



# Examining the Circumstances of Welfare Leavers and Sanctioned Families in Sonoma County

## *Executive Summary*

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### **Prepared for:**

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## EXECUTIVE SUMMARY

In response to federal welfare reform legislation, the California Legislature created the California Work Opportunity and Responsibility to Kids (CalWORKs) program in 1997, with implementation beginning in January 1998. Two of the key features of CalWORKs, relative to the AFDC and GAIN programs that preceded it, are a greater emphasis on helping aid recipients find and maintain employment, and greater county discretion in the design of program services. California counties continue to implement and modify their CalWORKs programs, and it is vital to understand the effects of these innovations in order to further refine programs to better serve low-income families and their communities.

County CalWORKs programs will be judged a success if families previously dependent on welfare become more economically self-sufficient without harming their children's well being. Identifying the best strategies for helping families achieve self-sufficiency depends on an accurate understanding of the circumstances of these families. Furthermore, because a principal goal of CalWORKs is to encourage families to support themselves through work, it is essential that we learn more about the characteristics of CalWORKs recipients who are choosing not to participate in the program activities that are designed to lead to employment and, ultimately, self-sufficiency.

To this end, the Sonoma County Human Services Department and the Hewlett Foundation provided funding to The SPHERE Institute to conduct a study of the well being of families leaving CalWORKs or sanctioned under CalWORKs in Sonoma County.<sup>1</sup> The project was designed to achieve three specific objectives: (1) to assess the circumstances of CalWORKs leavers in order to determine the extent to which they are "making it" or in need of additional assistance; (2) to assess the circumstances of families sanctioned under CalWORKs in order to understand how these families are different from welfare leavers; and (3) to examine the implications of these findings for program design.

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<sup>1</sup> The research also used data provided by the California Department of Social Services (CDSS), and was performed with the permission of CDSS. The opinions and conclusions expressed herein are solely those of the authors and should not be considered as representing the policy of the Sonoma County Human Services Department, the William and Flora Hewlett Foundation, or any agency of the California State Government.

This summary highlights the main findings from the study. Detailed findings follow the summary in the form of presentation slides. Throughout the following discussion, the reader is encouraged to refer to specific slides for more detail about particular outcome measures.

## **METHODOLOGY**

***Study Populations.*** This study examined the circumstances of two groups of families in Sonoma County:

- **CalWORKs leavers** – families leaving CalWORKs in the fourth quarter of 1999, and remaining off aid at least two consecutive months; and
- **Sanctioned families** – families receiving CalWORKs with an adult sanctioned each month in the three-month period from December 1999 to February 2000.

It is important to note that in the discussion that follows, we generally use the term “sanctioned” to refer to the entire group of families in the original sanctioned population, not just those families currently under sanction at first or second interview. As we discuss further below, half of the original sanctioned population had corrected their sanction or were off CalWORKs by December 2000.

***Survey Data.*** Our study design included two survey rounds, with data collected approximately 6 and 12 months after exit. Our survey sample included all 336 leaver and 127 sanctioned families in our study populations, except for 18 families whose primary language was not English or Spanish (see slide 6). The survey was not translated into additional languages because of the high cost of translation, relative to the number of additional completed interviews that would have been obtained. We achieved an 80 percent response rate in the first interview period (April 2000 through July 2000), and a 70 percent response rate in the second period (October 2000 through January 2001).<sup>2</sup> Our survey contained topical modules with questions covering household composition, child well being, child care, education and training, employment, income, food security, health insurance coverage, family well being, and welfare experiences.

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<sup>2</sup> Thus, 88 percent of respondents completing a first interview also completed a second interview.

*Administrative Data Sources.* We used county Case Data System (CDS) administrative data to identify the study populations, and to measure CalWORKs recidivism by families returning to cash aid within Sonoma County. Extracts from the statewide Medi-Cal Eligibility Data System (MEDS) were used to track receipt of CalWORKs elsewhere in California by families leaving Sonoma county.<sup>3</sup> Statewide Unemployment Insurance Base Wage File (UIBWF) data were used to measure employment and earnings.<sup>4</sup> MEDS, UIBWF, and CDS data were also used to construct weights to adjust survey data for non-response.

## **KEY FINDINGS**

*Finding #1: Conditions are improving for Sonoma County CalWORKs leavers.* In most outcome areas we found evidence that circumstances improved for leavers from the 6-month to the 12-month interview. Perhaps most significantly, income for the average leaver household increased from 117 percent to 127 percent of the federal poverty level from first to second interview (slide 31). By the time of the second interview, 71 percent of leaver households were above the federal poverty line, up from 63 percent at first interview. On average, earned income represents about 90 percent of total household income at both first and second interview (slide 32).

There were improvements in measures of housing conditions, with fewer leaver respondents reporting substandard housing quality, housing crowding, or housing instability (slides 51-53, respectively).<sup>5</sup> We did find a slight increase in the average ratio of housing costs to total household income, and in the proportion of households with an excessive rent burden (slides 55 and 56).<sup>6</sup> However, given that average household income increased over the period more rapidly than housing costs (as measured by HUD fair market rents), and given the improvements observed in the areas of housing quality,

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<sup>3</sup> CDS and MEDS data were used to measure recidivism in slide 65 only.

<sup>4</sup> UIBWF data was used to measure employment and earnings only for slides 74 and 75. All other measures of employment and earnings were constructed using survey data.

<sup>5</sup> We determined the respondent's housing to be substandard if she reported a leaky roof, broken plumbing, or pest infestation. Housing was determined to be crowded if the ratio of tenants to rooms (excluding bathrooms and hallways) was greater than 1. The respondent's housing situation was defined to be unstable if she lived in a homeless shelter, on the street, or temporarily moved in with others because she had no permanent place to stay within the previous 6 months.

<sup>6</sup> If the respondent's rent is more than 50 percent of household income, the household was determined to face an excessive rent burden. This is a threshold used in federal housing assistance preference rules.

crowding, and stability, the increase in average rent burden may reflect the transition to higher quality (and more expensive) housing.

Respondents were asked a series of questions about a “focal child” selected randomly from among the respondent’s children residing in the household. Based on these questions, we found improvement from first to second interview in several areas. At second interview, fewer respondents reported that their child had been suspended or expelled from school, dropped out of school, been in trouble with the police, used illegal drugs, been involved in illegal activities, gotten pregnant, or gotten someone else pregnant (slide 46). In addition, fewer respondents reported leaving their child home alone unsupervised (slide 45). Finally, at second interview, fewer respondents reported that they had changed their primary child care arrangement in the previous six months (slide 44).<sup>7</sup>

We found small increases in the rates of health insurance coverage for leaver respondents and their children from first to second interview (slides 47 and 49). At second interview, 72 percent of leaver respondents and 79 percent of their children had health insurance coverage. Rates of private health insurance coverage increased from first to second interview, more than offsetting a decrease over the period in the proportion covered by Medi-Cal.

Finally, we found improvement in both the reported rate of substance use by adults in the household, and in the respondent’s own reported rate of illegal drug use (slides 61 and 62).

We did not find substantial improvement in the use of the Earned Income Tax Credit (EITC), awareness of child care subsidies, and take-up of non-assistance Food Stamps. About 43 percent of leaver respondents reported using the EITC at both first and second interview (slide 33). About 27 percent of leaver respondents reported being unaware of the availability of child care subsidies for CalWORKs leavers (slide 43), and more than 40 percent of respondents report that child care was a barrier to full-time employment at both interviews (slide 26). With regard to non-assistance Food Stamps, at both first and second interview we found that two-thirds of households estimated to be

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<sup>7</sup> Stable child care arrangements are important because instability is linked to negative child well being outcomes, and could negatively impact respondents’ employment outcomes.

eligible for Food Stamps were not taking up benefits (slide 36), with an average foregone allotment of about \$120 (slide 38).

***Finding #2: Recidivists are more likely than other leavers to report barriers to self-sufficiency.*** About one in seven of the leaver families we studied were back on CalWORKs 12 months after exit (slide 65). When asked why they reapplied for aid, the most commonly cited reason was job loss (40 percent). Twenty percent reported that they reapplied for aid because they left their partner, and three-fifths of these respondents indicated that the partner had been abusive (slide 66).

Compared to other leavers, recidivists are less likely to have a high school diploma or equivalent, more likely to have at least three children, and less likely to have access to a car they can regularly use for transportation to work (slides 67, 68, and 70). These findings point to greater problems related to job skills, child care, and transportation for recidivists, relative to other leavers.<sup>8</sup> Recidivists were also much more likely to report engaging in weekly binge drinking<sup>9</sup> or weekly drug use, and more likely to report being the victim of a physical act of domestic violence (slide 71).

***Finding #3: Although they are more likely than leavers to report barriers to self-sufficiency, conditions are improving for families in the sanctioned group.***

Because sanctioned respondents are less likely than leaver respondents to have a high school diploma or GED (slide 8), they are more likely to have problems related to lack of job skills. Sanctioned respondents also tend to have more children (slide 9), and are more likely to report that child care is a barrier to full-time employment (slide 26). Sanctioned respondents are less likely to have access to a car (slide 28), and are therefore more likely to report that transportation presents a barrier to full-time employment (slide 27), although we note that there was substantial improvement on these measures from first to second interview. In light of these findings, it is not surprising that sanctioned respondents have much more extensive histories of previous aid receipt (slide 10). In addition, sanction respondents are more likely to report being the victim of a physical act of domestic violence in the previous 6 months (slide 58), and more likely to report symptoms of depression (slide 59). Finally, sanctioned respondents are more likely than

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<sup>8</sup> We note, however, that recidivists were less likely to report that child care presented a problem in obtaining full-time employment at second interview (slide 69).

<sup>9</sup> Binge drinking is defined as consuming five or more drinks in one sitting.

leavers to report both their own drug use (slide 63) and substance abuse by adults in the household (slide 61), although there was substantial improvement on the household substance abuse measure from first to second interview.

However, despite the fact that a higher proportion of families reported barriers to self-sufficiency relative to leavers, in most outcome areas circumstances improved for sanctioned households from first to second interview. The percentage of sanctioned households with earned income grew substantially over the period (slide 24), and consequently median household income relative to poverty increased from 85 to 100 percent from first to second interview (slide 31).

Awareness of the availability of child care subsidies increased (slide 43), and the percentage of sanctioned respondents reporting that child care was a barrier to full-time employment decreased from first to second interview (slide 26). Similarly, the proportion of sanctioned respondents with access to a car increased (slide 28), and the percentage reporting that transportation was a barrier to full-time employment decreased from first to second interview.

In the child well-being area, we found that sanctioned respondents had more stable primary child care arrangement, reported fewer child problem behaviors, and had left their children alone unsupervised less frequently at second interview (slides 44, 45, and 46, respectively).

We also found improvements in housing conditions for sanctioned families. At second interview, fewer respondents reported substandard housing quality, housing crowding, and housing instability (slides 51, 52, and 54, respectively). However, we did find a slight increase in average housing costs as a share of total household income (slide 55), and an increase in the percentage of respondents reporting that they paid more than 50 percent of their household income in rent and utilities (slide 56).

Finally, we note that there was a slight decrease in the proportion of children in sanctioned households with health insurance coverage (slide 50), and an increase in the proportion of sanctioned respondents who reported symptoms of depression (slide 59).

***Finding #4. Getting the long-term sanctioned to participate in SonomaWORKs remains a challenge.*** In December 2000, of the families in the original sanction population, 47 percent were still under sanction, 19 percent were still on CalWORKs but

had corrected their sanction, and 34 percent had left CalWORKs (slide 73). Although we found overall improvement in the circumstances of families in the sanctioned group, closer examination indicates that much of this improvement is concentrated among those families that have come into compliance and/or left cash assistance. In particular, families remaining under sanction showed no improvement in household income from first to second interview, while average income relative to poverty for the other two groups rose above the federal poverty level at second interview (slide 76).

We cross-tabulated sanction status at 12 months with measures of illegal drug use, binge drinking, domestic violence, and depression, to determine whether respondents remaining under sanction were more likely to report these problems. Surprisingly, we found that – compared to those who had corrected – respondents still under sanction were not more likely to report problems in these areas. We also compared sanction status with the number of children in the household, and found that respondents still under sanction tended to have more children than those who corrected. Half of those still sanctioned have three or more children, compared to only a third of those who corrected. Larger family size may help account for differences in compliance behavior for two reasons: the size of the grant reduction is smaller for larger assistance units, and respondents with more children are more likely to view child care as a barrier to participation in program requirements.

We did find a substantial increase in the proportion of sanctioned respondents who knew how to restore their grant, from 53 percent of respondents still sanctioned at first interview, to 80 percent of respondents still sanctioned at second interview (slide 77). However, the percentage of respondents still under sanction who had recently tried to restore their grant to its full amount declined from 35 percent at first interview to 29 percent at second interview (slide 78). When asked why they had not taken action to restore their grant, the most common response – given by 42 percent – was that they did not want or need to participate in SonomaWORKs (slide 79). Nineteen percent cited barriers to participation, such as a lack of child care or transportation, needing to care for their spouse, or being homeless. Taken together, these findings suggest that, although some sanctioned families report barriers to participation, the main challenge in getting the

long-term sanctioned to correct is to convince them that it is in their interest to participate in SonomaWORKs.

## **CONCLUSIONS**

CalWORKs leavers and families coming off sanction in Sonoma County have achieved impressive gains in most of the outcome areas we examined in this study. In addition, several study findings have implication for program design. First of all, we found that a significant number of leavers were not aware of, or not using, post-assistance benefits such as Non-Assistance Food Stamps, the Earned Income Tax Credit, and child care subsidies. This points to the need for more emphasis on the provision of information about the availability of these benefits to recipients while they are still on aid. Second, our findings suggest that it may be effective to target post-assistance employment support activities towards leavers who have characteristics that put them at greater risk of recidivism – for example, those who have no high school diploma, have large families, or have no access to a car for transportation to work. Similarly, policies for CalWORKs recipients could be developed that are targeted to families at higher risk of sanction – for example, those with low education levels, larger families, and extensive histories of welfare receipt – and that focus on the problems identified as barriers by these respondents, such as child care, access to a car for transportation to work, and substance abuse. Finally, our findings point to the need for a closer examination of why many long-term sanctioned respondents are not attempting to come into compliance with the program. A home visiting program, such as the one being developed by the county, would be one way to learn more about why these families have remained under sanction, and to develop strategies to address these causal factors.