circumstances, and outcomes of families reaching the TANF time limit in Maryland indicates several directions for research, policy and programs. Our final recommendation is that policy makers, program managers, and researchers renew their focus on families at risk of reaching the time limit before states face a crisis situation, such as having to cut families from the welfare rolls, perhaps through more sophisticated assessment measures, before they are able to support themselves.

INTRODUCTION

With the passage of the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) in 1996 came a controversial new policy that established a lifetime limit on welfare receipt. A radical change from the open-ended entitlement under the Aid to Families with Dependent Children (AFDC) program, the new TANF time limit imposed a maximum of five years on adults' receipt of federally funded cash assistance. Proponents of this new policy were concerned that welfare would become a "way of life" without a time limit. Others opposed the time limit saying that families would be forced off the welfare rolls and into hardship and homelessness.

States were given the flexibility to adopt the full five-year limit, or to establish shorter time limits. Maryland opted for the 60-month time limit, with good cause exceptions or exemptions for families who exceed it. As of December 2006, 19.6% of our state's current non-exempt caseload had exceeded the time limit.

Despite the controversy over this new policy, surprisingly little research has been done on time limits. The few studies available have shown that those cases that have reached the time limit have characteristics differing from those of the remainder of the caseload (Bloom, et. al., 2002; Richardson, Schoenfeld, & LaFever, 2003). In addition, they may face a greater number of barriers to self-sufficiency than their counterparts who are able to end their reliance on cash assistance at an earlier point (Seefeldt & Orzol, 2005; Zedlewski, 2003).

Maryland, through the long-standing partnership between the Family Investment Administration-Department of Human Resources and the Family Welfare Research & Training Group – University of Maryland School of Social Work, has been in the forefront of examining this important issue. Our first research project on this topic, in fact, took place during the first year of the new policy and presented a preliminary look at families at risk in 1997 (Caudill & Born, 1997). In 2001, we also reported on families that were within a year of reaching the five year limit adopted by Maryland (Welfare and Child Support Research and Training Group, 2001), in order to give policy-makers information on the profile of recipients at imminent risk of hitting the 60-month wall. Utilizing survey data, we also compared the prevalence of work barriers among Baltimore City customers who had received assistance for 60 months or more, compared to customers with short (12 months or fewer) welfare histories (Hetling, Tracy, & Born, 2005). This study confirmed a higher rate of self-reported employment barriers, particularly in terms of physical health, among the long-term cases.

Our most recent study of the TANF time limit compared outcomes for families leaving after reaching the 60 month limit to the outcomes for a matched comparison group (Hetling, Patterson, & Born, 2006). We found that time limit leavers fared worse than other leavers in terms of employment and recidivism, and these differences could not be explained by factors such as urban residence, exiting because of a work sanction, or having more children.

For policymakers and program managers, several key questions remain regarding the TANF time limit. In this study, we address four of the most critical ones:

- 1) What are the characteristics of families reaching the time limit? Have these characteristics changed over time?
- 2) What barriers to employment do time-limited families face?
- 3) What happens to families after they reach the limit? Do they remain on TCA? To what extent do they find employment?
- 4) What is the relationship between families' employment barriers and outcomes?

We address these questions by examining the universe of 4,538 Temporary Cash Assistance (TCA) cases that crossed the 60-month mark in Maryland between December 2001 and January 2005. We divide the sample into three cohorts based on the month in which each reached the limit. Comparisons among these cohorts provide information on how the characteristics and outcomes of time limit reachers have changed over time. Expanding on current literature, we also utilize administrative data to measure cash assistance and employment outcomes for a longer follow-up period (48 months) than most other studies. In addition, our detailed analysis of case narratives for a random sub-sample of 750 cases reveals the prevalence of various employment barriers and their relationship with subsequent outcomes.

METHODS

Sample

Our sample of 4,538 cases represents the universe of TCA caseheads who accumulated 60 months of federally funded TANF receipt in Maryland between December 2001 and January 2005. Using the CARES administrative data system, caseheads were identified using the “TCA counter” that measures the total number of months of federally funded cash assistance. For each individual, the month in which the TCA counter reached 60 months was designated as the critical study month.

In order to examine whether the profile of time limit cases has changed over time, we divide the sample into three cohorts based on when the case reached the TANF time limit. Cohort 1 consists of 2,199 individuals who reached the time limit in the period between December 2001 and December 2002. Cohort 2 has 1,198 individuals reaching the limit between January 2003 and December 2003 and Cohort 3 includes 1,141 people who reached 60 months between January 2004 and January 2005.

Data Sources

The data analyzed for this report come from two Maryland administrative data systems. The Client Automated Resource and Eligibility system (CARES) contains individual and case level participation data for cash assistance (AFDC and TCA), Food Stamps, Medical Assistance, and Social Services.

Our employment data come from the Maryland Automated Benefits System (MABS), the official system of record for Unemployment Insurance-covered (UI) jobs in Maryland. MABS includes data from all employers covered by the 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.

Our data on employment barriers come from CARES case narratives. In CARES, case managers have access to a free-form space in which they describe their interactions with customers. Case managers are required to enter certain information in the narratives, such as requests and receipts for medical or wage verification, but they may also note anything they believe to be pertinent to the case. This creates a documentation that is a rich source of information about family circumstances and challenges (Ovwigbo, 2001).

For this study, each narrative was read by one of eight coders who carefully examined the information recorded within a 24-month time frame (from one year prior to the 60-month mark to one year after reaching the time limit). We used this time period in order to not only determine what barriers potentially impeded participants from leaving welfare

after they have reached the time limit, but also to note difficulties the family was experiencing in the time just before reaching the five year mark. The time period was limited, however, to keep the data in reasonable time proximity to the event of interest (i.e. reaching the TANF time limit).

Because narrative coding is a time-consuming process, it was not feasible to code narratives for all cases in the universe. Instead, we selected a random sample of 750 cases from the 3,917 cases in the original sample who had one complete year of follow up information available when we began narrative coding. This sample has a +/- 3% error rate at the 95% confidence level.

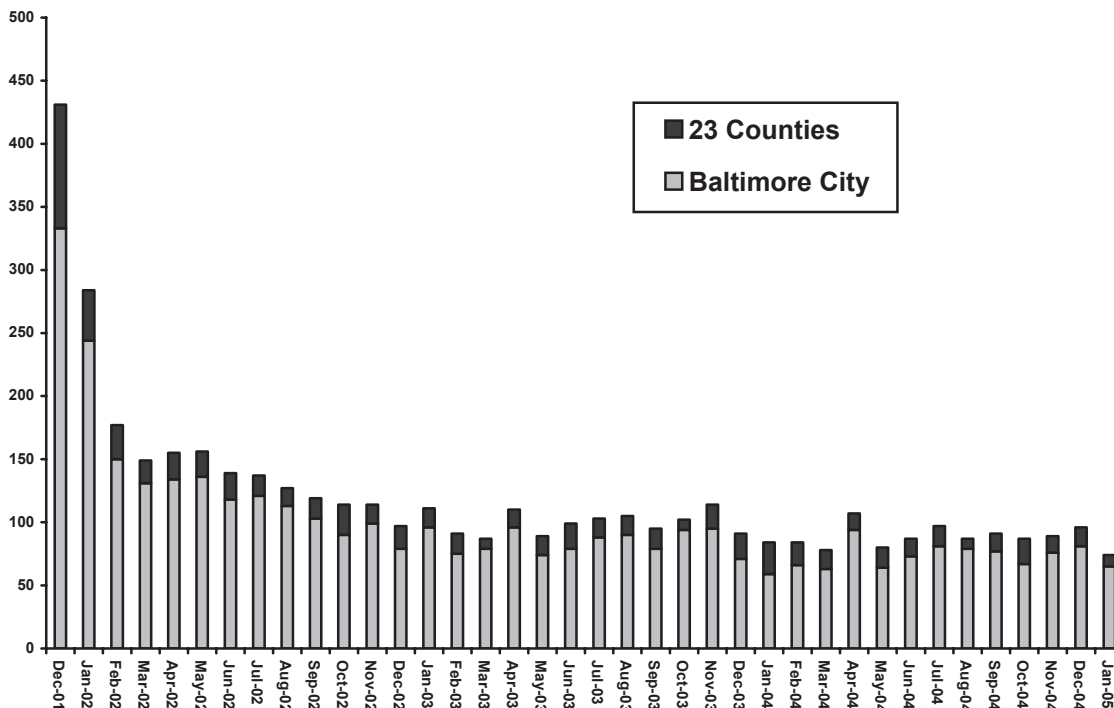
FINDINGS

How Many Families Reach the Limit?

Figure 1, following this discussion, presents the number of caseheads reaching the time limit in each month during the first few years in which it was possible to reach the 60-month mark in Maryland (December 2001 – January 2005). Two findings are clear from the figure. First, the largest number of cases that have reached the TANF time limit in Maryland did so in the first month. In total, 431 (9.6%) of the 4,538 cases in our sample experienced their 60th month of TANF receipt in December 2001. The second largest group (n=284 or 6.3%) reached the limit in January 2002. Since then, however, the number of families reaching the time limit each month has leveled off at a much lower number, about 87 cases each month.

Figure 1 also demonstrates that the highest proportion of time-limited families resided in Baltimore City when they reached the 60-month threshold. In December 2001, 77.3% of 60-monthers were Baltimore City cases. This percentage increased slightly over time, averaging 83.5% in the two most recent years examined. The concentration of time-limited families in Baltimore City is consistent with other studies showing that long-term welfare receipt is more common in urban areas (Richardson, et al., 2003).

Figure 1. Maryland Residents Who Have Reached the Time Limit



Who Reaches the Time Limit?

- ❖ **A never-married (89.1%), African-American (94.0%) female (98.9%) in her mid-thirties (mean = 33.48 years) heads the typical case that has reached the 60-month time limit in Maryland. The majority of adults reaching the time limit lived in Baltimore City, with a total of 84% overall.**
- ❖ **Compared to our state's active TCA caseload, as a whole, time-limited caseheads are more likely to be female, more likely to be African-American and significantly older, and to live in Baltimore City.**
- ❖ **Compared to those who reached the 60-month mark in the earliest years, more recent time-limit reachers are younger and have younger children.**

Table 1, following this discussion, presents data on the characteristics of our sample. The majority of caseheads reaching the TANF time-limit in the first few years are African-American women over the age of thirty. All cases include only one adult in the assistance unit. Although half of the cases reaching the time limit have only one or two children, it is notable that more than two-fifths (42.8%) have three or more children. For the average case reaching the 60-month mark, the youngest child is about six years old. However, almost a third of families (31.7%) have at least one child under the age of three.

Time-limited cases differ from Maryland's total active TANF caseload in a number of ways. Caseheads in the time-limited sample are more likely to be female (98.9% vs 94.9%) and African American (94.0% vs 81.1%) than their counterparts in the non-child-only, active caseload as a whole. Excluding child-only cases, time limit-hitters are also three years older, on average (33.5 vs 31.9 years).

Our analysis of differences among the three time cohorts reveals statistically significant differences in gender, race, marital status, age, age of youngest child, and jurisdiction. In absolute terms, however, these differences are small. The most programmatically important finding is that families who reached the time limit more recently are significantly more likely to have young children than those who crossed the five-year mark earlier. More than one-third (35.0%) of Cohort 3 (January 2004 to January 2005) has a child less than three years old, compared to only 30.0% of Cohort 1 (December 2001 to December 2002). This finding suggests that at a minimum these families will need child care to transition from welfare-to-work and that the need is greater today than it was initially.

Table 1. Case and Casehead Demographic Characteristics

	Cohort 1 12/01 – 12/02 (n =2,199)	Cohort 2 1/03 – 12/03 (n = 1,197)	Cohort 3 1/04 – 1/05 (n = 1,142)	Total (n = 4,538)
Gender* - % Women	98.4%	99.2%	99.4%	98.9%
Race* - % African American	92.8%	95.3%	95.1%	94.0%
Marital Status*				
Never married	88.0%	89.2%	91.1%	89.1%
Married	1.8%	1.1%	1.2%	1.5%
Div/Sep/Widowed	10.2%	9.7%	7.7%	9.4%
Age in study month***				
Mean	34.30	32.95	32.46	33.48
Median	34.09	31.88	31.07	32.67
Standard Deviation	7.08	6.95	6.90	7.04
Range	22 – 59	23 - 65	23 - 54	22 - 65
Number of Children on Case				
0	2.0%	1.6%	1.1%	1.7%
1	26.4%	26.4%	27.4%	26.6%
2	27.9%	28.6%	31.1%	28.9%
3 or more	43.7%	43.4%	40.4%	42.8%
Mean	2.52	2.49	2.39	2.48
Median	2.00	2.00	2.00	2.00
Standard Deviation	1.49	1.43	1.33	1.44
Range	0 – 10	0 - 10	0 - 9	0 - 10
Age of Youngest Child**				
Mean	6.32	6.09	5.73	6.11
Median	5.29	4.99	4.64	5.03
Standard Deviation	4.54	4.45	4.49	4.51
Range	<1 – 18	<1 – 18	<1 – 18	<1 – 18
% with a child under 3*	30.0%	31.2%	35.0%	31.7%
Jurisdiction of Residence**				
Baltimore City	84.2%	84.9%	82.7%	84.0%

Note: Valid percents are reported. *p<0.05, **p<0.01, ***p<0.001

- ❖ **Although the majority of time limited TANF recipients worked in a Maryland UI-covered job at some point in the two years before reaching the limit, they worked in relatively few quarters and had lower earnings than adults in the TANF caseload in general. In addition, we find significant cohort differences with recent work experience being more common among those who reached the time limit most recently.**

One overarching goal of welfare reform was to assist families in moving from the welfare rolls to employment. Thus, key outcomes focus on employment and earnings. Moreover, because historical employment is a good predictor of one's likelihood of getting a job in the future, it is important to consider the employment histories of today's time-limited caseload.

Given TANF's work focus, it is not surprising to find that most time-limited adults have worked at some point in the recent past. As shown in Table 2, following, three-fifths (61.2%) of time-limited caseheads worked in a Maryland UI-covered job at some point in the two years before reaching the time limit. On average, those who worked at all had earnings in three of the previous eight quarters. Total earnings for working caseheads averaged about \$4,215 for the entire two-year period.

Employment in a Maryland UI-covered job was much less common in the four quarters immediately prior to the month in which the 60-month threshold was reached. About two-fifths (42.0%) of time-limited caseheads worked in that year. On average, working adults had employment in two of the four quarters and had total earnings of \$2,561.

Compared to the active TANF caseload in general, those who reach the 60-month time-limit have worked fewer quarters and earned less. For example, in our study of the October 2005 TANF caseload we found that adults had worked an average of 4.5 quarters in the previous two years and earned, on average, \$15,361, almost four times more than the earnings for time-limited caseheads (Saunders, Ovwigho, & Born, 2006).

An important trend also shown in Table 2 is that recent work experience is significantly more common among adults who reached the 60-month limit more recently compared to those who hit the five-year mark in earlier years. Nearly 10% more of those who hit 60 months between January 2004 and January 2005 had UI-covered employment in this period than those who reached the limit between December 2001 and December 2002 (65.3% vs. 55.9%, respectively). Similarly, fewer than two-fifths (37.4%) of Cohort 1 adults worked in a Maryland UI-covered job in the four quarters before reaching the time limit, compared to almost half of Cohort 2 (45.9%) and Cohort 3 (46.9%) adults.

Working adults in the later cohorts also earned significantly more historically than those in the earliest cohort. Employed adults in the most recent cohort (January 2004 to January 2005) earned \$5,299 in the previous two years, compared to \$3,387 for those in the earliest cohort (December 2001 to December 2002). Cohort differences in earnings in the year before reaching the time limit are smaller, although still statistically significant. Cohort 3 workers earned \$2,856, on average, in that year, about \$300 more than Cohort 2 adults (\$2,551) and \$500 more than those in the earliest cohort (\$2,377).

For policy makers and program managers, the data in Table 2 suggests that time-limited caseheads may be classified into two groups in terms of their employment histories and these groups would benefit from different services. One group has not worked at all recently and needs assistance in first obtaining a job. The other has worked recently, but has difficulty maintaining employment.

As caseworkers are assessing (or re-assessing) families and developing (or revising) their Family Independence plans, it will be important to consider which employment scenario best fits each family. Assessments for time-limited adults with little or no work history should focus on barriers to obtaining job. In addition to the type of family and personal barriers typically assessed, such as health and substance abuse, caseworkers

should consider if the casehead has the education, skills, and literacy skills to even obtain employment. Agencies will need to think creatively in how to deal with these challenges, while still having the customer participate in activities that count towards the work participation requirement. One strategy, which has shown promise in other areas, is to have customers participate in subsidized employment programs or “trial jobs” (Baider & Frank, 2006).

For time-limited families whose main challenge is sustaining employment, agencies will need to adopt a different approach. Assessment in these cases should focus on what types of jobs adults have gotten in the past and why those jobs did not last. Through these discussions, caseworkers will gain information that can be used in addressing barriers to employment stability and developing a Family Independence Plan that will help the family make a permanent transition from welfare to work.

Table 2. Historical Employment in Maryland UI-Covered Jobs

	Cohort 1 12/01 – 12/02 (n=2,199)	Cohort 2 1/03 – 12/03 (n=1,197)	Cohort 3 1/04 – 1/05 (n=1,142)	Total (n=4,538)
Previous 8 Quarters				
% Employed***	55.9%	67.2%	65.3%	61.2%
Mean # of Quarters Worked***	2.85	3.28	3.33	3.10
Mean Total Earnings***	\$3,386.65	\$4,475.28	\$5,299.19	\$4,215.01
Median Total Earnings	\$1,824.68	\$2,776.94	\$3,200.22	\$2,390.23
Mean Quarterly Earnings***	\$1,026.09	\$1,177.95	\$1,326.15	\$1,150.57
Previous 4 Quarters				
% Employed***	37.4%	45.9%	46.9%	42.0%
Mean # of Quarters Worked	1.96	2.04	2.02	2.00
Mean Total Earnings*	\$2,376.63	\$2,551.41	\$2,856.09	\$2,561.55
Median Total Earnings	\$1,268.39	\$1,446.52	\$1,557.39	\$1,394.99
Mean Quarterly Earnings	\$1,054.45	\$1,081.80	\$1,200.21	\$1,103.16

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

*p<0.05, **p<0.01, ***p<0.001

- ❖ **Understanding how families reached the time-limit – in one long spell or several shorter ones – may provide important information about their challenges in leaving welfare. Long continuous spells of welfare use were more common for cases reaching the TANF limit in the early years. In contrast, more recent cases typically experienced a break in receipt in the previous year or two.**

Despite reform’s focus on “leaving welfare for work”, the truth is that many welfare recipients’ transition to financial self-sufficiency is not a one-time, linear process. That is, many families cycle on and off the welfare rolls before making a permanent exit.

In order to provide an assessment of how long welfare cases in our sample have been open without interruption, we report on the length of the “current” welfare spell. We define “current” spell as the number of continuous months of benefit receipt from at least a two-month period of non-receipt to the month of sample selection. In other

words, we measure how long it has been since the family last experienced at least a two-month break in welfare receipt. Because of limitations in our data sources, our current spell measure is capped at 10 years or 120 months.

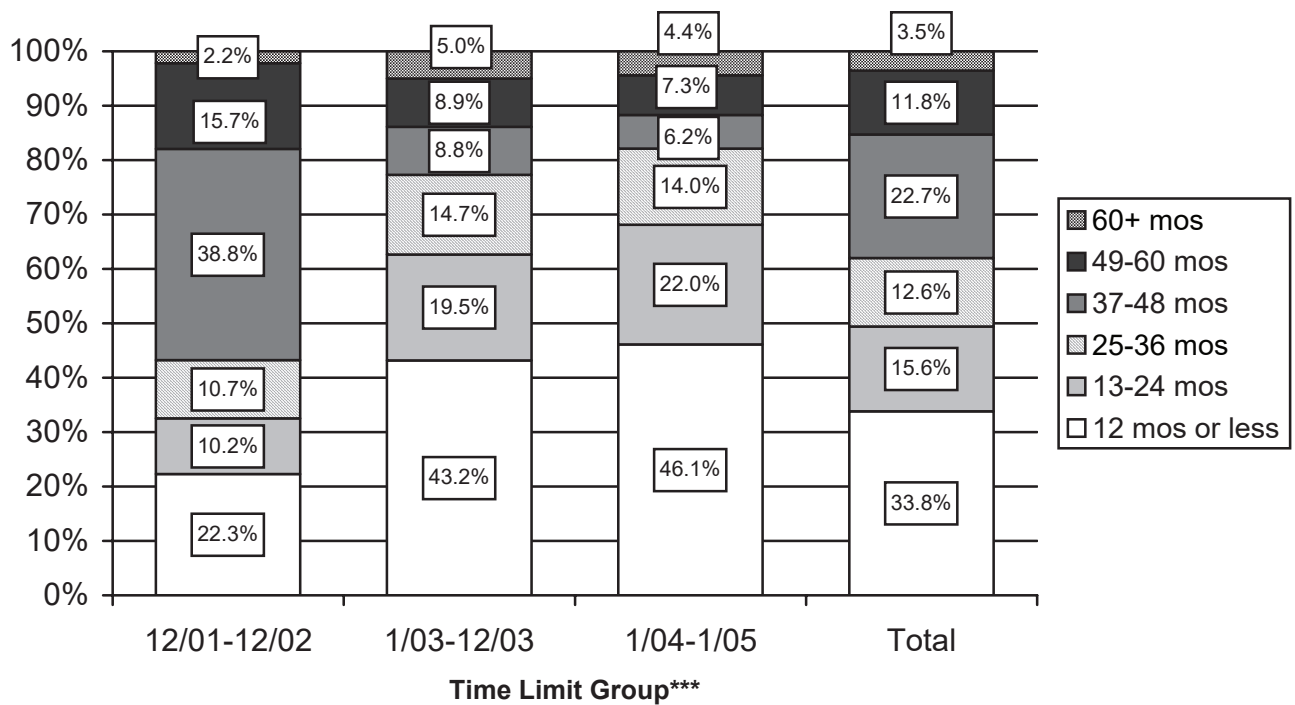
Figure 2 shows, in general, that cases who reached the TANF time limit between January 2004 and January 2005 experienced a break in TCA receipt more recently than cases in the earlier cohorts. In other words, families crossing the 60-month mark in the earliest years were significantly more likely to be in the midst of long continuous welfare spells than those in the most recent cohort. For example, only 22.3% of time-limited families in the December 2001 to December 2002 Cohort had experienced at least a two-month break in receipt in the previous year, compared to almost half of those in the January 2003 to December 2003 cohort (43.2%) and in the January 2004 to January 2005 cohort (46.1%). Similarly, 11.7% of families in the most recent cohort had been on assistance continuously for more than four years. In contrast, almost one fifth (17.9%) of cases in the earliest cohort (December 2001 to December 2002) had been open for that long, without experiencing at least a two-month break in assistance.

For policy makers and program managers, these findings have important implications. They suggest that while long, continuous spells were a major contributor to families reaching the TANF time limit in the early years, today cycling on and off welfare appears to be a more common cause. Similar to the implications for our findings related to time-limited caseheads' employment histories, the data on welfare receipt patterns suggest that agencies may need to adopt two different strategies, one focused on assisting families who have never exited welfare to take that first step and the other focused on helping those who have left and returned make the next exit a permanent one.

In today's work-focused, time-limited welfare system, the first group, those who have long, uninterrupted spells of welfare receipt, appears to be fairly small. They are also likely to be the ones with the most significant barriers to obtaining employment and attempting to leave welfare. With these customers, caseworkers should focus on identifying what has kept the family on cash assistance and what is most appropriate now in terms of services and likely paths off cash assistance. Some of these adults can potentially obtain employment, but they must first acquire basic literacy and job skills. For others, the presence of a disability may mean that applying for and receiving SSI is a much more likely long-term outcome.

The second group, those who "run up" their time limit clock by cycling on and off welfare, appears to be growing and will ultimately be the majority affected by the time limit. As mentioned previously, the strategy of "getting a job, any job" is not likely to produce a permanent exit from cash assistance for these families. Instead, it may make more programmatic sense to concentrate efforts on assessing why they are cycling on and off welfare and, if appropriate, in and out of employment. Long-term strategies devoted to improving the adults' employment prospects and ultimately their employment stability and reducing their need for cash assistance may ultimately be the most effective for preventing more families from reaching the time limit.

Figure 2. Number of Months of Continuous Welfare Receipt Before Reaching the TANF Time Limit.



*p<0.05, **p<0.01, ***p<0.001

What Barriers Do Time-Limited Families Face?

Studies of long-term welfare recipients and families reaching welfare time limits have generally shown that these families experience a variety of barriers to employment and financial self-sufficiency (Seefeldt & Orzol, 2005; Zedlewski, 2003). For this study, we examined electronic case narratives to explore the difficulties faced by long-term cash assistance recipients that may be preventing them from leaving welfare. Twelve barriers were identified: child care; transportation; housing; physical and mental health of the client and the client's children; chemical dependence; domestic violence; the need to take care of another adult; casehead incarceration; and speaking a primary language other than English. Because of reliability and validity problems associated with small samples, a decision was made to include in our analyses only those barriers that were present for at least 5% of the 750 participants whose narratives were examined. This resulted in the removal of five barriers from our analyses: domestic violence; transportation; incarceration; language problems; and taking care of another adult.

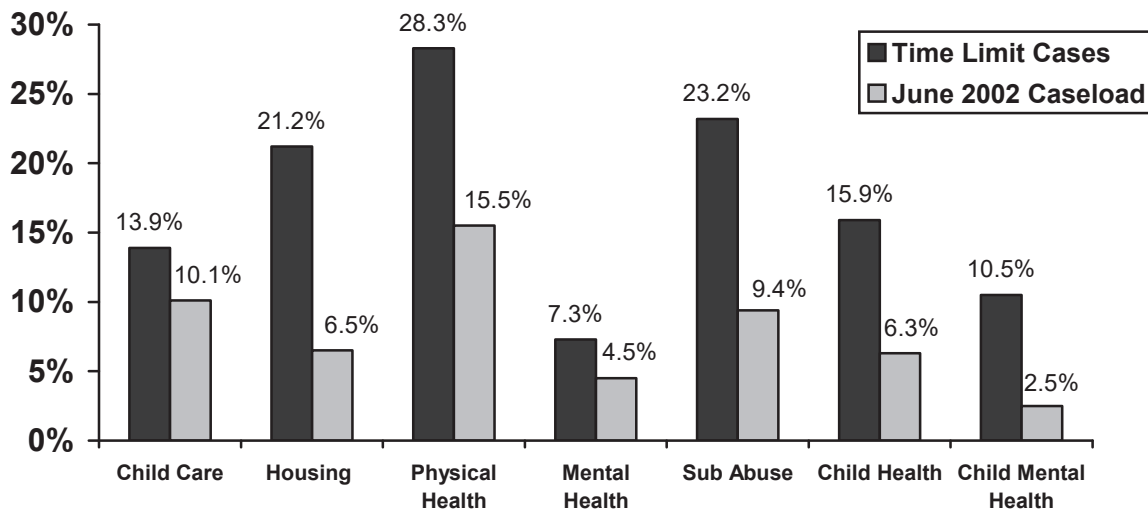
- ❖ **For almost all types of employment barriers examined, prevalence rates are higher among families who have reached the time limit when compared to the caseload as a whole. Physical health problems, unstable housing, and substance abuse issues are the most common barriers among time-limited families.**

Figure 3, following, presents the prevalence rates for seven employment barriers among time limit cases. For comparison purposes, we also include the rates for Maryland's June 2002 TANF Caseload (see Ovwigho, Saunders, & Born, 2005). For the seven barriers we are examining in this study, the rates for the June 2002 caseload sample range from 2.5% (child mental health) to 15.5% (payee physical health). Not surprisingly, barrier rates are much higher for time limit cases from a low of 7.3% (payee mental health) to a high of 28.3% (payee physical health). Notably, physical or mental health problems for the payee are noted almost twice as often for time-limited families, while substance abuse and child health problems are two and one-half times more common.

The biggest differences in barrier rates between time-limited cases and the June 2002 active caseload were found for housing and child mental health. Housing problems were documented for one-fifth (21.2%) of time-limited cases, compared to only 6.5% of the June 2002 cases. Child mental health problems are four times more common among time-limited cases, with one out of ten (10.5%) case narratives noting this as an issue.

In sum, the findings presented in Figure 3 indicate that, as expected, employment barriers are more common among time-limited cases than among the active TANF caseload in general. However, it is also important to realize that the barriers documented in the case records are diverse and no one barrier accounts for the majority of cases. These findings suggest that effective strategies to prevent customers' reaching the time limit and to move those who do into employment must rely on individualized customer assessments that can identify the challenges for each family and lead to development of a highly-personalized independence plan. The prominence of adult and child physical health problems documented in 28.3% and 15.9% of cases, respectively, also suggests that, for at least some long-term cases, a transition to SSI might be more appropriate or achievable than a lasting transition to work.

Figure 3. Barrier Distribution



Note: Data for the June 2002 caseload are taken from Ovwigho, Saunders, & Born (2005).

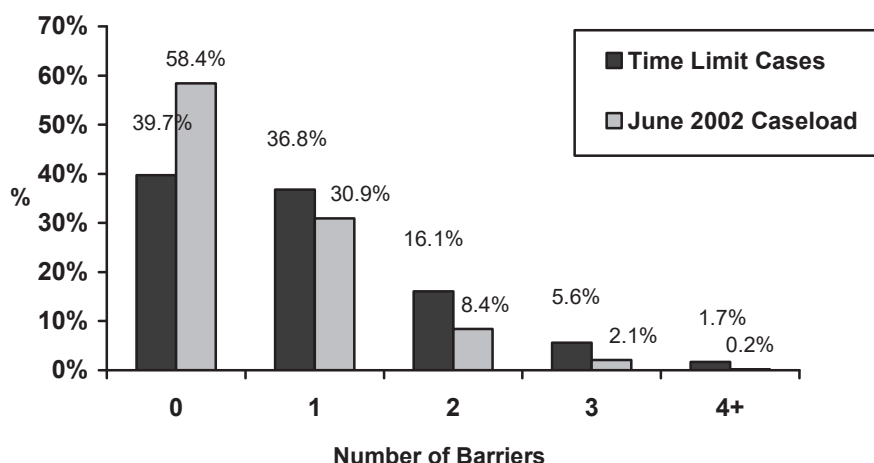
Of course, the important consideration for policy makers and program managers is not the mere presence of a barrier, but rather its effects on daily life, including one's ability to obtain and maintain employment. Several studies have documented that barriers such as those detailed in Figure 3 do relate to lower rates of employment (Danzinger et al., 2000; Hauan & Douglas, 2004; Loprest & Zedlewski, 2002; Zedlewski, 1999, 2003; Zedlewski & Alderson, 2001). However, the fact that a family experiences multiple barriers may be more important in terms of their welfare and employment outcomes than the particular types of barriers. Each additional barrier may increase the family's cumulative risk of remaining out of employment and on welfare. Although not discussed in these specific terms, research has shown a relationship between the number of barriers and welfare outcomes. In general, welfare participants who had received benefits for a long time, or had cycled on and off the welfare rolls, faced more employment barriers than those with shorter welfare histories (Seefeldt & Orzol, 2005; Zedlewski, 2003).

Figure 4, following, displays the number of barriers experienced by families reaching the TANF time limit. A surprisingly high proportion of time-limit cases, about two-fifths (39.7%), have no barriers to self-sufficiency documented in their case narrative in the year before and year after reaching the 60 month mark. The next largest proportion, a little more than one-third (36.8%), have only one barrier noted. The remaining one-quarter (23.4%) of the sample had two or more barriers documented.

Comparing time-limited cases to the June 2002 caseload, we find that more families who reach the time limit have barriers documented than TANF recipients in general, and they are also more likely to have more than one. Almost three-fifths (58.4%) of June

2002 TANF customers had no barriers to self-sufficiency documented and only a little more than one-tenth (10.7%) have two or more barriers.

Figure 4. Cumulative Barriers Distribution



Note: Data for the June 2002 caseload are unpublished results from Ovwigho, Saunders, & Born (2005).

Do Families Stay on the Rolls After Reaching the Limit?

When first adopted, the TANF lifetime limit raised concerns because it was anticipated that families would simply be dropped from the welfare rolls once they reached the 60th month. In reality, the law allows for families continue to receive aid. States may use federal dollars to provide cash assistance to families beyond the limit, up to 20% of their current caseload, or they may provide benefits with state funds.

Under current Maryland policy, families may continue to receive TANF after reaching the time limit if they are cooperating with their Family Independence Plan. In this section, we consider the extent to which time-limited cases remain on the welfare rolls in the first one to four years after crossing the 60-month threshold.

- ❖ **Almost all customers received TANF for at least one month in the 12-month period after reaching the time limit. One out of four received benefits in all 12 months. In the second through fourth years, TANF receipt rapidly declines. Only 2.2% receive benefits in all 48 follow-up months.**

We find that even though Maryland does not automatically close cases when they reach the TANF limit, time-limited families do manage to leave welfare even after receiving benefits for a cumulative five years. Almost two-thirds (63.8%) of our sample exited for at least two consecutive months during the follow-up period. However, among those who left, one-third (33.9%) returned for additional assistance.

Figure 5, following, depicts two measures of TCA receipt: the percent receiving any benefits and the percent on aid continuously. In the first year after reaching the 60-month time limit, almost all customers (94.6%) were on TANF for at least one month. One out of four (25.2%) families received benefits in all 12 months of that first year. On average, time-limited families were on the TANF rolls for 7.5 months of the first follow-up year.

In the second through fourth years, TANF receipt rapidly declines. Only two-thirds (65.6%) of families receive any benefits in the second year, a little more than half (54.8%) in the third year, and 46.9% in the fourth year. Despite having accumulated 60 months of TANF receipt, less than one out of ten (8.7%) cases remain open continuously through the first two follow up years and only 2.2% receive benefits in all 48 follow-up months. By the end of the fourth year, families had utilized an additional 21.2 months of TANF benefits, in toto.

Figure 5. TCA Receipt in Four Years after Reaching the TANF Limit.¹

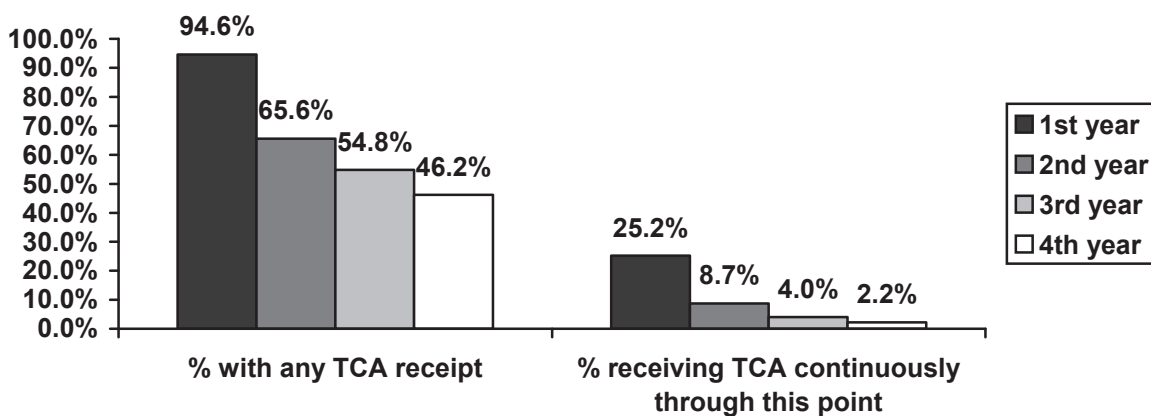


Table 3 provides more detail regarding welfare outcomes for time-limit cases. As mentioned previously, leaving welfare is often not a one-time event and some families cycle on and off the rolls one or two times before making a permanent transition to financial independence. However, our findings attest to the fact that even long-term recipients can eventually achieve an exit from the rolls. These exits are even more remarkable considering Maryland's policy of not cutting families off welfare simply because they reach the time limit.

As shown in the first row of Table 3, the majority (63.8%) of time-limited families were off welfare for at least two consecutive months during the follow-up period. It is also good that most of these exits were permanent, with only one-third (33.9%) returning for additional assistance.

¹ Because families reached the time-limit at different points in time, the amount of follow-up data varies. See Appendix A for detailed information on the amount of follow up data available by cohort.

Table 3 also reveals a number of statistically significant differences among the three time-limit cohorts. The findings consistently show that those who reached the time limit first (Cohort 1) are having the most difficulty leaving the TANF rolls, although the later cohorts are more likely to cycle on and off. For example, nearly three-fourths (75.1%) of Cohort 3 cases closed for at least two months in the follow up period, compared to a little more than two-thirds (68.3%) of Cohort 2 and 55.5% of Cohort 1. However, Cohort 2 and Cohort 3 families were more likely to return after an exit. Two out of five Cohort 2 (37.3%) and Cohort 3 (39.6%) leavers return; in contrast, only a little more than one-fourth (27.5%) of Cohort 1 families who exit subsequently return to the TANF rolls.

In the first and second follow up years, a higher percentage of those who reach the time limit first receive TANF benefits at all and remain on the rolls for the entire period. For example, by the end of the second year, more than one out of ten (11.3%) Cohort 1 families had received benefits for all 24 months. The percentage of Cohort 3 families with continuous receipt was half as much at 5.2%.

In terms of policy and program planning, our analysis of welfare receipt trends after reaching the time limit indicates that the majority of families will attempt to exit the welfare rolls at some point in the first few years. Very few families receive benefits continuously. However, a significant minority also ends up returning for additional assistance and even four years later, more than two out of five receive at least some TANF benefits. It is debatable whether these data indicate that families who reach the 60-month time limit now see welfare as a “way of life.” It is not debatable, however, that our analyses show that making a permanent exit from welfare is difficult for some families, even in a work-focused, time-limited system.

Table 3. TCA Outcomes

	Cohort 1 12/01 – 12/02	Cohort 2 1/03 – 12/03	Cohort 3 1/04 – 1/05	Total
Exited for at least 2 months during the follow up period***	55.5%	68.3%	75.1%	63.8%
Percent returning among those who exited***	27.5%	37.3%	39.6%	33.9%
Months of Receipt in 12 AFTER 60-month mark				
Mean*** (Standard Deviation)	8.1 (4.0)	7.2 (4.0)	6.6 (3.9)	7.5 (4.0)
Median	9.0	8.0	7.0	8.0
% with any receipt in 1 st year***	96.0%	94.6%	91.9%	94.6%
% with receipt in all 12 months***	33.5%	20.7%	13.9%	25.2%
Months of Receipt in 24 AFTER 60-month mark				
Mean*** (Standard Deviation)	13.4 (7.7)	12.1 (7.3)	10.9 (7.2)	12.6 (7.6)
Median	14.0	12.0	11.0	13.0
% with any receipt in 2 nd year**	67.2%	66.4%	60.2%	65.6%
% with receipt in all 24 months***	11.3%	6.1%	5.2%	8.7%
Months of Receipt in 36 AFTER 60-month mark				
Mean (Standard Deviation)	17.6 (11.0)	15.8 (10.2)		17.1 (10.8)
Median	18.0	16.0		17.0
% with any receipt in 3 rd year***	55.1%	54.2%		54.8%
% with receipt in all 36 months*	4.7%	2.4%		4.0%
Months of Receipt in 48 AFTER 60-month mark				
Mean (Standard Deviation)	21.2 (14.0)			21.2 (14.0)
Median	20.0			20.0
% with any receipt in 4 th year	46.2%			46.2%
% with receipt in all 48 months	2.2%			2.2%

*p<0.05, **p<0.01, ***p<0.001

How Many Time-Limited Families Transition to SSI?

As previously mentioned, physical health issues were the most common employment barrier noted in the case narratives for time-limited families. For these customers, a transition from welfare to Supplemental Security Income (SSI) may be more appropriate and feasible than a transition from welfare to work. Maryland’s Disability Entitlement Advocacy Program’s (DEAP) mission is to assist TCA customers with disabilities in the SSI application, appeal, and approval process.

Table 4, following this discussion, presents data on SSI applications and receipt among all time-limited customers in our sample. It may be surprising that few caseheads applied for SSI benefits before reaching the time limit, particularly when compared to the percentage of applicants once the 60-month mark was passed. One out of ten (10.4%) applied at some point before and one-quarter (25.2%) applied after reaching the limit. In total, about one-third (34.8%) of time-limited caseheads submitted an application for SSI benefits at some point.

The bottom half of Table 4 displays data on the outcome of time-limited customers’ SSI applications. Considering the total sample, we find that a little more than one-fifth (22.6%) have had an application for SSI denied. About one-tenth (9.5%) had an application approved and are or have received benefits. A small minority, 2.7%, still has an application that is being processed.

Considering only those who submitted an SSI application, we find that only a minority of time-limited adults who apply for benefits actually receive them. Almost two-thirds (64.9%) of SSI applications for these adults are denied. About one out of four (27.3%) of those who file for SSI benefits actually receive those benefits.

We also find statistically significant differences in SSI applications and benefits receipt depending on when the family reached the TANF limit. As shown in Table 4, adults who reached the time limit in the earliest years are significantly more likely to file for SSI benefits (both at all and after reaching the limit) and also significantly more likely to receive those benefits than those who crossed the 60-month mark more recently. For example, two out of five (39.3%) caseheads in the first cohort (December 2001 to December 2002) applied for SSI at some point, compared to only one-third (33.6%) of Cohort 2 and 27.6% of Cohort 3 caseheads. Of those who submitted an SSI application, one-third (32.8%) of those crossing the 60-month mark first had their applications approved and received SSI benefits. In contrast, only about one-fifth of those in the latter two cohorts (23.4% for Cohort 2 and 17.1% for Cohort 3) went on to SSI.

Our findings related to SSI transitions hold several important implications for program planning purposes. First, the fact that a significant minority of time-limited caseheads has filed SSI applications confirms that physical health problems are often an issue for these families. However, our data on application denials and benefit receipt reveals that few of these customers will transition to the SSI rolls. These customers appear to be caught in a Catch 22 – their physical health is not good enough or is not self-perceived as good enough to permit them to obtain or maintain employment and exit TCA, but it is not poor enough to qualify them for SSI. For this population, policy makers and program managers are challenged to come up with a third path, perhaps one that involves rehabilitative services.

Table 4. SSI Applications and Receipt

SSI Utilization	Cohort 1 12/01 – 12/02	Cohort 2 1/03 – 12/03	Cohort 3 1/04 – 1/05	Total
Casehead Applied for SSI				
Before reaching the time limit	9.6%	11.4%	10.8%	10.4%
After reaching the time limit***	30.6%	23.0%	17.2%	25.2%
Ever***	39.3%	33.6%	27.6%	34.8%
Application Status as of 3/07				
Of total***				
Application Denied	23.2%	23.3%	20.8%	22.6%
Benefits Received	12.9%	7.9%	4.7%	9.5%
Application in Process	3.2%	2.4%	2.1%	2.7%
Of those who applied***				
Application Denied	59.0%	69.4%	75.2%	64.9%
Benefits Received	32.8%	23.4%	17.1%	27.3%
Application in Process	8.2%	7.2%	7.6%	7.8%

*p<0.05, **p<0.01, ***p<0.001

How Many Time-Limited Families Transition to Employment?

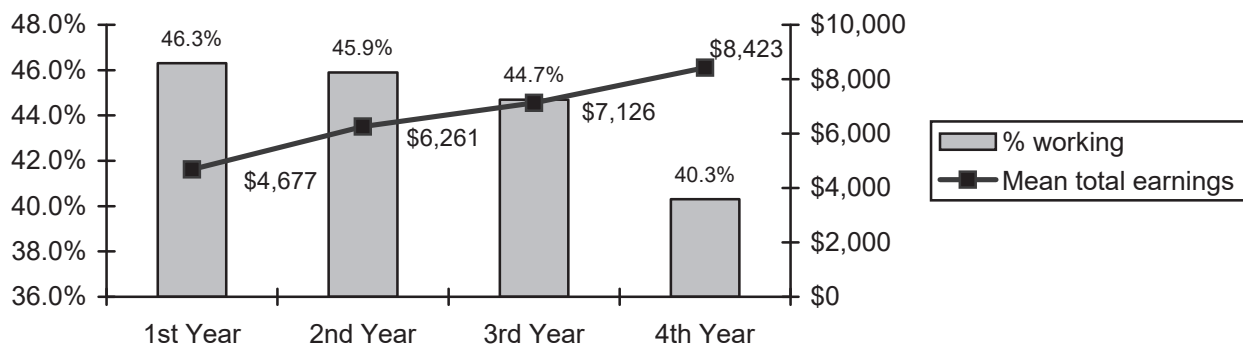
So far our analyses have revealed that time-limited families' welfare receipt declines over time and few transition to SSI. We now turn to the important question of whether adults are able to enter and maintain employment after reaching the TANF limit.

- ❖ **Almost half of adults enter employment after reaching the 60-month mark. Mean total earnings, although low overall, increase each year, and by the fourth year, are almost 80% more than the first year average.**

Figure 6 displays data on the employment rates and earnings in the first four years after families reach the TANF time limit. Overall, nearly half (46.3%) of time-limited adults worked in a Maryland UI-covered job in the year after reaching the 60-month limit. Rates are similar in the second and third follow-up years at 45.9% and 44.7%, respectively.

The good news is that mean total earnings, although low overall, increase in each year from \$4,677 in the first year to \$6,261 in the second and \$7,126 in the third. By the fourth year, mean earnings are \$8,422, almost 80% more than the first year average.

Figure 6. Employment Rates and Earnings after Reaching the TANF Limit.



Note: Figure 6 reflects only employment in Maryland UI-covered jobs. Earnings figures represent total earnings in the year from Maryland UI-covered employment and do not necessarily equate to yearly income.

Table 5, following, presents more detailed employment data by cohort. There are significant cohort differences in employment rates, but generally not in quarters worked or earnings. On average, employed time-limited adults work in about two and one-half quarters in each of the first four years after reaching the 60-month mark.

Across cohorts, we find that the earliest group has a lower rate of employment than either of the two subsequent groups. In the first three years after reaching the TANF time limit, those who reached the limit first (Cohort 1) were significantly less likely to have Maryland UI-covered employment than their peers in the later cohorts. We also

find that employment rates are slightly lower for Cohort 2, compared to Cohort 3. For example, in the first follow-up year, more than half (56.0%) of Cohort 3 adults worked. In that same year, slightly less than half (48.7%) of Cohort 2 and two-fifths (39.9%) of Cohort 1 had employment.

For policy makers and program managers, our employment findings indicate that, even under Maryland’s current policy, which does not close a TANF case simply because they reach the 60th month of benefits, a significant minority of adults enters employment after reaching the 60-month mark. However, their earnings are low and they typically work in only about half of the quarters of any given year. An important next step in terms of program development is to identify the customer characteristics and case management strategies associated with the more positive employment outcomes among time-limited families.

Table 5. Employment Outcomes

	Cohort 1 12/01 – 12/02	Cohort 2 1/03 – 12/03	Cohort 3 1/04 – 1/05	Total
1st Year After Critical Study Date				
% Employed***	39.9%	48.7%	56.0%	46.3%
Mean quarters worked*	2.31	2.28	2.44	2.34
Mean Total Earnings	\$4,730.12	\$4,376.55	\$4,876.87	\$4,676.59
Median Total Earnings	\$2,229.21	\$2,436.00	\$2,923.68	\$2,450.58
Mean Quarterly Earnings	\$1,654.08	\$1,583.49	\$1,655.52	\$1,634.91
2nd Year After Critical Study Date				
% Employed***	40.4%	51.8%	55.5%	45.9%
Mean quarters worked	2.53	2.66	2.66	2.60
Mean Total Earnings	\$6,285.48	\$6,234.02	\$6,243.69	\$6,261.02
Median Total Earnings	\$3,500.38	\$3,936.19	\$3,808.29	\$3,736.98
Mean Quarterly Earnings	\$2,022.32	\$1,958.48	\$1,953.38	\$1,953.22
3rd Year After Critical Study Date				
% Employed***	42.2%	53.7%		44.7%
Mean quarters worked	2.67	2.78		2.70
Mean Total Earnings	\$7,169.49	\$6,998.44		\$7,126.18
Median Total Earnings	\$4,250.69	\$4,933.58		\$4,446.14
Mean Quarterly Earnings	\$2,239.25	\$2,073.63		\$2,197.31
4th Year After Critical Study Date				
% Employed	40.3%			40.3%
Mean quarters worked	2.77			2.77
Mean Total Earnings	\$8,422.50			\$8,422.50
Median Total Earnings	\$5,353.89			\$5,353.89
Mean Quarterly Earnings	\$2,533.22			\$2,533.22

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 can not be computed from these data.

*p<0.05, **p<0.01, ***p<0.001

A More Complete Picture of Life After Reaching the TANF Limit

The previous sections reveal trends in the patterns of welfare use and employment for those families who have reached the time limit, as well as any barriers to self-sufficiency that they may face. In this section, we aim to provide a more complete picture by combining the welfare and employment outcomes and by considering the relationship between barriers and outcomes.

- ❖ **When we combine the welfare and employment outcomes data, we find that one-half of time-limited cases continue to receive TCA and do not have earnings in the first year after reaching the limit. However, more than two out of five (43.5%) have a combination of cash assistance and UI-covered earnings.**
- ❖ **During the first few years after reaching the time limit, the percentage of time-limit reachers supporting their families with UI-covered earnings and without cash assistance increases almost ten-fold from 2.9% (year 1) to 24.4% (year 4).**

Figure 7, following this discussion, displays three stacked bar graphs showing the percentages of cases by UI-covered employment status (worked all 4 quarters of the year, worked 1 to 3 quarters, and worked no quarters) and by TCA receipt status (received no benefits, received benefits in 1 to 11 months of the year, and received benefits in all 12 months of the year). Several important trends are evident in the figure. First, the percentage of caseheads with UI-covered employment in all four quarters of the year increased from 4.4% in the year before reaching the time limit, to 10.5% in the year after and 15.2% in the second follow up year. The percentage of customer with no quarters of UI-covered employment also decreases from 57.9% in the year before to 53.7% in the year after reaching the time limit.

The proportion of time-limit cases that receive no TCA benefits at all also increases over time and the proportion with benefit receipt in all 12 months of the year decreases. For example, by the second follow up year, nearly one-tenth (9.3%) of time-limited caseheads worked in all four quarters and received no TCA benefits. The percentage of cases who received TCA in all 12 months and had no UI-covered employment declined by more than 300%, from 31.4% in the year before reaching the 60-month mark to 10.3% in the second follow-up year.

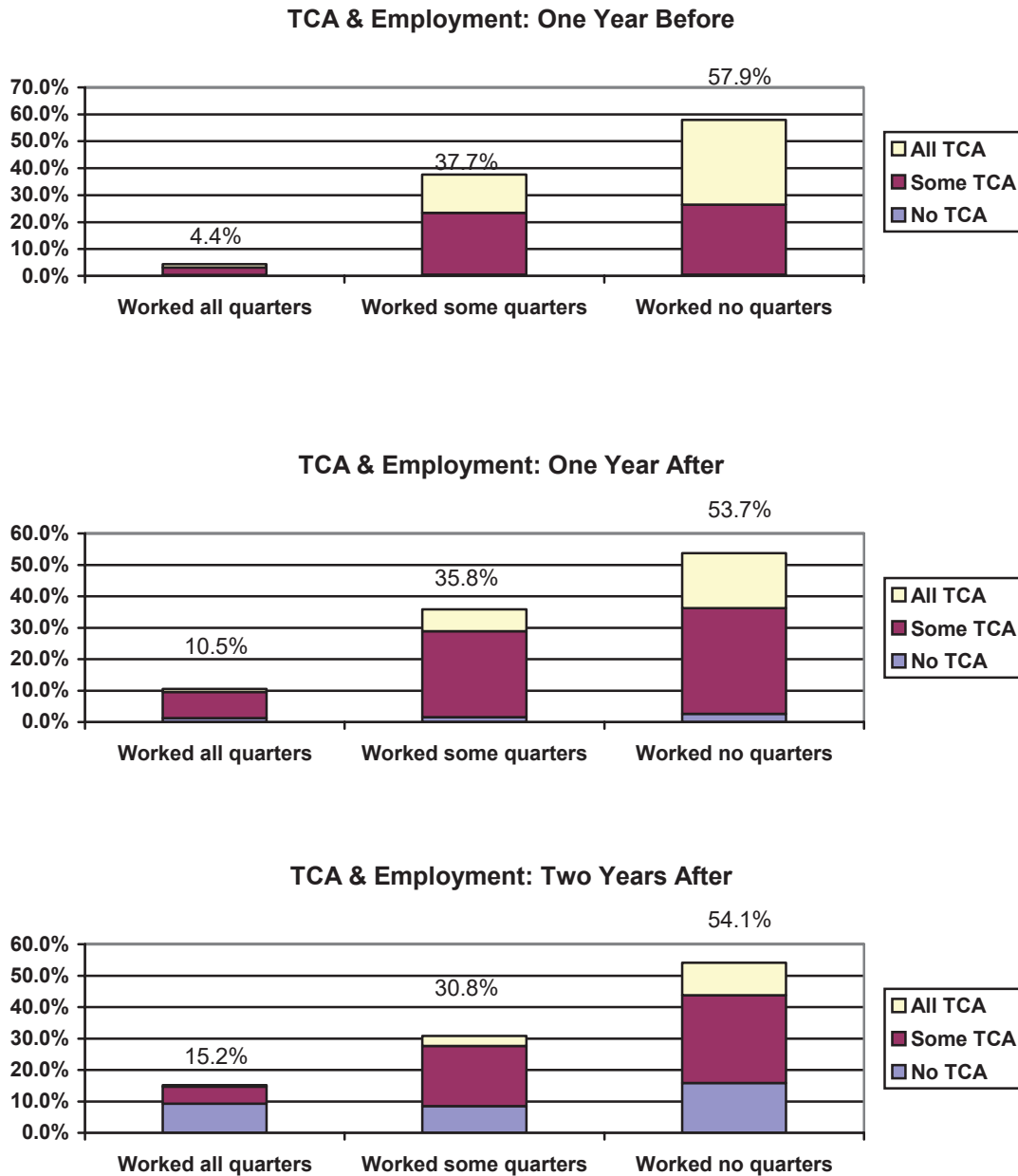
These positive trends indicate a slow shift from little work and many months of TCA receipt to more work and less TCA. However, this positive trend does not appear, according to Figure 7, to hold true for a sub-sample of cases: those with no UI-covered employment and no TCA receipt. A very small minority, 2.6%, of time-limited cases fell into this “no work and no welfare” group in the first year after reaching the 60-month limit. By the second year, the percentage had increased to 15.8%. Because this group may be at particular risk for hardship, we take a closer look at their use of other public programs.

In the first year after reaching the time limit, 118 families had no Maryland UI-covered employment and no TCA. Three-fifths (59.3%) of these families received Medical Assistance/M-CHP (MA) for this entire year and more than one-third (34.7%) had Food Stamps (FS) in all 12 months. In total only 12 families (10.6% of the 118 or 0.3% of the total sample) had less than six months of FS or MA receipt in that first year and only three received no benefits at all.

More families, 619 in all, had no TCA receipt and no Maryland UI-covered employment in the second follow up year. The casehead received SSI in 12.8% of these families. Again we find that about half (52.7%) of the cases with no work and no welfare receive MA in the entire second follow up year and one-third (33.1%) had FS benefits throughout this period as well.

These findings suggest that, even when they are not receiving TCA, most time-limited families remained involved in public benefit programs. In addition, although it is important to continue monitoring the circumstances of time-limited families, particularly as they may be at increased risk to experience negative outcomes, our findings indicate that only a very small minority lack involvement in UI-covered employment or the public welfare system.

Figure 7: Combined Employment and Welfare Outcomes



❖ In general, the type of barrier experienced by a family does not appear to be a good predictor of their subsequent employment and welfare outcomes. However, a clear relationship exists between number of barriers and likelihood of having UI-covered employment. Consistent with the cumulative risk hypothesis, time limit caseheads with two or more barriers are less-likely to work in the first four follow-up years than those with fewer or no barriers. In addition, those with no barriers had significantly higher earnings, compared to adults with barriers.

Table 6, following this discussion, presents information on employment and earnings during the four-year follow-up period for the 750 people in our narratives sample by the number of barriers documented in their case narratives. A clear relationship between number of barriers and likelihood of having UI-covered employment is evident: time-limit caseheads with more barriers are less likely to work in the first four follow-up years than those with no or fewer barriers. In the first year after reaching the time limit, more than one-half (54.0%) of the no barriers group have Maryland UI-covered employment, compared to only two-fifths (39.5%) of those with one and three-tenths (30.1%) of those with two or more. The trend remains consistent and the differences statistically significant over the next three years. In the fourth year after reaching the 60-month mark, we still find that one-half (51.0%) of time-limited caseheads with no recently documented employment challenges are working. In contrast, only one-third (32.5%) of those with one documented barrier and a little more than one-fourth (27.8%) of those with two or more have earnings.

Among those with any employment, we find differences in the number of quarters worked and earnings in the first follow-up year only. Those with no barriers had UI-covered earnings in two and one-half quarters of the first four, on average, compared to 2.25 for those with one barrier and 1.96 for those with two or more barriers. In total, working caseheads in the no barriers group earned \$2,000 to \$3,000 more in the first year, about \$600 to \$800 more per quarter, than their counterparts with documented challenges to employment.

Table 6. Employment Outcomes by Number of Barriers

	0 Barriers (n=298)	1 Barrier (n=276)	2+ Barriers (n=176)	Total (n=750)
1st Year After Critical Study Date				
% Employed***	54.0%	39.5%	30.1%	43.1%
Mean quarters worked*	2.47	2.25	1.96	2.31
Mean Total Earnings***	\$5511.88	\$3291.65	\$2617.94	\$4,287.78
Median Total Earnings	\$3869.20	\$1718.90	\$997.53	\$2363.91
Mean Quarterly Earnings***	\$1867.23	\$1237.88	\$1063.00	\$1522.88
2nd Year After Critical Study Date				
% Employed***	56.7%	41.3%	29.5%	44.7%
Mean quarters worked	2.72	2.56	2.46	2.62
Mean Total Earnings	\$6613.69	\$5232.78	\$5926.66	\$6037.12
Median Total Earnings	\$4272.76	\$3425.00	\$3693.86	\$4003.39
Mean Quarterly Earnings	\$2047.28	\$1725.78	\$1923.03	\$1918.59
3rd Year After Critical Study Date				
% Employed***	51.5%	38.6%	27.8%	40.6%
Mean quarters worked	2.85	2.68	2.35	2.70
Mean Total Earnings*	\$8261.83	\$6517.83	\$6935.65	\$7425.83
Median Total Earnings	\$5059.00	\$4840.02	\$3729.64	\$4724.85
Mean Quarterly Earnings*	\$2439.41	\$2103.96	\$2178.78	\$2277.61
4th Year After Critical Study Date				
% Employed**	51.0%	32.5%	24.7%	36.8%
Mean quarters worked	2.85	2.86	2.40	2.77
Mean Total Earnings	\$10,146.12	\$6652.46	\$6372.81	\$8284.92
Median Total Earnings	\$5662.16	\$4794.77	\$2579.66	\$4388.43
Mean Quarterly Earnings	\$2922.21	\$2010.62	\$1953.91	\$2439.53

Note: The number of cases with follow up data in each period depends on when the case reached the 60-month mark. See Appendix A for more details on sample sizes by follow up period. *p<0.05, **p<0.01, ***p<0.001

- ❖ **There is also a statistically significant relationship between number of barriers and likelihood of exiting welfare for at least two consecutive months in the follow-up period. Seven out of ten (71.1%) customers with no barriers documented in their case narratives left the TANF rolls compared to only a little more than half (52.9%) of those with one barrier and two-fifths (43.2%) of those with two or more.**

In this section, we consider whether the number of barriers experienced by time-limit cases relates to their subsequent TANF receipt. Table 7 compares TCA outcomes for our three barriers groups. There is a clear and statistically significant relationship: the fewer barriers a family has, the more likely they are to exit TCA. Seven out of ten (71.1%) customers with no barriers documented in their case narratives left the TANF rolls compared to only a little more than half (52.9%) of those with one barrier and two-fifths (43.2%) of those with two or more.

We also find significant differences in the mean number of months of TCA receipt, the percent receiving any TCA and the percent with continuous receipt in the first three follow-up years. The general trend is consistent in each year: the no barriers group has fewer customers receiving any benefits, fewer receiving benefits continuously, and on average, fewer months of TCA receipt total than the other two groups. However, the one barrier and two or more barrier groups are quite similar in terms of TANF utilization.

For policymakers and program managers, perhaps the most notable finding from Table 7 and our barrier type analyses is that, regardless of the number or types of barriers time-limited families experience, the majority do not remain on the welfare rolls continuously after reaching 60 months. Although about half are still in need of some TANF assistance even four years later, only 2% have remained on continuously.

Table 7. TCA Outcomes by Number of Barriers

	0 Barriers (n=298)	1 Barrier (n=276)	2+ Barriers (n=176)	Total (n=750)
Exited for at least 2 months during the follow up period***	71.1%	52.9%	43.2%	57.9%
Percent returning among those who exited	29.7%	36.3%	38.2%	33.4%
Months of Receipt in 12 AFTER hitting 60-months				
Mean*** (Standard deviation)	6.80 (4.17)	8.33 (4.00)	9.16 (3.51)	7.92 (4.07)
Median	7.00	10.00	11.00	9.00
% with any receipt in 1 st year**	91.3%	95.3%	97.7%	94.3%
% with receipt in all 12 months***	20.5%	35.5%	36.4%	29.7%
Months of Receipt in 24 AFTER hitting 60-months				
Mean*** (Standard deviation)	10.92 (7.53)	14.52 (7.52)	15.32 (7.18)	13.28 (7.68)
Median	10.00	16.00	16.00	14.00
% with any receipt in 2 nd year***	61.4%	75.4%	77.4%	70.3%
% with receipt in all 24 months***	6.7%	15.6%	10.8%	10.9%
Months of Receipt in 36 AFTER hitting 60-months				
Mean*** (Standard deviation)	14.87 (10.62)	19.21 (10.67)	20.03 (10.49)	17.72 (10.83)
Median	14.00	20.00	20.00	17.00
% with any receipt in 3 rd year**	46.8%	59.0%	61.4%	54.9%
% with receipt in all 36 months	3.8%	6.0%	5.2%	4.9%
Months of Receipt in 48 AFTER hitting 60-months				
Mean** (Standard Deviation)	19.63 (13.46)	24.62 (13.95)	24.46 (13.95)	22.76 (13.93)
Median	18.00	24.00	24.00	22.00
% with any receipt in 4 th year	44.3%	54.4%	49.5%	49.4%
% with receipt in all 48 months	1.4%	2.9%	1.8%	2.1%

*p<0.05, **p<0.01, ***p<0.001

A Closer Look

The analyses presented thus far have raised some additional questions regarding Maryland's time-limit hitters. Why does a person with no documented barriers, and therefore, no obviously evident obstacles to employment and self-sufficiency, receive TCA long enough to reach the TANF time limit? Why is it that a casehead with documented health barriers is not applying for or in receipt of SSI and therefore either exempt from the time limit or off TCA entirely?

In order to further investigate the circumstances of families in our sample, we conducted a more qualitative analysis of a sub-sample of case narratives. The vignettes presented

below summarize what we found through this analysis and begin to shed light on the complex factors involved in families' TANF histories and employment barriers. The first example is of someone who had no barriers documented. The second shows the circumstances of a customer with health and mental health problems who is not receiving SSI. The final example demonstrates the complexity of a case with multiple barriers.

Sarah², a single mother with one child over the age of three, has been in receipt of cash assistance for just over five years. Her narrative reveals no mention of barriers, from child care to transportation to health issues. Her statistics show employment in five of eight quarters preceding her 60th month. We also see that she held five different jobs during this time. The narrative reveals that Sarah had a similar pattern throughout, changing jobs frequently and not spending much time at any of them.

Lillian has multiple barriers including substance abuse and both mental and physical health problems. She was in receipt of TCA continuously for sixty months before reaching the time limit. Although she obtained a DEAP referral and applied for SSI during that time, she had not yet been awarded SSI by narrative's end. After 62 months, she was awarded a hardship grant.

Margaret has two school-age children with behavioral and health issues that require her to home-school them. This created a problem with her employment ability; she held one job at some point during a single quarter out of the eight prior to her 60th month. One child was awarded an SSI grant before that time, but the second SSI grant did not go through until after Margaret had already spent five years in receipt of TCA.

These examples illustrate more fully the circumstances some families face that cause them to continue to need cash assistance. They also make the important point that, behind each statistic, there are real families facing real struggles on a daily basis. Although Sarah appears to be able-bodied and is without obvious barriers, she has not been able to successfully transition from welfare into work. Her cycling back and forth from low-wage jobs to the welfare rolls resulted in her accumulating more than 60 months of receipt. In her case, programs to increase her job skills or to assist her with finding more stable employment or, perhaps, to assess if there are other, undisclosed and/or undiscovered issues (e.g., mental health, ADHD) that may be in play, may be the most likely to move her off TANF permanently.

Lillian's health conditions eventually suggest that employment is not a viable option for her and her family. Working with DEAP, she is applying for SSI. However, processing the application is time-consuming and resulted in her crossing the 60-month mark.

² All names have been changed to protect the confidentiality of our study sample.

For our last casehead, Margaret, her children's health and behavioral problems serve as a significant barrier to employment. At this point, she must home school them, a requirement which prevents her from taking a job outside the home. Her only exit from the TANF rolls came in the form of SSI benefits for both of her children.

In sum, these case scenarios illustrate that a variety of complex factors can work together in the life of a family to cause them to need cash assistance for more than the 60-months allowed under the federal TANF program. They also clearly demonstrate that "leaving welfare for work" is not a feasible goal for every family and that, even when a work exit may be an achievable goal, it may not be accomplished easily or on the first attempt.

In order to operate TANF as a truly "temporary" program, policy makers and program managers would be wise to focus on implementing efficient methods of case assessment and case management. Comprehensive, individualized assessments, particularly those that include validated instruments, would allow caseworkers to quickly, accurately, and perhaps more thoroughly identify families' needs and strengths. These assessments then would serve as the groundwork for carefully crafting person-, family- and problem-specific case management and Family Independence Plans with clear objectives and goals. Although this type of approach may take more time and resources initially, these investments will pay off in the long run as caseworkers are then able to better help families move towards the path (e.g., employment, SSI) that is most appropriate.

CONCLUSIONS & IMPLICATIONS

In this paper, we have presented one of the most comprehensive studies of families reaching the 60-month lifetime limit on adults' receipt of federally-funded cash assistance. Our report is being issued at a time when most states, understandably, are more concerned about meeting the federal work participation requirements under the revised TANF II rules than about the time limit. We would definitely concur that there is not, at the present time and in Maryland, any policy or program-level crisis related to families reaching the 60-month limit. Only a minority of TANF customers ever reaches the 60-month limit. Even among those who do and even under Maryland's current policy which does not require caseworkers to close a case just because it hits 60 months, most families are able to leave welfare or at least reduce their degree of welfare dependence in the first few years after reaching the limit.

On the other hand, although there is no immediate crisis regarding the TANF time limit, there are important policy and program implications of our findings. The following bullets summarize those implications:

- ❖ **The profile of families reaching the 60-month limit has changed over time. Today, time-limited cases are more likely to have accumulated their months by cycling on and off the welfare rolls. For program managers, these findings suggest that the cumulative number of families reaching the time limit may eventually be higher than originally anticipated and that specific strategies should be developed for ensuring that families' initial TANF exits are lasting ones.**

As expected, we find that the majority of cases that have reached the time limit did so in the first month of eligibility, that is, 60 months after Maryland adopted the time limit. Over time, the number of families reaching the 60-month mark each month declined to an average of 87 cases each month.

Comparing the earliest cohort of time-limit reachers with those who cross the 60-month line later, we find that the later cohorts have higher rates of historical employment and were on TANF for fewer continuous months. These data suggest that today families are more likely to reach the time limit by cycling back and forth between welfare and work, than by one long, uninterrupted spell of TANF receipt. Most early estimates of families at risk of reaching the time limit were based on continuous spell data. Thus, one implication of these findings is that the cumulative number of families who reach 60-months may be, over time, in fact larger than originally anticipated.

A second implication is that agencies would be wise to use their assessment process to identify those cases that have a history of chronic cycling. Because these families may be at heightened risk of reaching the time limit, it would be prudent to identify why their previous welfare exit was not permanent and to provide services, such as job skills training, which will increase the chances of their next job lasting. Data has shown that for those families who are able to maintain employment and remain off welfare for a

year or two after exit, the risk of returning to the rolls in the future is much lower. In order to help these families to remain self-sufficient and off welfare, it may be useful to do some periodic outreach during the first year or so after their case closure, or to at least experiment with methods to follow-up with families in order to assess how they are doing and what services or linkages might be needed to prevent a welfare return.

- ❖ **Consistent with other studies, our examination of barriers demonstrates that the prevalence rates for nearly all barriers are higher among time-limited families than the TANF caseload in general. Although there is a general trend for employment rates to be lower among those with particular barriers, a significant minority of all time-limited caseheads works during the follow up period. These findings suggest that effective identification and removal of barriers can help families transition from welfare to work, even after they have accumulated more than 60 months of assistance.**

Much of the research literature on welfare-to-work transitions focuses on the prevalence of “barriers.” While the list of barriers considered is fairly standard (child care, transportation, health, etc.), how to define, identify and address those barriers is not. More importantly, the relationships among employment, welfare receipt, and barriers are more complicated than is often assumed. For example, our analyses show that although those with a particular barrier may have lower rates of UI-covered employment than those without such a barrier, a significant minority of the barrier group does work. Thus, it appears that the presence of any one of the particular problems identified among our time limit sample does not, by itself, exclude the possibility of a welfare-to-work transition.

For policy makers and program managers, the important implication of these findings is that effective individualized barrier identification and tailored case management can benefit families who reach the time limit. These assessment and management practices should be implemented at the outset of a case, in order to quickly identify the most appropriate services and path for a particular family (e.g., employment or SSI) and to avoid their accumulating more months of assistance than necessary.

Individualized assessment and case management is also important to families who are returning to the TCA rolls after an “unsuccessful” exit. More specifically, an attempt should be made to understand why the exit was not successful – Was a support service “missing” or didn’t function as anticipated? What could have been done to prevent the need to return to welfare? Enhancements to existing assessment protocols to garner information such as this should be of minimal cost and reap potentially large benefits both for the agency and for families.

One caveat to this recommendation, of course, is that addressing barriers requires resources that are often outside the control of the welfare agency. The most obvious examples are limited substance abuse treatment slots and the notoriously long process for qualifying for SSI. In these instances, it behooves policy makers to take the lead in

addressing system issues so that local agencies have the resources they need to efficiently and effectively serve families.

- ❖ **Among time-limited cases, a strong predictor of subsequent employment and welfare receipt is the number of barriers families are experiencing. These findings, consistent with other cumulative risk literature, suggest that more research is needed on how to effectively address multiple barriers. For example, it would be useful for program managers to know whether it is more effective to address all problems simultaneously or to handle one at a time.**

One of the clearest trends in the data presented in this report is the linear relationship between the number of barriers and outcomes: the more barriers a family has, the less likely the casehead is to work, the less she earns, and the more TCA the family receives. Although several descriptive studies have documented the presence of multiple barriers among families receiving TANF, there has been little discussion of the best way to deal with such cases. Further research on effective case management for multiple barrier cases would be useful in developing programs specifically for this population.

In conclusion, our analysis of the characteristics, circumstances, and outcomes of families reaching the TANF time limit in Maryland indicates several directions for research, policy and programs. Our final recommendation is that policy makers, program managers, and researchers renew their focus on families at risk of reaching the time limit. Maryland has been successful in avoiding a crisis in terms of time-limited cases. With increased efforts to thoroughly assess families' situations and provide effective, individualized services, we can go even further in helping families make a permanent transition to financial self-sufficiency.

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APPENDIX A. QUARTERS OF FOLLOW-UP DATA BY COHORT.

Follow-Up Quarter	Number of Cases in Total Sample	Number of Cases in Narrative Sample	Cohort 1 12/01 – 12/02	Cohort 2 1/03 – 12/03	Cohort 3 1/04 – 1/05
Reached Time Limit	4538	750	✓	✓	✓
1st	4538	750	✓	✓	✓
2nd	4538	750	✓	✓	✓
3rd	4538	750	✓	✓	✓
4th	4538	750	✓	✓	✓
8th	3917	750	✓	✓	✓
12th	2786	547	✓	✓	
16th	1491	299	✓		