



UNIVERSITY of MARYLAND  
SCHOOL OF SOCIAL WORK

JUNE 2015

# WELFARE RECIDIVISM IN MARYLAND THE IMPORTANCE OF CHILD SUPPORT



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## ACKNOWLEDGEMENTS

The authors would like to thank Somlak Suvanasorn, Mike Funk, and Jamie Haskel for their assistance in the collection and processing of data for this report, as well as Lisa Nicoli for her insightful comments and assistance with editing. The authors would also like to thank Kathy Patterson for the cover design of this report.

This report was prepared by the Family Welfare Research and Training Group, School of Social Work, University of Maryland, 525 West Redwood Street, Baltimore, Maryland 21201 with support from its long time research partner, the Maryland Department of Human Resources.

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## TABLE OF CONTENTS

Executive Summary .....	i
Background.....	1
Cooperation Requirement.....	1
Sanctions .....	1
Pass-Through and Disregard Policies .....	1
Child Support and Self-Sufficiency .....	2
Child Support and Welfare Recidivism.....	3
Methods .....	4
Sample .....	4
Data Sources.....	5
CARES .....	5
MABS .....	5
CSES.....	6
Data Analysis .....	6
Findings: Demographics and Case Characteristics .....	7
Demographics and Case Characteristics .....	7
Employment and Earnings.....	9
Findings: Receipt of Child Support and Returns to Welfare.....	10
Receipt of Child Support.....	10
Amount of Child Support Received .....	11
Payment Consistency.....	12
Tying it All Together: Earnings, Child Support, and Recidivism .....	14
Conclusions .....	16
References .....	17

## LIST OF FIGURES

Figure 1. Percent of Women who Returned to Welfare .....	7
Figure 2. Percent Employed and Earnings in the Three Years after Exit .....	9
Figure 3. Percent of Women who Received a Child Support Payment .....	10
Figure 4. Recidivism Rate by Receipt of Child Support .....	11
Figure 5. Total Support Received and Recidivism.....	12
Figure 6. Child Support Payment Consistency .....	13
Figure 7. Recidivism Rate by Child Support Payment Consistency .....	13
Figure 8. Recidivism Rate by Earnings and Receipt of Child Support .....	15

## LIST OF TABLES

Table 1. Demographic and Case Characteristics .....	8
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## EXECUTIVE SUMMARY

The Temporary Assistance for Needy Families (TANF) block grant program encourages families to become self-sufficient through a “work-first” approach, with mandated participation in employment-related activities and lifetime time limits on assistance. For the last nineteen years, TANF has provided cash assistance to financially needy families and has aided many in their successful transition to self-sufficiency.

Employment, however, is not the only source of income for families. One other widely recognized source of income for families, especially low-income single-parent families, is child support. The Child Support Enforcement (CSE) program and welfare program in the United States have historically functioned in cooperation with one another. In Maryland and many other states, the full amount of the child support collected while the family receives cash benefits is retained to offset the costs incurred to provide benefits to the family (Huber, Kassabian, & Cohen, 2014). These retained funds are used to reimburse state and federal governments. After families leave welfare, however, they begin to receive the child support that is collected every month on their behalf.

Although the TANF program helps recipients achieve self-sufficiency through acquiring gainful employment and requiring cooperation with the child support program, some families are unable to maintain self-sufficiency and return to welfare after their exit. This group of recipients is of particular interest to policymakers and program managers who are concerned with program efficiency and cost-reduction methods. Although many families do not return to welfare after exit, those who do are most susceptible to returning within the first three years after exit (Bruce, Barbour, & Thacker, 2004; Born, Owwhigo, & Cordero, 2002; Gurmu & Smith, 2006; Hall, Nicoli, & Passarella, 2014).

Most research that examines welfare recidivism primarily explains returns to welfare by demonstrating relationships between recidivism and several demographic characteristics or employment experiences of former recipients. Very little research, though, has examined the effect of child support receipt on returns to welfare. The research that has been completed, however, suggests that the receipt of child support significantly reduces the likelihood of returning to welfare (Meyer, 1993; Huang, Kunz, & Garfinkel, 2002; Miller, Farrell, Cancian, & Meyer, 2005). In addition to reducing the likelihood of returning to welfare, it reduces child poverty and accounts for 40 percent of a poor family’s income, on average (Meyer & Hu, 1999; Sorensen, 2010).

The purpose of this study is to examine the relationship between child support receipt in Maryland and returns to the welfare program, Temporary Cash Assistance (TCA, Maryland’s version of TANF), utilizing a sample of 34,541 welfare cases that closed between 2004 and 2009 and had current child support due. Specifically, this report addresses the following research questions:

1. What percent of women return to TCA within three years, and what are their demographic and case characteristics?
2. What are the employment and earnings experiences of women after exit?
3. What are TCA leavers’ connections to the public child support system, and how do these connections affect returns to welfare?
  - a. What percent of women receive child support payments?
  - b. If they receive payments, how much do they receive?
  - c. Are child support payments consistent over time?

4. How does the combination of child support receipt and wages from employment affect returns to welfare?

An examination of these research questions helps to fill an important gap in the welfare literature by providing reliable information about women who leave welfare, their interactions with the public child support system, and how those interactions affect their returns to welfare. The key findings in this report are:

**The vast majority of women who leave welfare with an order for current support receive child support after exit. Those who do not receive child support are more likely to return to welfare.**

In the three years after exit, 81% of women in the sample received at least one child support payment, and half (50%) of these women returned to welfare within three years. Nearly two-thirds (64%) of women who *did not receive* child support after their exit returned to welfare within three years of exit.

**Families who return to cash assistance receive less child support than families who remain off TCA.**

Women who returned to welfare received less child support in the three years after exit, on average, than women who did not return to welfare (\$4,594 vs. \$7,264).

Overall, the more child support a family receives after exit, the less likely they are to return to welfare. Three out of five (60%) women who received approximately \$1,000 or less after exit returned to welfare within three years, whereas only three out of ten (31%) women who received nearly \$10,000 or more after exit returned to welfare.

**Although most families receive inconsistent child support, families who receive consistent payments are significantly less likely to return. Families receiving inconsistent payments are still less likely to return than those who receive no payments.**

Overall, three out of ten (28%) women in the sample who received child support in the three years after exit received consistent payments (a payment in at least 27 out of 36 months).

Approximately one out of three (36%) women who received *consistent* child support payments returned to welfare within three years. On the other hand, just over half (55%) of women who received *inconsistent* payments returned to welfare within three years. Nearly two-thirds (64%) who *did not receive* child support returned within three years.

**Receiving child support after leaving welfare decreases the likelihood of families returning to welfare regardless of earnings. However, women who have lower earnings have a larger reduction in recidivism than women with greater earnings.**

Three out of five (62%) women who earned \$30,000 or less in the three years after exit, and *also received child support*, returned to welfare within three years. In contrast, more than three out of four (77%) women with similar earnings, who *did not receive child support*, returned to welfare, meaning there is a 15 percentage-point gap in recidivism for women with low earnings.

In contrast, one-third (32%) of women who earned more than \$30,000 in the three years after exit, and *also received child support*, returned to welfare within three years. Again, of women with similar earnings, *who did not receive child support*, only two-fifths (40%) returned to welfare within three years. For women with higher earnings, there is an eight percentage-point gap in recidivism.

As we reiterate throughout this report, child support is a crucial financial support for low-income families, and it can mean the

difference between remaining self-sufficient or returning to cash assistance. The relationships between child support, the amount of support received, the frequency at which it is received, and custodial parents' earnings are complex, and future studies should investigate these relationships more closely to better inform the programmatic decisions that are made on behalf of Maryland families.

Nonetheless, this study provides some insight into these relationships and suggests that child support also supports families' independence from cash assistance.

## BACKGROUND

In 1996, the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA), a landmark piece of federal legislation, reformed the federal welfare program and created a new block grant program, Temporary Assistance for Needy Families (TANF). The leading objective of this reformed program was, and still is, to assist families in becoming self-sufficient through mandatory participation in employment programs and by instituting time limits on financial assistance.

Although assisting clients in obtaining employment promotes self-sufficiency, wages from employment are not the only source of income for families. Child support, for example, is a widely recognized source of income for custodial parents and their children, and is especially important for vulnerable families both on and off the welfare rolls. When families leave welfare, child support plays a vital role ensuring they remain self-sufficient (Meyer, 1993; Huang et al., 2002; Miller et al., 2005).

### **Cooperation Requirement**

The Child Support Enforcement (CSE) program and welfare programs in the United States have historically functioned in cooperation with one another. In fact, the CSE program was originally established as a method of cost-reduction for the welfare program. Specifically, participation in the TANF program requires cash assistance recipients to cooperate with local child support agencies in locating noncustodial parents, establishing paternity, and securing an order for child support. In many states, including Maryland, the full amount of the child support collected while a family is receiving cash assistance is retained by state and federal governments to offset the costs incurred while providing cash benefits to the family (Huber et al., 2014).

### **Sanctions**

If the adult on the welfare case does not cooperate with the local child support enforcement agency, then a sanction is imposed. Under federal law, a family must lose a minimum of 25 percent of its cash assistance grant for non-cooperation; however, states have the authority to reduce the grant even further and may even refuse assistance to the entire household. Currently, more than half of all states (n=31) have penalties in place that terminate the full amount of the cash assistance grant for non-cooperation with the child support agency (Urban Institute, 2014). Maryland is one of these states, implementing a full-family financial sanction for noncooperation. This means that 100% of the family's TCA (Temporary Cash Assistance, Maryland's TANF program) grant is revoked until the adult on the case cooperates with the child support enforcement agency. Under the Family Violence Option (FVO) of PRWORA, families that have experienced violence in the home may be waived from cooperation with certain program rules, including cooperation with the child support agency.

### **Pass-Through and Disregard Policies**

As previously stated, mandatory participation in the child support enforcement program benefits both the state and the family. Though many states retain the child support collected while families receive cash assistance, most states choose to pass through at least a portion of the money to families and may disregard the amount in the calculation of the cash assistance grant.

Currently, Maryland is one of 23 states that does not have a child support pass-through and disregard policy in place for welfare recipients. This is somewhat surprising, given that this practice has been adopted in the majority of states because of its demonstrated positive effects and cost-

saving effects in the long-run. A report prepared by the Congressional Research Service, for example, simulated a model for selected states, including Maryland, to show how pass-through and disregard policies, available under current federal law, would affect families receiving welfare. The analysis showed that in Maryland, a family's combined income could increase by as much as \$200 a month (Solomon-Fears & Falk, 2007). In a random assignment evaluation in Wisconsin, passing through child support to families as well as disregarding the full amount of child support received in the calculation of the TANF grant led to rapid declines in cash assistance participation (Cook & Caspar, 2006). Even though this is a family-friendly policy that could increase the ability for welfare recipients to be self-sufficient, there has been no research that examines the reasons some states have not implemented a pass-through and disregard policy.

### **Child Support and Self-Sufficiency**

The anti-poverty effect of child support has been consistently documented over the last 16 years (Meyer & Hu, 1999; Sorensen, 2010). Research shows that child support is an indispensable source of income for vulnerable families who leave welfare and is vital to maintaining self-sufficiency. On average, child support payments received by poor families account for 40 percent of their overall income, and they are estimated to reduce child poverty by approximately four percent (Sorensen, 2010).

Unfortunately, most research examining the experiences and outcomes of welfare recipients who navigate the child support system is outdated and utilizes samples of AFDC recipients (Aid to Families with Dependent Children, TANF's predecessor) or at best, recipients from the earliest years of TANF. This information, though dated, shows that welfare recipients have unique experiences when navigating the child support system. Many, in fact, struggle with establishing paternity, obtaining support

orders, and receiving support payments (Bartfeld, 2003). Consequently, they do not fully benefit from the child support services available to them.

Even when the recipient is able to complete each stage of the process, ensuring that support is paid is a significant challenge for states. One reason states experience challenges in collecting child support for welfare families is due to the inherent disincentives of current child support and welfare policies. In a Washington, DC evaluation, it was found that noncustodial parents were more likely to comply with their support orders when the money was passed through to the families rather than being retained by the state (Lippold, Nichols, & Sorensen, 2010). This finding is consistent with other ethnographic and focus group studies that have indicated that noncustodial parents are more interested in complying with child support orders when they know that their payment goes directly to their children (Bassi & Lerman, 1996; Bloom & Sherwood, 1994).

A second reason states experience challenges in collecting child support on behalf of welfare families is because of the financial circumstances of the fathers, who tend to be the noncustodial parents. In 2001, a report issued by the Office of the Inspector General showed that over half of all noncustodial parents with children on TANF had earnings below the poverty line. Further analyses of administrative data from Wisconsin also showed that fathers of children receiving welfare were more limited with regard to economic resources, with over one-third of fathers earning incomes below the poverty line (Cancian & Meyer, 2004). It has also been demonstrated in Maryland that the economic insecurity of these fathers leads to difficulties with making consistent payments on their support orders, especially when orders are not based on their actual income (Hall, Passarella, & Born, 2014; Saunders, Passarella, & Born, 2014).

Despite these fathers' economic instability, there is some limited evidence that suggests noncustodial parents may be able to provide substantial support, even as much as up to 50 percent of the welfare benefits provided to the family (Brien & Willis, 1997). Further research suggests that even the receipt of irregular child support payments is important for mothers and their children (Ha, Cancian, & Meyer, 2011). In sum, child support, though sometimes nominal and irregular, is still an important income source for families leaving welfare.

### **Child Support and Welfare Recidivism**

Although it is well-documented in the literature that child support is critical for low-income families, literature that investigates the effect of child support receipt on returns to welfare is limited. This is regrettable, given that child support has historically played a moderate to large role in the reduction of welfare caseloads (Huang, Garfinkel, & Waldfogel, 2000).

Though largely ignored, this topic did receive some attention from researchers in the latter years of AFDC and early years of TANF. The first study to consider the relationship between child support receipt and returns to welfare utilized a sample of divorced women who left AFDC in the

1980s and 1990s (Meyer, 1993). The author found that the receipt of child support was associated with a decreased likelihood of reentering the welfare system, regardless of the amount received.

Since then, a handful of other studies have attempted to explain this relationship. A longitudinal analysis of women who left AFDC between 1979 through 1996 found that welfare recidivism was reduced by 12 percent when families received at least \$1,000 in child support payments in a year (Huang et al., 2002). In Maryland, research conducted in the years following welfare reform found that families who received child support were significantly less likely to return to welfare than families who did not receive child support after exit (Srivastava, Ovwigho, & Born, 2001).

The purpose of this study is to closely examine the relationship between child support receipt and welfare recidivism in Maryland, utilizing a recent sample of welfare case closures. This study builds on limitations in previous research and fills an important knowledge gap in the welfare literature. Furthermore, it can be utilized by policymakers and program managers to implement and support policies that help Maryland families achieve self-sufficiency.

## METHODS

This chapter briefly describes the methodology used in this study. Specifically, we describe sample selection, data sources, and analysis techniques.

### Sample

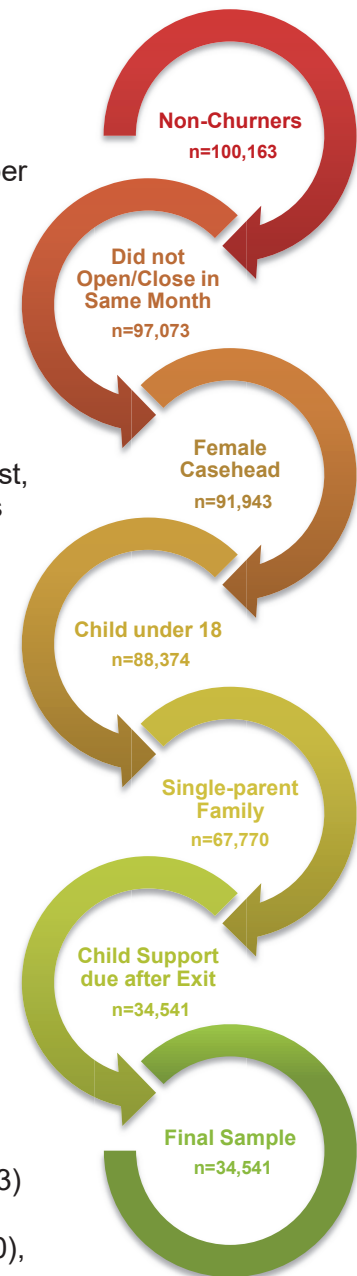
The sample for this study is based on the entire population of Maryland welfare (TCA) cases that closed between January 1, 2004 and December 31, 2009 (n=194,988), with several limitations. Each limitation is described below and is visually explained in the figure to the right.

First, we exclude administrative churners and only included “non-churners” (n=100,163). Administrative churners are leavers who exit welfare and return quickly. In this study, we limit the sample to non-churners, defined as a *payee who left TCA and did not return for at least 60 consecutive days*.

These leavers are excluded from this study for two primary reasons. First, they are characteristically different from other welfare leavers. Churners leave welfare and return for reasons that are unrelated to the focus of this study (Born, Ovwigho, & Cordero, 2002). Second, leavers often experience delays in child support receipt and initial underpayment of child support after exit (DHHS, OIG, 2001). As the focus of this paper is on child support and its effect on returns to welfare, the exclusion of these leavers is prudent.

The sample for this study is further limited to include cases that did not open or close within the same calendar month (n=97,073). Sometimes cases open and close due to administrative errors or close quickly if proper eligibility documentation is not provided by the applicant. For example, if the administrative database from which we extract the data shows that a case was opened for a client on January 5, 2004, and this same case closed January 15, 2004, the case is excluded from the sample. It is unlikely that cases such as these ever receive cash assistance; therefore, for the purpose of this study, these cases are not considered true closures and are excluded from all analyses.

Several cases are also excluded from the sample based on the demographic characteristics of caseheads and characteristics of their cases. The sample is limited specifically to female caseheads (n=91,943) who had a child under the age of 18 living in the household (n=88,374). More specifically, this study focuses on single-parent families (n=67,770), so cases with a case designation of child-only or two-parent family are excluded.<sup>1</sup>



<sup>1</sup> Maryland utilizes a hierarchical case classification system to distinguish between work-eligible and work-exempt cases. Child-only cases only include the child in the calculation of the TCA grant. Two-parent families include two adults in the calculation of the TCA grant. For more information on Maryland’s case classification system, please see our most recent installment of the *Life after Welfare* report: <http://www.familywelfare.umaryland.edu/reports1/life19.pdf>

Finally, the sample used for this study includes only cases that had current child support due at any point in the three years after the TCA case closed (n=34,541). The focus of this study is the effect of child support on returns to welfare; therefore, if current support was not due after exit, then measuring its effect on welfare returns is impracticable. Though pursuance of child support is a condition of TCA receipt, more than half of the TCA cases in this narrowed sample were not owed any current support at their time of exit. Common reasons for not having current child support due include difficulty in establishing paternity, non-compliance with the requirement, and obtaining a waiver due to family violence.

With all aforementioned exclusions considered, the final sample for this study is 34,541 TCA case closures. We selected the sample based on cases that closed and not the individual caseheads, so some women are represented more than once in the sample for case closures occurring at different points during the selected time frame (January 1, 2004 through December 31, 2009). By examining cases that closed rather than caseheads who exited, we are able to better understand the extent to which child support affects returns to welfare. In the final sample, 70.2% (n=24,244) of case closures are unique observations and 29.8% (n=10,297) are duplicate observations (a case closure in which the casehead had at least one prior closure during the same measured timeframe).

### Unique & Duplicate Exits

<i>Number of Exits</i>	<i>%</i>	<i>n</i>
1	70.2%	(24,244)
2	21.2%	(7,328)
3	6.4%	(2,227)
4	1.7%	(582)
5 or more	0.5%	(160)
Total	100%	(34,541)

### Data Sources

Findings for this study 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). Finally, child support data were obtained from the Child Support Enforcement System (CSES).

#### CARES

CARES became the statewide automated data system for certain DHR programs in March 1998. CARES provides individual and case level program participation data for cash assistance (TCA), the Food Supplement Program, Medical Assistance, 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.

#### MABS

Our data on quarterly employment and earnings come from the Maryland Automated Benefits System (MABS). The MABS system 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. Additionally, informal jobs—for example, those with dollars earned “off the books” or “under the table”—are not covered.

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 relatively common. Overall, the rate of out-of-state employment by Maryland residents (17.4%) is over four times greater than the national average (3.8%).<sup>2</sup> Out-of-state employment is particularly common among residents of two very populous jurisdictions (Prince George's County, 42.2%, and Montgomery County, 29.7%), which have the 5<sup>th</sup> and 3<sup>rd</sup> largest welfare caseloads in the state. Out-of-state employment is also common among residents of two smaller jurisdictions (Cecil, 29.8%, and Charles, 34.4%, counties). One consideration, however, is that we cannot be sure the extent to which these high rates of out-of-state employment also describe welfare recipients or leavers accurately.

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

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<sup>2</sup> Data obtained from U.S. Census Bureau website <http://www.factfinder.census.gov> using the 2010-2012 American Community Survey 3-Year Estimates for Sex of Workers by Place of Work—State and County Level (B08007).

## CSES

The Child Support Enforcement System (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 agency.<sup>3</sup> 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 Enforcement Administration.

## Data Analysis

Although the unit of analysis for this study is a closed welfare case, we describe results in terms of the women who left welfare, rather than in terms of their cases. We use univariate statistics to describe the caseheads, their recidivism patterns, and their use of the public child support system in Maryland. When appropriate, comparisons are made with chi-square and ANOVA tests.

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<sup>3</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.

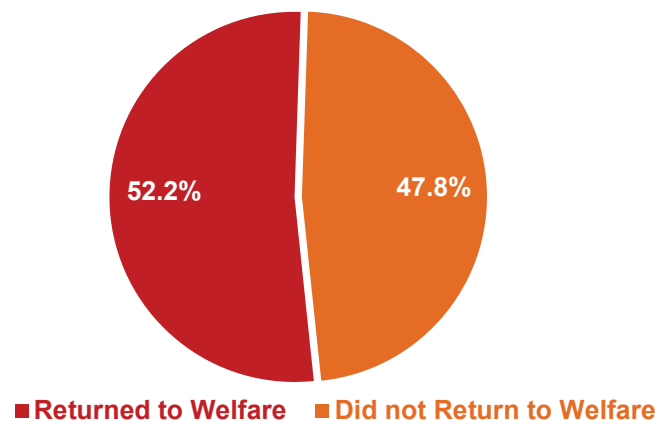
## FINDINGS: DEMOGRAPHICS AND CASE CHARACTERISTICS

Studies that have previously examined welfare recidivism have primarily explained returns to welfare by demonstrating relationships between recidivism and several demographic characteristics or employment experiences. To begin, we take this same approach in the first chapter and present a general overview of welfare returns for this sample, including recidivism rates as well as demographics, case characteristics, and employment experiences of women who returned to welfare and women who did not return to welfare.

In Figure 1, we show the recidivism rate for women in the sample, all of whom left

welfare between 2004 and 2009. As shown, a little more than half (52.2%) of the sample returned to cash assistance within three years of their case closing. This is fairly consistent with previous research. In a study that examined leavers who exited TCA between 1998 and 2010, it was found that two-fifths returned to welfare within two years (Passarella, Hall, & Born, 2013). A more recent study of welfare leavers in Maryland had similar results. Two out of every five welfare leavers whose cases closed between January 2004 and March of 2014 returned within two years, and nearly half returned within three years (Hall, Nicoli, & Passarella, 2014).

**Figure 1. Percent of Women who Returned to Welfare**  
*During the Three Years after Exit (n=34,541)*



### Demographics and Case Characteristics

In these same cited studies, it was found that recipients who returned to welfare had different demographic and case characteristics compared to recipients who did not return (Hall, Nicoli, & Passarella, 2014; Passarella et al., 2013; Passarella & Born, 2013). To analyze the extent to which those findings hold true for this sample, we present the demographic characteristics of the women and characteristics of their cases in Table 1. Characteristics are presented for both recidivists (women who returned to cash assistance within three years) and non-recidivists (women who did

not return to cash assistance within three years).

Although recidivists and non-recidivists were both approximately 30 years old on average, they were statistically different from each other on three other demographic characteristics: race, marital status, and level of education attained. Women who returned to welfare were more likely to be African American than women who did not return (85.0% vs. 75.3%), more likely to have never married (87.7% vs. 81.8%), and less likely to have finished twelfth grade (51.7% vs. 63.5%) or to have attained any post-secondary education (3.4% vs. 6.2%).

These demographic profiles of recidivists and non-recidivists are consistent with the other aforementioned studies. This reinforces that there are consistent demographic characteristics associated with welfare recidivists over time and across different samples.

Though all case characteristics shown are statistically different between women who returned to welfare within three years and

women who did not return, both groups had a median of two children on the TCA case, the youngest of whom had a median age of nearly three years. The most notable difference is observed for previous TCA receipt: women who returned to welfare had nearly two years (23.42 months) of cash assistance receipt in the previous five years, on average, while women who did not return had only a year-and-a-half (17.93 months) of previous assistance.

**Table 1. Demographic and Case Characteristics**

	Returned to Welfare (n=18,028)	Did not Return to Welfare (n=16,513)
<b>Demographic Characteristics</b>		
<b>Average [Median] Age</b>	28.98 [26.75]	30.53 [28.83]
<b>Race***</b>		
African American	85.0% (15,185)	75.3% (12,220)
Caucasian	13.8% (2,462)	22.6% (3,664)
Other	1.2% (209)	2.1% (336)
<b>Marital Status***</b>		
Married	2.4% (427)	3.1% (509)
Never Married	87.7% (15,632)	81.8% (13,349)
Divorced, Separated, or Widowed	9.9% (1,761)	15.1% (2,456)
<b>Education***</b>		
Less than grade 12	44.9% (7,979)	30.3% (4,976)
Finished grade 12	51.7% (9,179)	63.5% (10,439)
Additional education after grade 12	3.4% (598)	6.2% (1,025)
<b>Case Characteristics</b>		
<b>Average [Median] Number of Children***</b>	2.08 [2.00]	1.96 [2.00]
<b>Average [Median] Age of Youngest Child***</b>	4.21 [2.69]	4.84 [2.87]
<b>Average [Median] Months of TCA Receipt in Previous Five Years***</b>	23.42 [21.00]	17.93 [14.00]

**Note:** Due to missing data for some variables, cell counts may not sum to column totals. Child case-level variables include only children who are recipients on the case. Valid percentages are reported. \*p<.05, \*\*p<.01, \*\*\*p<.001

## Employment and Earnings

A recurring theme in research on Maryland welfare recipients is that they are no strangers to work. Though this population is vulnerable and has many barriers to employment, seven out of every ten welfare leavers over the last decade were employed shortly before entering welfare and shortly after their exit from welfare (Hall, Nicoli, & Passarella, 2014). In Figure 2, we show that the current sample of welfare leavers also had ties to employment after exit.

Regardless of welfare recidivism, four out of every five women were employed at some point in the three years after exit.

The striking difference between these two groups of women is not whether they were able to secure employment after leaving, but rather, what they earned during the three years after their exit from welfare.

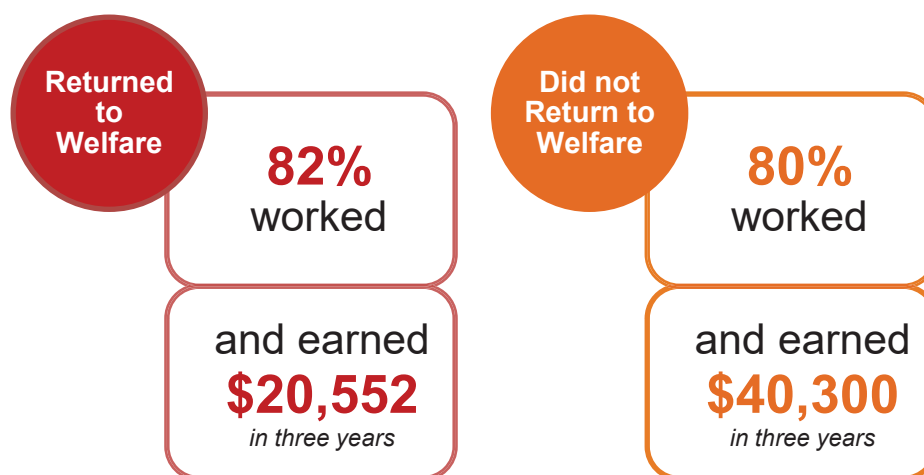
Women who were employed after exit and returned to welfare earned *half* of what women who did not return earned.

Specifically, women who returned earned an average of \$20,552 during the three years after exit, while women who did not

return earned an average of \$40,300 during the three years after exit.

There are a couple of reasons why women who returned to welfare may have earned significantly less. First, they may have experienced a loss of employment or perhaps were unable to maintain stable employment during the years following their exits from welfare, which may have precipitated their returns. This analysis only measures the presence of employment in the three years after exit; it does not account for duration of employment or frequency of changes in employer, which would affect total reported earnings. Second, the women in this sample may have been employed in an industry with low earnings. There are clear relationships between the industries in which welfare leavers work, their job retention, and their earnings after exit, with some industries providing better wages and long-term prospects (Nicoli, Passarella, & Born, 2014). Nevertheless, it is clear that earnings play a significant role in a family's ability to remain self-sufficient.

**Figure 2. Percent Employed and Earnings in the Three Years after Exit\*\*\***



**Note:** We exclude 9 individuals for whom no unique identifier is known. Earnings are standardized to 2013 dollars. Valid percentages are reported. \* $p < .05$ , \*\* $p < .01$ , \*\*\* $p < .001$

## FINDINGS: RECEIPT OF CHILD SUPPORT AND RETURNS TO WELFARE

The previous chapter provided a general overview of recidivism in Maryland, comparing demographic and case differences as well as employment experiences between recidivists and non-recidivists. In this chapter we present several novel analyses which examine the relationship between child support receipt and returns to welfare, a rarely-explored area of research. Specifically, we present the percent of women in the sample who received child support payments after exit, how much they received, the consistency of child support payments, and how each of these factors affects the likelihood of returning to welfare. We conclude this chapter by investigating how the combination of earnings and child support may affect recidivism.

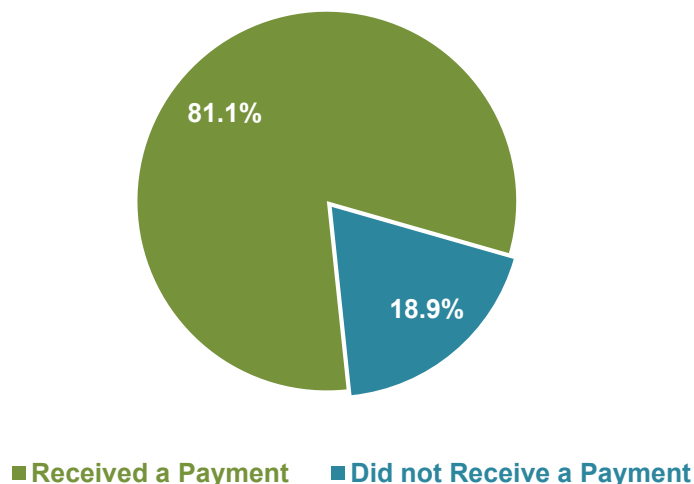
### Receipt of Child Support

The majority of women who leave cash assistance in Maryland have some connection to the public child support program. In a recent study of welfare

leavers in Maryland, for example, it was found that four out of five leavers had an open child support case, although only two in five had an order for current support (Hall, Nicoli, & Passarella, 2014). An additional recent examination of the public child support caseload showed that three-fifths of all child support cases consisted of current or former TCA recipients (Passarella, 2014). Figure 3 further substantiates this strong connection between the two programs. For this sample of women with current support due, four-fifths (81.1%) received at least one child support payment in the three years following their exits from welfare.

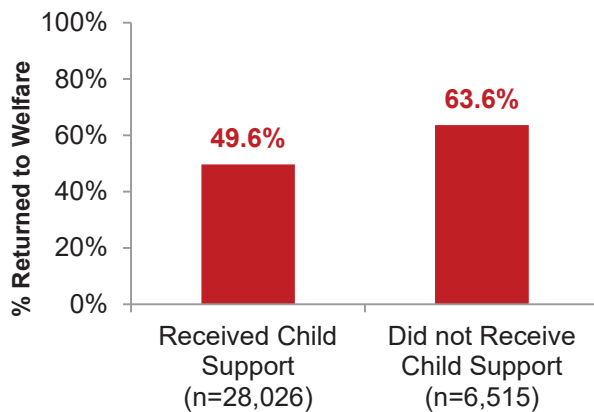
This finding is encouraging for the TCA and child support programs, which both have a commitment to serving Maryland's families. Although the state retains the support collected while the family receives cash assistance, Figure 3 shows that the state is, in fact, securing future payments for the family. As shown in the remainder of the report, these payments continue to promote women's self-sufficiency after exit.

**Figure 3. Percent of Women who Received a Child Support Payment**  
*During the Three Years after Exit (n=34,541)*



To investigate the relationship between the receipt of child support and returns to welfare, Figure 4 displays the recidivism rate for women who received at least one child support payment in the three years after exit as well as the recidivism rate for women who did not receive any child support payments in the three years after exit. This analysis shows a statistically significant relationship between child support receipt and returns to welfare in Maryland. Among women who received child support, half returned to welfare within three years (49.6%). Among women who did not receive child support, however, almost two out of three (63.6%) returned to welfare within three years after exit. These results are consistent with the landmark original study of child support receipt and welfare recidivism (Meyer, 1993) and suggest that women who receive child support payments after exit are more likely to remain off welfare than women who do not receive child support payments.

**Figure 4. Recidivism Rate by Receipt of Child Support\*\*\***



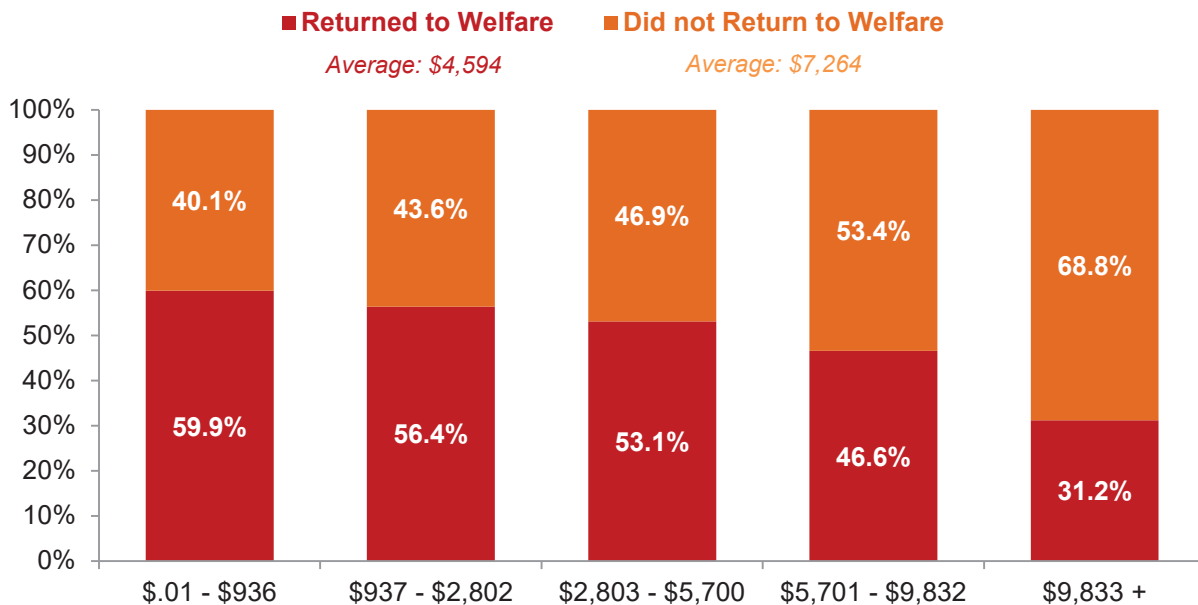
**Note:** Valid percentages reported. \*p<.05, \*\*p<.01, \*\*\*p<.001

### Amount of Child Support Received

As Figure 4 suggests, the receipt of child support may be crucial to families who leave welfare, and for some families, it can mean the difference between returning to welfare and remaining off welfare. The existence of this significant relationship propels us to investigate other characteristics of child support that may precipitate a return to welfare or act as a buffer to recidivism. The next analysis examines the relationship between the total amount of child support received and welfare recidivism. We separate all women in the sample who received child support in the three years after exit equally into five categories (quintiles) based on the total amount of support received. Using these categories, we present the percent that returned to welfare within three years and the percent that did not.

Figure 5 shows a clear and significant relationship between the total amount of child support received in the three years after exit and returns to welfare. Overall, the more child support families received, the less likely they were to return to welfare. Three out of five (59.9%) families who received \$936 or less after exit, for example, returned to welfare. On the other hand, only three out of ten (31.2%) families who received nearly \$10,000 or more during the three years after exit returned to welfare. The average amount received by recidivists and non-recidivists also differed significantly. Over the course of three years, women who returned to welfare received an average of about \$4,600, while women who did not return received an average of more than \$7,200. The trend in Figure 5 is evident: the more child support families receive, the less likely they are to return to welfare.

**Figure 5. Total Support Received and Recidivism\*\*\***  
*During the Three Years after Exit (n=28,026)*



**Note:** Categories are based on quintiles. Only women who received a child support payment within the three years after their welfare cases closed are included in this figure. Valid percentages reported. \*p<.05, \*\*p<.01, \*\*\*p<.001

### Payment Consistency

Throughout this chapter, we demonstrated that the receipt of child support is an important factor in a family’s ability to remain self-sufficient after exiting welfare. Women who receive child support payments are significantly less likely to return to welfare, especially when the family receives larger sums of child support. Research completed in Wisconsin suggests that even the receipt of irregular payments is important for mothers and their children (Ha et al., 2011). The next analyses presented in this chapter examine the extent to which this holds true for Maryland families by presenting the consistency of child support payments for women in the sample after their exit from welfare.

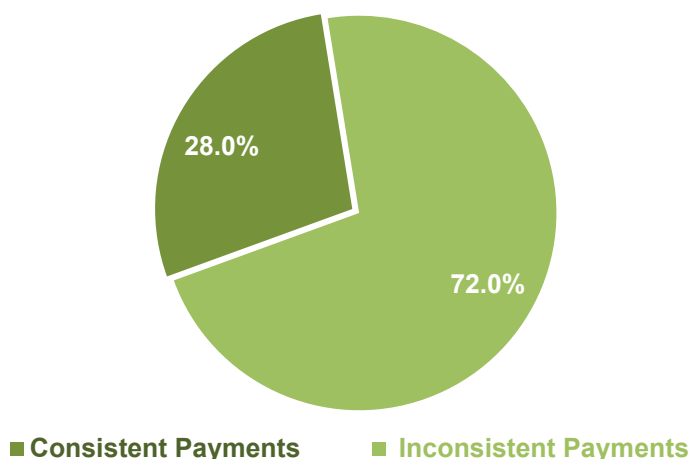
For this report, payment consistency is defined as a family receiving a child support payment for at least 27 out of 36 months after exit, or 75% of the three years after

exit. If a family received child support payments for fewer than 27 months, then they are defined as receiving inconsistent payments.

For women who received any current support after their welfare exits (81.1% of the sample), Figure 6 presents the percent who received consistent payments after their exits from welfare. Unfortunately, the majority of women who received support payments—seven out of every ten (72.0%)—received inconsistent child support payments after exiting welfare.

Some women, however, did receive consistent payments after their exit. In fact, nearly three out of ten (28.0%) women received consistent payments, and of the women with consistent payments, three out of ten (29.8%) received a payment in every month during the first three years after exit (not shown).

**Figure 6. Child Support Payment Consistency**  
*During the Three Years after Exit (n=28,026)*



**Note:** This figure only includes women who received at least one payment towards current support in the three years after their exits from welfare. Consistent payments are payments that were received in at least 27 out of the 36 months after exit.

Although most women receive inconsistent child support payments after exit, previous research suggests that irregular payments may still be important for mothers (Ha et al., 2011). In Figure 7, we examine the relationship between payment consistency and welfare recidivism.

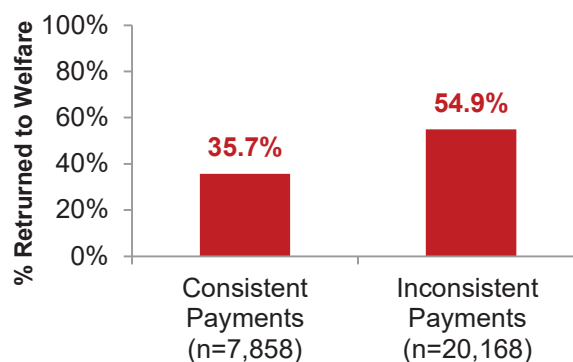
As shown, there is a statistically significant relationship between child support payment consistency and returns to welfare. However, inconsistent payments may still assist a family in remaining self-sufficient. Only one-third (35.7%) of women who received consistent payments after leaving welfare, for example, returned within three years. On the other hand, just over half (54.9%) of the women who received inconsistent child support payments returned to welfare within three years, compared to the nearly two-thirds (Figure 4) who received no child support payments.

This figure suggests that payment consistency may be extremely important for some families in remaining off welfare after they exit; for other families, though, even the receipt of inconsistent payments may suffice. Women who received consistent payments but still returned may have experienced some other life event that precipitated a return to welfare, such as loss

of employment, lower earnings, or the birth of an additional child. Women who received inconsistent payments and were able to remain off welfare may have had supports that prevented them from returning, such as higher earnings or help from family.

The relationships found between child support receipt and welfare recidivism in this chapter overwhelmingly support the fact that child support is an important source of income for these vulnerable women. Though payments may be nominal and irregular, this source of income may still play a vital role in helping some families remain off welfare.

**Figure 7. Recidivism Rate by Child Support Payment Consistency\*\*\***



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

## **Tying it All Together: Earnings, Child Support, and Recidivism**

As mentioned in the first findings chapter, four out of five women in this sample, whether they returned to welfare or not, were employed after exit. The significant difference between the two groups, however, is in their earnings during the three years after their exits from welfare. Women who returned to welfare earned half of what women who did not return earned. In the second findings chapter, we showed that the receipt of child support after exit significantly affects the recidivism rate for women who leave welfare. We conclude this final findings chapter with an examination of the combined effect of these two sources of income (earnings and child support) on welfare recidivism.

Previous research has established that earnings have a substantial effect on welfare recidivism. Unfortunately, the earnings of most welfare leavers are usually inadequate to support their families and are not sufficient to lift these families out of poverty (Anderson & Gryzlak, 2002). Thus, most welfare leavers have ties to other programs that provide additional financial or non-financial support, such as food assistance, Medicaid, and child support (Hall, Nicoli, & Passarella, 2014).

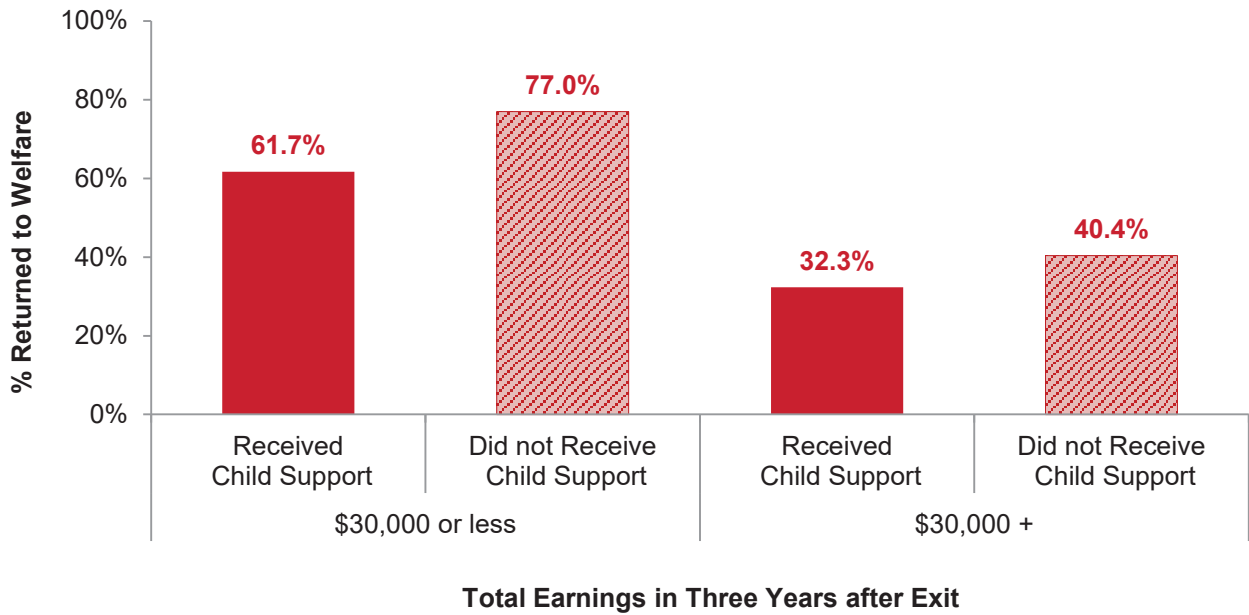
In Figure 8, we provide an analysis of how the combination of earnings and child support may impact welfare recidivism among women in Maryland. Specifically, we examine women who earned \$30,000 or less in the three years after exit and women who earned more than \$30,000. We further separate each of these earnings group by child support receipt. As shown, three out of

five (61.7%) women who earned \$30,000 or less in the three years after exit and *also received child support* returned to welfare within three years. On the other hand, more than three out of four (77.0%) women with similar earnings, who *did not receive child support*, returned to welfare, a difference of 15 percentage points. This notable gap in the recidivism rate demonstrates the substantial effect child support can have on whether a family remains off welfare.

There is a considerable drop in the recidivism rate when we examine women with earnings above \$30,000, regardless of child support receipt. For these women with higher earnings, child support receipt still has an effect on recidivism, albeit a smaller effect than it does for women with lower earnings. One-third (32.3%) of women who earned more than \$30,000 in the three years after exit, and *also received child support*, returned after exit. Comparably, two-fifths (40.4%) of women with similar earnings who *did not receive child support* returned to welfare within three years, a difference of 8 percentage points.

The findings presented in Figure 8, which include only women who were employed, make it clear that not receiving child support is a disadvantage, regardless of earnings after exit. However, the receipt of child support has a larger impact on recidivism for women with very low earnings. These findings further substantiate the crucial role of child support after an exit from welfare: even as women's earnings increase, they are more likely to remain off welfare and be financially independent if they are able to couple those earnings with child support payments.

**Figure 8. Recidivism Rate by Earnings and Receipt of Child Support\*\*\***



**Note:** We exclude 9 individuals for whom no unique identifier is known. Earnings are standardized to 2013 dollars. Only women who were employed at some point in the three years after exit are included in this figure. Valid percentages are reported. \* $p < .05$ , \*\* $p < .01$ , \*\*\* $p < .001$

## CONCLUSIONS

Throughout this report we have demonstrated that the partnership between Maryland's TCA program and public child support program is one that helps some families remain financially independent after exiting welfare. Through this partnership, an additional source of income is available to many families who have an order for support after they leave TCA. Though much research has focused on the demographic characteristics and employment experiences of recipients as determinants of welfare recidivism, this report shows there is also a significant relationship between child support receipt and returns to welfare, which should not be ignored.

It is not simply the receipt of child support that matters, though. Other factors that affect welfare recidivism are the amount of child support received, the frequency at which child support payments are received, and the coupling of earnings from employment with child support. Women who receive more support after exit are less likely to return, and they are also less likely to return if they receive consistent payments. Even when women work after their exit, which most do, the receipt of child support still plays a significant role in whether they return to welfare or remain off

welfare. It is also clear that child support has a greater impact on recidivism for women with lower incomes.

Given the demonstrated importance of child support, it is crucial that program managers and policy makers be attentive and active consumers of policy-relevant research that may help improve the lives of Maryland families. The most recent *Life after Welfare* report released showed that three in five (60.9%) welfare leavers in Maryland exit without an order for current support established (Hall, Nicoli, & Passarella, 2014); it is clear then, that there is still much work to be done in helping these families navigate the child support process and have support orders established.

Although this report provides a fresh perspective on why some families may return to welfare, future research should attempt to further tease apart these relationships and their effects on both the welfare and child support programs, as well as for families. In the meantime, both programs should continue their efforts to serve families and secure this source of income that is vital to low-income families' self-sufficiency.

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