



# LIFE AFTER WELFARE

## 2017 ANNUAL UPDATE

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# TABLE OF CONTENTS

Executive Summary .....	i
Introduction .....	1
Methods .....	2
Sample .....	2
Sample Exclusions.....	4
Data Sources.....	4
CARES .....	4
MABS .....	4
CSES.....	5
Data Analysis .....	5
Characteristics of Cases & Adult Recipients .....	6
Recipients on Exiting Cases .....	6
Demographic Characteristics of Adult Recipients .....	8
Residence of Families on Exiting Cases.....	10
Previous Welfare Receipt .....	11
Reason for Case Closure .....	13
Employment & Earnings.....	15
Annual Employment and Earnings before and after TCA Receipt.....	16
Annual Employment and Earnings Five Years after Exit.....	18
Full-Year Employment after Exit .....	20
Poverty Status .....	21
Child Support .....	24
Subsequent Program Participation.....	28
Conclusions .....	33
References .....	34
Appendix.....	39
Poverty Thresholds by Family Size.....	39

## LIST OF FIGURES

Figure 1. Number of TCA Cases & Unemployment Rate.....	3
Figure 2. Recipients on Exiting Cases.....	6
Figure 3. Percent of Child-only Cases.....	7
Figure 4. Case Closure Reasons by Cohort.....	14
Figure 5. Percent Employed in the Year before TCA Spell and after Exit by Cohort.....	17
Figure 6. Median Annual Earnings in the Year before TCA Spell and after Exit by Cohort.....	18
Figure 7. Annual Employment and Median Annual Earnings after Exit.....	19
Figure 8. Full-year Employment and Median Annual Earnings after Exit.....	21
Figure 9. Poverty Status.....	22
Figure 10. Child Support Case Status.....	25
Figure 11. Percent with Current Support Due and Percent with a Payment by Cohort.....	25
Figure 12. Percent with a Payment and Median Annual Payment by Cohort.....	27
Figure 13. Percent Returning to Welfare after Exit.....	29
Figure 14. Subsequent Program Receipt by Cohort.....	29
Figure 15. Subsequent Program Participation after Exit.....	30
Figure 16. Disconnection after Exit by Cohort.....	31
Figure 17. Disconnection after Exit.....	32

## LIST OF TABLES

Table 1. Number of Recipients per Exiting Case .....	7
Table 2. Demographic Characteristics of Adult Recipients .....	9
Table 3: Residence by Cohort.....	10
Table 4: Previous Welfare Receipt by Cohort.....	12
Table 5. Performance Targets for Selected WIOA Programs and TCA Recipient Outcomes.....	23

## EXECUTIVE SUMMARY

Economic recovery from the Great Recession has been slow for families with very low incomes. Those with incomes at the very bottom<sup>1</sup> have only experienced two years of household income growth, rising 9% to \$13,608 in 2016 (Semega, Fontenot, & Kollar, 2017). Comparatively, middle-income families have had five years of growth with an increase of 11% to just over \$59,000. Middle-income families now have earnings higher than their pre-recession levels, while those at the bottom still have not fully recovered. Given these low earnings and slow growth, it is important to examine those families who may have required additional support through Maryland's Temporary Cash Assistance (TCA) program.

The annual report series, *Life after Welfare*, examines outcomes of families who left cash assistance. The series focuses on families' characteristics, employment and earnings outcomes, and the receipt of other public benefits. The 2017 update includes a sample of 12,597 families who left the TCA program between January 2004 and March 2017. We examine trends through the lens of three different cohorts: (a) Mid-2000s Recovery—a declining caseload between January 2004 and March 2007; (b) Great Recession Era—an increasing caseload between April 2007 and December 2011; and (c) Great Recession Recovery—a declining caseload between January 2012 and March 2017.

The main findings from this report indicate that families' financial situations improved after exiting the TCA program, compared with their circumstances before they came onto the program. Nonetheless, these families struggle to rise above poverty and maintain independence from cash assistance.

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<sup>1</sup> Incomes at the very bottom represent households in the 10<sup>th</sup> percentile while middle-income is the median (50<sup>th</sup> percentile).

### Case Characteristics

*The majority of recipients on cases that closed were children, and families received benefits for a short period before exiting.*

- Two thirds (66%) of all recipients were children, and most families had two (41%) or three (25%) recipients.
- Families received TCA benefits for an average of nine months before they exited the program and 19 months in the previous five years.
- Half of all families left the TCA program because they received a work sanction (28%) or they had income exceeding the eligibility threshold (23%).

### Adult Demographics

*Small changes have occurred over the three cohorts, but generally, an adult recipient is an African American (74%) woman (91%) in her early 30s. She has never been married (80%) but has at least a high school diploma (67%).*

- The percentage of Caucasian recipients increased from 18% in the Mid-2000s Recovery cohort to 23% in the Great Recession Recovery cohort while the percentage of African American recipients declined six percentage points.
- Adult recipients in the Great Recession Recovery cohort were less likely to be teenagers, declining from 7% in the earlier cohorts to 3%.
- Adult recipients in the Great Recession Recovery cohort were more likely to have a high school diploma (from 58% to 62%) as well as some education beyond high school (from 5% to 8%).

## Employment & Earnings

*Earnings have nearly rebounded to pre-recession levels, unlike employment participation. Still, earnings are low, and many families are poor.*

- Adult recipients were more likely to work during the year after leaving the TCA program (63%) than they were before receiving TCA (57%). This trend was consistent across cohorts.
- Adult recipients leaving during the Great Recession recovery were less likely to be employed in the year after exit than those in the Mid-2000s Recovery cohort (63% vs. 69%).
- In the year after exit, earnings were \$7,800 for those exiting during the recession era but were about \$8,300 for both recovery cohorts.
- In the year before TCA receipt, earnings for nine in 10 (92%) families were below the poverty threshold. In the year after exit, 86% of families had earnings this low. Five years after exit, 81% had poverty-level earnings.

## Child Support

*Receiving child support boosted families' incomes by 20%.*

- Among families who had a current support order for child support, seven in 10 (71%) received a payment in the year after exit. These families received just under \$1,800, which is about a 20% increase in median earnings (\$8,154).
- Unfortunately, only 40% of families had an order for current support in the year after exit.

## Returns to Welfare

*Half of all families returned to the TCA program within five years of exit. Of those returning, most came back within one year.*

- One third (32%) of families returned to the TCA program within one year of

their exits. Another 9% returned during the second year after exit.

- One in 10 (10%) returned for additional months of receipt between three and five years after exiting from welfare.

## Subsequent Program Receipt

*TCA receipt remained low after exit, while receipt of Food Supplement Program (FSP) benefits was high.*

- About one third of families in each of the three cohorts received TCA benefits at some point in the year after their exits. The percentage of families receiving FSP benefits increased from 79% in the Mid-2000s Recovery cohort to 89% in the Great Recession Recovery cohort.
- The percentage of families receiving either TCA or FSP benefits declined each year after exit with 22% receiving TCA in the fifth year after exit and 67% receiving FSP benefits.
- During the five years after exit, families received an average of 19 months of TCA benefits and 41 months of FSP benefits.

Although the percentage of families who received TCA benefits in each year after exit is small, high levels of FSP participation suggest that families are still struggling. This is confirmed by the substantial percentage of families whose earnings are below the federal poverty threshold. This finding is particularly important in the context of a very slow recovery at the bottom of the income distribution. Continuing to support these families with safety net programs that allow adults to work is vital. Furthermore, investments in workforce partnerships that expand employment opportunities and career pathways are essential for family-supporting incomes. These opportunities are also important so that children—the majority of TCA recipients—have an adult earner who can financially support their well-being.

## INTRODUCTION

The improving economy is a welcomed sign for job and wage growth. Household income has risen and poverty rates have declined for two consecutive years. Median income increased 8.5% between 2014 and 2016, and all income groups saw positive growth (Semega et al., 2017). Poverty was about 15% for six years and began declining in 2015—in 2016, 12.7% of the population had income below the federal poverty threshold (Semega et al., 2017). Lastly, after reaching 10% in 2009 and 2010, the unemployment rate decreased for six years and is nearly back to pre-recession levels (U.S. Bureau of Labor Statistics, 2017).

Even with this good news, there is still cause for concern. Incomes of the poorest households grew in 2015 and 2016 but have not rebounded to their pre-recession levels. At the lowest income level,<sup>2</sup> incomes declined 12% with the first increase in 2015 (Semega et al., 2017). Among middle-income households, income began rising in 2013 after an 8% decline. In 2016, middle-income households had \$890 more than in 2007, while the lowest income households still had \$471 less than their 2007 incomes (Semega et al., 2017).

This slower growth among households with the least is why it is important to examine the Temporary Assistance for Needy Families (TANF) program. The program provides cash assistance to families when they are in greatest need. Ideally, families receive benefits for a short time and then obtain employment that eliminates the need for assistance. However, this ideal may prove difficult for the working poor.

Although many of the working poor earn too much to qualify for TANF benefits, these families may rely on safety net programs, like Medicaid or SNAP, the Supplemental Nutrition Assistance Program (GAO, 2017). Considering the costs of working—child

care and transportation—as well as other living expenses, these benefits may not be enough to cover costs, and families who left the TANF program for work may find themselves in need once more.

Maryland has an established practice of identifying the trends and outcomes of families who receive TCA benefits. In fact, this *Life after Welfare* report is legislatively mandated in order to provide policymakers with information about families who exited the Temporary Cash Assistance (TCA, Maryland's TANF program) program. The 2017 update focuses on a sample of 12,597 families who exited the program between January 2004 and March 2017. We explore families' characteristics, employment, and receipt of child support and public benefits among three cohorts:

1. Mid-2000s Recovery (n=2,973)—families who exited during the recovery from the 2001 recession, resulting in a caseload decline of 26% between January 2004 and March 2007;
2. Great Recession Era (n=4,333)—families exiting around the time of the Great Recession, when cases grew 42% from April 2007 and December 2011; and
3. Great Recession Recovery (n=5,291)—families who exited during the recovery from the Great Recession, leading to a 32% caseload decline between January 2012 and March 2017.

The Great Recession Recovery cohort is meaningful even though the cohort ends nearly eight years after the official end of the recession. Even today, full recovery has not been achieved for many families. This is particularly true for recipients of TCA benefits in recent years, because their incomes have not rebounded to pre-recession levels.

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<sup>2</sup> Incomes discussed here reference households at the 10<sup>th</sup> and 50<sup>th</sup> percentiles.



## METHODS

This chapter describes the methodological approach for the 2017 update to the *Life after Welfare* study. We provide information about sample selection, data sources, and data analysis techniques.

### Sample

Beginning in October 1996, the first month of welfare reform in Maryland, we have drawn a 5% random sample of all Temporary Cash Assistance (TCA) cases that closed each month. We have made three substantial changes to the sample since the first report in this series was released in 1997.

First, in April 2012, we refined the definition of a closed welfare case to exclude cases that closed and reopened within one month. Leavers with welfare cases that fit this description are referred to as churners. For these leavers, the case closure is temporary and typically caused by missing an agency appointment, failing to submit required paperwork by a certain deadline, or some similar issue (Born, Ovwigbo, & Cordero, 2002). Once the issue has been resolved, the case is reopened, usually without any loss of benefits for the month.

Given that churners have unique characteristics (Born et al., 2002), we have excluded them from all *Life after Welfare* analyses for more than a decade. The recent change in the sample selection does not affect earlier analytic sample sizes or previously reported results. In short, we used to exclude churners after they had been drawn into the sample, but we now exclude them from the population from which sample cases are drawn.

Second, the period we examine in this update is shorter than in many of the other *Life after Welfare* reports. Before 2014, we included all cases from the monthly samples, back to October 1996. However, those who left welfare in the years immediately following the implementation of

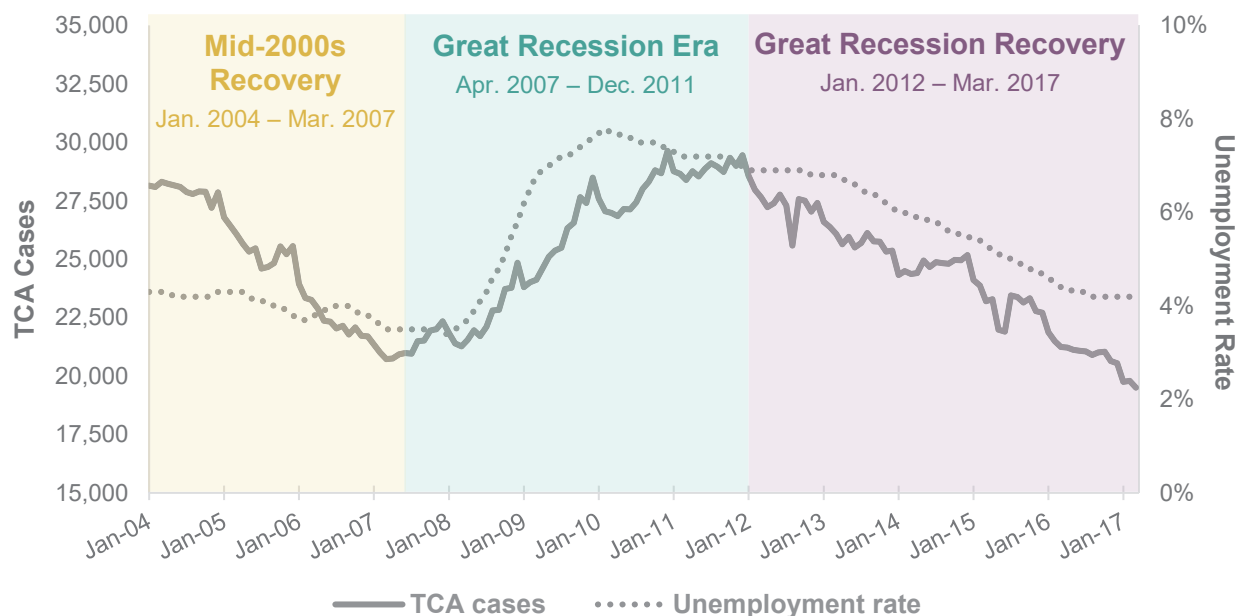
PRWORA faced a very different economic context than those who left after the Great Recession. The sample for this report includes more recent leavers, specifically those whose cases closed between January 2004 and March 2017 (n=12,597). We focus on three cohorts of leavers during this time period, defined by increases and decreases in the caseload and unemployment rate, as shown in Figure 1. The cohorts are as follows:

1. Mid-2000s Recovery (n=2,973)—families who exited during the recovery from the 2001 recession, resulting in a caseload decline of 26% between January 2004 and March 2007;
2. Great Recession Era (n=4,333)—families who exited around the time of the Great Recession when the caseload grew by 42% between April 2007 and December 2011; and
3. Great Recession Recovery (n=5,291)—families who exited during the recovery from the Great Recession, leading to a 32% caseload decline between January 2012 and March 2017.

The third change to the sample was new to the 2016 update. Prior *Life after Welfare* reports have focused solely on the payee of a TCA case—their demographic characteristics and their employment histories and outcomes. The payee is the head of a household who receives the TCA benefit on behalf of the members of the TCA case. However, focusing on the payee obscures two important components of a TCA case: other adult recipients and non-recipient payees.

Other adult recipients can include a spouse or the other parent of the children. As recipients, these adults are held to the same work participation requirements as a payee who is included in the cash assistance benefit amount. These adult recipients,

**Figure 1. Number of TCA Cases & Unemployment Rate**  
 January 2004 through March 2017



**Note:** TCA case data were retrieved from statistical reports provided by the Maryland Department of Human Resources, Family Investment Administration: <http://dhr.maryland.gov/business-center/documents/>. Seasonally adjusted unemployment data were retrieved from the Bureau of Labor Statistics Local Area Unemployment Statistics: <https://www.bls.gov/lau/>

whether they are payees or not, receive interventions designed to encourage independence from cash assistance, including assignment to a work activity such as job training, job search, or work experience. If any of the adult recipients do not comply with work requirements, then the family is subject to a sanction, resulting in the loss of benefits for all recipients on the case until the adult complies. Hence, we consider the characteristics and employment of these other adult recipients an important factor in a family’s pathway to self-sufficiency. Therefore, we now include these individuals in all demographic and employment analyses.

As the head of the household, a payee receives the cash assistance benefit on behalf of all TCA recipients in the household, but that does not mean the

payee is necessarily a recipient. For example, when a grandmother is caring for her grandchild, and only the child needs assistance, then the cash assistance benefit is only calculated for the child. Since this grandmother is not included in the benefit calculation, she is not considered a recipient and is not subject to the work participation requirements of adult recipients. Including these adults in employment analyses does not provide a true picture families who are targeted for workforce interventions through the TCA program. Therefore, we exclude non-recipient payees from employment analyses.<sup>3</sup> **Due to these sample changes, comparisons with employment findings from *Life after Welfare* reports prior to 2016 are not possible.**

<sup>3</sup> The exception to this exclusion is the disconnection analyses in which we are trying to gauge a family’s

connection to an income source after exiting from the TCA program.

## **Sample Exclusions**

There are multiple reasons that sampled cases and individuals are excluded from some analyses. This section provides the most common reasons for exclusions. First, some information, such as the reason for case closure or the educational attainment of an adult recipient, may be missing from the administrative data we use for analyses. In these instances, valid percentages are provided to account for the missing data. Second, any adult recipient with missing identifying information is excluded from all employment analyses as we are unable to obtain their employment information (n=12). Adult recipients who were under the age of 16 in the year before they began receiving TCA as a payee are excluded from employment analyses prior to welfare receipt (n=7); however, they are included in all other employment analyses. Lastly, the sample size is reduced as we examine outcomes after exit because we only have data through March 2017. For example, families who exited between April 2016 and March 2017 will be excluded from all analyses that examine one year or more after exit, because they do not have one year of follow-up data. Similarly, the sample size is reduced as we examine outcomes in the two to five years after exit.

## **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). Employment and earnings data were obtained from the Maryland Automated Benefits System (MABS). Child support data were obtained from the Child Support Enforcement System (CSES).

## **CARES**

In March 1998, CARES became the statewide automated data system for certain programs at the Department of Human Services (DHS). Similar to its predecessor, CARES provides individual- and case-level program participation data for cash assistance (TCA), the Food Supplement Program (formerly known as Food Stamps), and other services. Demographic data are available, 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 (the payee).

## **MABS**

Data on quarterly employment and earnings come from the MABS system, which includes data from all employers covered by the state's Unemployment Insurance (UI) law and the unemployment compensation for federal employees (UCFE) program. Together, these account for approximately 91% of all Maryland civilian employment. Independent contractors, commission-only salespeople, some farm workers, members of the military, most employees of religious organizations, and self-employed individuals are not covered by the law and consequently, are not represented in our employment data. Additionally, informal jobs—for example, those with dollars earned *off the books* or *under the table*—are not covered. Though all data sources have their limitations, empirical studies suggest that UI earnings are actually preferred to other types of data in understanding the economic well-being of welfare recipients (Kornfeld & Bloom, 1999; Wallace & Haveman, 2007).

The MABS system only tracks employment in Maryland. The state shares borders with Delaware, Pennsylvania, Virginia, West

Virginia, and the District of Columbia, and out-of-state employment is common. The percentage of out-of-state employment by Maryland residents (17.3%) is over four times greater than the national average (3.8%).<sup>4</sup> Among adult TCA recipients in the state, however, out-of-state employment is less common, and analyses indicate that we obtain accurate statewide employment estimates even when excluding out-of-state data. However, we may underestimate employment participation at jurisdiction level. Out-of-state employment is common among two populous jurisdictions, Prince George's County (42.1%) and Montgomery County (29.0%), which have the 3rd and 5th largest welfare caseloads in the state. It is also high in two less-populated jurisdictions, Charles County (34.2%) and Cecil County (30.8%). These four jurisdictions may be especially affected by the exclusion of out-of-state employment data.

Since 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. Supplemental Security Income).

Finally, the UI wage data provided through MABS is not static. Employers are required to submit wage data by the end of the month after the end of a quarter, but some

employers may submit a late report (Maryland Department of Labor, Licensing and Regulation, 2016). These late reports, then, adjust wage information in those prior quarters. As employment data is retrieved for earlier sample members, their employment or earnings information may differ from when this information was first retrieved. Ultimately, these updates to quarterly wage data are the true picture of employment and earnings, but this means that information may not match from one *Life after Welfare* report to the next.

## **CSES**

CSES has been the statewide automated information management system for Maryland's public child support program since March 1998. CSES contains identifying information and demographic data on children, noncustodial parents, and custodial parents receiving services from the IV-D<sup>5</sup> agency. Data on child support cases and court orders, including paternity status and payment receipt are also available. CSES supports the intake, establishment, location, and enforcement functions of the Child Support Administration.

## **Data Analysis**

In this report, we utilize univariate statistics based on a random sample of case closures to describe welfare leavers and their cases. When appropriate, we use analysis of variance (ANOVA) to compare averages across cohorts. To compare categorical variables across cohorts, we utilize Pearson's chi-square statistic.

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<sup>4</sup> Data obtained from U.S. Census Bureau website: <http://www.factfinder.census.gov> using the 2011-2013 American Community Survey 3-Year Estimates for Sex of Workers by Place of Work—State and County Level (B08007).

<sup>5</sup> The public child support program is authorized under Title IV-D of the Social Security Act and is often referred to as the IV-D program.

## CHARACTERISTICS OF CASES & ADULT RECIPIENTS

The Temporary Cash Assistance (TCA) program provides benefits to families who are arguably among the most vulnerable and disadvantaged. Previous studies found that more than four in five families receiving cash assistance benefits experienced health issues, inadequate educational attainment or work experience, lack of transportation or child care, criminal histories, and domestic violence, among others (Bloom, Loprest, Zedlewski, 2011; Dworsky & Courtney, 2007; Ovwigho, Born, Ferrero, Palazzo, 2004; Williamson, Saunders, & Born, 2011). Ideally, the services provided to these families—both during their benefit receipt and during their transition off cash assistance—improves their overall well-being and self-sufficiency.

Keeping these potential barriers in mind, this chapter provides a basic description of who left cash assistance between January 2004 and March 2017. Specifically, this chapter identifies the number of family members receiving benefits, characteristics of adult recipients, and where families reside within the state. Additionally, we discuss the number of months families received TCA benefits and the reasons they exited the program.

### Recipients on Exiting Cases

One enduring fact about the program is that most recipients of TCA benefits are children. Two in every three (66.4%) recipients on cases that closed between January 2004 and March 2017 were children (Figure 2). Many of these children are recipients along with their parents, but some children live with other caregivers. A child residing with a non-parent family member can receive cash assistance benefits to help the caregiver keep the child

in the home and thereby avoid foster care. In fact, ensuring that children are cared for in the homes of their parents or relatives is one of the purposes of the federal TANF program (General TANF Provisions, 1999).

#### Age of Recipient Children Among exiting cases

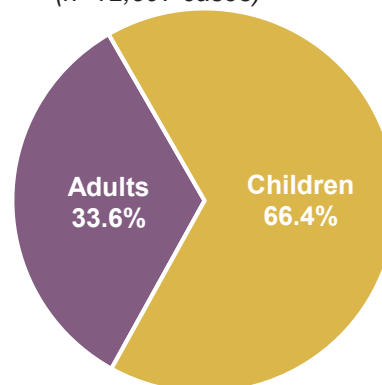
47% of cases had a child under the age of 3.

The average age of the youngest child was 5.

Children can be recipients from birth through age 18,<sup>6</sup> but many families receiving TCA benefits have young children in the household.

Nearly half (47%) of families had at least one child under the age of three, and the average age of the youngest child in the family was five. This has implications for child care needs among employed adults, making the Child Care Subsidy (CCS) program particularly important. The CCS program provides adults who are working, in school, or participating in an approved activity with child care while they are receiving TCA benefits and transitional child care after they exit from the program (Maryland Department of Human Resources, 1996).

**Figure 2. Recipients on Exiting Cases**  
January 2004 to March 2017  
(n=12,597 cases)



<sup>6</sup> The TCA manual does provide exceptions for individuals who are 19 and meet certain criteria (Maryland Department of Human Resources, 2008b).

The number of recipients on cases that exited the TCA program is small and similar to the number of individuals in a Maryland household. Two in five (41.1%) families had two TCA recipients, and one quarter (24.7%) had three recipients, accounting for two thirds of all TCA families (Table 1). Most often, there was one (50.2%) or two (27.1%) children on a case and a single adult (78.3%). While single parents are over-represented in the TCA program—a result of income eligibility criteria for the program—the number of people in the family is on par with the state average of three people (U.S. Census Bureau, 2015).

**Table 1. Number of Recipients per Exiting Case**

January 2004 to March 2017  
(n=12,597 cases)

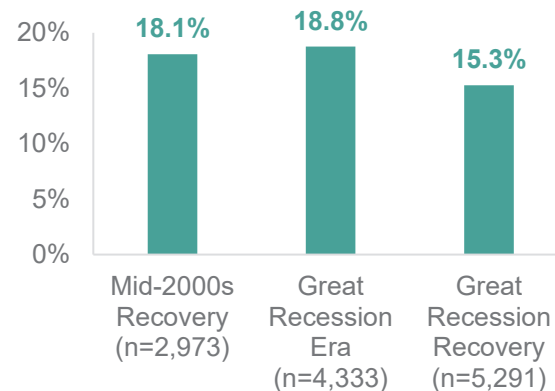
	Percent	Count
<b>Total Number of Recipients</b>		
1 recipient	14.8%	(1,865)
2 recipients	41.1%	(5,177)
3 recipients	24.7%	(3,104)
4 or more recipients	19.4%	(2,440)
<b>Number of Child Recipients</b>		
No children <sup>7</sup>	3.4%	(433)
1 child	50.2%	(6,318)
2 children	27.1%	(3,413)
3 or more children	19.2%	(2,422)
<b>Number of Adult Recipients</b>		
No adults	17.1%	(2,157)
1 adult	78.3%	(9,853)
2 adults	4.6%	(576)

**Note:** Data may be missing for some cases; valid percentages are reported. Percentages may not add to 100% due to rounding.

<sup>7</sup> A case may not have any recipient children because the mother was pregnant or the child was receiving payments from an adoption, foster care, or

While the number of recipients tends to remain stable over time, the Great Recession Recovery cohort has seen a small change in the number of adult recipients. Over the entire sample period, 17% of cases did not have an adult recipient on the case, but these child-only cases are a smaller percentage of the Great Recession Recovery cohort compared to the previous two cohorts. As shown in Figure 3, about 18% of cases were child-only in the Mid-2000s Recovery and Great Recession Era cohorts, but that declined to 15% in the more recent cohort. Child-only cases do not include an adult recipient because either the adult in the household is a non-parent caretaker or the parent is not eligible for TCA benefits.

**Figure 3. Percent of Child-only Cases\*\*\***  
By cohort



**Note:** \*p<.05, \*\*p<.01, \*\*\*p<.001.

Supplemental Security Income (Maryland Department of Human Resources, 2008a).

## Demographic Characteristics of Adult Recipients

The demographic characteristics of adult recipients have remained fairly stable with only incremental changes over time. Table 2 provides the demographic characteristics of all adult recipients in the sample as well as for each of the three cohorts. Generally, an adult recipient is an African American (73.5%) woman (90.9%) in her early 30s (average age is 32 years old). Typically, she has never been married (79.7%) but has a high school diploma (60.4%) or has completed some education beyond high school (6.5%).

Throughout each of the three cohorts, there have been small shifts in all of these characteristics. For instance, recipients are overwhelmingly female, but the percentage of men who were adult recipients on cases that exited has increased slightly. Only 7% of adult recipients were men in the Mid-2000s Recovery cohort, compared to 10% among the Great Recession Era and Great Recession Recovery cohorts. This may be related to the increase in the percentage of recipients who are married—from 7% to 9%.

Nearly three quarters of all adult recipients have been African American, but this percentage has declined over the three cohorts. Correspondingly, the percentage of Caucasian and, to a lesser degree, Hispanic recipients has increased. In the Mid-2000s Recovery cohort, eight in 10 (79.0%) adult recipients were African American, and while they are still the majority, the percentage of African American recipients decreased to just over seven in 10 (72.7%) in the Great Recession Recovery cohort. On the other hand, the percentage of Caucasian recipients increased from 18% in the Mid-2000s Recovery cohort to 23% in the Great

Recession Recovery cohort. There was also a very small increase in the percentage of Hispanic adult recipients from 2% to 3%.

Additionally, adult recipients have become a bit older. The average age has remained around 30 years old, but the percentage of very young recipients—those 20 years old and younger—decreased from 7% in both the Mid-2000s Recovery and Great Recession Era cohorts to 3% in the Great Recession Recovery cohort. The birth rate among teenagers in Maryland has been dropping for more than a decade, and there was a substantial decline between 2012 and 2015, which is the early part of the Great Recession Recovery cohort (Maryland Department of Health and Mental Hygiene, 2015). This recent trend was particularly pronounced among African American women who experienced a 10-percentage point decline compared to five percentage points for all races and ethnicities.

Lastly, the highest level of education completed by adult recipients has increased throughout this time period. Not only are adult recipients more likely to have a high school diploma (from 58.1% to 61.7%), they are also slightly more likely to have some education beyond high school. Only 5% of adult recipients had any education after high school in the Mid-2000s Recovery and Great Recession Era cohorts, but that percentage increased to 8% in the Great Recession Recovery cohort. Educational attainment has increased over time among all Marylanders (Maryland Governor's Office for Children, n.d.), and there has been an increase in the educational attainment among mothers. The percentage of mothers in Maryland with a high school degree or more increased 10 percentage points between 2004 and 2015 (Maryland Department of Health and Mental Hygiene, 2004, 2015).

**Table 2. Demographic Characteristics of Adult Recipients**

	<b>Mid-2000s Recovery</b> <i>Jan.2004 to Mar.2007</i> <i>(n=2,973)</i>	<b>Great Recession Era</b> <i>Apr.2007 to Dec.2011</i> <i>(n=4,333)</i>	<b>Great Recession Recovery</b> <i>Jan.2012 to Mar.2017</i> <i>(n=5,291)</i>	<b>Total Sample</b> <i>Jan.2004 to Mar.2017</i> <i>(n=10,988)</i>
<b>Gender***</b>				
Female	93.0%	90.5%	90.1%	90.9%
Male	7.0%	9.5%	9.9%	9.1%
<b>Race/Ethnicity***</b>				
African American^	79.0%	71.2%	72.7%	73.5%
Caucasian^	18.4%	24.2%	22.6%	22.3%
Hispanic	1.7%	2.7%	3.0%	2.6%
Other^	0.9%	2.0%	1.7%	1.6%
<b>Marital Status*</b>				
Never married	80.7%	78.7%	79.9%	79.7%
Married	7.1%	8.9%	8.8%	8.5%
Previously married+	12.2%	12.4%	11.3%	11.9%
<b>Age***</b>				
Under 20	7.3%	7.3%	3.3%	5.6%
20-25	35.2%	35.2%	33.0%	34.2%
26-30	19.0%	21.2%	23.6%	21.7%
31-35	13.6%	12.3%	16.3%	14.3%
36 & older	25.0%	23.9%	23.8%	24.1%
Average*** [Median]	29.9 [27.5]	29.9 [27.5]	30.7 [28.6]	30.2 [28.0]
<b>Highest Educational Attainment***</b>				
No high school diploma	36.6%	34.5%	30.2%	33.1%
Completed high school#	58.1%	60.2%	61.7%	60.4%
Education after high school	5.3%	5.3%	8.1%	6.5%

**Note:** ^ Non-Hispanic. + Previously married includes individuals who are divorced, separated, or widowed. # General Education Development Program (GED) certificates are included in high school completion rates. Percentages may not add to 100% due to rounding. \*p<.05, \*\*p<.01, \*\*\*p<.001.



## Residence of Families on Exiting Cases

Part of understanding the families who exited the TCA program is knowing where they live. Maryland is a small but diverse state, including urban centers, suburbs, rural areas, and shore towns. Each of these areas within the state have very different economies and varying levels of poverty, which affect the number of families who are eligible for TCA benefits.

Similar to many of the characteristics of families who have exited the TCA program, where families live has remained largely unchanged. Three quarters of all families live in one of the five largest jurisdictions: Baltimore City (40.3%) and the counties of Prince George's (11.4%), Baltimore (11.4%), Anne Arundel (6.4%), and Montgomery (5.3%). However, the

percentage of families residing in these five jurisdictions has declined over time from 79% in the Mid-2000s Recovery cohort to 73% in the Great Recession Recovery cohort. This has largely been due to the decline of exiting cases in Baltimore City from 46% to 38%. Prince George's County also experienced a small decline from 11.5% to 10.3% while Baltimore and Montgomery counties had small increases.

The other 19 counties each have less than five percent of exiting cases, so those counties have been combined into five regions. Each of these regions had an increase in the percentage of exiting TCA cases. Collectively, the percentage of cases in the five regions increased by six percentage points, from 21% in the Mid-2000s Recovery cohort to 27% in the Great Recession Recovery cohort.

**Table 3: Residence by Cohort\*\*\***

	Mid-2000s Recovery <i>Jan. 2004 to Mar. 2007</i> (n=2,973)	Great Recession Era <i>Apr. 2007 to Dec. 2011</i> (n=4,333)	Great Recession Recovery <i>Jan. 2012 to Mar. 2017</i> (n=5,291)	Total Sample <i>Jan. 2004 to Mar. 2017</i> (n=12,597)
<b>Baltimore City</b>	46.1%	39.5%	37.7%	40.3%
<b>Prince George's County</b>	11.5%	12.7%	10.3%	11.4%
<b>Baltimore County</b>	11.0%	10.5%	12.3%	11.4%
<b>Anne Arundel County</b>	6.1%	6.8%	6.2%	6.4%
<b>Montgomery County</b>	4.3%	4.9%	6.2%	5.3%
<b>Metro MD Region</b>	7.0%	8.5%	8.1%	8.0%
<b>Southern MD Region</b>	3.0%	3.9%	4.4%	3.9%
<b>Western MD Region</b>	2.9%	4.5%	5.2%	4.4%
<b>Upper Shore Region</b>	4.8%	4.6%	5.5%	5.0%
<b>Lower Shore Region</b>	3.2%	4.0%	4.2%	3.9%

**Note:** The counties included in each of the five regions are: **Metro MD** includes Carroll, Harford, Howard, & Frederick counties; **Southern MD** includes Calvert, Charles, & St. Mary's counties; **Western MD** includes Garrett, Allegany, & Washington counties; **Upper Shore** includes Cecil, Kent, Queen Anne's, Caroline, Talbot, & Dorchester counties; and **Lower Shore** includes Worcester, Wicomico, & Somerset counties. Data may be missing for some cases; valid percentages are reported. Percentages may not add to 100% due to rounding. \*p<.05, \*\*p<.01, \*\*\*p<.001.

## Previous Welfare Receipt

Long-term dependence on cash assistance benefits is rare, despite rhetoric about welfare recipients. Adult recipients are required to participate in work-related activities, such as employment, on-the-job training, or job search among other activities, and in Maryland, noncompliance with this rule results in a full-family work sanction. The entire family loses all TCA benefits until the adult recipient complies with the work program. With work sanctions and the emphasis on obtaining employment, long-term receipt of benefits may be difficult to obtain.

Examining the months of receipt, then, is important context for understanding the families who receive TCA benefits and exit the program. This section examines benefit receipt through three different perspectives: (a) the percentage of families who were new to the TCA program; (b) the number of months families received benefits in the current TCA spell; and (c) the number of months families received benefits in the previous five years.

One indicator that suggests welfare dependence is not common is the percentage of families who were new to the program. Two in every five (39.4%) families were new to the program, which means that the TCA spell resulting in a case closure was the families' first spell of cash assistance receipt. The percentage of new families exiting the program has changed slightly with the economy. During the Great Recession Era, 46% of families were new to the program, an increase of nearly six percentage points from the Mid-2000s Recovery cohort (39.9%). As the economy worsened and families felt the effects of unemployment, more families found themselves in need of temporary assistance. Then, as the economy

improved, there were fewer families requiring that assistance, and the percentage of new families decreased to 34% during the Great Recession Recovery cohort.

Another measure of welfare receipt—and another indication that families receive TCA benefits on a temporary basis—is the length of families' most recent TCA spell. More than eight in 10 (84.1%) families received benefits consecutively for one year or less between their most recent applications and case closures. This percentage is consistent over time as well. Another 10% of families received benefits consecutively for one to two years, and less than 10% of families received TCA benefits for more than two consecutive years. On average, families received nine consecutive months of benefits.

### TCA Spell

A TCA spell is defined as the consecutive months of TCA benefit receipt between the most recent application and case closure.

Even though families had short TCA spells, they may cycle on and off the program and accumulate multiple spells of TCA receipt. This

next measure accounts for these cycles by providing the total number of months of TCA receipt in the five years before their cases closed. On average, families received 19 months of TCA benefits over a 60-month period. This suggests that some families may have had additional TCA spells before this current spell because the length of the current spell is only nine months, on average. About half (47.2%) of families received benefits for one year or less in the previous five years, and one quarter (24.5%) received benefits for one to two years. Few (8.2%) families received benefits for four to five years during the five years prior to their case closures.

It also appears that the economy affected patterns of TCA receipt. In particular, the families who exited during the Great Recession Era cohort had fewer months of TCA receipt in the previous five years. On average, these families received TCA benefits for 17 months, compared to 20 months for families in the Mid-2000s Recovery and Great Recession Recovery cohorts. Additionally, these families were about 10 percentage points more likely to have one year or less of TCA receipt in the

five years before they left the program than the other two cohorts (53% versus 44%). This is consistent with the increase in new families during this cohort and what we would expect to see during a recession: families who had previously been able to maintain economic stability prior to the recession suddenly found themselves in need. Since they did not have any prior TCA receipt, the average months of receipt are lower for the Great Recession Era cohort.

**Table 4: Previous Welfare Receipt by Cohort**

	Mid-2000s Recovery <i>Jan. 2004 to Mar. 2007</i> (n=2,973)	Great Recession Era <i>Apr. 2007 to Dec. 2011</i> (n=4,333)	Great Recession Recovery <i>Jan. 2012 to Mar. 2017</i> (n=5,291)	Total Sample <i>Jan. 2004 to Mar. 2017</i> (n=12,597)
<b>First TCA Spell***</b>				
Exit ends first spell	39.9%	45.6%	34.1%	39.4%
<b>TCA Spell**</b>				
<i>Consecutive Months</i>				
12 months or fewer	83.0%	83.2%	85.5%	84.1%
13 to 24 months	11.2%	10.5%	8.8%	9.9%
25 to 36 months	3.0%	2.7%	2.4%	2.7%
37 to 48 months	1.2%	1.2%	1.2%	1.2%
49 to 60 months	0.4%	0.7%	0.7%	0.6%
More than 60 months	1.1%	1.7%	1.4%	1.4%
Average*** [Median]	8.8 [5]	9.3 [5]	8.0 [4]	8.6 [4]
<b>5 Years before Exit***</b>				
<i>Cumulative Months</i>				
12 months or fewer	43.7%	53.2%	44.4%	47.2%
13 to 24 months	23.6%	24.9%	24.7%	24.5%
25 to 36 months	15.7%	9.7%	13.8%	12.8%
37 to 48 months	8.9%	5.1%	8.0%	7.2%
49 to 60 months	8.1%	7.1%	9.1%	8.2%
Average*** [Median]	20.4 [15]	17.1 [12]	20.0 [15]	19.1 [14]

**Note:** The TCA spell is calculated as the difference (in months) between the exit month and the month of the most recent TCA application. Percentages may not add to 100% due to rounding. \*p<.05, \*\*p<.01, \*\*\*p<.001.

## Reason for Case Closure

When a family leaves the TCA program, caseworkers identify the reason for this departure in the administrative data system. These reasons are generally programmatic, such as the customer did not return required paperwork or the adult recipient did not participate in a work-related activity. These reasons do not necessarily align with families' perspectives; for instance, customers may not have submitted required paperwork because they moved and did not receive the notice for the required paperwork. Regardless, these closure reasons, shown in Figure 4, provide insight into how the use of these reasons has varied over time, corresponding to programmatic changes to the TCA program.

Work sanctions are the most common reason for case closure for the entire sample period, but this has not been true for each cohort. Work sanctions are the result of non-compliance with participation in a work activity, and the entire family's benefit is removed until the adult recipient complies with the requirement. During the Mid-2000s Recovery cohort, one in five (20.3%) cases closed due to work sanctions, making it the second most common reason for case closure. Work sanctions increased to 27% among families in the Great Recession Era and to 34% in the Great Recession Recovery cohort. This increase coincides with the 2008 implementation of the Deficit Reduction Act (DRA) of 2005, which limited the activities states could use for work participation and increased the paperwork necessary to document participation (Parrott et al., 2007; Maryland Department of Human Resources, 2007, 2012).

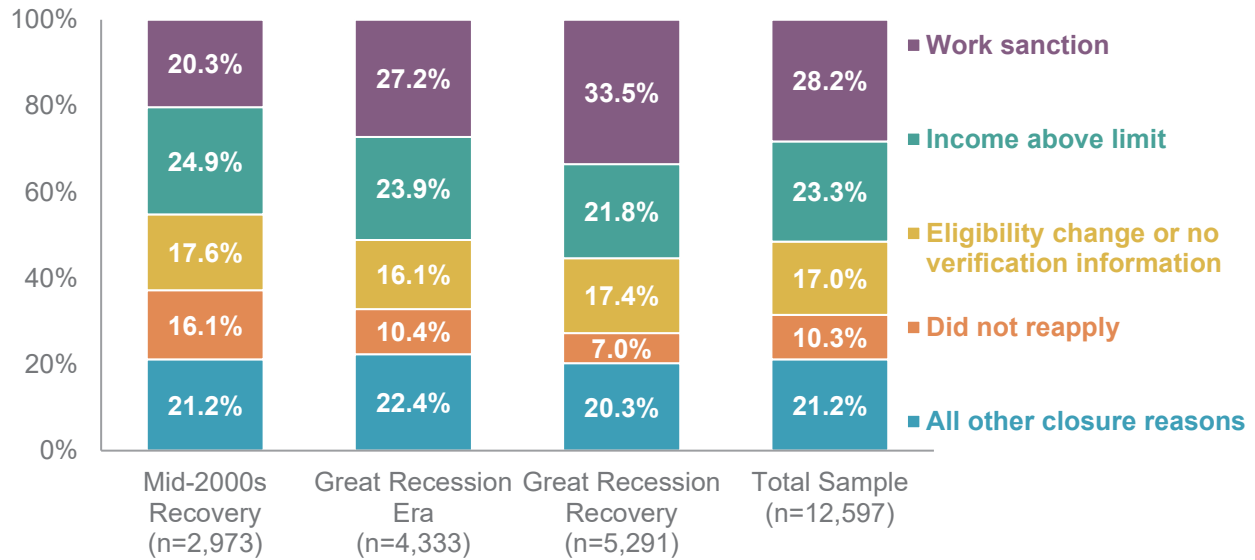
Income above the eligibility limit is the next most common reason for case closures. The TCA program is a means-tested

program, so only families whose incomes are below a certain level are eligible for benefits. When earned and unearned income exceeds those income limitations, families' cases are closed. Three in 10 families' cases were closed due to high income, making this closure reason the second most common reason between January 2004 and March 2017. However, this was the most common reason for case closure among families in the Mid-2000s Recovery cohort, accounting for one quarter (24.9%) of closures. The percentage of families' cases closing due to income has slowly declined in each cohort, down to 22% in the Great Recession Recovery cohort.

The next closure reason is related to family eligibility. Eligibility changes or the lack of verification information represented 17% of all closures and was stable over time. These are instances in which families eligibility circumstances changed, such as the number of individuals in the house increased or decreased. Families may also fail to submit paperwork to verify their eligibility, resulting in case closure.

Families not reapplying for benefits is the final closure reason that accounted for at 10% of all exiting cases. Families must recertify their eligibility for TCA benefits at specified intervals and failure to do so results in a case closure. Over the entire sample, 10% of cases were closed because they did not reapply for benefits, but this percentage has decreased over time. In the Mid-2000s Recovery cohort, 16% of families' cases closed because they did not reapply, declining to 10% among those in the Great Recession Era and decreasing to 7% in the Great Recession Recovery cohort.

**Figure 4. Case Closure Reasons by Cohort\*\*\***



**Note:** Closure reasons used in less than 10% of cases are grouped into the *all other closing reasons* category. The most frequently cited closure reasons in this category are ineligible (8% of total sample), requested closure (6% of total sample), child support sanction (3% of total sample), and residency issues (2% of total sample). Data may be missing for some cases; valid percentages are reported. Percentages may not add to 100% due to rounding. \*p<.05, \*\*p<.01, \*\*\*p<.001.

## EMPLOYMENT & EARNINGS

The goal of the Temporary Cash Assistance (TCA) program in Maryland is “to protect children and their caretakers by assisting families to become independent through work” (Maryland Department of Human Services, n.d.). This goal is rooted in the first two purposes of the federal TANF program (General TANF Provisions, 1999):

- (a) Provide assistance to needy families so that children may be cared for in their own homes or in the homes of relatives;
- (b) End the dependence of needy parents on government benefits by promoting job preparation, work, and marriage.

The previous chapter described the children and adults who received services from the Maryland TCA program. This chapter will focus on the second TANF purpose by examining employment and earnings outcomes of adult recipients who exited the TCA program.

TCA is a means-tested program, so families must have low to no income in order to qualify for benefits. Poverty coupled with barriers adults may face—health issues, low education, limited work experience, criminal histories, inadequate access to child care or transportation, or domestic violence—may make maintaining employment or increasing earnings difficult. Prior research found that only 15% of adults experienced economic stability<sup>8</sup> during the five years after their exits from welfare (James & Nicoli, 2016). Additionally, few families who received cash assistance benefits were able to gain income boosting them out of poverty. Findings indicate that less than 20% of adults who received benefits have earnings

above the poverty threshold (Bourdeaux & Pandey, 2017; Courtney & Dworsky, 2006).

Analyses in this chapter assess the employment and earnings outcomes of adult recipients who left the TCA program. Specifically, we examine annual employment and earnings before and after families’ TCA spells, including employment stability and poverty status. In addition, we provide some specific findings related to the Workforce Innovation and Opportunity Act (WIOA) due to the recent partnership between Maryland’s workforce and TCA agencies.

### Notes for Employment Analyses

Employment analyses in this 2017 update cannot be compared to *Life after Welfare* reports prior to 2016. The 2016 and 2017 analyses only include adult recipients, while prior reports included non-recipient payees, such as a grandmother caring for her grandchild.

Only employment covered by Unemployment Insurance in the State of Maryland is included. Please refer to the methods chapter for more details.

Median earnings represent the middle point that divides the income distribution of employed adult recipients into halves. One half of the distribution has earnings at or below the middle amount, and the other half has earnings at or above that amount.

All earnings have been standardized to 2017 dollars.

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<sup>8</sup> Economic stability refers to adults who are employed in three or four quarters in each of the five years after TCA exit and whose earnings grew over time, consistently exceeded the federal poverty threshold,

or remained above the federal poverty threshold for the last two of five years.

## **Annual Employment and Earnings before and after TCA Receipt**

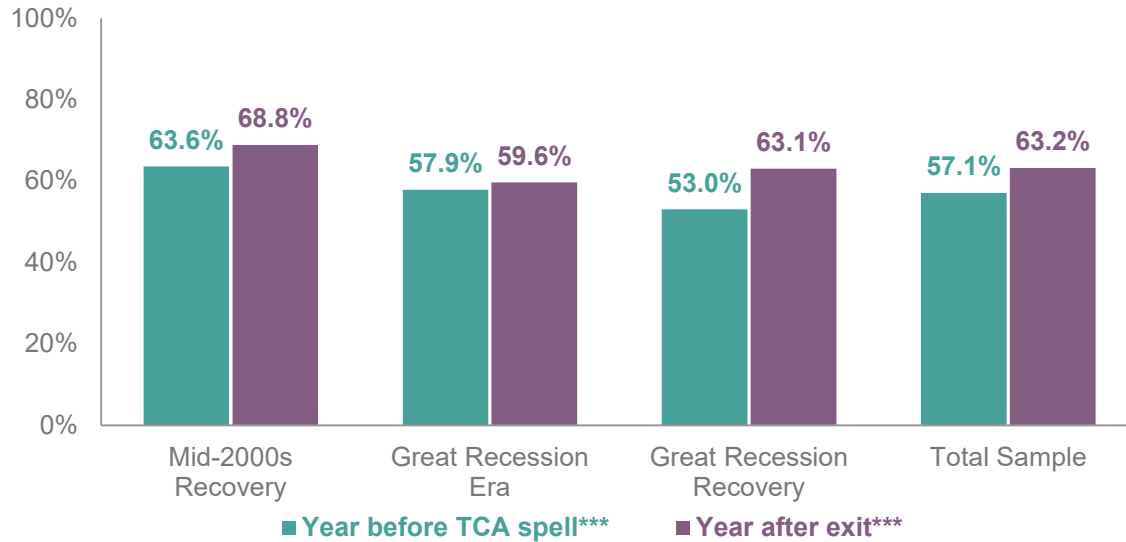
Among the many findings about TCA recipients that remain consistent is the fact that many adult recipients work, and they work before and after their receipt of benefits. Analyses provided in Figure 5 again confirm this finding—57% of adults worked at some point in the year before their TCA spells and 63% worked in the year after their exits from TCA. However, the recession impacted employment participation, as evidenced by the changes occurring in each of the three cohorts.

Over time, employment participation declined in the year before adults' TCA spells. Nearly two in three (63.6%) adults who exited during the Mid-2000s Recovery were employed in the year before they began their current TCA spells. A smaller percentage (57.9%) of adults who exited during the Great Recession Era were employed before their TCA spells. Another decline occurred among adults who left during the Great Recession Recovery; only 53% worked at some point in the year before their TCA spells. Although the adults in the latter cohort exited during the recovery from the Great Recession, the year leading up to their benefit receipt could have been at a time when families were still feeling the effects of job loss, long-term unemployment, and involuntary part-time employment (Center for Budget and Policy Priorities, 2016).

Adults were more likely to be employed in the year after their exits from the TCA program than before their TCA receipt began in all cohorts. Nearly seven in 10 (68.8%) adults among the Mid-2000s Recovery cohort were employed in the year after their exits, a five-percentage point increase from the year before their TCA spells (63.6%). Adults who exited during the Great Recession Era faced challenging economic times and had a much smaller increase. For these adults, employment improved by only two percentage points between the year before their TCA spells and the year after their TCA exits (from 57.9% to 59.6%).

Adults in the Great Recession Recovery cohort had the largest rise in employment. Employment participation for these adults increased 10 percentage points, from 53% to 63% between the years before and after their TCA spells. One caveat, however, is that adults in this cohort also had the lowest employment participation before they began receiving TCA benefits. Furthermore, employment participation after exit in the Great Recession Recovery cohort was still six percentage points below the post-exit employment of the Mid-2000s Recovery cohort (63.1% vs. 68.8%). Based on U.S. Bureau of Labor Statistics projections, employment growth over the next decade should be moderate and is unlikely to rebound to the level of the mid-2000s (Lacey, Toossi, Dubina, & Gensler, 2017).

**Figure 5. Percent Employed in the Year before TCA Spell and after Exit by Cohort**  
*Among adult recipients*



**Note:** Counts are not shown because they differ between before TCA spell and after exit due sample exclusions in the year before TCA spell; refer to the methods chapter for more details. Valid percentages are reported. \* $p < .05$ , \*\* $p < .01$ , \*\*\* $p < .001$ .

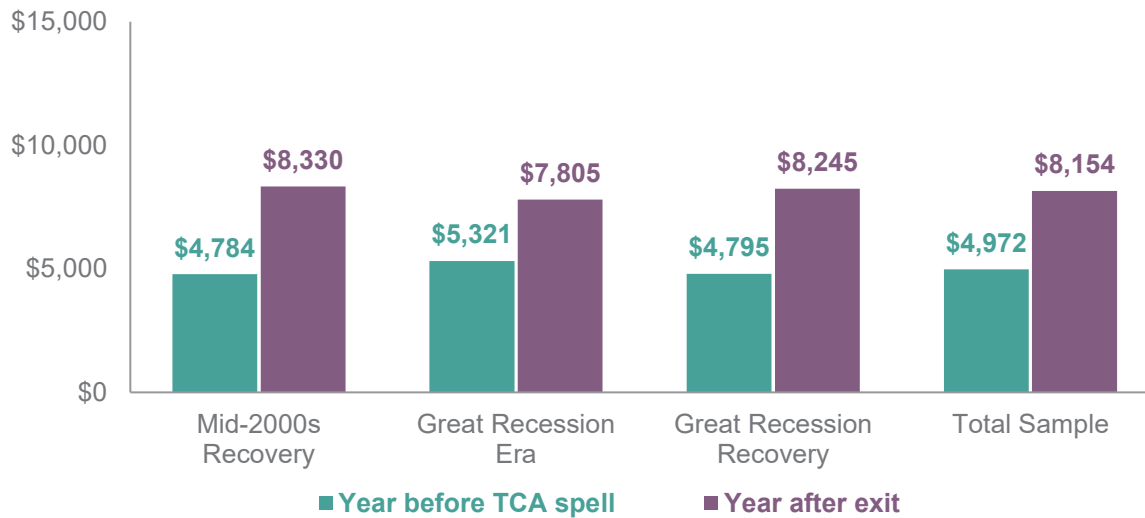
Similar to employment participation, median earnings increased between the year before TCA spell and the year after exit (Figure 6). Adults in both recovery cohorts had comparable earnings. In the year before their TCA spells, adults earned a median of about \$4,800, and they earned about \$8,300 in the year after their exits. This was more than a 70% increase in earnings for both recovery cohorts.

Earnings growth for adults in the Great Recession Era was smaller than the two recovery cohorts. Median earnings in the year before adults' TCA spells was slightly higher for the recession cohort compared to the two recovery cohorts (\$5,300 vs. \$4,800). Earnings increased to \$7,800 after exit, which is about \$500 less than the two recovery cohorts. The growth in earnings for the recession cohort was only 50%, compared to 70% among the two recovery cohorts.

Overall, the negative effects of the recession are evident among the employment and earnings outcomes of adults who left the TCA program during that economic period. As expected with a recession, adults who exited during the economic downturn experienced stunted growth in both employment participation and earnings compared to the two recovery cohorts. Additionally, the recession has continued to negatively impact employment participation for adults in the most recent recovery; adults who exited during the Great Recession Recovery cohort were less likely to be employed after exit than those in the Mid-2000s Recovery cohort. Contrary to employment, however, earnings were not similarly impacted and have nearly rebounded to pre-recession levels. For those who were employed, earnings were comparable between the two recovery cohorts.



**Figure 6. Median Annual Earnings in the Year before TCA Spell and after Exit by Cohort**  
*Among employed adult recipients*



**Note:** Earnings are shown only for adult recipients employed during the specified time periods. Counts are not shown because they differ between before TCA spell and after exit due sample exclusions in the year before TCA spell; refer to the methods chapter for more details.

### Annual Employment and Earnings Five Years after Exit

Moving beyond the focus on cohorts and how the economy has influenced employment and earnings, the next couple of analyses examine employment and earnings over a five-year period after adults exited the TCA program. These findings continue to develop a picture of how likely families are to maintain self-sufficiency over a longer period after exit and potentially eliminate the need for cash assistance.

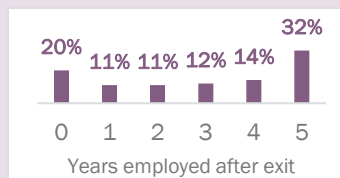
In general, employment participation declines over time while earnings increase (Figure 7). Among all adult recipients who exited the TCA program between January 2004 and March 2017, 63% were employed in the first year after their exits. Each year after exit, employment participation declined by two to three percentage points, so that just over half (52.6%) were employed at some point in the fifth year after exit.

This decline in employment may be due to several factors. First, only one third (32.3%) of adults were employed at some point in

each of the five years after exit, while 20% did not work at all. This means that half of adults had unstable employment, working one to four of the five years after exit. Unstable employment is fueled by the low-wage, low-skill jobs that TCA recipients are

likely to obtain, because those jobs generally lack benefits, job security, career pathways, and consistent work schedules (Lower-Basch 2007; Lower-Basch & Greenberg, 2009; Passarella, Nicoli, & Hall, 2016).

Only one in three adults worked at some point in each of the five years after exit.

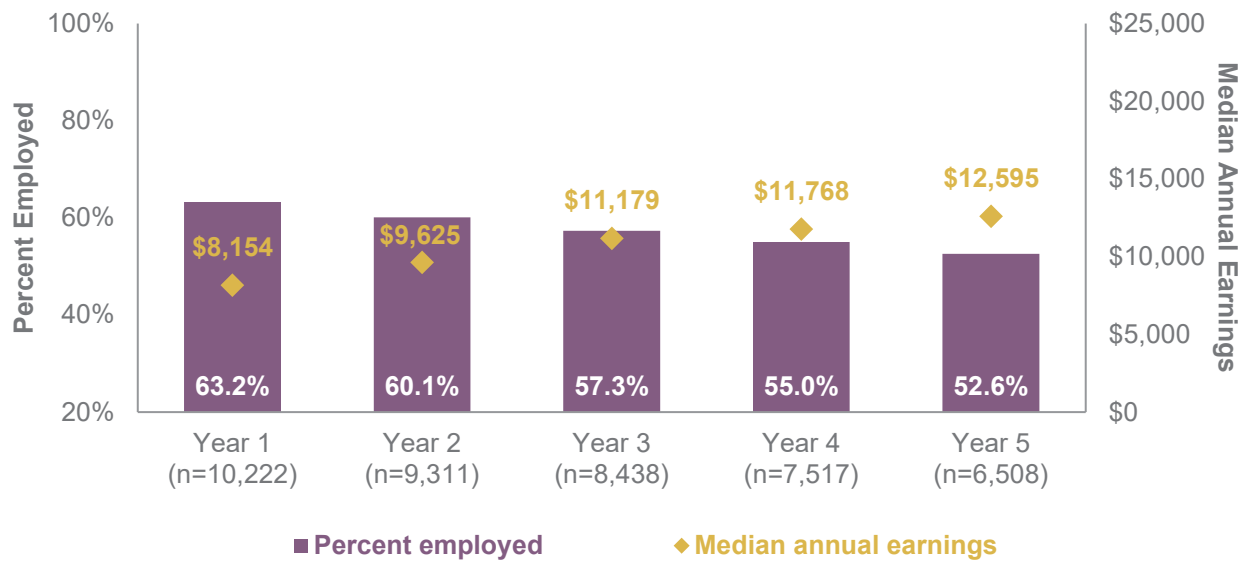


Second, this decline in employment participation is partially related to the limitations of the data—we are missing information on adults who are employed outside of Maryland or self-employed as well as those who are deceased or moved out of the state.

Contrary to employment participation over time, median earnings increased each year after exit for those who were employed. In the first year after exit, employed adults earned a median of just over \$8,100, and this amount increased by 55% over the next five years. Much of that increase occurred during the first three years after exit. Adults

employed in the second year after exit earned a median of \$9,600, an 18% increase from those employed in the prior year, followed by a 16% increase to just under \$11,200. After the third year, the rise in earnings continued but at a slower pace, growing to \$12,600 by the fifth year, a 13% increase over the last two years.

**Figure 7. Annual Employment and Median Annual Earnings after Exit**  
Among adult recipients



**Note:** Each year of employment data excludes adult recipients who do not have the corresponding amount of follow-up data. Refer to the methods chapter for other sample exclusions. Valid percentages are reported. Earnings are shown only for adult recipients employed in the respective year.

## Full-Year Employment after Exit

A meaningful outcome for a family's independence from TCA benefits is employment stability. Individuals with stable employment may be more likely to have the advantages of higher earnings, increased hours of work, wage growth through raises or promotions, and paid leave (Hamilton & Scrivener, 2012; Hill, 2013). Furthermore, poverty is less common among individuals with stable employment; in 2015, only 2% of adults working full-time for an entire year were below the poverty threshold, compared to 15% among those working less (Semega et al., 2017). One way to gauge employment stability is to determine the percentage of adults who were working a full year during any of the five years after exit (Figure 8).

The percentage of adults who worked a full year is substantially smaller than those who were working at any point during the year. For instance, in the first year after exit, 63% of adults were working, but only 29% worked for the entire year. The percentage of adults working the full year over the five years after exit remains constant each year—between 29% and 31%. This steady trend differs from the previous analysis in which employment participation declined each year after exit.

Earnings for adults who worked the full year are considerably higher. Adults working the entire year during the first year after exit earned just under \$17,000. This is more than double the median earnings for all employed adults in that year (\$8,154). Median earnings for adults employed for a full year increased by 31% over the five years after exit, totaling just over \$22,000. Although \$22,000 is not a particularly high wage, it is nearly \$10,000 more than the

median earnings for all employed adults in the fifth year after exit.

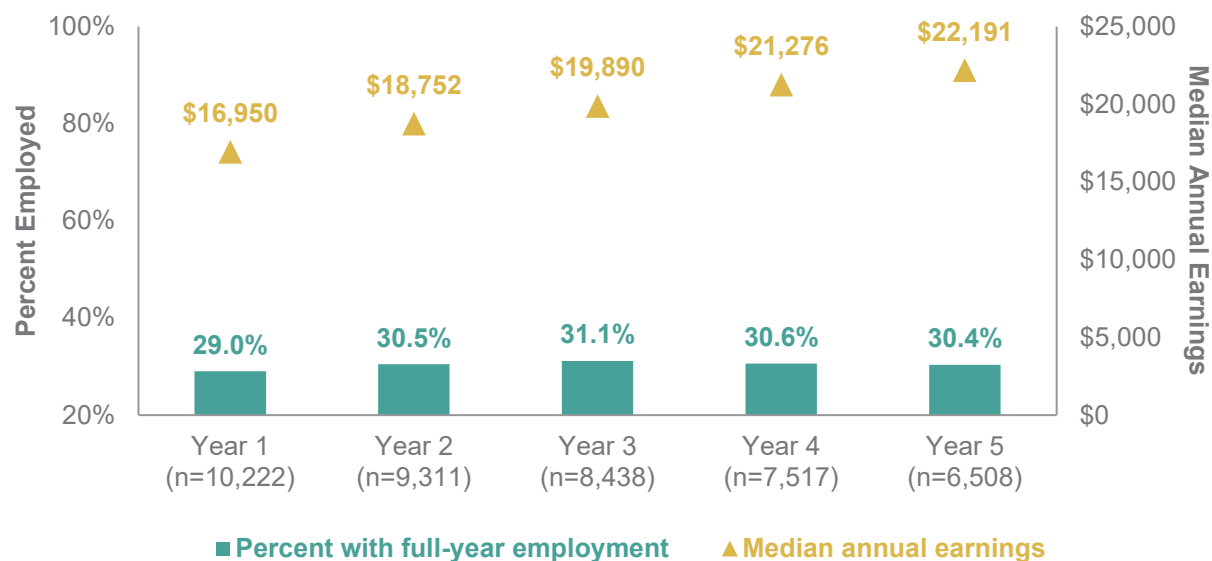
Clearly, the three in 10 adults who are able to work a full year have the benefit of substantially higher earnings than those who work one to three quarters of a year. These adults were working in each of the four quarters of a given year, but they may not have been employed in the same job over the entire year. Maintaining regular employment, even in different jobs, may actually be more beneficial for wage growth because individuals may be able to obtain new jobs at higher wages as they build work experience (Hamilton & Scrivener, 2012). Nonetheless, these earnings still may not be adequate to raise a family given the costs of housing, child care, transportation, and food, among other household costs.

### Full-Year Employment

In any given year, adults can work one to four quarters. Employment in all four quarters—full-year employment—provides an estimate of employment stability. There are limitations to the data, however; it excludes information about the number of hours, weeks, or months that an individual worked during a quarter.

Estimates of full-year employment, then, can include individuals employed for 12 consecutive months or for a single month in each of the four quarters. Therefore, the full-year employment analysis is a proxy for adults working an entire year and maintaining employment stability.

**Figure 8. Full-year Employment and Median Annual Earnings after Exit**  
*Adult recipients working 4 quarters in a year*



**Note:** Each year of employment data excludes adult recipients who do not have the corresponding amount of follow-up data. Refer to the methods chapter for other sample exclusions. Valid percentages are reported. Earnings are shown only for adult recipients employed in the respective year.

### Poverty Status

The Maryland Department of Human Services aims to assist families who are recipients of TCA benefits to become independent through work (Maryland Department of Human Services, n.d.). One way to gauge independence is the percentage of families whose earnings actually raise them out of poverty. While there are other income sources that could factor into a family’s poverty status—Supplemental Security Income or child support payments, for example—Figure 9 focuses on the earnings of adult recipients. Additionally, we examine household earnings, so that a family’s poverty status is determined using the earnings of all adult TCA recipients in the household. That is, we use the combined incomes of both adults in families with two adult recipients.

Poverty status is assessed through three different measures. The first is the percentage of families who are in deep poverty, which is defined as income below half of the federal poverty threshold. For a family of three, deep poverty would be an annual household income of \$10,210 or less.<sup>9</sup> The second measure is the percentage of families whose income above deep poverty but is still below the poverty threshold; for a family of three, the annual household income would be between \$10,211 and \$20,420. The last measure is the percentage of families whose income is above the poverty threshold, which is income above \$20,420 for a family of three.

The percentage of families whose earnings lifted them out of poverty does increase over time, but the vast majority of families are still living in poverty. In the year before families began receiving TCA benefits, only

<sup>9</sup> Income thresholds by family size can be found in the Appendix.

8% of families had earnings above the poverty threshold; it is likely that job loss or some other crisis brought these families into the TCA program. In the year after exit, 14% of families were above the poverty threshold, an increase of six percentage points. In the second year after exit, there was another bump in the percentage of families who were not poor (17.0%). After year three, the pace of families with earnings above the poverty threshold slowed, and by the fifth year, one in every five (19.5%) families had earnings above the poverty threshold.

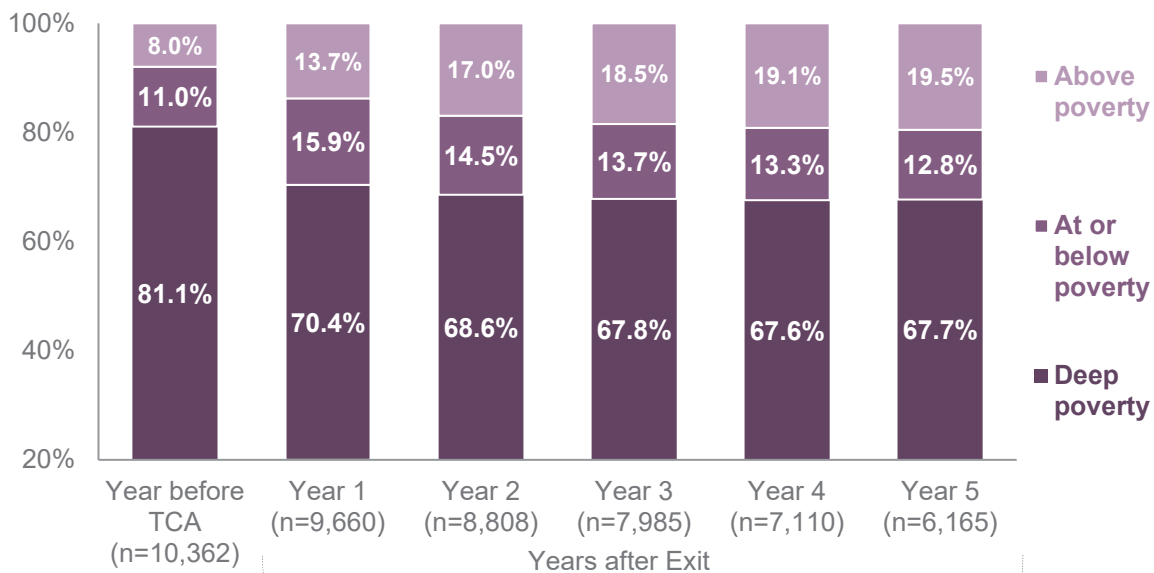
Deep poverty, however, is common among families who leave the TCA program. In the year before families began receiving TCA benefits, eight in every 10 (81.1%) families were in deep poverty. This percentage declined substantially in the first year after exit, but seven in 10 (70.4%) families were still living in deep poverty. After that, the

percentage of families whose earnings were the equivalent of deep poverty remained stable—at about 68%—between the second and fifth years after exit.

While adults seem to have limited capacity to rise above poverty solely through their earnings, other program benefits mitigate the effects of poverty. Receipt of Supplemental Nutrition Assistance Program (SNAP) benefits, Supplemental Security Income (SSI), the Earned Income Tax Credit (EITC), the Child Tax Credit, and housing assistance can lift families out of poverty (Sherman & Trisi, 2015). In fact, receipt of these benefits reduced the national poverty rate from 29% to 14% in 2012 (Sherman & Trisi, 2015). Therefore, families who left the TCA program, but still receive other benefits may be better positioned to remain independent from the TCA program.

**Figure 9. Poverty Status**

*Based on household annual earnings*



**Note:** Data includes the earnings of all adult recipients, but earnings of adults in the same household are combined. Poverty status is based on the 2017 poverty thresholds (<https://aspe.hhs.gov/poverty-guidelines>) by TCA household size. Each year of employment data excludes households that do not have the corresponding amount of follow-up data. Refer to the methods chapter for other sample exclusions. Valid percentages are reported.

## The TCA & WIOA Partnership

In October 2015, Governor Hogan designated Maryland’s The Workforce Innovation and Opportunity Act (WIOA) program as a Combined State Workforce Plan (Maryland Office of the Governor, 2015). The combined plan requires the six core WIOA programs to coordinate with additional agencies, including the Maryland Department of Human Services. This coordination may benefit TCA recipients, TCA-connected or foster care youth, and noncustodial parents, as they receive priority of service in workforce programs.

WIOA programs are required to meet federal performance measures, which include employment in the second and fourth quarters after exit, median earnings in the second quarter after exit, credential attainment rates, and measurable skills gains. States negotiate targets for these measures with their federal partners, and targets vary by each program and by local workforce areas. States serving more disadvantaged populations are able to move their targets downward. While the work participation rate (WPR) remains the federal performance goal for the TCA program, core WIOA programs may benefit from some knowledge of how TCA recipients fare on these federal performance measures (Cielinski, 2017). To that end, we examine TCA

outcomes and performance targets for two WIOA programs—Title I Adult and Title III Wagner-Peyser.

American Job Centers (AJCs) are authorized under Title I of WIOA to provide a workforce system designed to deliver employment and training services that are responsive to the needs of local area employers (Bradley, 2015). Title III Wagner-Peyser Act authorizes Employment Service (ES), and under WIOA, ES services must be co-located in AJCs (Bradley, 2015). ES services are designed to assist in matching individuals seeking work with the appropriate employer.

The performance targets for these two programs vary and are lower for the Title III Wagner-Peyser program, as shown in Table 5 (DLLR, DORS, & DHR, 2018). Based on outcomes of adult TCA recipients who left the TCA program between January 2004 and March 2016, employment participation is six percentage points below the Wagner-Peyser targets (46% vs. 55%), and earnings are nearly \$1,800 below the Wagner-Peyser target (\$3,227 vs. \$5,000). Nonetheless, these targets may be met by adult TCA recipients who choose to co-enroll in a WIOA program in order to receive enhanced workforce services.

**Table 5. Performance Targets for Selected WIOA Programs and TCA Recipient Outcomes**

	WIOA Title I Adult Program	WIOA Title III Wagner-Peyser	TCA
	Performance Targets	Performance Targets	Adult Recipient Outcomes
Employment 2 <sup>nd</sup> Quarter after Exit	72%	55%	46%
Employment 4 <sup>th</sup> Quarter after Exit	70%	55%	46%
Median Earnings 2 <sup>nd</sup> Quarter after Exit	\$6,500	\$5,000	\$3,227

## CHILD SUPPORT

Child support payments, when combined with other income, can lift some families out of poverty. Over time, the public child support program has transferred more money into the hands of custodial families to care for children. In 1997, child support made up 29% of a poor custodial family's income; by 2013, the percentage of child support payments increased considerably, making up 41% of income (Sorensen, 2016). This income source, alone, raises more than one million people out of poverty, and importantly, reduces the child poverty rate (Renwick & Fox, 2016; Sorensen, 2010).

Most families who receive Temporary Cash Assistance (TCA) benefits must cooperate with the Maryland Child Support Administration (CSA) to establish paternity for all children receiving TCA benefits and to establish current support orders. This cooperation is required in order to recoup the cost of providing TCA benefits. Custodial families must assign their rights to child support payments to the state,<sup>10</sup> so any payments made on behalf of families while they are receiving TCA are retained by the state. Once families leave the TCA program, then custodial families receive all current support payments, potentially lifting them out of poverty and reducing their chances of returning to cash assistance (Hall & Passarella, 2015).

Given the importance of child support as an income source, this chapter takes a closer look at child support outcomes. In particular, we examine the percentage of families who have child support orders in place after leaving the TCA program as well as the

percentage that receive payments and the amount of those payments.

Although there is a requirement for TCA recipients to cooperate with the public child support program to establish support orders, it is not appropriate for all families. For instance, child support is not applicable to families in which both parents are TCA recipients nor is it suitable for families experiencing domestic violence. Many families, however, are mandated to participate in the establishment process for child support orders. Failure to cooperate can result in a full-family sanction, in which all of families' TCA benefits are removed until they comply.<sup>11</sup>

### Child Support & TCA

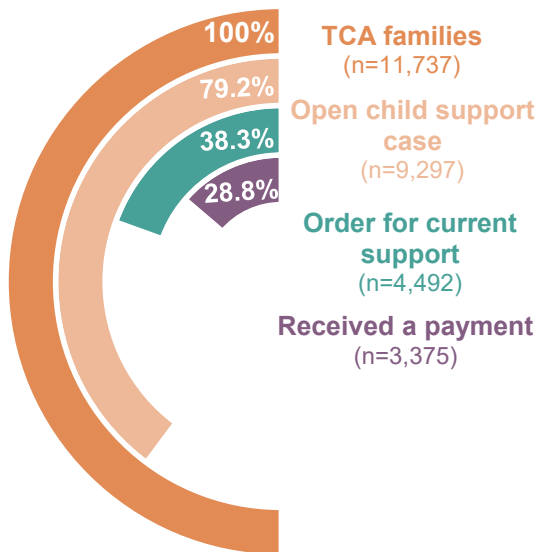
The Child Support Enforcement program was established in 1975 through Title IV-D of the Social Security Act. Although its primary purpose was to reduce public expenditures on welfare, its mission has expanded to include more family-centered initiatives by partnering with organizations that focus on family violence, healthcare, family relationships, economic stability, and fatherhood engagement.

In previous research, we found that the receipt of child support decreases the likelihood that a family will return to TCA (Hall & Passarella, 2015). Additionally, families are less likely to return to welfare when they receive child support on a regular basis.

<sup>10</sup> Effective July 2019, custodial families will be able to receive a portion of child support payments made while they are receiving TCA benefits (H.B. 1469, 2017).

<sup>11</sup> Three percent of all cases in the sample closed due to a child support sanction (Figure 4).

**Figure 10. Child Support Case Status**  
*One year after exit*

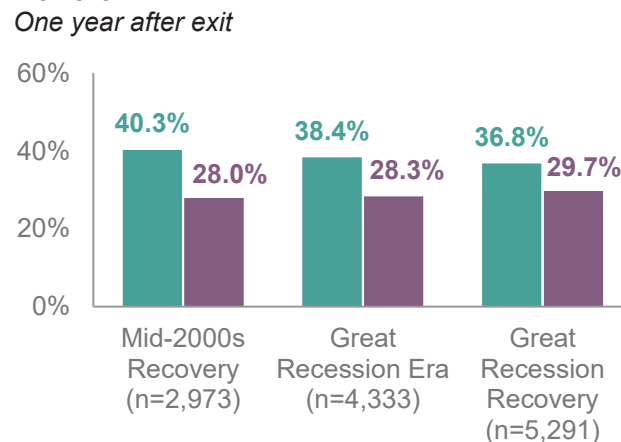


**Note:** Excludes TCA families who exited after March 2016 and do not have a year of follow-up data (n=860). Valid percentages are shown.

Even with required cooperation, a minority of custodial families received a child support payment after leaving the TCA program between January 2004 and March 2017. In the first year after exit, eight in 10 (79.2%) families had an open child support case (Figure 10). This means that the family may be in the process of establishing paternity or a support order, but there was no final support order. About two in five (38.3%) families had an order for support, and only three in 10 (28.8%) received a payment. These last two findings have remained stable; in each of the five years after exit, between 35% and 38% of all families had an order for current support and only 28% received a payment.

Findings were also fairly similar for each of the three cohorts, but there were some small trends worth pointing out in Figure 11. The percentage of families with a support order in the year after exit declined slightly over time. Two in five (40.3%) families exiting during the Mid-2000s Recovery had a current support order. There were small declines in each of the subsequent cohorts, so that 37% of families in the Great Recession Recovery cohort had a support order in place. The change in the percentage of families receiving a payment was not statistically significant, but in a positive direction. During the first year after exit, 28% of families in the Mid-2000s Recovery cohort received a payment; by the Great Recession Recovery cohort, this increased to 30% of families.

**Figure 11. Percent with Current Support Due and Percent with a Payment by Cohort**  
*One year after exit*



■ Current support due\* ■ Received a payment

**Note:** Excludes cases that exited after March 2016 and do not have a year of follow-up data (n=860). Valid percentages are shown. \*p<.05, \*\*p<.01, \*\*\*p<.001.



The previous two analyses have assessed the degree to which all families who left the TCA program received child support. Unfortunately, the percentage is low. However, there is another perspective with which to examine child support payments. Since child support can only be received if there is a current support order in place, the next analysis in Figure 12 examines child support payments only among families who had an order for current child support.

Most families who were due child support received a payment in the year after exit. Among cases with support due in the year after exit, 71% received a payment, and this remained stable for each of the five years after exit as well. There was an upward trend, however, in each of the three cohorts. Two thirds (66.6%) of those in the Mid-2000s recovery cohort received a child support payment, and this percentage grew in each of the subsequent cohorts. Nearly three fourths (74.4%) of the families in the Great Recession Recovery cohort received a payment.

The amount of child support that custodial families received in that first year after leaving the TCA program provided a substantial boost in income. Families received a median of just under \$1,800 in that first year after exit; these payments added an additional 20% to families' median earnings in that year (\$8,154). Additionally, by the fifth year after exit, the median amount of child support payments grew by nearly 30% to \$2,300.

The amounts received in each cohort during that first year after exit varied. Those who left during the Great Recession Era received just under \$2,000 in child support payments, an increase of 22% from the

families who left during the Mid-2000s Recovery (\$1,563). This growth, however, was not sustained in the recovery from the Great Recession; these families received a median of \$1,800.

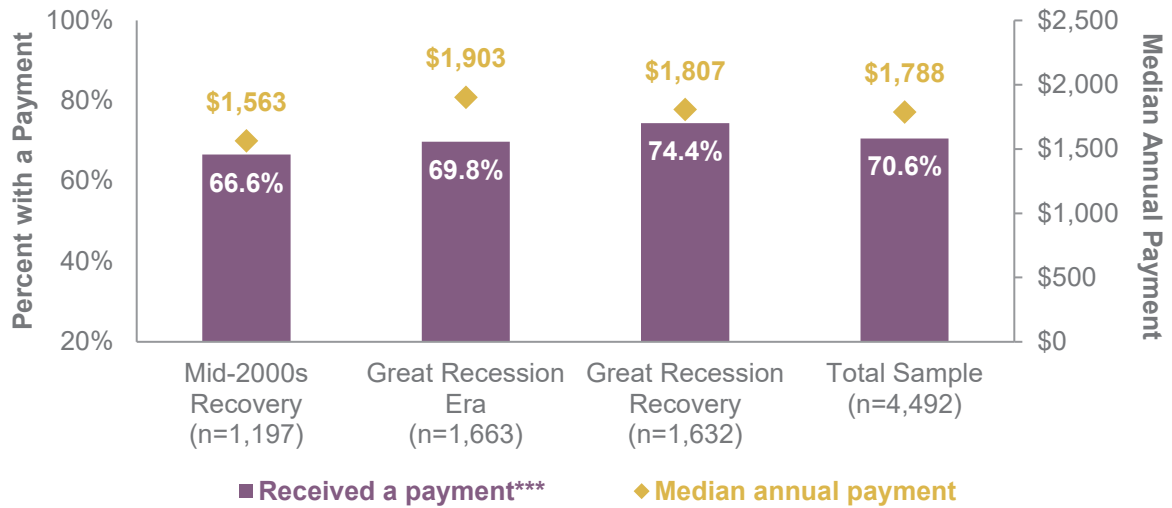
**Child support payments boosted families' incomes by 20% in the first year after exit, making this income extremely valuable.**

Child support can be a major source of financial independence, and the child support agency is effective at obtaining support for

those who have an order. Unfortunately, there is a large percentage of families who do not have an order in place when they leave the TCA program or during the first year after their exits from the program. These families could also benefit greatly from child support income, especially considering the low earnings of adults and the high levels of poverty.

These payments, however, only represent what families received through the formal child support system. Some families receive informal payments or in-kind support. For example, Nepomnyaschy and Garfinkel (2010) found that fathers provided about \$60 per month directly to the mothers of their children, and about one third provided in-kind support, such as diapers, formula or other food, and clothes. Also, a recent study revealed that the most disadvantaged fathers—those without a job or very low earnings—were more likely to provide in-kind support compared to formal or informal cash payments (Kane, Nelson, & Edin, 2015). Even though families did not receive support through the formal child support system, this does not necessarily mean that they went without any support.

**Figure 12. Percent with a Payment and Median Annual Payment by Cohort**  
*Cases with current support due one year after exit*



**Note:** Includes cases that have one year of available follow-up data and current support was due in that year (n=4,492); cases exiting after March 2016 are excluded (n=860). Valid percentages are shown. Median annual payments are shown for cases that received a child support payment. Payments are standardized to 2017 dollars. \*p<.05, \*\*p<.01, \*\*\*p<.001.

## SUBSEQUENT PROGRAM PARTICIPATION

Although adult recipients try to work after leaving the TCA program, their low earnings are often not enough to overcome poverty. Therefore, some families may come back to the TCA program for additional benefit receipt, or they may continue to require other safety net benefits like the Food Supplement Program (FSP),<sup>12</sup> Medicaid or Maryland Children's Health Program, the Child Care Subsidy Program, energy assistance, or housing assistance. Additionally, given the potential barriers adults may continue to face after leaving the TCA program, it may not be surprising that many continue to receive safety net benefits. This last chapter examines the extent to which families receive additional TCA or FSP benefits after their exits from the TCA program as well as explore how many families did not receive any of these benefits and they did not have any employment earnings.

In the early years of welfare reform, studies across the country assessed the percentage of TANF families that returned within one year of their exits. Nationally, 22% of families came back to the TANF program for additional months of receipt with nearly 40% returning in some parts of the country (Loprest, 2002). In Maryland, just over 30% returned to the TCA program in those early years (Born, Ovwigho, & Cordero, 2002).

Returns to Maryland's TCA program have not changed over time. Figure 13 provides

the percentage of families returning for additional benefits after their exits and also indicates how long after their exits they first returned to the program. In the first three months after exit, 14% of families returned, followed by 9% at both six months and one year. Cumulatively, 32% of families received additional months of TCA benefits within in one year after they exited the program. This was also consistent for each of the three cohorts—nearly one in three families returned to the program within one year regardless of the economic situation in which families left (Figure 14).

Even after one year without any TCA receipt, however, some families still faced some life-changing events that necessitated additional receipt. Another 9% of families returned during the second year after their exits. After that second year, the pace of returns slowed, so that 10% of families returned between three and five years after exit. Taken all together, then, half (50.1%) of all families returned to the TCA program within five years of their exits.

In order to ease the transition from welfare to work, families may receive additional benefits after exiting from the TCA program. In Maryland, transitional benefits include five months of FSP benefits at the level families were receiving at exit, as long as the family meets certain criteria<sup>13</sup> (Maryland Department of Human Resources, 2002). While it is quite common for families to

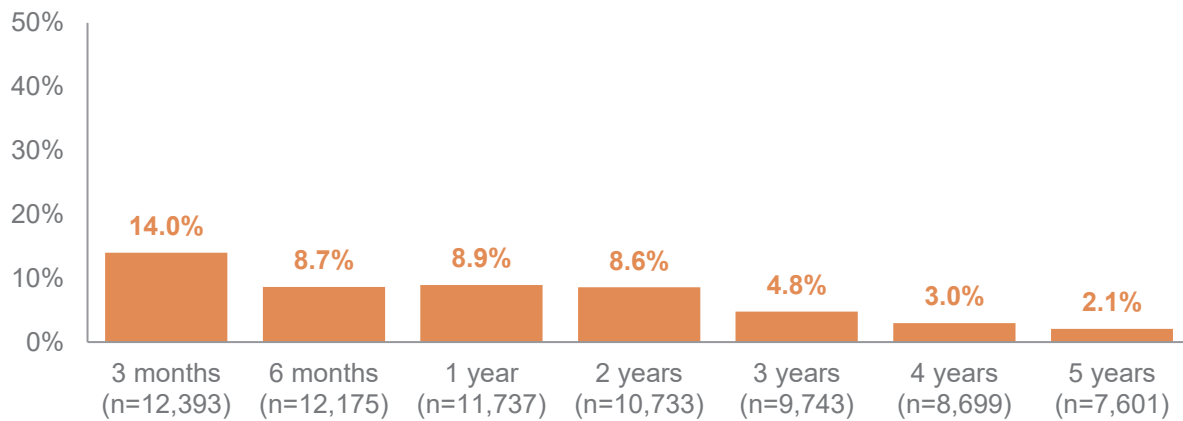
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<sup>12</sup> Maryland's name for the federal Supplemental Nutrition Assistance Program (SNAP).

<sup>13</sup> In order to receive transitional FS benefits, families' cases cannot close due to work or child support

sanctions or due to relocation to another state; families must also meet other eligibility criteria for FS benefits.

**Figure 13. Percent Returning to Welfare after Exit**



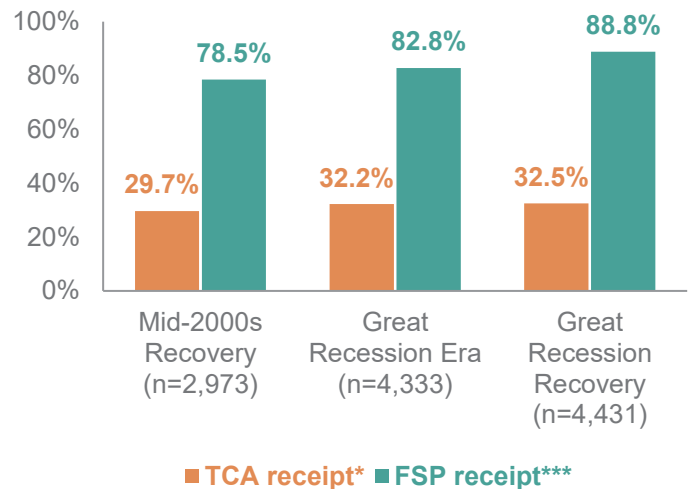
**Note:** Analysis indicates when a case initially returned to welfare after exit; it does not necessarily indicate the only time a case returned to welfare. Counts represent the number of cases with the corresponding amount of follow-up data. Valid percentages are shown.

have FSP benefits during the first year after exit, Figure 14 shows an upward trend across each of the cohorts. Nearly eight in 10 (78.5%) families received FSP benefits in the first year after exit during the Mid-2000s Recovery. By the Great Recession Recovery cohort, nearly nine in every 10 (88.8%) families received FSP benefits in the year after their exits.

There are a few reasons that explain the increase in FSP benefit receipt over each of the three cohorts. First, the Great Recession exacerbated food insecurity among families who were already poor and initiated food insecurity for the newly poor. According to the Center for Budget and Policy Priorities, not only did the number of people who became eligible for SNAP benefits increase throughout the recession, the take-up rate among eligible individuals also grew (Rosenbaum & Keith-Jennings, 2017). Second, Maryland enhanced its efforts to enroll eligible households in FSP benefits, resulting in larger caseloads (Maryland Department of Human Resources, 2014).

**Figure 14. Subsequent Program Receipt by Cohort**

*One year after exit*



**Note:** Excludes cases that exited after March 2016 and do not have a year of follow-up data (n=860). Valid percentages are shown. \*p<.05, \*\*p<.01, \*\*\*p<.001.

After the transitional benefit period, participation in FSP benefits decreased. Families must reapply for FSP benefits once the transitional period ends and meet eligibility requirements in order to continue receiving benefits. Unsurprisingly, FSP participation declined by 10 percentage points between the first and second years after leaving the TCA program. In that second year, three in four (74.5%) families received FSP benefits. While FSP participation continued to fall, the pace was slow after the second year, declining two to three percentage points in each subsequent year. Even with this drop, a sizable group—two in every three (67.1%) families—were receiving FSP benefits in the fifth year after exit.

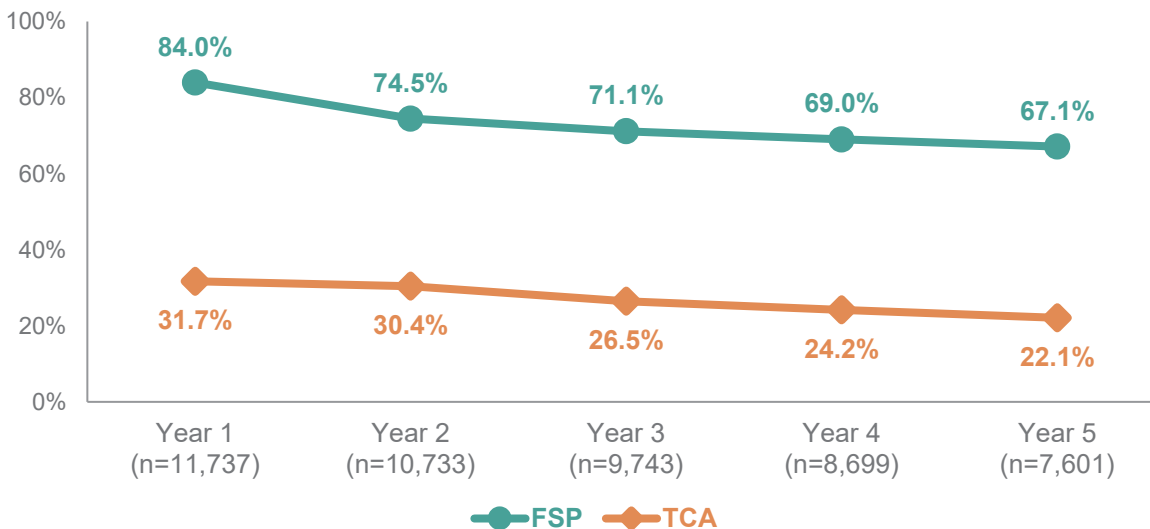
Participation in the TCA program, on the other hand, remained low after exit. In the first year after exit, about

one in three (31.7%) families received TCA benefits, and that is the highest percentage of receipt in any of the five years after exit. The decline was small in the second year (30.4%), but by the fifth year, just over one in five families (22.1%) received TCA benefits.

Furthermore, the number of months families received TCA benefits were low compared to the number of months families received FSP. Families who returned to the TCA program within five years after exit received an average of 19 months of TCA benefits over the 60 months after their exits. FSP receipt was much higher. Families received 41 months of FSP benefits during those five years after exit.

**Months of Subsequent Program Receipt**  
 During the five years after exit, families received an average of 19 additional months of TCA benefits and average of 41 months of FSP benefits.  
 - Among families with five years of follow-up data.

**Figure 15. Subsequent Program Participation after Exit**



**Note:** Prior *Life after Welfare* reports also included participation in medical assistance programs—Medicaid or Maryland Children’s Health Program—but participation data is now collected in the Maryland Health Exchange, and we are unable to provide levels of participation. Counts represent the number of cases with the corresponding amount of follow-up data. Valid percentages are shown.

These low rates of subsequent participation in the TCA program suggest that many families have been able to achieve independence from the cash assistance program. This is undoubtedly true for some families who were able to package their income from employment and child support with other safety net benefits. However, some families find themselves without any cash assistance benefits *and* no earnings from employment. These families are often referred to as disconnected.

Disconnected families face many burdens. They are more likely than other families who left the cash assistance program to have health problems, to suffer from food insecurity, and are more likely to live below the poverty line (Loprest, 2003; Loprest, & Zedlewski, 2006; Blank & Kovak, 2009). Some families may find themselves without earnings because they are unable to balance the costs of employment—mainly child care and transportation (Sandstrom, Huerta, Loprest & Seefeldt, 2014). Families who are eligible for TCA benefits after leaving the program may choose not to receive benefits due to the program’s burdensome requirements, or they may misunderstand the program’s rules related to the receipt of other benefits, such as Supplemental Security Income (Sandstrom et al., 2014).

#### Measures of Disconnection

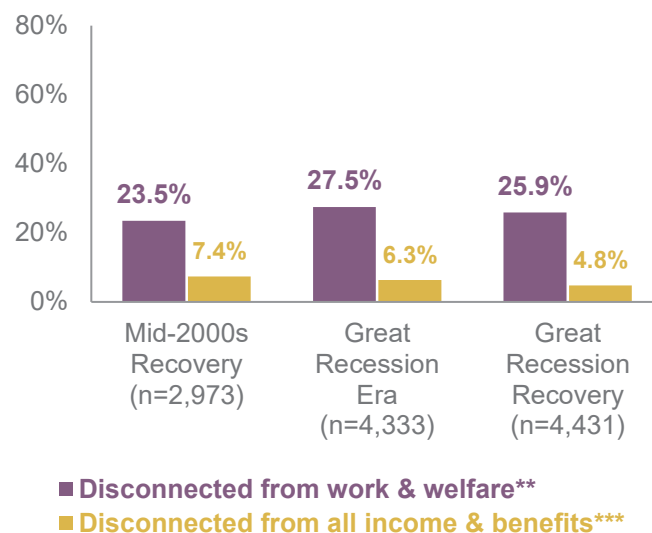
Work & Welfare	Income & Benefits
<ul style="list-style-type: none"> <li>• Earnings</li> <li>• TCA benefits</li> </ul>	<ul style="list-style-type: none"> <li>• Earnings</li> <li>• TCA benefits</li> <li>• FSP benefits</li> <li>• Child support payments</li> </ul>

Levels of disconnection—no earnings and no cash assistance—have varied slightly over the three cohorts. About one quarter (23.5%) of families exiting during the Mid-2000s Recovery were disconnected from work and welfare during the first year after exit (Figure 16). Disconnection increased

slightly during the Great Recession Era, in which 28% of families did not have any earnings and did not receive TCA benefits. This percentage declined slightly among families leaving after the Great Recession; 26% were disconnected from work and welfare.

**Figure 16. Disconnection after Exit by Cohort**

*One year after exit*



**Note:** Excludes cases that exited after March 2016 and do not have a year of follow-up data (n=860) and cases without a unique identifier (n=140). Valid percentages are shown. \*p<.05, \*\*p<.01, \*\*\*p<.001.

Although about one quarter of families were disconnected from work or welfare during the first year after exit, some families may have had other sources of income or received other safety net benefits. These other sources would reduce the level of disconnection that families experience. Therefore, Figure 16 also shows the percentage of families who did not have income from employment or child support and did not receive TCA or FSP benefits. Now we find that few families were totally disconnected from these income sources and benefits. Because this does not include all safety net benefits, disconnection may be even lower. Also, disconnection from these four sources decreased with each cohort.

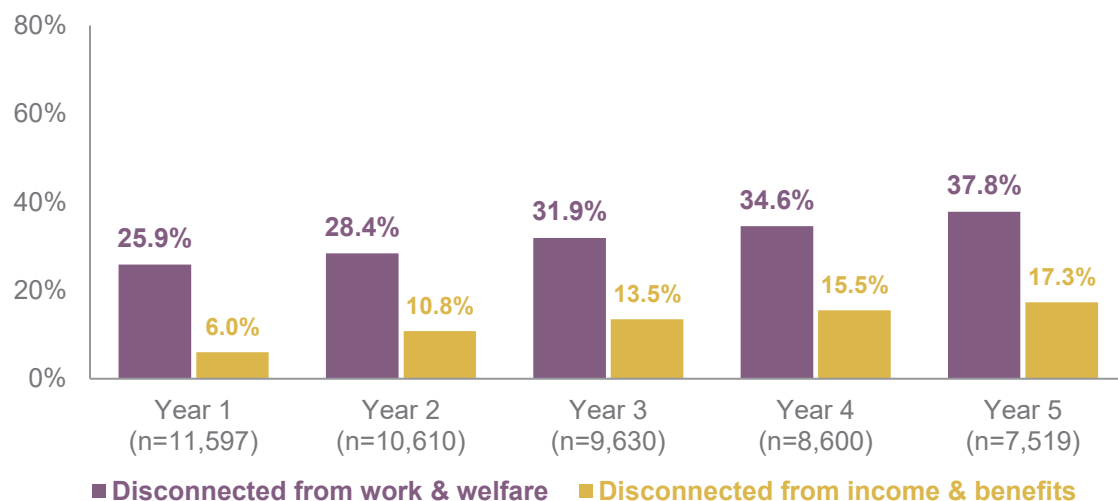
Only 7% of families in the Mid-2000s Recovery cohort were disconnected from income and benefits, and 5% were disconnected in the Great Recession Recovery cohort.

Unfortunately, both measures of disconnection increase in each year after exit. Disconnection from work and welfare increased steadily after families exit from the TCA program, from 26% in the first year to 38% in the fifth year. Similarly, disconnection from earnings, child support, TCA benefits, and FSP benefits increased from 6% in the first year after exit to 17% in the fifth year.

In both measures of disconnection, we may be capturing families who we would not

expect to be connected to any of these income or benefit sources. For example, we would not expect a retired grandmother to continue receiving TCA or to obtain a job after the grandchild she was caring for reached the age of majority. Additionally, we would not expect families who moved outside of Maryland to continue receiving TCA benefits or to be employed in the state. Furthermore, there are other sources of income that we may not capture—disability payments, out-of-state employment, under the table earnings, or earnings of another household member. Thus, we may overestimate the percentage of families disconnected from work and welfare and also from work, welfare, child support, and FSP benefits.

**Figure 17. Disconnection after Exit**



**Note:** Counts represent the number of cases with the corresponding amount of follow-up data; counts also exclude cases in which there is no unique identifier (n=140). Valid percentages are shown.

## CONCLUSIONS

The goal of Maryland's Temporary Cash Assistance (TCA) program is to help families become independent through work. Achieving this goal is dependent on adults obtaining jobs, staying employed, and earning family-supporting wages. The economy, however, affects adults' abilities to meet these milestones, and the recovery from the Great Recession has been slow for individuals at the bottom of the income scale. In fact, earnings for these individuals have not yet rebounded to their pre-recession levels (Semega et al., 2017).

Certainly, families' financial situations are better once they leave the TCA program than when they came onto the program. The percentage of employed adult recipients is higher after exit than before the receipt of TCA benefits began, and earnings also increase. Despite this trend, the recession continues to negatively impact employment participation; adults who exited during the recovery from the Great Recession were less likely to be employed after exit than those exiting during the recovery from the 2001 recession (63% vs. 69%). Based on U.S. Bureau of Labor Statistics projections, employment growth is unlikely to rebound to the level of the mid-2000s (Lacey et al., 2017). Earnings have not been similarly impacted by the recession. Among adults in the two recovery cohorts who were employed in the year after exit, earnings were comparable at about \$8,300.

Even though families were better off after receiving TCA, they are not necessarily self-sufficient. Based on earnings, nearly nine in 10 families were still living below the poverty threshold during that first year after exit. The majority of families continued to receive Food Supplement Program benefits even

five years after exit, and half of all families returned to the TCA program within five years. Less than one third of families received any income from child support payments, but those who did receive it had a substantial increase in their incomes.

Employment opportunities are key to building up families' financial circumstances. Adults who work in higher paying industries tend to retain employment, earn more, and are less likely to return to TCA (Nicoli, Passarella, & Born, 2014). Stakeholders in Maryland understand the importance of employment opportunities, and they have initiated an enhanced partnership between the Department of Human Services (DHS) and the Department of Labor, Licensing and Regulation (DLLR). This statewide partnership is facilitated through the Workforce Innovation Opportunity Act (WIOA), and TCA recipients receive priority of service in WIOA programs, such as apprenticeships or occupational training in high-growth areas (DHR, DLLR, & DORS, 2016).

Furthermore, Governor Hogan has established the *Two Generation Family Economic Security Commission and Pilot Program* to investigate policies and opportunities to improve the academic achievement of children and increase the earning potential of parents (Executive Order No. 01.01.2017.03, 2017). The Maryland Department of Human Services plays a vital role in the commission since it serves families who are at risk for inter-generational poverty. Supporting these families through this initiative and with WIOA services may prove fundamental to for these families to rise above the cycle of poverty.



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## APPENDIX

### Poverty Thresholds by Family Size

Family Size	Deep Poverty <i>50% of Poverty</i>	At or Below Poverty	Above Poverty
1	\$6,030 or less	\$6,031 to \$12,060	\$12,061 or more
2	\$8,120 or less	\$8,121 to \$16,240	\$16,241 or more
3	\$10,210 or less	\$10,211 to \$20,420	\$20,421 or more
4	\$12,300 or less	\$12,301 to \$24,600	\$24,601 or more
5	\$14,390 or less	\$14,391 to \$28,780	\$28,781 or more
6	\$16,480 or less	\$16,481 to \$32,960	\$32,961 or more
7	\$18,570 or less	\$18,570 to \$37,140	\$37,141 or more
8	\$20,660 or less	\$20,661 to \$41,320	\$41,321 or more
9	\$22,750 or less	\$22,751 to \$45,500	\$45,501 or more
10	\$24,840 or less	\$24,841 to \$49,680	\$49,681 or more
11	\$26,930 or less	\$26,931 to \$53,860	\$53,861 or more

Source: ASPE (2017).





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