

**BEFORE AND AFTER TANF
TEMPORARY CASH ASSISTANCE CASELOAD DYNAMICS:
PROFILES OF WOMEN BORN IN 1967 OR 1977¹**

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INTRODUCTION

Do age-specific temporary cash assistance (TCA) profiles look different when the last 10 years of AFDC and the first 10 years of TANF are compared?² If profiles look different, what are the explanatory contributions of federal, state and local policies, front-line staff and TCA recipient behaviors, and relevant economic conditions? Looking ahead to the new TANF rules for participation in work activities³, will our findings offer insights about actions to be taken or avoided? Today's conversation addresses the 'look different' question.

¹ Prepared for presentation at the National Association of Welfare Research and Statistics (NAWRS) annual conference August 21, 2006 Jackson, WY. We thank John Janak, Sang Truong and Stacey Lee for data extraction, processing and document formatting support.

² Earlier age-specific cohort studies using Maryland Department of Human Resources administrative records include: David W. Stevens (2001), *Welfare to Work Policy, Getting a Job is a First Step: What Should Follow?*, America's Workforce Network Research Conference presentation (<http://www.ubalt.edu/jfi/jfi/reports/etapaper.pdf>); and Robert A. Moffitt and David W. Stevens, "Changing Caseloads: Macro Influences and Micro Composition," *Economic Policy Review*, Vol. 7, No. 2 (September 2001), New York, NY: Federal Reserve Bank of New York, pp. 37-51 (<http://www.ny.frb.org/research/epr/01v07n2/0109moff.pdf>).

³ "Reauthorization of the Temporary Assistance for Needy Families Program: Interim Final Rule," *Federal Register*, Vol. 71, No. 125 (June 29, 2006), pp. 37453-37483 (http://www.gpo.gov/su_docs/fedreg/a060629c.html; scroll to *Children and Families Administration, rules*).

OVERVIEW

We define two birth-year cohorts of female head-of-household TCA recipients using Maryland Department of Human Resources (DHR) administrative records:

- **Cohort 1** (N=5,336): All women born in 1967 and having a valid Social Security Number (SSN) issued in Maryland⁴ that received Maryland TCA as a case head-of-household in any month(s) from January 1986 through December 1995.
- **Cohort 2** (N=4,020): All women born in 1977 and having a valid SSN issued in Maryland that received Maryland TCA as a case head-of-household in any month(s) from January 1996 through December 2005.

These monthly Maryland TCA profiles cover only pre-TANF years for *Cohort 1* and only post-TANF years⁵ for *Cohort 2*. We also extend the *Cohort 1* time span covered to 20 years—1986-2005, split evenly between pre-TANF years and post-TANF years, as the women in *Cohort 1* matured from age 19 to 38.

PRESENTATION OF FIGURES

Figure 1

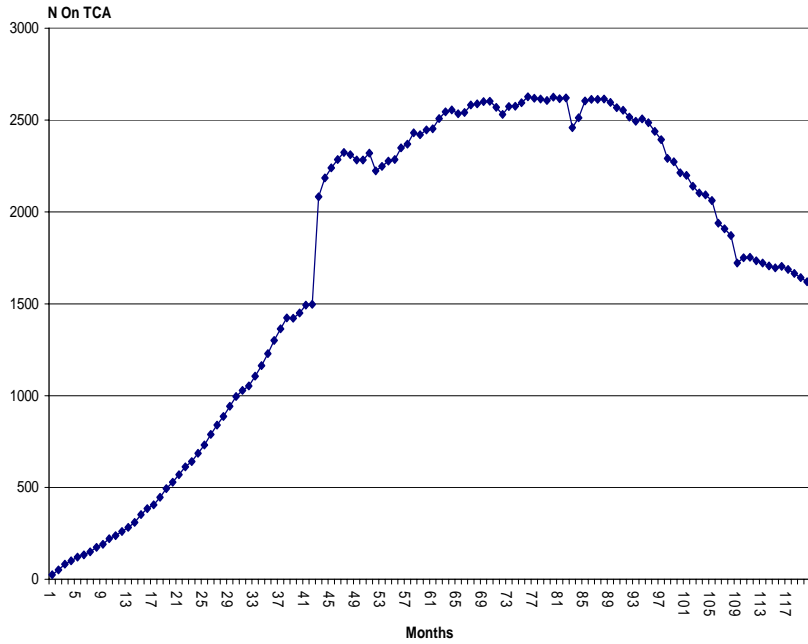
- Panel (a) of Figure 1 shows the *Cohort 1* number receiving TCA in each of the 120 months January 1986 through December 1995.
- Panel (b) of Figure 1 shows the *Cohort 1* percent receiving TCA in each of the 120 months January 1986 through December 1995.
- Panel (c) of Figure 1 shows the *Cohort 2* number receiving TCA in each of the 120 months January 1996 through December 2005.
- Panel (d) of Figure 1 shows the *Cohort 2* percent receiving TCA in each of the 120 months January 1996 through December 2005.

⁴ The “having a valid Social Security Number issued in Maryland” filter is a proxy for knowing whether and when these women lived in Maryland. The valid SSN filter also ensures a *possibility* that reported employment and earnings can be found in a match with Maryland UI wage records, other state UI wage record files, and Federal Employment Data Exchange System (FEDES) data extracts.

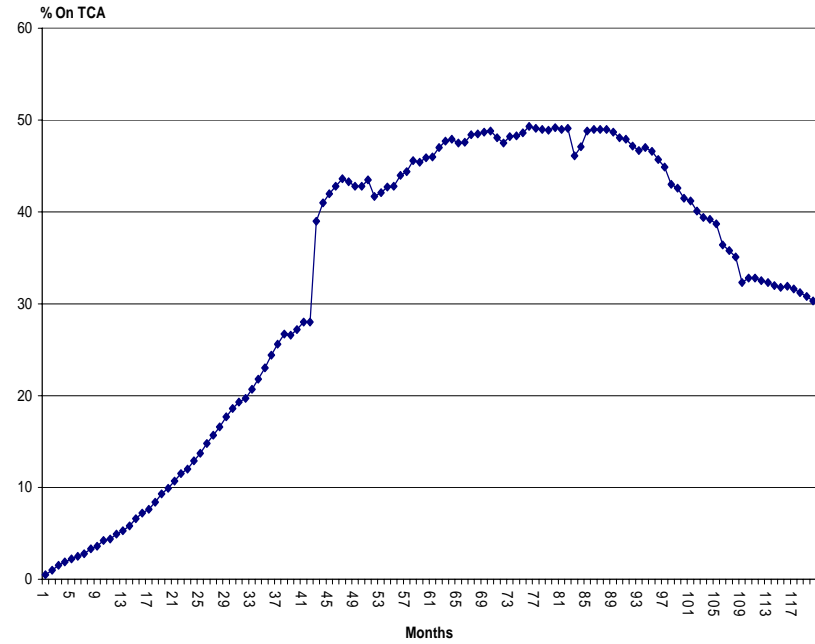
⁵ Reference to pre-TANF and post-TANF timing is necessarily imprecise. Maryland’s Welfare Innovations Act of 1996, eliminating AFDC and replacing it with a Family Investment Program, took effect July 1, 1996. Up-front job search, child support first, and welfare avoidance grants and childcare only components of the Family Investment Program policies were introduced on a county-by-county schedule beginning in September 1995 and continuing through July 1996.

Figure 1: Monthly Cohort TCA Counts And Percentages Over 10 Years

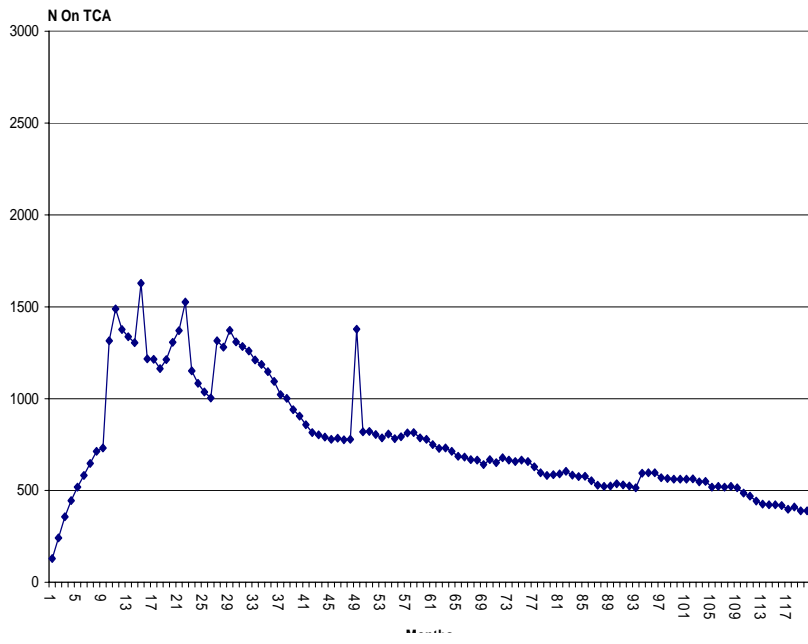
Panel (A) - Cohort 1 (1986-1995)



Panel (B) - Cohort 1 (1986-1995)



Panel (C) - Cohort 2 (1996-2005)



Panel (D) - Cohort 2 (1996-2005)

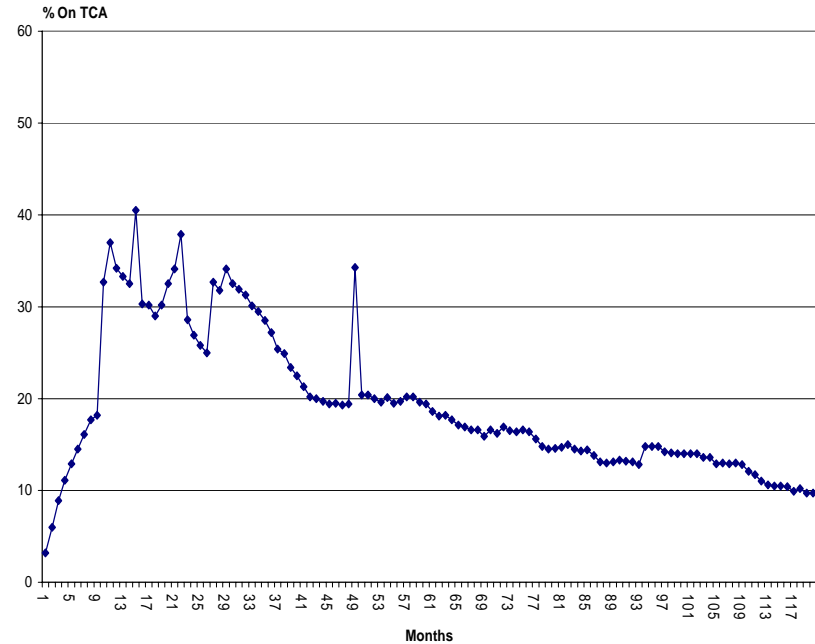


Figure 1 panel (a) shows the month-to-month count of *Cohort 1* women receiving TCA. The discontinuity at month 43, when 609 first TCA spells begin, results from our reliance on the DHR Automated Master File (AMF) database from January 1986 through June 1989 and then the DHR Automated Income Maintenance System (AIMS) database beginning in July 1989.⁶

Figure 1 panel (c) shows the month-to-month count of *Cohort 2* women receiving TCA. The discontinuity at month 10 (October 1996), followed by spikes in months 15 (March 1997) and 27 (March 1998), are artifacts of the DHR phased switchover from the AIMS database to the current Client Automated Resource and Eligibility System (CARES).⁷ The spike in month 49 (January 2000) is unexplained at this time, but coincident with Y2K.

Figure 1 panel (b) and panel (d) show the percentage of the respective cohort women that received TCA in each of the 120 months observed for each group. We turn to Figure 2 to highlight selected features of the two cohort 10-year profiles of TCA.

Figure 2

- Panel (a) of Figure 2 overlays panels (a) and (c) from Figure 1, showing the difference in cohort N on TCA in each of the 120 months observed for the women in *Cohort 1* or *Cohort 2*.
- Panel (b) of Figure 2 overlays panels (b) and (d) from Figure 1, showing the difference in percent of cohort on TCA in each of the 120 months observed for the women in *Cohort 1* or *Cohort 2*.

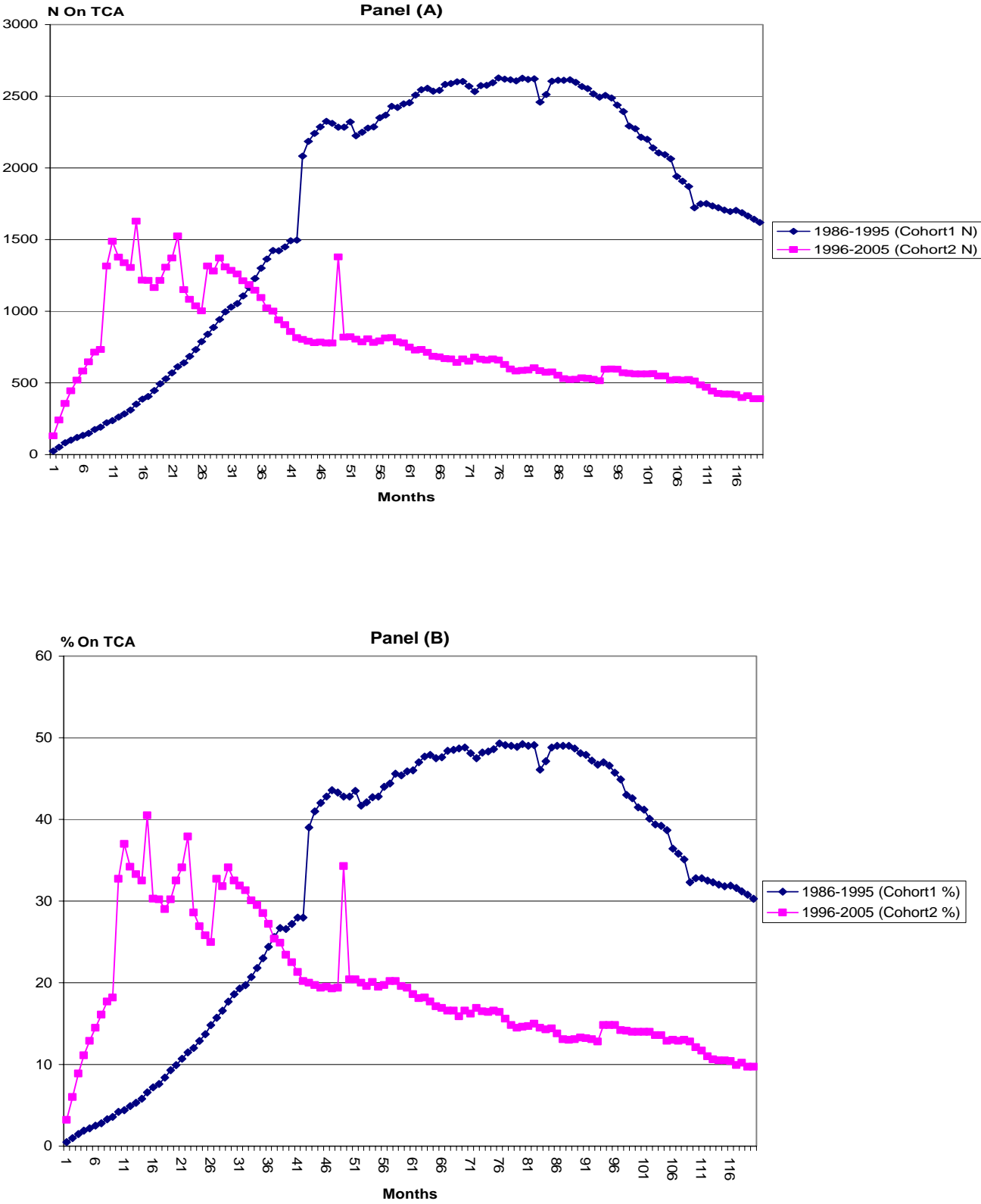
Figure 2 panel (a) shows a direct comparison of the 10-year *Cohort 1* and *Cohort 2* TCA counts.⁸ Because of our temporary data source transitions affecting the earliest years of coverage we focus here on respective months 43 through 120—or July 1989 through December 1995 for *Cohort 1* and July 1999 through December 2005 for *Cohort 2*.

⁶ We received August 11, 2006 confirmation that the Maryland Department of Human Resources will deliver monthly TCA case documentation to us for each month of the January 1986-June 1989 period in question, so we will be able to eliminate this temporary deficiency in the data series.

⁷ We will consult with our Maryland Department of Human Resources colleagues to determine whether appropriate remedial steps can be taken similar to the January 1986-June 1989 solution.

⁸ We used 2000 decennial census data, found at <http://factfinder.census.gov> quick table QT-P1 *Age Groups and Sex 2000: Maryland*, to estimate the relative sizes of the gender/age-specific groups to which the cohorts belong. The 5,336 women in *Cohort 1* represent 12.7 percent of an estimated 41,867 women in the gender/age-specific population in Maryland. The 4,020 women in *Cohort 2* represent 12.9 percent of an estimated 31,180 women in the gender/age-specific population in Maryland.

Figure 2: Direct Comparison Of Cohort TCA Counts and Percentages Over 10 Years



Source: The Jacob France Institute, University of Baltimore (August 2006)

The net + and - areas between the two cohort TCA trend lines in Figure 2 panel (a) is the difference between the cohort-specific TCA caseloads over the defined years. These are back-to-back pre-TANF and post-TANF profiles.

Figure 3

Figure 3 shows the *Cohort 1* and *Cohort 2* distributions of first month receiving TCA during the respective 10 year reference periods. Two features of this comparison are striking:

- The women in *Cohort 2* began their first TCA spell at a younger age than the women in *Cohort 1*.
- The timing of first TCA spell start for the women in both cohorts is distributed more evenly across the respective 10 year reference periods than we expected.

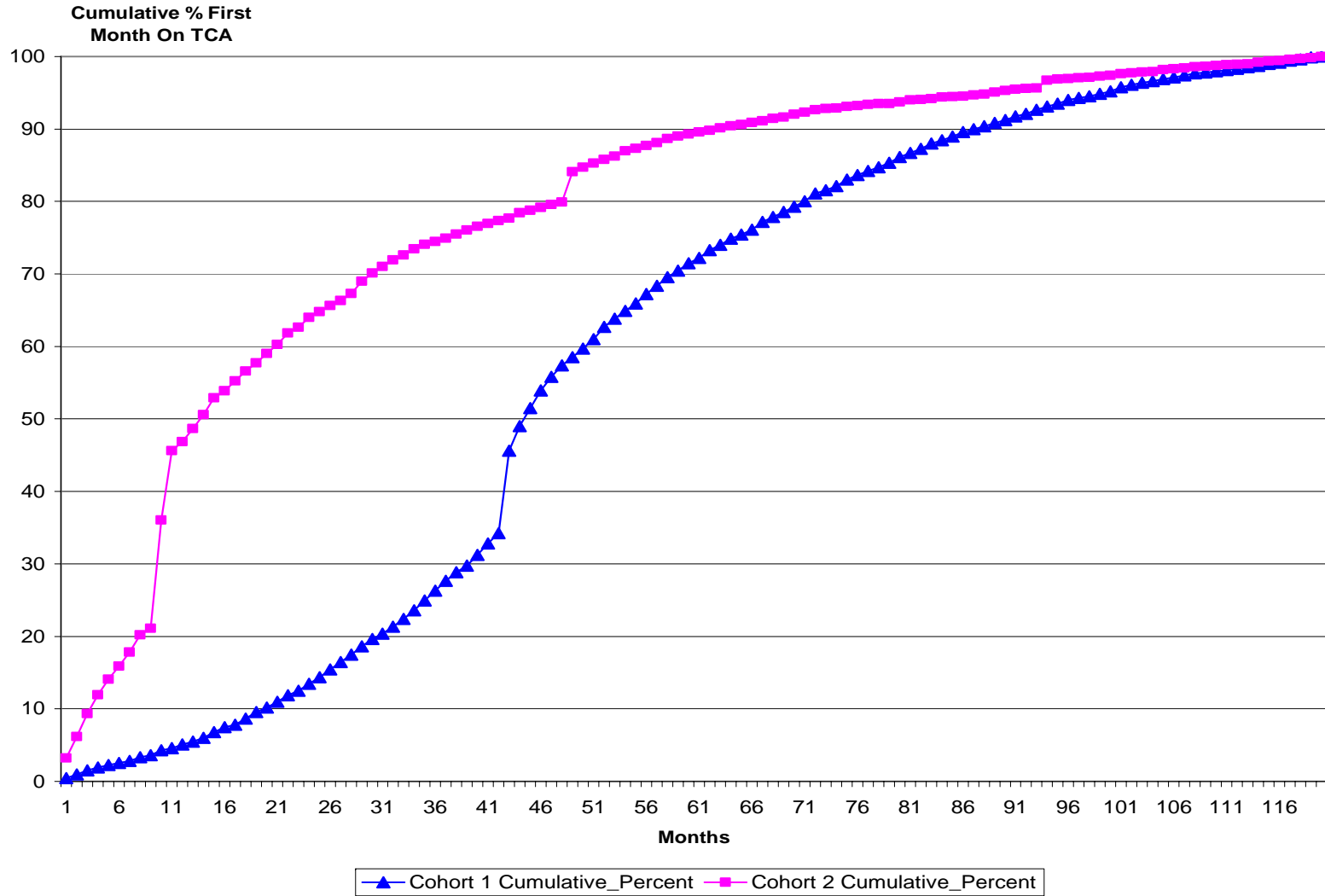
Our remaining challenge is to adopt appropriate statistical methods to explain why these patterns occurred.

Figure 4

- Panel (a) of Figure 4 shows the *Cohort 1* percent of maximum annual months possible spent on TCA during each of the 10 years 1986-1995.
- Panel (b) of Figure 4 shows the *Cohort 2* percent of maximum annual months possible spent on TCA during each of the 10 years 1996-2005.

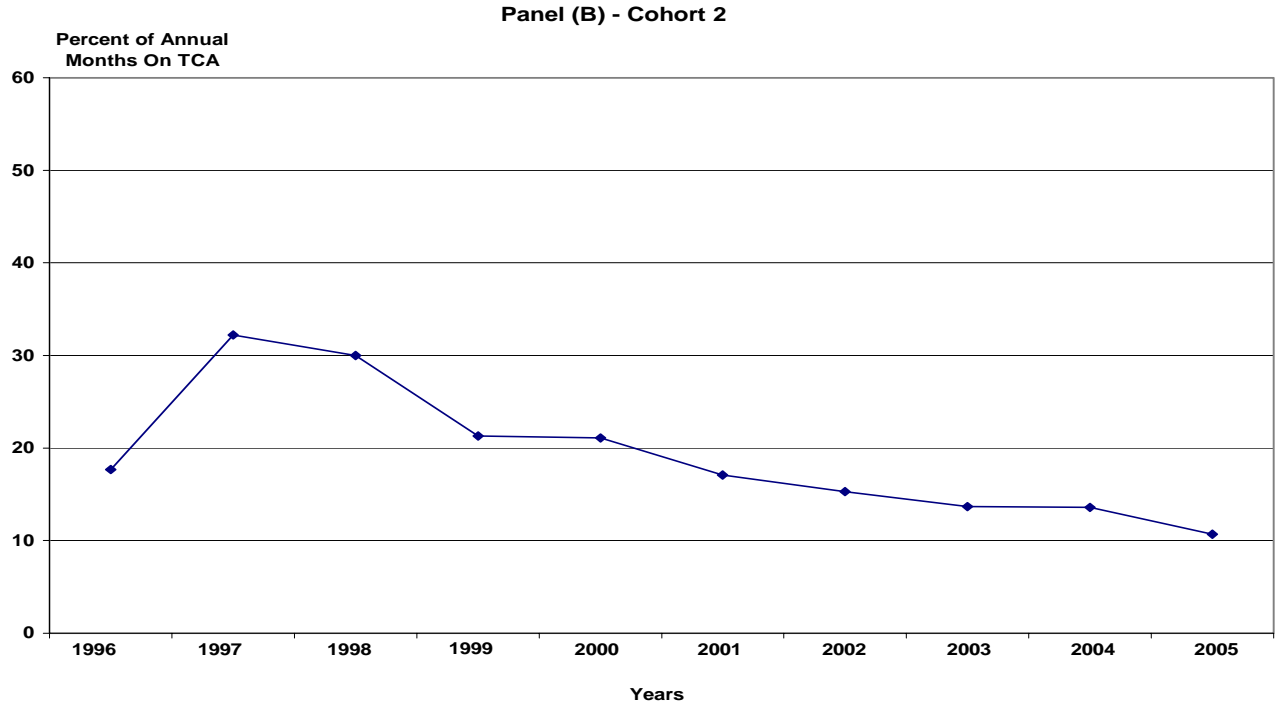
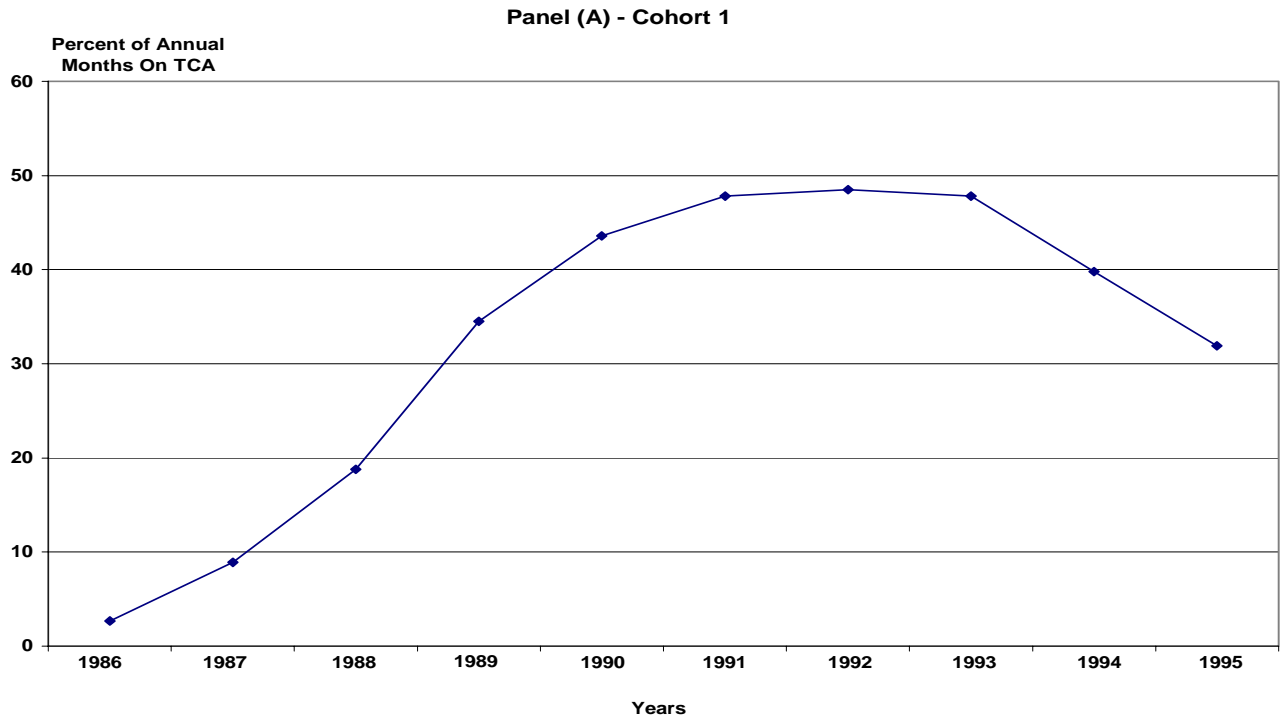
The two panels of Figure 4 aggregate the monthly data from Figure 1 panels (a) and (c), showing the percentage of maximum possible annual months of TCA received by the women in each of the age-specific cohorts. For example, there are 5,336 women in *Cohort 1*, all known to have received one or more months of TCA between January 1986 and December 1995. If all 5,336 women received TCA in all 12 months of any one of these 10 years the sum of *Cohort 1* TCA months in this year would be $5,336 \times 12 = 64,032$. This becomes the denominator for the 10 annual calculations of *percent of months on TCA* for this cohort. The numerator of each annual calculation is the sum of the 12 monthly counts of TCA from Figure 1 panel (a) *Cohort 1* or panel (c) *Cohort 2*.

Figure 3: Direct Comparison Of Cohort First Month of TCA



Source: The Jacob France Institute, University of Baltimore (August 2006)

Figure 4: Annual Cohort Percentage Of Total Time Receiving TCA



Source: The Jacob France Institute, University of Baltimore (August 2006)

Figure 5

Figure 5 compares annual percent of time on TCA for the two cohorts—1986 through 1995 for *Cohort 1* and 1996 through 2005 for *Cohort 2*.

- Figure 5 overlays the two panels from Figure 4, showing the difference in annual TCA concentration for the two birth-year cohorts.

We again concentrate on years four through ten until the data source artifacts impacting earlier years are resolved. Returning to our basic question posed in the first sentence of this paper—do age-specific TCA profiles look different when the last 10 years of AFDC and the first 10 years of TANF are compared?—we now have an affirmative answer.

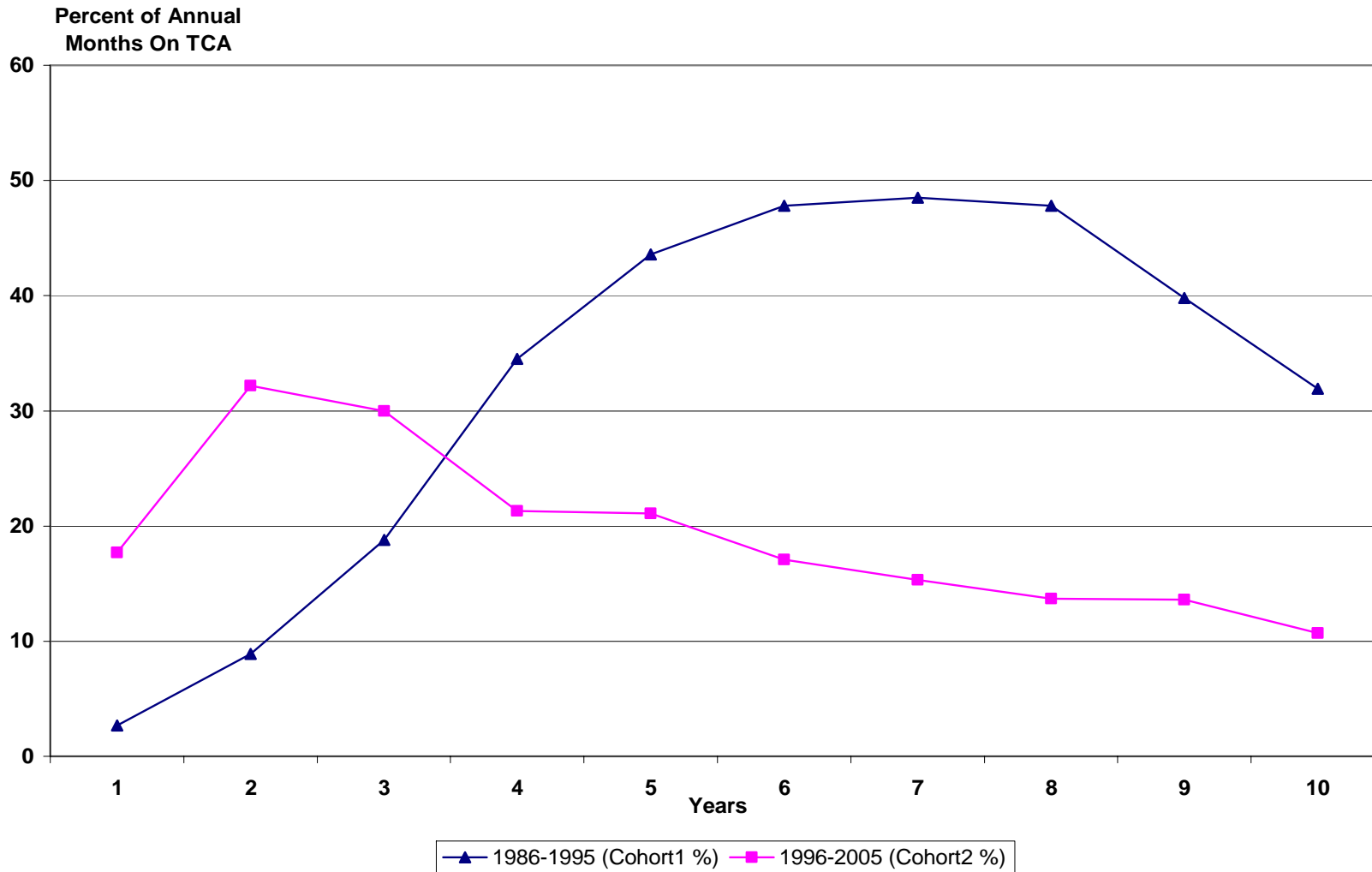
We pause while looking at Figure 5 to point out that a recession of equal length, eight months⁹, occurred in each of the cohort-specific 10-year observation periods—July 1990-March 1991 (parts of Year 5 and Year 6) for *Cohort 1*, and March 2001-November 2001 (Year 6) for *Cohort 2*.

The Figure 5 difference in TCA trend direction through these pre-TANF and post-TANF recessions for two age-specific cohorts of women in Maryland remains our challenge to update and refine what predecessors have found for other TCA groups elsewhere.¹⁰

⁹ See <http://www.nber.org/cycles.html>. Our forthcoming statistical estimates will substitute Maryland and sub-state data points for this national timing defined by the Business Cycle Dating Committee of the National Bureau of Economic Research.

¹⁰ Examples include: William J. Carrington, Peter R. Mueser and Kenneth R. Troske (2003), *The Impact of Welfare Reform on Leaver Characteristics, Employment and Recidivism*, 35 pp. + tables and figures, unpublished paper available from an author; Steven Haider, Jacob Klerman, and Elizabeth Roth (2002), *The Relationship Between the Economy and the Welfare Caseload: A Dynamic Approach*, Working Paper DRU-3003, Santa Monica, CA: RAND; and Sheldon Danziger (ed.)(1999), *Economic Conditions and Welfare Reform*, Kalamazoo, MI: W.E. Upjohn Institute for Employment Research.

Figure 5: Direct Comparison of Cohort Percentages of Total Time Receiving TCA



Source: The Jacob France Institute, University of Baltimore (August 2006)

We will use multiple administrative data sources in our next phase of statistical analysis:

- Authorized use of Maryland UI wage records maintained by The Jacob France Institute at the University of Baltimore through a data sharing agreement between the Maryland Department of Labor, Licensing and Regulation (DLLR) and the Institute. Current coverage is April 1985-April 2006. Quarterly updates occur during the fourth month following the end of a reference year/quarter.
- Authorized use of UI wage records received through multi-state data sharing agreements among Delaware, the District of Columbia, Maryland, New Jersey, Ohio, Pennsylvania, Virginia and West Virginia.
- Authorized use of federal civilian employee and U.S. Postal Service employee data received through the Federal Employment Data Exchange System (FEDES) funded by the Employment and Training Administration, U.S. Department of Labor, managed by DLLR with the quarterly portal maintained by The Jacob France Institute.¹¹
- Authorized use of Census Bureau Local Employment Dynamics (LED) Program *Quarterly Workforce Indicator* (QWI) series data, which include quarterly hire transaction calculations by sub-state area, detailed industry classification, gender and age.¹²

Figure 6

- Panels (a) and (b) of Figure 6 extend the observation period for panels (a) and (b) of Figure 1 to 20 years; 240 months—January 1986 through December 2005.

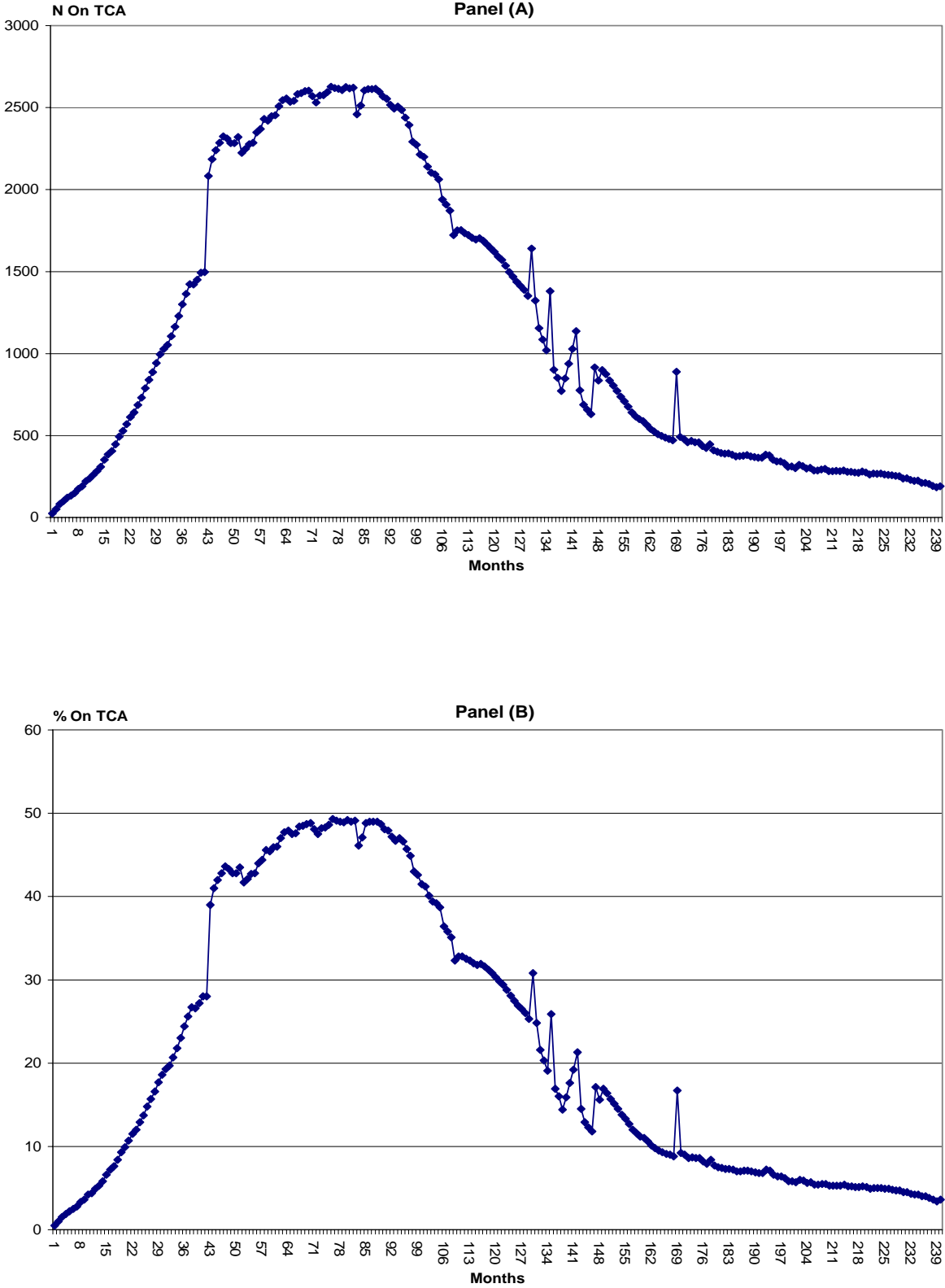
Figure 7

- Figure 7 extends the observation period for panel (a) of Figure 4 to 20 years—1986 through 2005, and overlays the *Cohort 2* TCA trend line for the common years 1998-2005 (omitting the common years 1996-1997 because of the outstanding data source artifact issues)

¹¹ Contact the France Institute's FEDES manager, Jane Staveley, jstaveley@ubalt.edu, for information about this data source.

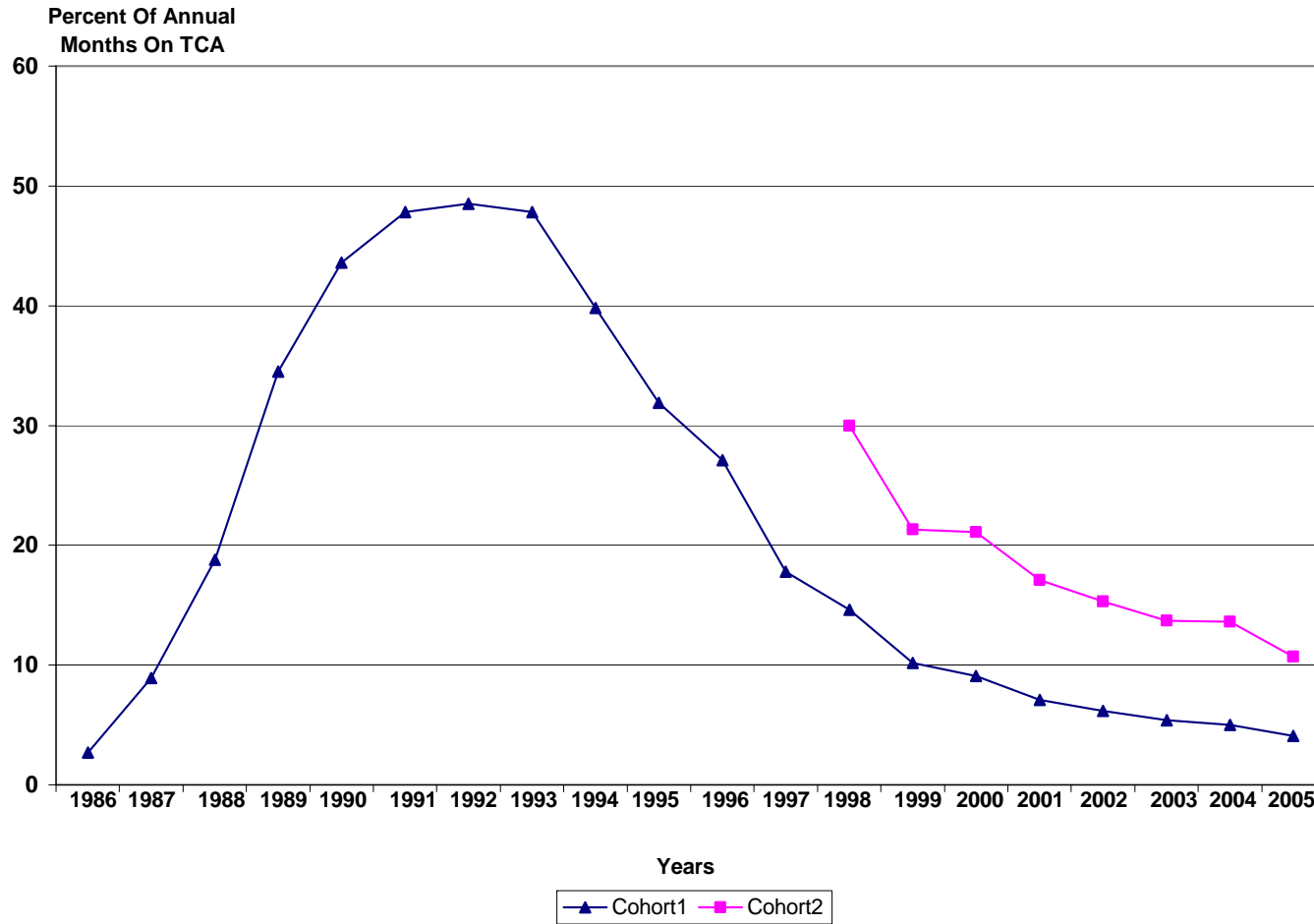
¹² For information about the Census Bureau LED Program, see <http://lehd.dsd.census.gov>. For a recent example of how the QWI series has been used see: David W. Stevens (2006), *New Information to Promote Successful Job Search by Temporary Cash Assistance Recipients*, Baltimore, MD: The Jacob France Institute, University of Baltimore (<http://www.ubalt.edu/jfi>). Also see many other examples of our use of the LED QWI series data, which can be found at <http://www.ubalt.edu/jfi/meets> (Market-responsive Education and Employment Training System).

Figure 6: Monthly Cohort 1 TCA Counts and Percentages Over 20 Years



Source: The Jacob France Institute, University of Baltimore (August 2006)

Figure 7: Direct Comparison Of Cohort Percentages Of Total Time Receiving TCA, 1998 - 2005



Source: The Jacob France Institute, University of Baltimore (August 2006)

Figure 8

We turn next to three snapshots of earnings reported by employers of the *Cohort 1* and *Cohort 2* women. Figure 8 shows:

- The distribution of inflation adjusted¹³ earnings for *Cohort 1* women (3,001 of 5,336 had some earnings; 56.2 percent) reported to the Maryland Department of Labor, Licensing and Regulation (DLLR) by covered employers for the four quarters of 1995.
- The distribution of earnings for *Cohort 1* women (N=3,186 of 5,336 had some earnings; 59.7 percent) reported to DLLR for 2005:1-2005:4.
- The distribution of earnings for *Cohort 2* women (N=2,815 of 4,020 had some earnings; 70.0 percent) reported to DLLR for 2005:1-2005:4.

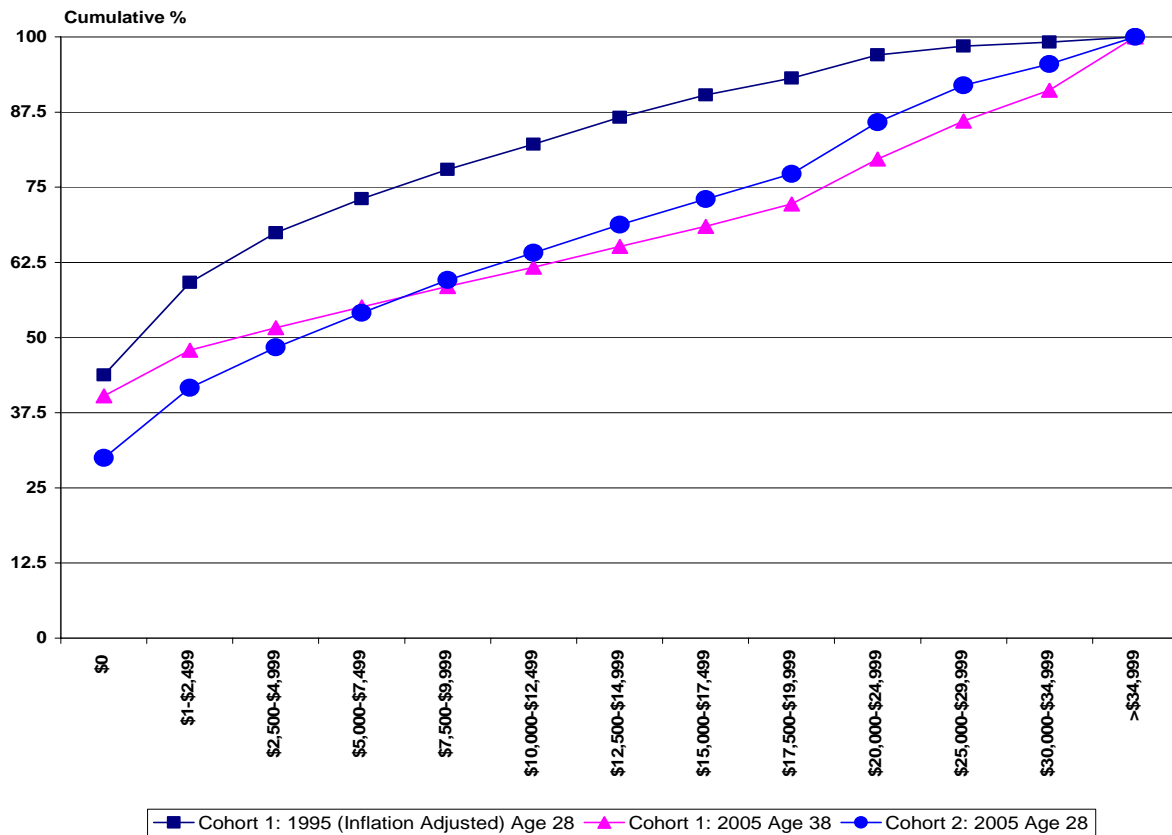
Figure 8 highlights include:

- More than 40 percent of the *Cohort 1* women had no Maryland reported earnings when they were age 28 (in 1995) compared to 30 percent of the *Cohort 2* women having no Maryland reported earnings when they were age 28 (in 2005).
- When the *Cohort 1* women were age 38 (in 2005) 40 percent had no Maryland reported earnings.
- The *Cohort 1* women with Maryland reported earnings show inflation-adjusted earnings gains between age 28 and 38, 1995-2005, with the percentage having reported earnings of \$30,000 or more increasing from 1.5 percent in 1995 (inflation-adjusted) to 14 percent in 2005.
- A comparison of the *Cohort 1* and *Cohort 2* women at age 28, 1995 or 2005, shows that 7 percent of the *Cohort 2* women had reported earnings of \$30,000 or more compared with the 1.5 percent figure for the *Cohort 1* women (inflation adjusted).

Table 1 shows the cumulative distribution of earnings for the *Cohort 1* women at age 28 (1995 inflation-adjusted earnings) and age 38 (2005 earnings) and for the *Cohort 2* women at age 28 (2005 earnings).

¹³ Chained Consumer Price Index for All Urban Consumers (C-CPI-U), 2005=100 (<http://data.bls.gov/cgi-bin/surveymost>).

Figure 8: Distribution of Maryland Reported Earnings



Source: The Jacob France Institute, University of Baltimore (August 2006)

**TABLE 1: CUMULATIVE DISTRIBUTION OF ANNUAL EARNINGS
COHORT 1, 1995 (INFLATION-ADJUSTED) AND 2005
AND COHORT 2, 2005**

<u>Annual earnings range</u>	<u>Cohort 1 1995 cumulative %</u>	<u>Cohort 1 2005 cumulative %</u>	<u>Cohort 2 2005 cumulative %</u>
No reported earnings	43.76	40.29	29.98
Some but < \$2,500	59.13	47.92	41.64
\$2,500-\$4,999	67.45	51.65	48.36
\$5,000-\$7,499	73.07	55.08	54.13
\$7,500-\$9,999	77.94	58.51	59.58
\$10,000-\$12,499	82.12	61.78	64.08
\$12,500-\$14,999	86.64	65.88	68.78
\$15,000-\$17,499	90.31	68.48	73.03
\$17,500-\$19,999	93.14	72.25	77.21
\$20,000-\$24,999	96.98	79.69	85.80
\$25,000-\$29,999	98.50	86.04	91.92
\$30,000-\$34,999	99.14	91.15	95.45
> \$34,999	100.00	100.00	100.00

EMPLOYMENT AFFILIATIONS

Maryland is an 'open' state from a commute-to-work perspective. Many workers live in Maryland and work in Washington, D.C., Virginia, West Virginia, Pennsylvania, New Jersey or Delaware; or *vice versa*.

Table 2 shows the results of attempts to match valid Social Security Numbers issued in Maryland to *Cohort 1* or *Cohort 2* women with four sources of 1995 and/or 2005 employment status information:

1. Maryland UI wage records, 1995:1-1995:4 and 2005:1-2005:4.
2. Delaware, District of Columbia, New Jersey, Ohio, Pennsylvania, Virginia and West Virginia UI wage records, 2005:1-2005:4.
3. Office of Personnel Management (OPM) federal civilian employees, 2005:1-2005:4.
4. U.S. Postal Service employees, 2005:1-2005:4.

TABLE 2: EMPLOYMENT STATUS BY AFFILIATION									
Data Source		<u>1995</u> 1	<u>1995</u> 2	<u>1995</u> 3	<u>1995</u> 4	<u>2005</u> 1	<u>2005</u> 2	<u>2005</u> 3	<u>2005</u> 4
MD UI Wage Record	C 1	1,988	2,200	2,243	2,336	2,723	2,767	2,746	2,770
	C 2					2,253	2,333	2,316	2,313
Other State UI Wage Record	C 1					154	162	165	132
	C 2					133	144	154	131
Federal Civilian Employee	C 1					44	44	44	43
	C 2					39	39	39	40
U.S. Postal Service Employee	C 1					3	7	6	14
	C 2					14	14	14	16