



May 3, 2002

## **MANDATORY TANF SANCTION POLICY REDUCES FLEXIBILITY IN CALIFORNIA**

On April 18, 2002, the Human Resources Subcommittee of the House Ways and Means Committee amended HR 4090, the House Republican bill to reauthorize the Temporary Assistance for Needy Families (TANF) block grant, to require states to implement “full-family” sanctions. This amendment would compel states to discontinue all cash grant payments to families with an adult who does not comply with participation requirements for two consecutive months. States currently have the flexibility to impose full or partial sanctions when adults do not comply with program requirements.

### **California Has Moderate Sanction Rate, Maintains Aid To Children**

California has an adult-only sanction policy and a statewide sanction process.<sup>1</sup> When an adult is found to be non-compliant with work or other program requirements, the family’s cash grant is reduced by the amount attributable to the adult, while cash assistance is continued to children in the family. This provision is designed to provide a basic subsistence allowance to children even if their parents are not complying with all program requirements.

California has a moderate sanction rate. About 50,000 adults enrolled in the CalWORKs welfare-to-work program are sanctioned each month for non-compliance.<sup>2</sup> Sanction rates vary considerably by county from the statewide rate of 16 percent. Over a third of California’s 58 counties (22 counties) have sanction rates at or below 10 percent, and Glenn and Calaveras Counties have the highest sanction rates of 42 and 43 percent, respectively.<sup>3</sup> Los Angeles County has a sanction rate of 16 percent, the same as the state as a whole. Differences in sanction rates among counties may result from the reluctance or inclination of administrators and caseworkers to impose sanctions, competing demands on caseworkers’ time, and differing rates of compliance by CalWORKs participants.<sup>4</sup>

HR 4090, as amended, would mean the loss of hundreds of dollars per month for families with an adult who did not comply with TANF work requirements. For a family of three, it would represent a loss of as much as \$548 per month.<sup>5</sup> In aggregate, this could mean a loss of approximately \$200 million per year to some of California’s lowest income families if all families that are now sanctioned continue to be sanctioned.<sup>6</sup>

### **Sanctioned Families Tend To Have More Problems**

Research indicates that sanctioned families tend to need the most help. While research from California is limited, a study of sanctioned families in Sonoma County found that many sanctioned adults have child care and transportation difficulties that impede participation, and they report high incidences of domestic violence, depression, and substance abuse problems.<sup>7</sup> Research from other states indicates that sanctioned adults are more likely to have lower education levels and less work experience than those who do not receive sanctions.<sup>8</sup> Families that leave welfare due to a full-family sanction in other states have lower earnings and are less likely to be employed, as compared to families that leave welfare for other reasons.<sup>9</sup>

## Higher Sanction Rates Do Not Increase Participation

Research suggests that penalties above a certain level do not increase participation. The Manpower Demonstration Research Corporation (MDRC) evaluated a series of welfare-to-work programs in several states and found that a low level of program enforcement, including sanctions, tended to increase participation. However, “high-enforcement” programs did not have higher participation rates than “medium-enforcement” programs.<sup>10</sup>

Evidence from California supports these findings. As mentioned above, sanction rates vary across California’s 58 counties. If sanctions were effective at encouraging CalWORKs recipients to participate in county welfare-to-work programs, recipients in counties that sanction at high rates would tend to participate at higher rates. Indeed, a simple correlation analysis indicates that higher CalWORKs sanction rates are weakly associated with higher participation rates.<sup>11</sup> This means that counties that sanction more participants are slightly more likely to have higher participation rates. For example, Solano County has a sanction rate of 6 percent and a participation rate of 46 percent. Stanislaus County, on the other hand, has both a higher sanction rate (9 percent) and a higher participation rate (58 percent).

However, among counties with sanction rates higher than the statewide rate of 16 percent, higher sanction rates are not related to higher participation rates.<sup>12</sup> That is, counties with high sanction rates do not tend to have higher participation rates than counties with moderate sanction rates. For example, Humboldt County has a sanction rate slightly higher than the state average (19 percent) and a participation rate of 77 percent. Marin County has a higher sanction rate (30 percent), yet a lower participation rate (61 percent). This supports MDRC’s findings that penalties above a certain level do not increase participation, and suggests that harsher sanction policies, such as full-family sanctions, may not result in increased participation by CalWORKs participants.

Of course, terminating grant payments for non-compliant families through full-family sanctions *would* reduce the number of families that receive cash assistance. The Public Policy Institute of California has estimated that if California had lower benefit levels and a full-family sanction policy, the state’s caseload would have dropped an additional 36 percentage points between 1996 and 2000.<sup>13</sup>

In sum, the benefit of full-family sanctions in terms of increased participation may be small, since evidence indicates that higher sanction rates may not increase program participation. On the other hand, full-family sanctions have a potentially large cost of removing support to the entire family. In balancing the costs and benefits, California has chosen to maintain a basic subsistence allowance to pay for the needs of children. Federal law currently gives the states the ability to craft policies that best fit local conditions. HR 4090, by compelling states to implement full-family sanctions, would not allow California to make that judgment.

---

*David Carroll prepared this brief. The California Budget Project (CBP) was founded in 1994 to provide Californians with a source of timely, objective, and accessible expertise on state fiscal and economic policy issues. The CBP is committed to improving public policies that influence the economic and social well-being of Californians and their communities. Publication of this brief was supported by grants from the David and Lucile Packard, William and Flora Hewlett, and Streisand Foundations. General operating support for the California Budget Project is provided by grants from the James Irvine, Ford, Charles Stewart Mott, Friedman Family, David and Lucile Packard, and California Wellness Foundations, the Penney Family Fund, and individual donations and subscriptions. Visit the CBP web site at [www.cbp.org](http://www.cbp.org).*

---

## Endnotes

<sup>1</sup> California Welfare and Institutions Code, Section 11327.

<sup>2</sup> CBP calculations from Department of Social Services Forms WTW 25 and WTW 25A, October through December 2001.

<sup>3</sup> This does not include Sutter County, which registered an abnormally high sanction rate in November 2001.

<sup>4</sup> An implementation report of the statewide CalWORKs evaluation indicates that county welfare administrators and case-workers hold a wide variety of views on the appropriateness and effectiveness of sanctions. Jacob Klerman, et al., *Welfare Reform in California: State and County Implementation of CalWORKs in the Second Year* (RAND Corporation: 2000).

<sup>5</sup> Maximum family grant for family of two in high-cost counties (sanctioned adult does not receive a grant). For low-cost counties, loss would be \$521 per month.

<sup>6</sup> Estimate by the CBP based on average grant levels and number of families sanctioned.

<sup>7</sup> David C. Mancuso and Vanessa L. Lindler, *Examining the Circumstances of Welfare Leavers and Sanctioned Families in Sonoma County* (Sphere Institute: June 29, 2001).

<sup>8</sup> US General Accounting Office, *State Sanction Policies and Number of Families Affected* (March 2000).

<sup>9</sup> Heidi Goldberg and Liz Schott, *A Compliance-Oriented Approach to Sanctions in State and County TANF Programs* (Center on Budget and Policy Priorities: October 1, 2000).

<sup>10</sup> Gayle Hamilton, et al., *How Effective Are Different Welfare-to-Work Approaches? Five-Year Adult and Child Impacts for Eleven Programs* (Manpower Demonstration Research Corporation, November 2001).

<sup>11</sup> The correlation coefficient is 0.22. CBP calculations of Department of Social Services data. Sanction and participation data is for October through December 2001. Mono and Sutter Counties are excluded because of abnormally high data values.

<sup>12</sup> The correlation coefficient is -0.06. This indicates higher sanction rates are very mildly associated with lower participation rates. Mono and Sutter Counties are excluded because of abnormally high data values.

<sup>13</sup> Public Policy Institute of California, Research Brief Issue #53, *What Accounts for Recent Declines in Welfare Caseloads?* (January 2002).