



Assessing the Family Circumstances of TANF Applicants and Leavers in Contra Costa and Alameda Counties

Executive Summary

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October 26, 2001

Prepared for:

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EXECUTIVE SUMMARY

Since the passage of federal welfare reform in August 1996, welfare caseloads nationwide have experienced unprecedented declines. However, caseload trends tell us little about the circumstances of current and former welfare recipients. Developing a true assessment of the impact of welfare reform and identifying strategies to help families achieve self-sufficiency requires an accurate understanding of the circumstances of families that have left cash assistance. Prior to the recent efforts of the U.S. Department of Health and Human Services Assistant Secretary for Planning and Evaluation (ASPE), we had limited information about the well-being of families affected by welfare reform. To add to our knowledge in this area, the counties of Alameda and Contra Costa, California, with funding from Contra Costa County and ASPE, initiated a study to provide a reliable depiction of the circumstances of three groups of families:

- **Leavers** – families leaving CalWORKs (California’s welfare reform program) in the third quarter of 1999, and remaining off aid at least two consecutive months;
- **Informally Diverted** – families applying for but denied CalWORKs assistance for one of a specific set of non-financial reasons¹ in the third quarter of 1999, and not receiving CalWORKs for at least two consecutive months following the denial; and
- **Transition to Child Only** – families transitioning from a CalWORKs case with aided adults and children, to one with aided children only (primarily due to sanction).

We examined outcomes for these families using county and state administrative data and two waves of survey data, with interviews occurring approximately 6 and 12 months after exit from cash aid, denial of cash aid, or transition to child-only status.

¹ This population consists of families who were recorded in the county administrative systems as being denied aid because they did not comply with the requirements of the application process, they formally withdrew their application, or they did not complete their application. Because of difficulties obtaining information on the reason for denial of cash aid in Alameda County, our study population of informally diverted applicants is limited to Contra Costa County.

The study has two main objectives: (1) to examine how families are doing after leaving CalWORKs, being denied assistance from CalWORKs, or transitioning to child-only status; and (2) to develop policy recommendations to improve family circumstances and address problems identified in the report. Below we highlight the most significant findings, and comment on their policy implications.

Summary of Key Findings

Conditions are improving for leavers and the informally diverted. Exhibit E-1 provides a summary of whether selected family circumstances improved or got worse between the first and second interviews, for each of the groups of families. It shows that in most cases, circumstances improved, particularly for leavers and the informally diverted. Perhaps most impressively, median household income relative to poverty increased substantially from the first to second interview, rising from 120 to 140 percent for leavers, and from 120 to 146 percent for the informally diverted. Conditions in a wide range of other outcome areas also showed progress. For example, both leavers and the informally diverted experienced reductions in housing crowding, child risk behavior, and reported substance abuse in the household.

After twelve months, leavers were doing somewhat better than the informally diverted families, and much better than the transition to child-only cases. Exhibit E-2 compares outcomes at the 12-month interview. Generally, the leavers appeared to be faring better than the informally diverted, particularly in the areas of housing quality and crowding, stability of the primary child care arrangement, household substance abuse, and domestic violence. However, in the most comprehensive measure of income – household income relative to the federal poverty level – the informally diverted families were somewhat better than leavers and much better than the transition families.

Exhibit E-1
Change in Circumstances – First to Second Interview

	Better	About the Same	Worse
Leavers			
CalWORKs Recidivism		✓	
Respondent Employed		✓	
Household Has Earnings	✓		
Household Median Earnings	✓		
Income Relative to Poverty	✓		
Respondent Health Insurance	✓		
Child Health Insurance			✓
Substandard Housing	✓		
Crowded Housing	✓		
Stable Child Care		✓	
Child Risk Behaviors	✓		
Substance Abuse	✓		
Informally Diverted			
CalWORKs “Recidivism”	✓		
Respondent Employed		✓	
Household Has Earnings	✓		
Household Median Earnings	✓		
Income Relative to Poverty	✓		
Respondent Health Insurance			✓
Child Health Insurance	✓		
Substandard Housing			✓
Crowded Housing	✓		
Stable Child Care			✓
Child Risk Behaviors	✓		
Substance Abuse	✓		
Transition to Child-Only			
Respondent Employed			✓
Household Has Earnings		✓	
Household Median Earnings	✓		
Income Relative to Poverty		✓	
Respondent Health Insurance		✓	
Child Health Insurance			✓
Substandard Housing	✓		
Crowded Housing		✓	
Stable Child Care		✓	
Child Risk Behaviors	✓		
Substance Abuse	✓		

**Exhibit E-2
Circumstances at 12 Months
Leavers and Informally Diverted**

	Leavers	Informally Diverted	Transition to Child Only
Receiving CalWORKs	22%	25%	69%
Respondent Employed	67%	53%	34%
Household Has Earnings	84%	87%	48%
Household Median Earnings (for households with earnings)	\$1,600	\$2,000	\$1,100
Income Relative to Poverty	140%	146%	87%
Respondent Uninsured	25%	25%	16%
Children Uninsured	14%	14%	12%
Substandard Housing	14%	28%	19%
Crowded Housing	15%	24%	18%
Excessive Rent Burden	19%	16%	27%
Stable Child Care	79%	61%	89%
Child Risk Behaviors	11%	12%	8%
Household Substance Abuse	6%	18%	9%
Domestic Violence (Physical)	6%	18%	7%

Even though median income was well above poverty, some leavers and informally diverted families were very poor, and most of these families were not receiving CalWORKs.

Twelve percent of the leavers and 20 percent of the informally diverted households reported household income below 70 percent of the poverty level at the second interview. In spite of their low incomes, about three-fourths of these families were not on CalWORKs at the time of the 12-month interviews. Leavers who were below the poverty level and not back on CalWORKs were less likely to report problems related to employment barriers and family well-being (substance abuse, domestic violence, and depression) than were leavers who had returned to CalWORKs.

Awareness and use of post-exit “transitional” benefits were not high. A large proportion of families eligible for Food Stamps were not applying for them, and a significant

number of survey respondents (more than 50 percent at the first interview) were not aware of the Earned Income Tax Credit. Similarly, about 30 percent of the survey respondents in very poor leaver and informally diverted families indicated that they did not have any health insurance coverage, even though most of them probably were eligible for Medi-Cal. Finally, about one-third of the leavers were not aware of the availability of child care subsidies. These findings point to the need for policies aimed at providing families on CalWORKs, as well as applicants who are denied cash aid, with information about the potential availability of these benefits.

The transition to child-only group shows much less improvement than leavers and the informally diverted. A very high proportion (87 percent) were long-term recipients of aid by the time they transitioned to child-only status. While circumstances generally did not deteriorate over the course of the study, their median income at the time of the 12-month interview remained below the poverty line. Most of the transition cases were still on CalWORKs at the 12-month interview, with larger families more likely to be on aid than smaller families. Keeping in mind that the transition cases consist primarily of families that were sanctioned under CalWORKs – and that the sanction (elimination of the adult from the assistance unit) is proportionately smaller as family size increases – the finding is consistent with the hypothesis that larger families may be more likely to “accept” the CalWORKs sanction and remain on aid, due to the relative impact of the sanction. This pattern may also indicate that respondents with more children find it more difficult to participate in program requirements because of issues related to child care.

Our findings suggest that families transitioning to child-only status should represent an area of concern, which is not surprising given that most of them were subject to sanctions under CalWORKs. The finding that a very high proportion of these families had been long-term aid recipients prior to the point of transition could be useful in any efforts to identify CalWORKs

families at risk of sanction for purposes of developing preventive policies, such as targeted home visiting programs, that are designed to uncover and address the factors leading to non-compliance.

“Profiling” identifies strong relationships between characteristics at exit and post-exit well-being outcomes. We conducted a statistical analysis that related characteristics at exit or denial to five specific outcome measures at the second interview: CalWORKs recidivism, income relative to poverty, housing crowding, the absence of earned income, and the absence of health insurance coverage. These techniques could be used in developing preventive policies, such as targeted post-assistance (or post-employment) support services, to improve post-exit outcomes for families leaving cash aid.

For leavers, families with earnings at exit – in particular families that had earnings *and* were recorded in county administrative systems as exiting cash aid due to increased earnings – were least likely to experience problems after leaving CalWORKs. Families recorded as leaving due to client request or non-cooperation were also less likely to experience problems. On the other hand, families with three or more children were much more likely to experience problems in two or more of the five outcome areas.

For the informally diverted, families with earnings in the exit quarter, with Latino/Hispanic respondents, with no history of aid receipt, and who were denied aid because they failed to complete the application process, were less likely to experience two or more problems. As we found with leavers, families with three or more children in the exiting assistance unit were more likely to experience two or more problems at the second interview. We note, however, that while the magnitudes of these relationships for the informally diverted

were relatively large, they were not statistically significant at standard confidence levels, in part because of the smaller sample size.