

LIFE AFTER WELFARE: LOWER SHORE REGION

CORRENE SAUNDERS, PHD & CATHERINE E. BORN, PHD



The 2011 update to Maryland's landmark longitudinal study of welfare leavers, *Life after Welfare*, revealed that even in the toughest economic climate, most families who receive cash assistance do so temporarily, most welfare exits are still permanent, and work effort among cash assistance customers remains relatively high, both before and after receiving assistance (Born, Saunders, Williamson, and Logan, 2011).

Nonetheless, there are challenges. Compared with Pre-Recession leavers, those who exited welfare in Maryland during or after the Great Recession received more months of assistance before making their exit, tended to have lower employment rates both before and after their welfare spell, and were slightly more likely to return to benefits. All around the state, program managers and public leaders strive to find interventions that will offset the loss of resources and jobs in their communities. In a diverse state like

Maryland, the approach varies by location.

The *Life after Welfare* study uses a random sample of welfare recipients from every jurisdiction within the state to provide an accurate portrayal of how leavers are faring throughout the state. In order to develop a more local perspective, however, we need to examine the data by region.

Resources are limited everywhere, and the distribution of resources can be complicated. Certain trends, such as changes in family composition of welfare recipients or changes in the work and welfare outcomes of welfare leavers, may alter the types of resources individual jurisdictions need in order to be successful. In general, statewide averages are necessary and useful for policy changes, particularly because states are required to report their performance to the federal government. Statewide averages, however, are heavily influenced by larger jurisdictions. In order to develop programs and initiatives that are relevant throughout the state, it is important to understand regional variation.

Thus, this report provides many of the same types of analyses found in the full *Life after Welfare* report, but specifically for the Lower Shore region. This study is issued at a time of ongoing economic fragility and turmoil for families, state, local, and national governments and, indeed, the entire world. In the United States, unemployment and the number of Americans looking for work remain at high levels, consumer confidence is quite low, income inequality is rising, growth is proceeding at a snail's pace at best, and the number of Americans applying for Supplemental Nutrition Assistance (formerly Food Stamps) has reached record high levels. Therefore, to capture changes in outcomes of welfare leavers likely due to the turmoil of the Great Recession, many analyses will separate leavers by cohorts. Specifically, we look at the following cohorts: 1) Pre-Recession leavers, those who left between October 1996 and November 2007; 2) Recession leavers, cases closing between December 2007 and June 2009; and 3) Post-Recession leavers, welfare exits between July 2009 and March 2011.

Lower Shore Region Characteristics¹

The Lower Shore region includes three counties in the southeast of the state: Somerset, Wicomico, and Worcester. Over 175,000 people reside in this region, accounting for approximately three percent of the entire state population. However, during the summer months, Ocean City (located in Worcester County) hosts over 8 million tourists². Thus, tourism and hospitality is a major industry for the region, providing a sizeable amount of seasonal employment. Accordingly, the unemployment rate in this region is substantially lower in the summer months than in the winter months (i.e., 13.0% in January 2011 vs. less than 9.0% in August 2011).³

¹ <http://quickfacts.census.gov/qfd/states/24/24039.html>
<http://quickfacts.census.gov/qfd/states/24/24047.html>;
<http://quickfacts.census.gov/qfd/states/24/24045.html>.

² <http://ococean.com/media>

³ <http://www.dllr.state.md.us/lmi/wiafacts/lowershore.pdf>

The majority of residents in this region are Caucasian, and gender is distributed evenly. Over four-fifths of adults over the age of 25 have obtained at least their high school education, and nearly one-quarter of adults have also attained a bachelor's degree or higher. The average 2011 poverty rate for the counties in the Lower Shore region were 10.6% in Worcester County, 15.0% in Wicomico County, and 19.7% in Somerset County.

Characteristics of Welfare Leavers

The sample of welfare leavers that make up this installment of the *Life after Welfare* study is limited to those with welfare cases in Maryland that closed at least once between October 1996 and March 2011, and within this sample (n=15,818), the Lower Shore region makes up 3.4% (n=540). When the sample is separated into cohorts, as in Figure 1, we can see that the proportion of welfare leavers from the Lower Shore was higher in the Post-Recession period (4.3%) than in the Pre-Recession (3.3%) and Recession (3.3%) periods.

Figure 1. Lower Shore Region: Percent of Total Statewide Exiting Cases

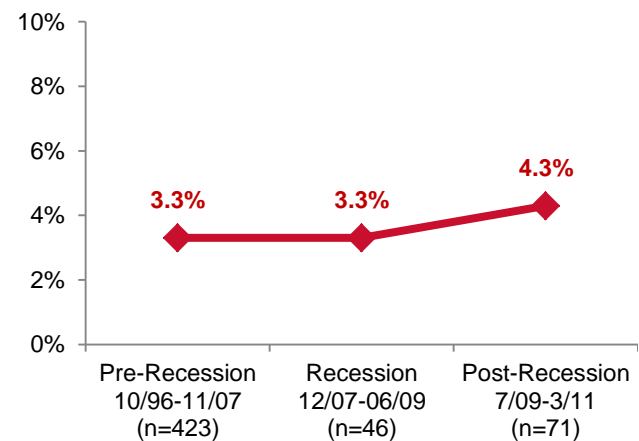


Table 1 presents demographic information about welfare leavers in the Lower Shore region. The typical payee is a female (96.6%) in her early thirties (mean=32.46 years). In this region, nearly seven in ten (67.7%) welfare leavers are African-American and have never married (67.5%). Approximately three in five leavers (61.1%) have at least a high school level diploma.

Comparing across cohorts, we find that there are some subtle changes in the demographic profile of a typical welfare leaver over time, consistent with the broader trends seen elsewhere in the state. In the Recession and Post-Recession periods, welfare leavers are somewhat less likely to be female (95.7% and 94.4%, respectively, versus 97.1% in the Pre-Recession period); they are slightly older, on average (mean=33.79 and 34.92 versus 31.91 in the Pre-Recession period); they are more likely to have been married at some point (e.g. the percent of never-married leavers declined from 68.3% in the Pre-Recession period to 65.7% in the Post-Recession period); and they are slightly more likely to have at least a high school degree (approximately 63% in the later cohorts versus 60.3% in the Pre-Recession cohort). The percent of welfare leavers who are African-American in the Lower Shore region declined substantially between the Pre-Recession (68.1%) and Recession (52.2%) cohorts, and then increased dramatically to 76.6% among the Post-Recession leavers. There is no corresponding shift in racial distribution among the general population in

the Lower Shore region between 2000 and 2010,⁴ though it is worth noting that welfare leavers are disproportionately more likely to be African-American than the general population in this region.

Table 2 presents information specific to the cases of welfare leavers in our sample. The most notable finding is the relatively high percent of two-parent cases that closed during the Recession period (8.7% versus 3.8% overall across the state). Two-parent cases were less frequently observed in the Post-Recession period, making up only 4.2% of the exiting cases in the Lower Shore. These findings correlate with changes observed with case size, also presented in Table 2, which increased in the Recession period from 2.7 in the Pre-Recession cohort to 3.0 in the Recession cohort and then decreased to 2.69 in the Post-Recession cohort. Although more research is needed to fully understand the differences between two-parent and single-parent welfare cases, our findings here indicate that caseheads of two-parent cases may be more likely to be male, Caucasian, and slightly older. More information is also needed to understand why two-parent cases were more common among welfare leavers during the Recession period, though a likely hypothesis is that two-parent families were more likely to need and qualify for welfare benefits during the Great Recession than at any other time.

⁴ U.S. Census Bureau, American FactFinder, QT-P3 Census 2000 and Census 2010 Summary File 1 (SF1) 100-Percent Data, Race and Hispanic or Latino.

Table 1. Lower Shore Region: Demographic Characteristics of Welfare Leavers

	% Female	Mean Age	% African American	Never Married	% HS Degree or Higher
Lower Shore Region (n=504)	96.6%	32.46	67.7%	67.5%	61.1%
Pre-Recession (n=423)	97.1%	31.91	68.1%	68.3%	60.3%
Recession (n=46)	95.7%	33.79	52.2%	62.8%	62.8%
Post-Recession (n=71)	94.4%	34.92	76.6%	65.7%	63.8%
Maryland (n=15,818)	95.2%	32.77	74.0%	75.0%	61.4%

Note: Valid percentages are reported.

Table 2. Lower Shore Region: Case Characteristics of Exiting Cases

	Mean Case Size	% Single-Parent	% Child-Only	% Two-Parent
Lower Shore Region (n=540)	2.62	55.3%	19.6%	4.9%
Pre-Recession (n=423)	2.70	-	-	-
Recession (n=46)	3.00	41.3%	19.6%	8.7%
Post-Recession (n=71)	2.69	40.8%	22.5%	4.2%
Maryland (n=15,818)	2.60	49.2%	18.8%	3.8%

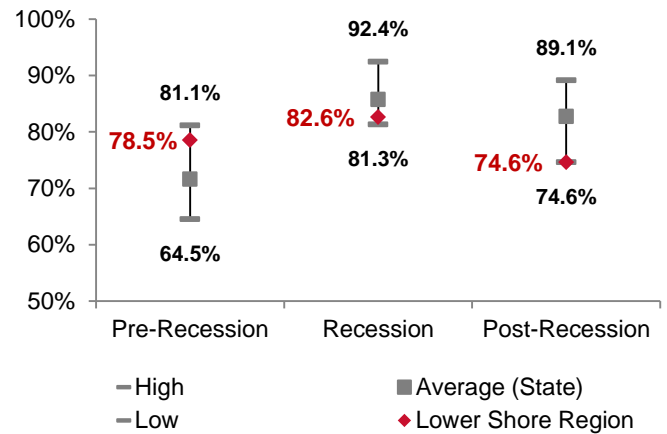
Note: We present caseload designations for the last two cohorts (n=117 in the Lower Shore region; n=3,012 in the State) since the data are not available prior to February 2004 and coding changed in October 2007. Valid percentages are reported.

Pre-Exit Welfare History

In this section we present findings related to two different measures of welfare history, each of which provides a slightly different view of leavers' receipt of welfare benefits in the months prior to their exit from welfare. The first is the percent of leavers in each cohort with a short exit spell, that is, the percent of leavers who received 12 or fewer months of *consecutive* cash benefits before the exit that brought them into our sample.

Figure 2 depicts the relative stability of short exit spells in the Lower Shore region over time. Approximately eight out of ten leavers in this region had short exit spells in both the Pre-Recession (78.5%) and Recession (82.6%) cohorts, and three quarters (74.6%) had short exit spells in the Post-Recession period. This stability is different from what we observe in other regions across the state, where short exit spells were least common in the Pre-Recession cohort and then much more so in the Recession and (to a lesser degree) the Post-Recession cohorts. In the Pre-Recession cohort, the Lower Shore region had a higher than average rate of short exit spells (relative to the statewide average), but we find that in the Recession and Post-Recession cohorts, the region had a lower than average proportion of short exit spells.

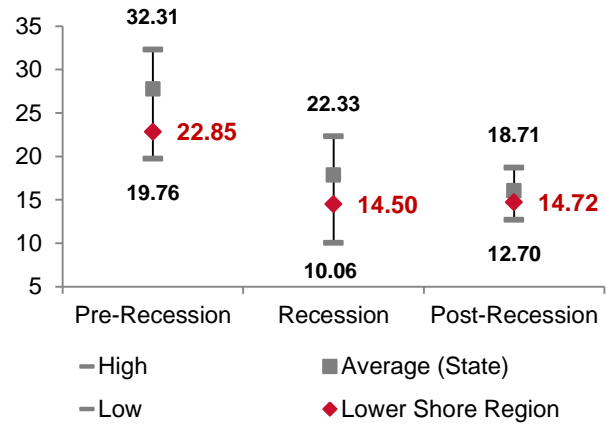
Figure 2. Lower Shore Region: Percent of Cases with an Exiting Spell of 12 Months or Less



Note: Figures with the 'High' and 'Low' markers represent the Maryland counties with highest and lowest average or percent of cases with that particular indicator. For example, in Figure 2, the 'High' marker represents the county with the highest percent of cases with an exiting spell of 12 months or less. Valid percentages are reported.

Although short exit spells are typical for Lower Shore welfare leavers, some leavers do return for further assistance and may accumulate many months of welfare assistance over time. Figure 3 shows the average number of total months of cash assistance leavers accumulated in the five years leading up to this exit. Lower Shore leavers tend to have shorter cumulative welfare histories than the statewide average. In the Pre-Recession cohort, Lower Shore welfare leavers had an average of 22.85 months of assistance in the previous five years. In the Recession and Post-Recession cohorts, the average welfare history is shorter by about one-third (mean=14.50 months and 14.72 months, respectively). At least on this measure, the data reveal an overall decrease in welfare dependency over time, despite the lower than average rate of short exit spells in the Post-Recession period.

Figure 3. Lower Shore Region: Average Number of Months of Cash Assistance in Previous Five Years

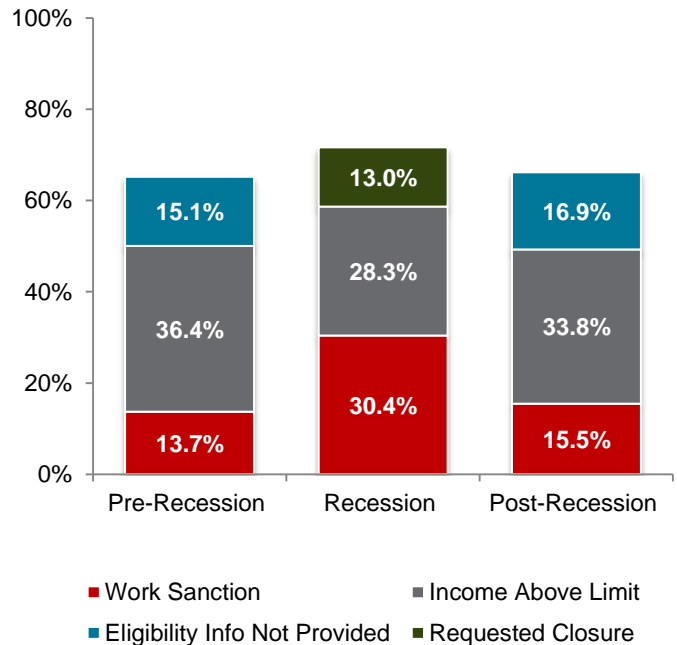


Reason for Case Closure

Figure 4 shows the top three case closure reasons for Lower Shore leavers. In the Pre-Recession and Recession cohorts, the reasons for closures mirror what is found elsewhere in the state. The top three reasons for closure are work sanctions, “income above limit”, and either “requested closure” or “eligibility information not provided”, depending on the cohort. As seen in some other locations around the state, there is a notable increase between the Pre-Recession and Recession cohorts in the use of work sanctions (from 13.7% to 30.4%) and a decrease in the percent of closures occurring because of “income above limit” (36.4% to 28.3%) .

However, elsewhere in the state, the increase in work sanctions tends to remain high through the Post-Recession period. In contrast, in the Lower Shore region, work sanctions dropped back to Pre-Recession levels, accounting for fewer than one in five (15.5%) closures in the Post-Recession period. Closures due to “income above limit” remained high and increased in the Post-Recession cohorts, accounting for about one in three closures (33.8%).

Figure 4. Lower Shore Region: Top 3 Closing Codes

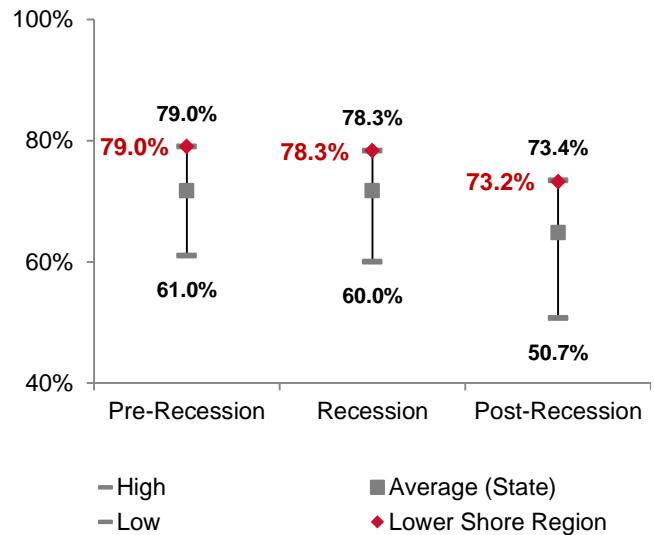


Note: Valid percentages are reported.

Pre-Exit Employment

In this section we examine the employment history of welfare leavers in the Lower Shore region. Specifically, we look at the percent of leavers with reported earnings from a Maryland job covered by Unemployment Insurance (UI) during the eight calendar quarters leading up to the welfare exit. In Figure 5, it is clear that Lower Shore welfare leavers are among the most likely to have been employed at any point in our study. In the Pre-Recession and Recession cohorts, nearly eight out of ten leavers had UI earnings in Maryland during the eight quarters leading up to their welfare exit (79.0% and 78.3%, respectively), and in the Post-Recession cohort, more than seven out of ten had earnings (73.2%), nearly the highest rate of employment in the state.

Figure 5. Lower Shore Region: Percent Working in the Two Years before Exit



Note: Valid percentages are reported.

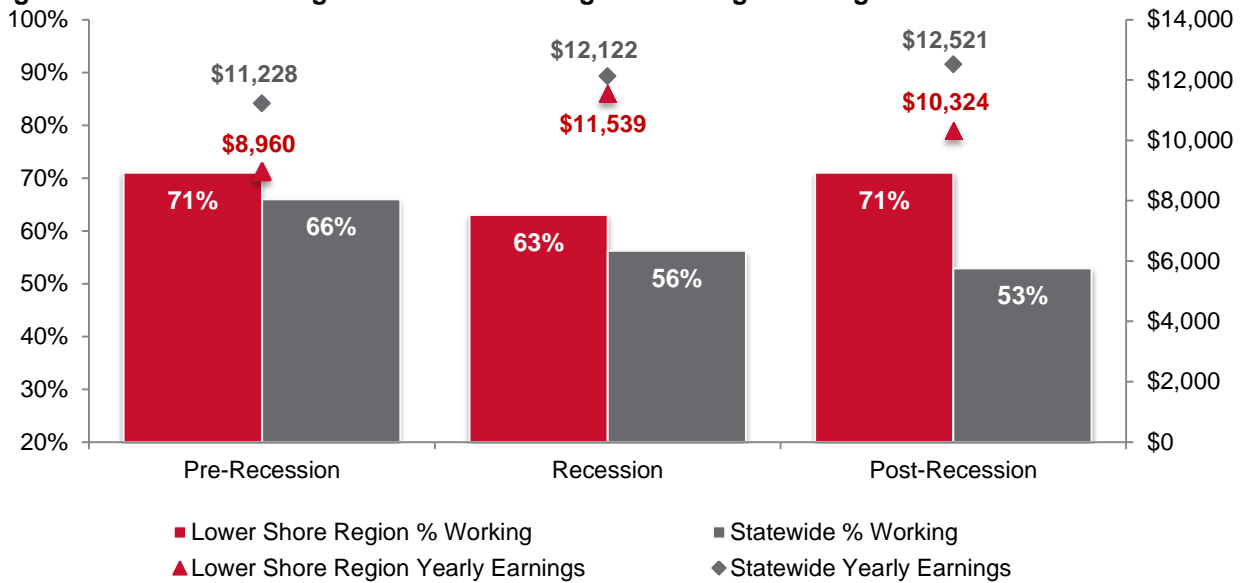
Post-Exit Employment

Post-exit employment, as measured by reported UI earnings in the four quarters following the quarter of the welfare exit, is relatively high in the Lower Shore region, compared to the rest of the state. Despite a decrease in employment from 71% to 63% between the Pre-Recession and Recession cohorts, employment in the Post-Recession cohort rebounded to the Pre-Recession level of 71%. The Lower Shore region is the only locale in our study that had an increase in employment between the Recession and Post-Recession cohorts.

Despite this unique increase in employment rates over time, average earnings for Lower Shore leavers who were employed during the year after their welfare exit were lower than

average reported earnings across the state. Overall, those who worked earned an average of about \$9,000 in their first post-exit year during the Pre-Recession period, \$11,500 during the Recession period, and \$10,000 during the Post-Recession period. Although we are unable to break down quarterly earnings into hourly or monthly earnings, it is worth conducting some follow-up analyses to see whether the bulk of earnings in this region were reported during the third calendar quarter (July to September), indicating that they were seasonal jobs during the summer months in Ocean City. If so, it may be particularly challenging to translate those jobs into long-term or career-track jobs, as is the hope for post-welfare employment generally.

Figure 6. Lower Shore Region: Percent Working and Average Earnings in Year after Exit



Note: Valid percentages are reported.

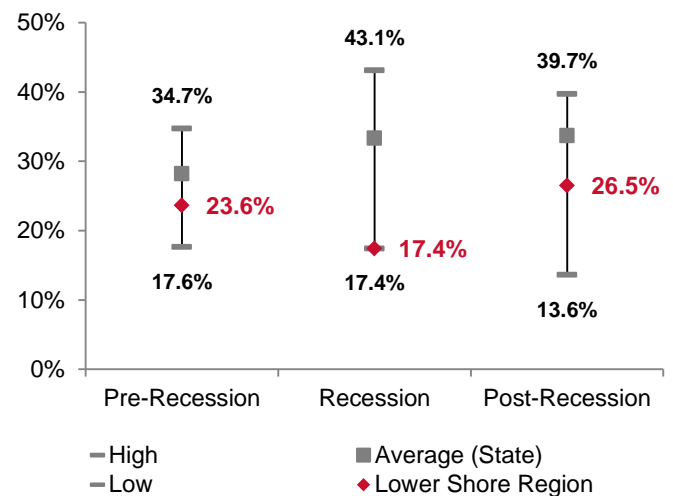
Returns to Welfare

Figure 7 provides information about returns to welfare within the first post-exit year, by cohort. In the Lower Shore region, welfare leavers are less likely than a typical leaver in Maryland to return to cash assistance within one year. In the Pre-Recession cohort, fewer than one in four (23.6%) leavers returned to welfare, compared to 28.2%, on average, across the state. During the Recession, returns to welfare are lowest in the Lower Shore region of any locale in the state, with fewer than one in five (17.4%) leavers returning to welfare. Though still lower than the statewide average, the percent of leavers returning to welfare increased back to approximately one in four (26.5%) in the Post-Recession period.

The up-down-up trend in recidivism across the three cohorts in the Lower Shore region is particularly interesting when we contrast it with opposite (down-up-down) trend in work sanctions. Specifically, during the Recession cohort months, sanctions accounted for approximately three out of ten closures in the Lower Shore region (30.4%, presented in Figure 4), yet fewer than one in five (17.4%) leavers from this cohort returned for any cash

assistance. This is somewhat contrary to previous research that has found a strong correlation between sanctions and recidivism (Ovwigbo, Kolupanowich, and Born, 2010), and is worth further investigation.

Figure 7. Lower Shore Region: Percent of Caseheads Returning to Cash Assistance within One Year



Note: One-year follow-up data are not available for leavers in April 2010 and after. Valid percentages are reported.

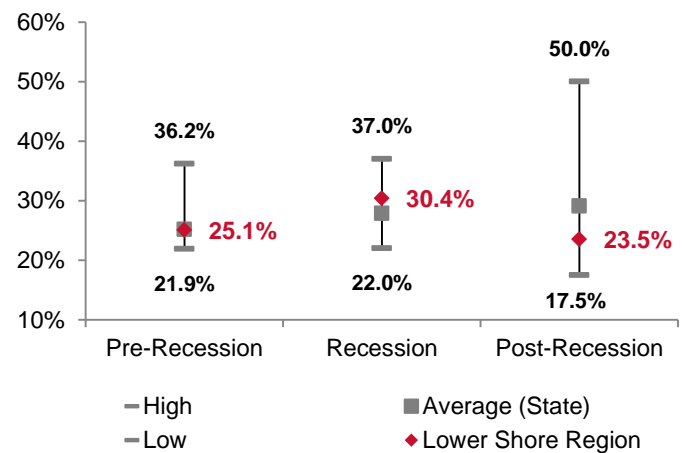
Disconnection from Welfare and Work

The post-exit analyses have revealed that Lower Shore welfare leavers are more likely to be employed and less likely to return to welfare than the average welfare leaver in Maryland. This is, on the whole, fairly good news for welfare leavers in this region. But it is important to note that employment and recidivism are not the only two possible outcomes, nor are they mutually exclusive. Some leavers end up combining welfare and work in the first year after their exit, and others are neither employed nor recidivists. We refer to these leavers as disconnected, though we know from other research that many of them receive other benefits such as Food Supplement or Medicaid, some of them move out of state or become deceased, and still others begin receiving a disability-related benefit such as Supplemental Security Income (SSI) (Ovwigo, Kolupanowich, and Saunders, 2009). Still, the measure is important because it helps us more fully understand the range of outcomes for welfare leavers in our state.

As presented in Figure 8, the rate of disconnection in the Lower Shore region is highest among Recession leavers (30.4% versus 25.1% among Pre-Recession leavers and 23.5% among Post-Recession leavers). The decrease in the rate of disconnection between the Recession and Post-Recession

cohorts is somewhat unique to the Lower Shore region (and Baltimore County), but reflects the sort of trends we have seen in previous analyses in this region. That is, in employment, recidivism, and disconnection, Post-Recession leavers seem to look more like the Pre-Recession leavers and make up the loss experienced by the Recession leavers.

Figure 8. Lower Shore Region: Percent of Caseheads Disconnected Through the First Year after Exit



Note: One-year follow-up data are not available for leavers in April 2010 and after. Valid percentages are reported.

Summary: Lower Shore Region

Overall, we find that Lower Shore welfare leavers, on the whole, have relatively good outcomes. Compared with Maryland welfare leavers in general, Lower Shore welfare leavers are more likely to have been employed in the years leading up to their welfare exit, and they have shorter cumulative welfare histories. In the post-exit months, Lower Shore leavers are more likely to be employed and less likely to return to welfare, despite having lower than average earnings. The most interesting findings from the Lower Shore region have to do with the leavers who exited during the months of the Great Recession. In terms of characteristics, these leavers are a more diverse group (specifically in terms of race and family size) compared with leavers in the other two cohorts and are more likely to have been sanctioned for noncompliance with work requirements. Despite similar pre-exit work and welfare histories to leavers in the cohorts before and after them, the Recession leavers

are less likely to be employed after exiting welfare, less likely to return to welfare, and more likely to become disconnected. All together, these findings indicate that many of the leavers who exited during the Recession in the Lower Shore region were families new to the welfare program, who had fallen on very hard times, perhaps for the first time in their lives. Although we do not have a complete detailed description of each of their situations, the fact that so many of them left for noncompliance with work rules and then did not return to welfare hints that these families were not familiar, and perhaps not willing to comply, with the rules and regulations required for the receipt of cash assistance. Perhaps some of them moved away or found other resources, but in any case, it is important to note that in the Lower Shore region, the welfare caseload (at least as reflected by those who exited) during the years of the Great Recession was different than the caseload before and after.

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For additional information about this research brief, please contact Letitia Logan Passarella (410-706-2479; llogan@ssw.umaryland.edu) or Dr. Catherine Born (410-706-5134; cborn@ssw.umaryland.edu) at the School of Social Work. Please visit our website, www.familywelfare.umaryland.edu for additional copies of this brief and other reports.