



**THE SECOND YEAR OF SUCCESS:
EVALUATION OF SAN MATEO
COUNTY'S WELFARE TO WORK
PROJECT**

May 12, 2000

R. Mark Gritz
David C. Mancuso
Anne Moses

Submitted to:
County of San Mateo
Human Services Agency
400 Harbor Boulevard
Belmont, CA 94002

Submitted by:
The SPHERE Institute
1415 Rollins Road
Suite 204
Burlingame, CA 94010

Director:
Maureen Borland

Principal Investigator:
Thomas MaCurdy

Project Officer:
Ursula Bischoff

Project Director:
R. Mark Gritz

Contents

Chapter	Page
TABLE OF EXHIBITS	iii
EXECUTIVE SUMMARY	v
1 – INTRODUCTION	1
2 – THE SUCCESS MODEL	3
2.1 Evolution of the SUCCESS Model	3
2.2 Elements of the SUCCESS Model	6
3 – SUMMARY OF PROCESS ANALYSIS	11
3.1 Process Analysis Design and Data Sources	11
3.2 Summary of Findings	12
3.3 Key Findings from County Process Analysis	15
3.4 County Response to Findings.....	15
4 – OUTCOMES ANALYSIS	17
4.1 Trends in Outcomes for Families on Cash Aid	20
4.2 Outcomes for Families Leaving Cash Aid	38
4.3 Outcomes for Sanctioned Families	52
5 – CONCLUSION	64

Table of Exhibits

Exhibit	Title	Page
1	History of the SUCCESS Model in San Mateo County	4
2	Key Features of SUCCESS Compared to AFDC/GAIN and CalWORKs	9-10
3	Changes in Demographic Characteristics of the Aided-Adult Caseload	20
4	Trends in One-Parent, Two-Parent, and Child-Only Caseloads	22
5	Aided-Adult Cases: Trends in “Leavers” and “Arrivers”	23
6	Child-Only Cases: Trends in “Leavers” and “Arrivers”	25
7	Time on Aid by Case Type	26
8	Aided-Adult Cases: Time on Aid for “Stayers” and “Leavers”	27
9	Aided-Adult Cases: Percentage of Active Cases Leaving Cash Aid Within 6 Months, by Degree of Aid Use	28
10	Aided-Adult Cases: Proportion of “Arrivers” Leaving in 6 Months	29
11	Aided-Adult Cases: Percentage with Earnings in Pre-Arrival Quarter	30
12	Aided-Adult Cases: Median Earnings in Pre-Arrival Quarter	31
13	Aided-Adult Cases: Percentage with Earnings by Months on Aid in Quarter	32
14	Aided-Adult Cases: Median Earnings by Months on Aid in Quarter	33
15	Aided-Adult Cases: Percentage with Earnings by Case Type	34
16	Aided-Adult Cases: Median Earnings by Case Type	35
17	Aided-Adult Cases: Percentage with Earnings by Degree of Aid Use	36
18	Aided-Adult Cases: Median Earnings by Degree of Aid Use	37
19	Aided-Adult Cases: Percentage with Earnings in Post-Exit Quarter	39
20	Aided-Adult Cases: Median Earnings in Post-Exit Quarter	39
21	Aided-Adult Cases: Percentage Distribution of Leavers by Reason for Discontinuance	40
22	Aided-Adult Cases: Percentage with Earnings by Reason for Exit	41
23	Aided-Adult Cases: Median Earnings by Reason for Exit	41
24	Aided-Adult Cases: Percentage of Leavers with Earnings by Reason for Exit	43
25	Aided-Adult Cases: Median Quarterly Family Earnings by Reason for Exit	44

Exhibit	Title	Page
26	Aided-Adult Cases: Percentage of Leavers Returning to Cash Aid Within 6 Months	45
27	Child-Only Cases: Percentage of Leavers Returning to Cash Aid Within 6 Months	45
28	Aided-Adult Cases: Percentage of Arrivers Leaving Aid Within 6 Months	46
29	Aided-Adult Cases: Percentage of Leavers Receiving Non-Assistance Medi-Cal Within 6 Months of Exit	47
30	Child-Only Cases: Percentage of Leavers Receiving Non-Assistance Medi-Cal Within 6 Months of Exit	47
31	Aided-Adult Cases: Percentage of Leavers Receiving Non-Assistance Food Stamps Within 6 Months of Exit	49
32	Child-Only Cases: Percentage of Leavers Receiving Non-Assistance Food Stamps Within 6 Months of Exit	49
33	Aided-Adult Cases: Percentage of Leavers with a Child Receiving a Foster Care Grant Within 6 Months of Exit	50
34	Child-Only Cases: Percentage of Leavers with a Child Receiving a Foster Care Grant Within 6 Months of Exit	50
35	SUCCESS Full-Family and Partial-Grant Sanctions	53
36	Pre-SUCCESS: Number of Cases with a GAIN-Sanctioned Adult	55
37	Demographic Characteristics of Families Sanctioned Under SUCCESS	57
38	Demographic Characteristics of Families Sanctioned Under GAIN	58
39	SUCCESS: Percentage with Earnings in Pre-Sanction Quarter	59
40	SUCCESS: Median Earnings in Pre-Sanction Quarter	60
41	SUCCESS: Percentage with Earnings in Post-Exit Quarter	61
42	SUCCESS: Median Earnings in Post-Exit Quarter	62
43	Post-Exit Aid Use by SUCCESS Full-Family Sanction Leavers	63

EXECUTIVE SUMMARY

After a two-year community and agency-wide planning process, the San Mateo County Human Services Agency (HSA) unveiled its Shared Undertaking to Change the Community and to Enable Self-Sufficiency (SUCCESS) model in 1996. The SUCCESS Model fundamentally redesigned the delivery of human services in San Mateo County, streamlining services for low-income families and increasing program participation requirements for welfare recipients. In July 1997, HSA was authorized under a waiver granted by the California Department of Social Services (CDSS) to operate the SUCCESS model as a demonstration project for the state of California. CDSS and HSA supported their commitment to this innovative reform effort by sponsoring an independent evaluation of the effectiveness of SUCCESS that is being conducted by The SPHERE Institute. The SUCCESS evaluation consists of an impact analysis, a cost-benefit analysis, and a child well-being analysis. In addition, HSA conducted a process analysis that documented program operations and provided feedback to HSA management and staff that was used to refine and improve the SUCCESS model.

Although SUCCESS anticipated many of the features of CalWORKs, California's welfare reform program, the SUCCESS program was originally operated as a separate demonstration project, with sanction and work requirement policies that were more stringent than allowed under CalWORKs. In August 1999, as the consequence of a lawsuit challenging the legality of the waiver authorizing the SUCCESS demonstration project, San Mateo County began to change its SUCCESS program to comply with regular CalWORKs requirements. With the modification of SUCCESS sanction and work-program policies in late 1999, the SUCCESS evaluation will now track client outcomes across three distinct time periods: the pre-SUCCESS period, the first SUCCESS period in which the program operated under the original CDSS waiver, and the second SUCCESS period during which the program was altered to comply with CalWORKs rules.

This report represents the second of three annual reports to be delivered to HSA and CDSS, and will focus on comparing outcomes achieved in San Mateo County under the original SUCCESS program with outcomes for families receiving cash aid in the county in the previous two years. Comparing outcomes across the first and second SUCCESS periods

to assess the impact of the original SUCCESS sanction and work-requirement policies will be a primary focus of the final SUCCESS impact evaluation report.

The SUCCESS Model

The SUCCESS Model was developed to simplify and streamline current eligibility processes while expanding intensive services for families and individuals with severe barriers to attaining self-sufficiency. Although the original SUCCESS program largely operated within the parameters of CalWORKs, it represented a large departure from traditional welfare programs that emphasized eligibility determination, benefit payments, and long-term training to prepare clients for employment. The key features of the SUCCESS model as originally designed were:

1. A single point of entry for all programs and early assessment of client needs;
2. Integrated and comprehensive case management and supportive services;
3. Emphasis on immediate employment for the job-ready, coupled with higher participation requirements; and
4. More rigorous sanctions for non-cooperation.

As a result of the legal challenge, SUCCESS work-program and sanction policies were redesigned to comply with CalWORKs regulations in late 1999. Under the original SUCCESS program, clients were required to spend 40 hours per week in work-related activities. Since December 1999, work participation requirements have been reduced to conform to CalWORKs regulations: 32 hours per week for one-parent families, 35 hours per week for two-parent families. Under the original SUCCESS program, San Mateo County was able to implement a full-family sanction for non-compliance with case-plan, work-program, or child-support requirements. SUCCESS sanction policies were amended in August 1999 to be consistent with CalWORKs regulations, and under the current SUCCESS program, adult recipients who do not comply with work-program or child-support requirements are removed from the cash-aid assistance unit until compliance is achieved.

Impact Evaluation Methodology

To assess the effectiveness of the SUCCESS program in achieving its goals of increasing self-sufficiency and reducing poverty, the impact evaluation is examining several observable outcomes including employment, earnings, sanctions, and receipt of public

assistance. Information available from administrative records maintained by San Mateo County's Case Data System (CDS) for all AFDC/SUCCESS clients who participate in the program from July 1995 provides the basis for the integrated data set measuring public assistance outcomes. In addition, the evaluation is using the Medi-Cal Eligibility Data System (MEDS) and the Unemployment Insurance Base Wage File (UIBWF) to track clients after they have left SUCCESS and are no longer included in CDS.

Summary of Key Findings

- **San Mateo County's cash-aid caseload declines slowed in 1999.** After falling sharply in the previous three years, San Mateo County's cash-aid caseload declined at a more moderate rate in 1999. The moderation in caseload declines is associated with a sharp drop in the proportion of aided-adult cases leaving aid each month, and an increase in the number of aided-adult and child-only cases arriving on aid each month in late 1998 and 1999.
- **Controlling for changes in caseload composition, SUCCESS has been effective in moving families quickly off aid.** Although the rate at which heavy aid users leave cash aid declined in 1999, SUCCESS has continued to be effective in moving recent arrivers and families with light aid-use histories quickly off aid. About 55 percent of light aid users and more than 60 percent of recent arrivers in 1999 leave cash aid within 6 months. These exit rates are higher than were experienced prior to the implementation of SUCCESS. The decline in exit rates for heavy aid users may reflect an underlying shift in the composition of this group towards a higher proportion of families with substantial barriers to self-sufficiency, as a result of the large caseload declines experienced in the second half of the 1990s.
- **SUCCESS leavers are more likely than pre-SUCCESS leavers to have earnings immediately after exit.** Sixty-seven percent of SUCCESS leavers have earnings in their first quarter after exit, compared to 62 percent of pre-SUCCESS leavers. However, earnings probabilities for the two groups appear to converge over time. In addition, quarterly family earnings levels are comparable for SUCCESS and pre-SUCCESS leavers, averaging \$2,700 in the last quarter on aid and rising to \$3,700 in the first quarter off aid.
- **Recidivism increased in 1999, but recidivist cases move quickly off aid.** After falling from 19 percent in 1995 to 11 percent in mid-1998, the proportion of families returning to cash aid within 6 months of exit rose to 15 percent in 1999. However, about 65 percent of families returning to cash aid in the first half of 1999 left aid again within 6 months, compared to the 60 percent exit rate for all families arriving on cash aid. These results suggest that the rise in recidivism in 1999 reflects underlying changes in the composition of the group of families leaving aid in San Mateo County. Families leaving aid in 1999 may include a higher proportion of families with more barriers to self-sufficiency, and it may take more than one exit before many of these families are able to achieve independence from cash aid.

- **Half of families receiving a partial-grant sanction under SUCCESS corrected before receiving a full-family sanction.** In the period between the implementation of the original SUCCESS program in August 1997 and the revision of SUCCESS sanction policies in August 1999, 467 families received a SUCCESS partial grant sanction. Of these families, 243 (52 percent) corrected before ever receiving a full-family sanction, while 224 (48 percent) went on to receive a full-family sanction lasting at least one month.
- **Full-family sanctions have been a small component of the cash-aid caseload declines under SUCCESS.** Of the 224 families receiving a full-family sanction under the original SUCCESS sanction policy, 127 families did not return to cash aid in San Mateo County by July 1999. This total represents only nine percent of the total caseload decline under the original SUCCESS program.
- **Families sanctioned under SUCCESS are less likely to be light aid users and less likely to have very young children than other families on aid.** Families receiving a partial-grant or full-family sanction under SUCCESS were about a third less likely to have light aid-use histories (on aid no more than 12 months in the previous five years) than the typical family on aid in the original SUCCESS period. SUCCESS-sanction families were also less likely to have children aged 0-2 in the assistance unit than other families on aid. Families sanctioned under GAIN in the two years prior to the implementation of SUCCESS also tended to be heavy aid users and to have few very young children.
- **Families receiving a full-family sanction under SUCCESS are less likely to have earnings prior to sanction, but earnings rise after exit, approaching levels comparable to other families leaving cash aid.** Only 41 percent of families receiving a full-family sanction have earnings in the sanction quarter, compared to 56 percent of families who receive a partial-grant sanction but correct before receiving a full-family sanction, 66 percent of non-sanction families leaving cash aid, and 53 percent of non-sanction families remaining on cash aid. Families receiving a partial-grant or full-family sanction have median quarterly earnings of \$1,400 in the sanction quarter, compared to \$2,700 for non-sanction families leaving cash aid and \$2,200 for non-sanction families remaining on aid. However, earnings outcomes for families leaving aid due to a full-family sanction improve over time and approach parity with non-sanction cash-aid leavers. By the fifth post-exit quarter, 62 percent of both groups of leavers have earnings, with median quarterly family earnings of \$3,400 for full-family sanction leavers and \$4,000 for non-sanction leavers.
- **Families leaving aid due to full-family sanction are more likely to return to cash aid than other “leavers.”** Twenty-six percent of full-family sanction leavers return to cash aid within six months, compared to 21 percent of non-sanction leavers. This result is consistent with the better post-exit earnings outcomes observed for non-sanction leavers.

Next Steps

The findings presented in this report provide preliminary information on the impact of the original SUCCESS program. For many of outcomes measured in this report – in

particular for post-exit employment probabilities, earnings levels, recidivism, and non-cash aid use – it is vital to monitor trends over the next year to assess SUCCESS program impacts more accurately. The final impact evaluation report will present these findings in 2001. The final report will also compare outcomes between the first and second SUCCESS periods to assess the impact of the repeal of the original SUCCESS sanction and work requirement policies in late 1999, and will compare outcomes in San Mateo County with outcomes achieved under CalWORKs in a group of comparison counties. Lastly, the final report will include a cost-effectiveness analysis of the outcomes achieved under SUCCESS, and extend the first-year child well-being analysis presented in a companion to this report.

1. INTRODUCTION

After more than 30 years of Federal management, California's welfare system had evolved into a labyrinth of complex rules and fragmented programs that provided financial assistance but offered little guidance or support to families seeking to find and maintain employment. Recognizing the shortcomings of the system then in place, the San Mateo County Human Services Agency (HSA) sought to devise a new welfare system, one that promoted and encouraged self-sufficiency while still providing financial assistance to low-income families. Following a two-year community and agency-wide planning effort, HSA unveiled its Shared Undertaking to Change the Community to Enable Self-Sufficiency (SUCCESS) model in 1996. The SUCCESS model fundamentally redesigned the delivery of human services, bringing together several important principles of public service reform. In July 1997, the California Department of Social Services (CDSS) authorized a waiver allowing HSA to operate the SUCCESS model as a demonstration project.

HSA and CDSS have supported their commitment to this innovative reform effort by sponsoring an independent evaluation of the effectiveness of the SUCCESS model that is being conducted by The SPHERE Institute. The SUCCESS evaluation has three components:

1. An impact analysis that documents the employment, earnings, and welfare outcomes of clients under SUCCESS;
2. A cost-benefit analysis that examines the cost-effectiveness of SUCCESS in achieving the outcomes measured in the impact analysis; and,
3. A child well-being analysis that assesses the extent to which SUCCESS affects the educational outcomes and well-being of children in families receiving cash aid in San Mateo County.

In addition, HSA conducted a process analysis that documented program operations, client response to these operations, and provided feedback to HSA management and staff that was used to refine and improve the SUCCESS model.

Although SUCCESS anticipated many of the features of CalWORKs, California's welfare reform program, the SUCCESS program was originally operated as a separate demonstration project, with sanction and work requirement policies that were more stringent than allowed under CalWORKs. In August 1999, as the consequence of a lawsuit

challenging the legality of the SUCCESS waiver, San Mateo County began to change its SUCCESS program to comply with regular CalWORKs requirements. With the modification of SUCCESS sanction and work-program policies in late 1999, there are now three distinct time periods across which to compare outcomes in San Mateo County: the pre-SUCCESS period, the first SUCCESS period in which the program operated under the original CDSS waiver, and the second SUCCESS period during which the program was altered to comply with CalWORKs rules.

This report represents the second of three annual reports to be delivered to HSA and CDSS, and will focus on comparing outcomes achieved in San Mateo County under the original SUCCESS program with outcomes for families receiving cash aid in the county in the previous two years. Comparing outcomes across the first and second SUCCESS periods to determine the impact of the original SUCCESS sanction and work requirement policies will be a primary focus of the final SUCCESS impact evaluation report. The final report, to be completed in 2001, will also compare outcomes in San Mateo County with outcomes achieved under CalWORKs in other California counties. In addition, the final report will extend the first-year child well-being analysis, and will include a cost-effectiveness analysis of the outcomes achieved under SUCCESS.

Contents of Report

The remainder of this report is organized as follows. Chapter 2 presents an overview of the SUCCESS model, a short history of its evolution, and a description of the modifications to the program in late 1999. Chapter 3 presents a synopsis of the major findings from the client-focused second-year process studies conducted by SPHERE and HSA. Chapter 4 presents findings from the outcomes analysis using county and state administrative data. Chapter 5 concludes the report with a summary of findings and a discussion of the final steps to be taken in the SUCCESS evaluation.

2. THE SUCCESS MODEL

SUCCESS is San Mateo County's version of welfare reform. Although the original SUCCESS program largely operated within the parameters of CalWORKs, it represented a large departure from traditional welfare programs that emphasized eligibility determination, benefit payments, and long-term training to prepare clients for employment. The key features of the SUCCESS model as originally designed were:

1. A single point of entry for all programs and early assessment of client needs;
2. Integrated and comprehensive case management and supportive services;
3. Emphasis on immediate employment for the job-ready, coupled with higher participation requirements; and
4. More rigorous sanctions for non-cooperation.

In late 1999, SUCCESS work-program and sanction policies were redesigned to comply with CalWORKs regulations. This chapter describes how the SUCCESS program has evolved over time, and how the program has differed from CalWORKs and from the practices implemented under San Mateo County's AFDC/GAIN program. The key differences across these programs are summarized in Exhibit 2 at the end of this chapter.

2.1 EVOLUTION OF THE SUCCESS MODEL

In order to understand the evolution of the SUCCESS model (summarized in Exhibit 1), it is important to examine how AFDC and its affiliated work program GAIN were administered prior to the implementation of SUCCESS. GAIN was created in 1986, and from 1986 until 1994 San Mateo County's GAIN program provided education and extensive training services for a small percentage of AFDC clients who were required to participate. Exemption or deferral from GAIN was allowed for up to 30 different reasons, and a relatively small fraction of the AFDC caseload found employment through GAIN. During this period, clients had two different workers: a benefits analyst who maintained the eligibility portion of the AFDC case, and a GAIN social worker who worked with the client toward elimination of barriers to employment.

In 1994 San Mateo County changed the philosophy of its GAIN program from work-force development to labor-force attachment. GAIN centers were renamed 'SUCCESS

Exhibit 1
History of the SUCCESS Model in San Mateo County

<ul style="list-style-type: none"> • March 1994 • January 1995 • August 1996 • July 1997 • August 1997 • November 1997 • March 1998 • September 1998 • March 1999 • July 1999 • August 1999 • December 1999 	<p>San Mateo County shifts GAIN program emphasis from work-force development to labor-force attachment, reduces deferral criteria. Initial capacity is 650 clients per year.</p> <p>San Mateo County expands new GAIN model with a grant from EDD, increasing capacity of SUCCESS Centers to 2,100 clients per year.</p> <p>Federal welfare reform (PRWORA) is signed into law.</p> <p>CDSS approves waiver authorizing SUCCESS as a demonstration project.</p> <p>Governor signs CalWORKs legislation. SUCCESS implementation begins in Redwood City HSA office.</p> <p>SUCCESS implementation begins in East Palo Alto HSA office.</p> <p>SUCCESS implementation begins in Daly City and San Bruno HSA offices.</p> <p>SUCCESS Central office is opened in Belmont.</p> <p>Lawsuit is filed challenging CDSS' authority to grant the SUCCESS waiver.</p> <p>Court renders a judgment ordering cessation of the SUCCESS demonstration project.</p> <p>San Mateo County HSA suspends SUCCESS sanction policy and begins planning transition to CalWORKs.</p> <p>HSA completes transition to CalWORKs.</p>
---	---

Centers', and the Work First program began with a capacity to serve 650 clients a year. Clients were encouraged to attend STEPS – the six-day employment search workshop developed by Dean Curtis and Associates – over alternative training programs, and the number of potential deferrals from GAIN was reduced. Although GAIN still allowed clients to meet program requirements by attending school or regional occupational programs, the majority of clients were encouraged by staff to attend STEPS workshops and become active job seekers.

Work First was expanded in 1995 with a grant from the Employment Development Department under the Job Training Partnership Act program using the Governor's discretionary funding. The expansion added 4 SUCCESS Centers and increased capacity to 2,100 clients annually, including all non English-speaking clients. San Mateo County also increased the capacity of its Special Investigations Unit at this time, and non-compliant GAIN clients were immediately referred for potential fraud investigation.

Despite philosophical and programmatic changes, however, case responsibilities remained divided between AFDC and GAIN staff. Eligibility workers (AFDC staff) focused on eligibility determination and benefit payments, while social workers (GAIN staff) helped GAIN-eligible clients eliminate barriers to employment.

In anticipation of welfare reform, San Mateo County began developing the SUCCESS model in 1995, with assistance from community-based organizations, community colleges, and employers. The goal was to create a welfare delivery system that would better meet the needs of low-income families. The SUCCESS model was authorized by the Board of Supervisors and submitted to the California Department of Social Services for review in July 1996. SUCCESS was approved as a demonstration project one year later, and implementation began in August 1997.

HSA implemented the SUCCESS program on a regional basis. The Redwood City office in the Southern Region of the county was the first site to implement SUCCESS in August 1997. All continuing and new cash-aid cases in the Redwood City office were transitioned to SUCCESS within 3 months. Implementation began in the East Palo Alto office (also in the Southern Region) in November 1997. Implementation in the Northern Region of the county was delayed somewhat by office renovations, but began in both northern offices (located in Daly City and San Bruno/South San Francisco) in March 1998. The final step occurred in September 1998 when renovations were completed at the HSA offices in Belmont and many cases that were being handled by the Southern Region offices were transferred to the Central Regional office.

As described below, the original SUCCESS Program was modified in the second half of 1999. The original SUCCESS sanction policies were amended in August 1999, while work-participation requirements were amended in December 1999 to conform to CalWORKs

regulations. In the next section we describe the key elements of the original SUCCESS model in greater detail.

2.2 ELEMENTS OF THE SUCCESS MODEL

Screening and Assessment. One of the goals of the SUCCESS model remains providing clients with a single point of entry into the welfare system, eliminating duplication of information collection and service provision. Clients can apply for TANF at an HSA office or at one of several community-based organizations throughout the county. When clients apply for aid, they must meet with a Screening and Assessment Specialist (SAS) who conducts a comprehensive evaluation of the family's history, strengths, and service needs. The client and the SAS sign a mutually agreed upon Preliminary Action Plan, which describes the steps the client agrees to take towards self-sufficiency. The Preliminary Action Plan always includes attendance at a Work First Orientation (described below), and may include other activities such as assessment for substance abuse or mental health services.

Case Management and Supportive Services. After initial screening and assessment, the client is assigned to an Income and Employment Services Specialist (IESS) who serves as the primary case manager for the client and her family and maintains correct benefit payments throughout the family's time on aid. If the IESS determines that the client needs additional assistance to achieve self-sufficiency, the IESS refers the client to a Family Self-Sufficiency Team (FSST) that will provide coordinated supportive services to the client. The FSST consists of specialists in the fields of public health, mental health, alcohol and drug abuse, child welfare, housing, and vocational rehabilitation. Standing team members meet weekly to confer on each case, and auxiliary team members representing other fields are available to attend team meetings when needed. The family's IESS continues to serve as the primary case manager and coordinates the service plan if FSST services are required. The IESS presents the family's case at FSST meetings, works with team members to devise a case plan to achieve client goals, and monitors the client's progress toward those goals.

Under the original SUCCESS program, clients who failed to cooperate with the case plan were subject to the same corrective action process as clients who did not comply with child-support and work-program requirements (this process is described below). Under the current SUCCESS program, clients who fail to cooperate with the case plan are not subject to

sanction as long as they comply with CalWORKs participation and child-support requirements.

Emphasis on Labor Force Attachment. San Mateo County's employment program – Work First – emphasizes immediate employment for the job-ready. Under the original SUCCESS program, clients were required to spend 40 hours per week in work-related activities. Since December 1999, work-participation requirements have been reduced to conform to CalWORKs regulations: 32 hours per week for one-parent families, 35 hours per week for two-parent families.

All clients are required to attend a Work First Orientation within 24-48 hours of application for benefits. At orientation, the Work First program is explained to clients, and clients sign an agreement indicating that they understand and agree to meet their obligations for program participation. Following orientation, clients begin six days of STEPS workshops. Each workshop begins at 8:00 a.m. and ends at 5:00 p.m., mirroring participation in the workforce. Clients are expected to dress for the workplace, and to treat STEPS as a job. STEPS uses the motivational power of groups to help participants to develop job and survival skills with the encouragement of their peers and the mentoring of an Employment Services Specialist. The workshops teach the principles of Urgency, Ownership, Motivation, Learning by Doing, and Life Long Learning, and focus on building the self-esteem and strengths of each participant. Even as they are participating in STEPS workshops, clients are encouraged to conduct job search activities so they can attain employment as soon as possible.

After completing the STEPS workshop, clients pursue employment in the Network Center, where they put into practice the concepts taught in the workshops. Employment Services Specialists are available on site in the Network Centers to help clients write cover letters, send out resumes, and prepare for interviews. Clients are expected to find employment by the end of their three-week period in the Network Center. Work First staff keep each client's IESS apprised of progress toward employment, and clients who do not find employment are assessed to identify additional steps that would help the client attain self-sufficiency. This assessment (also known as a Post Job Search Evaluation) may be conducted by the Primary Case Manager, in conjunction with the Employment Services Specialist who has been working with the participant, or by an out-posted Vocational

Counselor. Based on this assessment, training may be provided in basic skills, adult education, English as a second language, or vocational and occupational skills. Some training is provided off-site and may count as a Work First activity if warranted by the assessment. These types of training, as well as seminars provided by community college staff on topics related to job seeking skills (e.g., improving interview skills), are also available to clients after hours at Work First sites.

Sanctions. Under the original SUCCESS program, San Mateo County was able to implement a full-family sanction for non-compliance with case-plan, work-program, or child-support requirements. For the first episode of non-compliance, the family grant was reduced by 25 percent for one month. The next episode of non-compliance resulted in a one-month full-family grant sanction. The third episode resulted in a three-month sanction, and the fourth (and every episode thereafter) resulted in a six-month sanction.

HSA implemented a number of safeguards to protect children from harm. Throughout each sanction period, the IESS worked to encourage client cooperation, and all cases that were about to receive a full-family grant sanction were brought before an FSST, to allow representatives from other service areas to review efforts to encourage client participation, and to suggest other methods that might generate cooperation. Finally, sanctioned families received home visits to ensure that children were not put at risk.

SUCCESS sanction policies were amended in August 1999 to be consistent with CalWORKs regulations. Under the current SUCCESS program, adult recipients who do not comply with work-participation requirements or child-support requirements are removed from the cash-aid assistance unit until compliance is achieved. If the adult recipient does not comply, the sanction remains in place indefinitely, and the time spent under sanction does not count towards the adult's five-year lifetime limit on cash-aid receipt.

Exhibit 2
Key Features of SUCCESS Compared to AFDC/GAIN and CalWORKs

Program Element	AFDC/GAIN	SUCCESS Original Program	CalWORKs	SUCCESS Current Program
Assessment of Client Needs	San Mateo County did not conduct formal assessment of service needs.	All clients receive comprehensive assessment of service needs.	Assessment is not a specified program element.	All clients receive comprehensive assessment of service needs.
Employment and Training Services	1986-1994: GAIN emphasizes education and training. 1994-1997: GAIN emphasizes immediate employment for job-ready clients.	Employment and training services provided through Work First program which emphasizes immediate employment for job-ready clients.	No specific type of employment and training services are mandated.	Employment and training services provided through Work First program which emphasizes immediate employment for job-ready clients.
Work program participation requirements	GAIN clients required to spend 30 hours per week in work activities.	All non-exempt clients required to spend 40 hours per week in work activities.	Two parent families: 35 hours per week in work activities. One parent families: 32 hours per week in work activities.	Two parent families: 35 hours per week in work activities. One parent families: 32 hours per week in work activities beginning December 1999.
Work program exemptions	(1) Parent is under 16, age 16-18 and in school, or in Cal Learn program; (2) Parent over 60; (3) Temporary or permanent disability; (4) Cares for disabled person; (5) 2 nd or 3 rd trimester of pregnancy; or (6) caretaker of child under 3.	Same as AFDC/GAIN, except: (5) medically unable to work due to pregnancy; and (6) caretaker of child under 12 months.	Same as AFDC/GAIN, except: (5) medically unable to work due to pregnancy; (6) caretaker of child under 3-12 months, at county discretion.	Same as AFDC/GAIN, except: (5) medically unable to work due to pregnancy; (6) caretaker of child under 6 months.

Exhibit 2 (continued)
Key Features of SUCCESS Compared to AFDC/GAIN and CalWORKs

Program Element	AFDC/GAIN	SUCCESS Original Program	CalWORKs	SUCCESS Current Program
Case Management	Case management was available only for clients participating in GAIN.	All TANF clients receive case management services.	Case management is not a specified program element.	All TANF clients receive case management services.
Supportive Services	San Mateo County did not use multi-disciplinary teams to provide coordinated supportive services.	Multi-disciplinary teams provide supportive services for clients who need assistance to achieve self-sufficiency	Use of multi-disciplinary teams is not a specified program element.	Multi-disciplinary teams provide supportive services for clients who need assistance to achieve self-sufficiency
Program Sanctions	<p>Client sanctioned for failure to comply with GAIN work program or child support program requirements.</p> <p><u>Applicant</u>: Deny parent only</p> <p><u>Recipient</u>: Delete non-cooperative parent from grant until cooperation obtained.</p>	<p>Client may be sanctioned for failure to comply with case plan, work program, or child support program requirements.</p> <p><u>Applicant</u>: Deny entire family.</p> <p><u>Recipient</u>: Reduce grant by 25% for one month. Discontinue entire family if non-cooperation continues. 1st instance one month, 2nd instance 3 months, 3rd instance 6 months.</p>	<p>Client may be sanctioned for failure to comply with work program or child support program requirements.</p> <p><u>Applicant</u>: Deny the non-cooperating parent and issue 75% of the grant amount.</p> <p><u>Recipient</u>: Delete the non-cooperative parent until cooperation obtained. 1st instance one month, 2nd instance 3 months, 3rd instance 6 months.</p>	<p>Client may be sanctioned for failure to comply with work program or child support program requirements.</p> <p><u>Applicant</u>: Deny the non-cooperating parent and issue 75% of the grant amount.</p> <p><u>Recipient</u>: Delete the non-cooperative parent until cooperation obtained. 1st instance one month, 2nd instance 3 months, 3rd instance 6 months.</p>

3. SUMMARY OF PROCESS ANALYSIS

To better understand the impact of SUCCESS in San Mateo County and document changes in operations, SPHERE and HSA have conducted a process analysis that focuses on implementation and operations issues. Specifically, the process analysis has four main purposes:

1. To document and assess the actual operations of the program, including the experiences of SUCCESS clients.
2. To provide feedback to HSA management and staff that can be used to refine and improve the SUCCESS model.
3. To provide vital contextual information that will improve the interpretation and understanding of the findings from the impact and cost-effectiveness analyses.
4. To provide useful information for other agencies implementing changes in their welfare delivery systems.

This chapter provides a brief overview of the process analysis and highlights some of the key findings.

3.1 PROCESS ANALYSIS DESIGN AND DATA SOURCES

The process analysis was conducted in two stages. The first stage was a formative study of the early implementation of SUCCESS, which provided immediate feedback to management and staff on lessons learned regarding best practices and ways to improve program implementation. This stage focused on the experiences of management and staff during the transition from the “old way of doing things” to the new way under the SUCCESS model.

The second stage of the process analysis, conducted by SPHERE, collected data on the experiences of clients who participated in SUCCESS using focus groups held with clients in the Redwood City, Belmont, and South Daly City HSA regional offices. Focus groups were held between January 1999 and May 1999, approximately 12 to 15 months after SUCCESS implementation began in each office. Three focus groups were conducted with former welfare clients who had been off aid for at least 6 consecutive months. Three additional focus groups were held with current TANF recipients who had been on aid for a minimum of 6 consecutive months. Approximately forty clients or former clients in each

region were randomly selected for participation in each focus group. Each potential participant received a letter inviting them to the meeting, explaining the nature and purpose of the study, and informing that participation would entitle them to on-site childcare, a pizza dinner, and a twenty-dollar gift certificate.

Although we selected a random sample of potential focus group participants, focus group attendance was low, with only 2-7 individuals (5-20 percent of invitees) participating in each group. Because of this low level of participation, caution should be used in interpreting focus group findings, because focus group participants may not be representative of current and former SUCCESS clients.

Structured interview protocols were developed to guide the discussions with clients. Structured guidelines for focus group leaders were also developed to facilitate focus group discussions. These structured protocols ensured that a consistent set of topics and questions were covered in all discussions, so that responses could be compared across focus groups and interviews, as well as across different regional offices.

A team of two researchers conducted each focus group for approximately 90 minutes and addressed a variety of topics, including client employment experiences, application and case management processes, Work First, FSST, other service needs, and ongoing employment and training needs. Focus group participants were informed of the purpose of the evaluation, how the information would be used, and that all information would be anonymous and confidential. Focus group discussions were audio taped and later transcribed for analysis. Content analysis was used to analyze the transcribed material and sort it into general categories representing common themes.

3.2 SUMMARY OF FINDINGS

Information from client focus groups generated findings in three general areas: case management, skills training for current TANF clients, and ongoing training for TANF leavers. The following presents a summary of findings in each of these three areas. Section 3.3 presents recommendations developed by HSA based on these findings.

Case Management. Findings from the focus groups suggested that case management for TANF clients is not occurring in the manner it was originally intended. In many cases, clients have little or no face-to-face contact with their IESS. Few clients recalled discussing

their case plan, or participating in any planning process related to employment or other service needs. These circumstances were no different for TANF leavers than for current TANF clients. Exempt clients in particular had almost no contact with IESSs, despite the fact that their exemptions were only temporary. In several cases, clients who were in obvious need of referral to an FSST received no such referral.

These findings were explained by more recent staff focus groups conducted by county staff. IESSs were asked to help identify systematic gaps in the case management process. Although IESS staff were eager to fully engage in case management with their clients, they felt that their ability to perform case management was impeded by two factors: competing pressure to handle both client intake and continuing cases, and a lack of information available in SMART regarding historic, current, and ongoing status of client participation in HSA or non-HSA programs.

It should be noted that with a few exceptions, clients did not complain about lack of contact with their case manager. Clients simply did not sense a change in the role of the IESS after SUCCESS was implemented. Clients continue to see the role of the IESS to be benefits processing; most clients did not perceive their workers to be a source of support or advocacy. Consequently, clients initiated contact with their IESS only when there was an issue regarding benefits. Although there were some notable exceptions to this rule, by and large, IESS/client contact was minimal, and almost no true case management occurred with the clients to whom we spoke.

This lack of contact has unfortunate implications for both current SUCCESS participants and TANF leavers alike. Current participants lack information about the full range of their training options under SUCCESS. Moreover, in the absence of a significant relationship with the IESS, clients feel uncomfortable revealing service needs they feel might place their benefits or their family in jeopardy. For instance, several clients revealed a history of drug and alcohol use in focus groups, but said they would not confide in their workers, as they were afraid that the shared information would result in removal of their children by Child Protective Services. The same clients, however, said that a positive relationship with their worker would allow for this type of communication as long as there was an ongoing trusting interaction that evolved over time.

In the absence of case planning, TANF leavers had little information about the range of options available to them beyond receipt of cash aid. Some former clients did not take up transitional childcare or Medi-Cal because they were unaware of their continued eligibility. Others were in jobs that offered no hope for advancement, had no plan for the future, and felt at risk of a return to assistance in the face of an economic down turn.

Training for Low-Skilled Clients. Most of the current TANF recipients interviewed for this research had long, intermittent histories of welfare receipt. Between exemptions for childbearing, temporary disability, and employment, these clients had cycled on and off aid for sometimes more than ten years. While most clients interviewed had at least some employment experience, clients felt that these experiences were largely in low-skill, low paying jobs that offered little hope of advancement or substantially increased earnings. Clients suggested that while STEPS and Network Centers were essential for clients who had no experience with the job market, they were redundant for clients who knew how to get a job, but needed better skills to get the kind of job that offered potential for advancement and financial self-sufficiency. Likewise, clients felt that 40 hours a week in the Network Center was far more time than necessary to make cold calls and look for a job. Furthermore, most suggested that no client actually spent the full 40 hours per week while in Network Center actually looking for employment.

Every client interviewed requested computer skills training, and none knew that it was available to them as a part of their Work First experience. Again, this type of knowledge gap has enormous implications for individual TANF clients as well as the SUCCESS Program as a whole. Although these current TANF clients recognized that they needed to not only gain employment, but to get a job with potential for advancement and increased earnings, they were not aware of how the SUCCESS program could help them do this. Careful case planning is essential to help clients anticipate their long-term employment objectives and work toward those objectives in an effective manner.

Ongoing Training for TANF leavers. Likewise, many clients who had left aid said they would participate in ongoing skills training provided by the county on weekends or after work. For many, the ability to participate would be particularly enhanced by provision of on-site child care. Most often, clients requested computer classes, although several clients requested a course in budgeting. Although it is difficult to assess how many clients would

actually participate in these types of classes, short term seminars lasting a month or less might be the best way to reach employed former clients who have multiple commitments and highly complicated schedules.

3.3 KEY FINDINGS FROM COUNTY PROCESS ANALYSIS

HSA conducted its own year-two process analysis, which extended first-year findings examining management and staff experiences under the SUCCESS Model. Thirty focus groups with staff and management yielded several recommendations to improve service delivery, which are summarized briefly below:

- *SMART*: A comprehensive review should be conducted to identify which staff (both HSA and non-HSA) should have access to the SMART case management system. These staff should receive more thorough training in the use of the system.
- *Case management*: Procedures should be developed to ensure that information is shared in a timely fashion between the IESS, ESS, and FSST members. Documenting case information in SMART is one important mechanism for information sharing.
- *FSST*: Policies should be developed to use the FSST more consistently. A parallel process should be created to allow primary case managers to use the FSST in an advisory capacity when an immediate response or technical assistance is required.
- *Systems thinking*: Staff should be provided with a better understanding of how they fit into the service delivery process. Participatory decision-making processes should be developed, including line staff, to identify agency system issues and recommend solutions.
- *A sense of community*: Opportunities should be created for staff at all levels to participate in decision making and learning events which can build a sense of community in the workplace, for example, through an agency-wide forum for sharing best practices.
- *Matrix management*: The transition to matrix management created uncertainty about roles and responsibilities. Specific policies should be adopted concerning decision-making responsibility, policy information flow, staffing and budget, etc.

3.4 COUNTY RESPONSE TO FINDINGS

The SUCCESS Operations Team devised formal action plans to respond to the issues identified by the SPHERE and HSA process analyses. The actions taken to date are summarized in this section. The action plans are discussed in more detail in San Mateo County's "Evaluation and Impact of SUCCESS" final report, issued in September 1999.

Case Management. Gaps in case management identified by clients and staff alike were deemed an essential area for improvement. Consequently, HSA designed a comprehensive guidebook, delineating duties and responsibilities for all case managers. It

should be noted that these duties and responsibilities apply not only to IESSs, who serve as the client's original case manager, but also to all other individuals assigned to the case by an FSST. This guidebook contains expectations for minimum client contact, as well as job aids to help primary case managers through the case management process.

In addition, HSA developed a SMART policy team and established written guidelines to ensure that SMART is used by all staff (including FSST participants) to record all case management activities. The comprehensive guidebook also delineates expectations about the type of client contact and observation that needs to be written in narrative form in SMART and the time frame in which these entries should occur. It is anticipated that these changes will both improve the level of client contact and the information available to staff for case management.

Training for Low-Skilled Clients. Training for low-skilled TANF clients is now available through several mechanisms. Clients who are assessed as needing some remedial training to attain employment can receive short, skill-based training through the Network Center. Training may be provided in basic skills, adult education, English as a second language, or vocational and occupational skills. Some of these trainings are provided after hours at Work First Centers. In other instances, referrals are made to local community colleges to provide training.

Ongoing Training for TANF Leavers. The county has made several efforts to respond to leavers' requests for ongoing training. First, HSA has created an Advancement and Retention Team comprised of ESS workers who call TANF leavers at 3 and 6 months after exit to ask about client employment progress and offer additional services. Clients who request services are either referred to community colleges or are offered after-work classes and seminars at Work First sites. These classes include ESL and computer seminars.

4. OUTCOMES ANALYSIS

In the absence of an experimental evaluation design, a major challenge facing the SUCCESS impact evaluation is the development of methods for controlling for changes in the composition of San Mateo County's cash-aid caseload. As described in Chapter 2, elements of the SUCCESS program were implemented over several years in which there were also major improvements in the county's economic climate. Some of the most important components of the SUCCESS program – the emphasis on work first, the use of SUCCESS Centers, the tightening of work-program requirements – predate the formal SUCCESS program by more than two years. As we showed in the first annual report, these earlier program changes, coupled with improvements in the local economy, led to substantial improvement in employment outcomes for families on cash aid and massive caseload reductions prior to the implementation of SUCCESS. Because light aid-use groups tended to be the first families to leave aid, the pre-SUCCESS caseload reductions shifted the composition of the caseload under the original SUCCESS program in 1998 and 1999 toward a higher proportion of families with heavy aid-use histories than were on cash aid in the 1995-1997 period. As a consequence, it is likely that the SUCCESS caseload contains a higher proportion of families with significant barriers to self-sufficiency than the pre-SUCCESS caseload, in which case a simple comparison of trends in outcomes over the 1995-1999 period would tend to bias our conclusions against finding positive SUCCESS program impacts.

With this in mind, we will use quasi-experimental methods to control for changes in the caseload composition to make inferences about SUCCESS program impacts in the final impact evaluation report, to be delivered in 2001. As we examine preliminary outcomes in this report, we will occasionally stratify San Mateo County's cash-aid population into groups whose composition (in terms of barriers to self-sufficiency) is likely to have remained relatively constant over time. These groups include families beginning a new aid spell and families with brief histories of aid use. Examining time trends for these groups will help to control for changes in caseload composition over the 1995-1999 period.

Prior to the repeal of elements of the original SUCCESS program in late 1999, the goal of the SUCCESS impact evaluation was to gauge the impact of SUCCESS on outcomes

in San Mateo County relative to pre-SUCCESS outcomes, and relative to outcomes under CalWORKs in a group of comparison counties. With the modification of SUCCESS sanction and work policies to conform to CalWORKs, the impact evaluation acquires an additional objective: gauging the impact of the repeal of the original SUCCESS policies. It is important to note that, as we will show in Section 4.1 below, the changes to the original SUCCESS sanction and work-program policies in late 1999 occurred after the SUCCESS caseload had reached relative stability following three years of steep declines. Therefore, in the final report we will be able to examine the impact of these policy changes on a “mature” welfare reform program, and our comparison of outcomes under the original SUCCESS program with outcomes under the SUCCESS program as modified in late 1999 is less likely to be hampered by dramatic underlying changes in the caseload composition.

To assess the effectiveness of the SUCCESS program in achieving its goals of increasing self-sufficiency and reducing poverty, the impact evaluation is examining several observable outcomes including employment, earnings, sanctions, and receipt of public assistance. Information available from administrative records maintained by San Mateo County’s Case Data System (CDS) for all AFDC/SUCCESS clients who participate in the program from July 1995 provides the basis for the integrated data set measuring public assistance outcomes. In addition, the evaluation is using the Medi-Cal Eligibility Data System (MEDS) and the Unemployment Insurance Base Wage File (UIBWF) to track clients after they have left SUCCESS and are no longer included in CDS. These long-term outcomes are critical for understanding the extent to which SUCCESS leads to real self-sufficiency.

This chapter provides a summary of the major outcomes in San Mateo County during the two years prior to implementation of SUCCESS, through the approximately two-year duration of the original SUCCESS demonstration project. Here we examine trends in caseload dynamics, employment and earnings, recidivism in cash aid receipt, post-exit receipt of non-cash aid, and sanctions for welfare families in San Mateo County from July 1995 through December 1999 using CDS, MEDS, and UIBWF data. This report contains several new analyses not included in the first annual report, including outcomes for child-only cases, post-exit aid-use outcomes for families leaving cash aid, and outcomes for sanctioned families. Section 4.1 examines trends in outcomes for families on the active

caseload, while Section 4.2 looks at employment and earnings, recidivism, and post-exit non-cash aid-use outcomes for families leaving cash aid, and Section 4.3 examines outcomes for sanctioned families.

Note that with the modification of SUCCESS sanction and work-program policies in late 1999, there are now three distinct time periods across which to compare outcomes in San Mateo County: the pre-SUCCESS period, the first SUCCESS period in which the program operated under the original CDSS waiver, and the second SUCCESS period during which the program was altered to comply with CalWORKs rules. The original SUCCESS program was implemented in stages between August 1997 and March 1998, and we will frequently use January 1998 when it is necessary to identify a precise starting point for the first SUCCESS program. We will also generally use August 1999 – the month in which the first SUCCESS program’s sanction policies were revised to comply with CalWORKs rules – as the date of transition from the first to the second SUCCESS program. Comparing outcomes across the first and second SUCCESS periods to determine the impact of repeal of the original SUCCESS sanction and work requirement policies will be a primary focus of the final SUCCESS impact evaluation report.

4.1 TRENDS IN OUTCOMES FOR FAMILIES ON CASH AID

This section examines three categories of outcomes for San Mateo County’s active cash-aid caseload. We first look briefly at trends in selected demographic characteristics. We then look at the basic dynamics of the caseload, including trends in one-parent, two-parent, and child-only monthly case counts, exit and entry rates, and trends in cumulative time on aid. Finally, we examine trends in employment and earnings for families on aid.

Exhibit 3 Changes in Demographic Characteristics of the Aided-Adult Caseload July 1997 to August 1999		
Demographic Characteristic	Percentage of Aided-Adult Caseload July 1997	Percentage of Aided-Adult Caseload August 1999
Ethnicity:		
• White	31	30
• Hispanic	29	28
• Black	26	28
• Other	14	14
Number of Children:		
• 1	45	40
• 2	30	30
• 3+	25	30
Age of Youngest Child:		
• 0-2 years	36	39
• 3-5 years	24	21
• 6-11 years	27	27
• 12+ years	13	13
Age of Case Head:		
• 16-25 years	24	24
• 26-35 years	40	35
• 36-45 years	28	31
• 46+ years	8	10

Caseload Demographics

Exhibit 3 compares the demographic characteristics of the aided-adult caseload in July 1997 (prior to the implementation of SUCCESS) with the characteristics of the aided-

adult caseload at the end of the first SUCCESS period in August 1999. The table shows that the ethnic distribution of the aided-adult caseload changed only slightly over the two years, with the proportion of the caseload that is Black rising from 26 percent to 28 percent and the proportion Hispanic or White falling slightly over the period. By August 1999, each of these groups represents about 30 percent of the aided-adult caseload.¹

The table also shows that the proportion of the aided-adult caseload with 3 or more children grew from 25 percent to 30 percent in the SUCCESS period, with the proportion of cases with only one aided child falling by the same amount. This shift in the distribution of the number of children per case occurred in 1998 and does not appear to be an ongoing trend. The table also shows relatively little change in the distribution of aided-adult cases by the age of the youngest aided child, and a modest increase in the proportion of older adult case heads during the SUCCESS period. In summary, Exhibit 3 shows little change in caseload demographics between the end of the pre-SUCCESS and first SUCCESS periods.

Caseload Dynamics

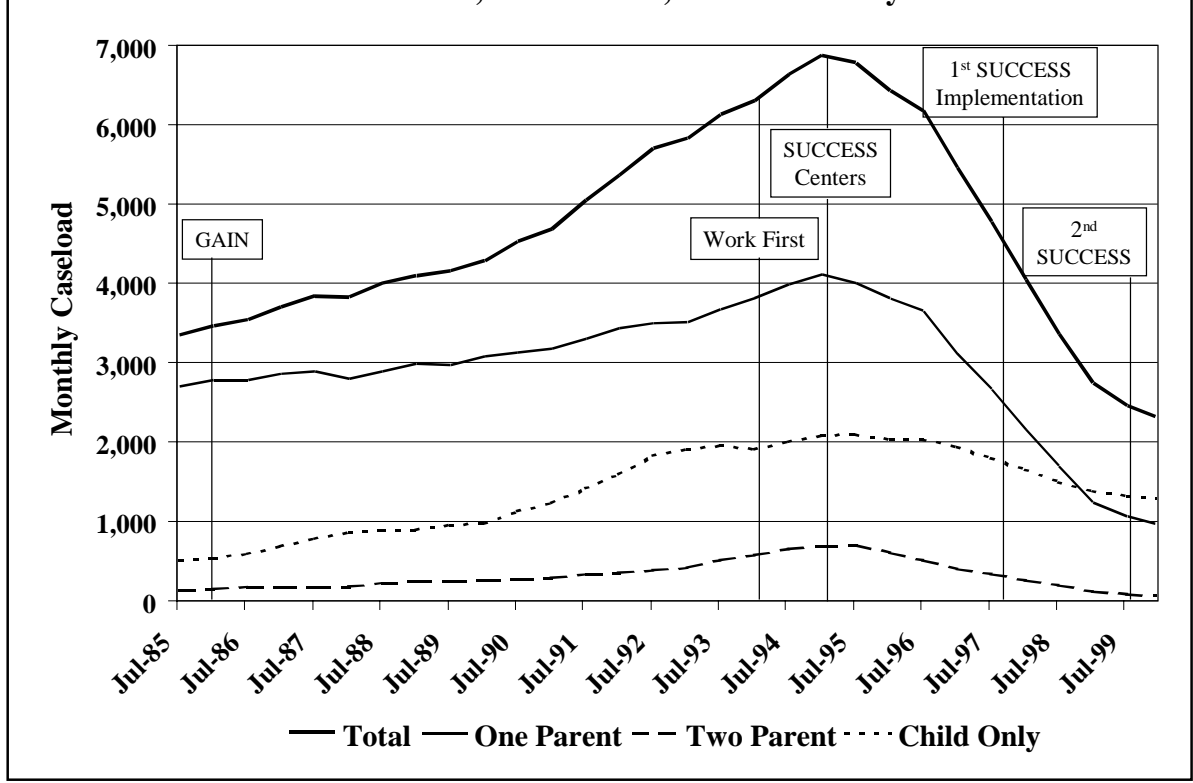
Caseload declines moderated in 1999. Exhibit 4 graphs the trends in the components of San Mateo County's cash-aid caseload from July 1985 to December 1999 using CA-237 data.² The county's total cash-aid caseload grew throughout the last half of the 1980s and the first half of the 1990s, peaking at almost 7,000 cases in late 1994. However, after the county shifted the emphasis of its GAIN program to "Work First" in 1994 and expanded the capacity of its SUCCESS Centers in 1995, the cash-aid caseload began to decline. The declines were particularly rapid in the last year before and the first year after the implementation of the

¹ By comparison, the child-only caseload is about 57 percent Hispanic throughout the SUCCESS period.

² All California counties report monthly cash-aid caseload movements (e.g., beginning and end of month caseload counts, and number of approvals and discontinuances in month) to CDSS using the CA-237 form. We use CA-237 data in this figure so that we can extend caseload trends back to July 1985. Monthly CA-237 caseload counts are available through June 1999, and are consistently about 10 percent greater than the monthly counts obtained from our CDS data set over the July 1995 to June 1999 period. We used the CDS case count trend from July 1999 to December 1999 and the historical relationship between CA-237 and CDS case counts to estimate CA-237 counts from July 1999 to December 1999.

The CA-237 data use the obsolete AFDC-FG and AFDC-U distinctions. We estimated the number of cases with two aided parents, one aided parent, and no aided adults using assumptions about the number of aided adults per FG/U case type. We compared our estimated one-parent, two-parent, and child-only case counts from CA-237 data with counts obtained from CDS data which allow us to identify the composition of each cash aid assistance unit. We found our CA-237 estimates to be quite accurate over the July 1995 to June 1999 period, after allowing for the general 10 percent overcount in the CA-237 data.

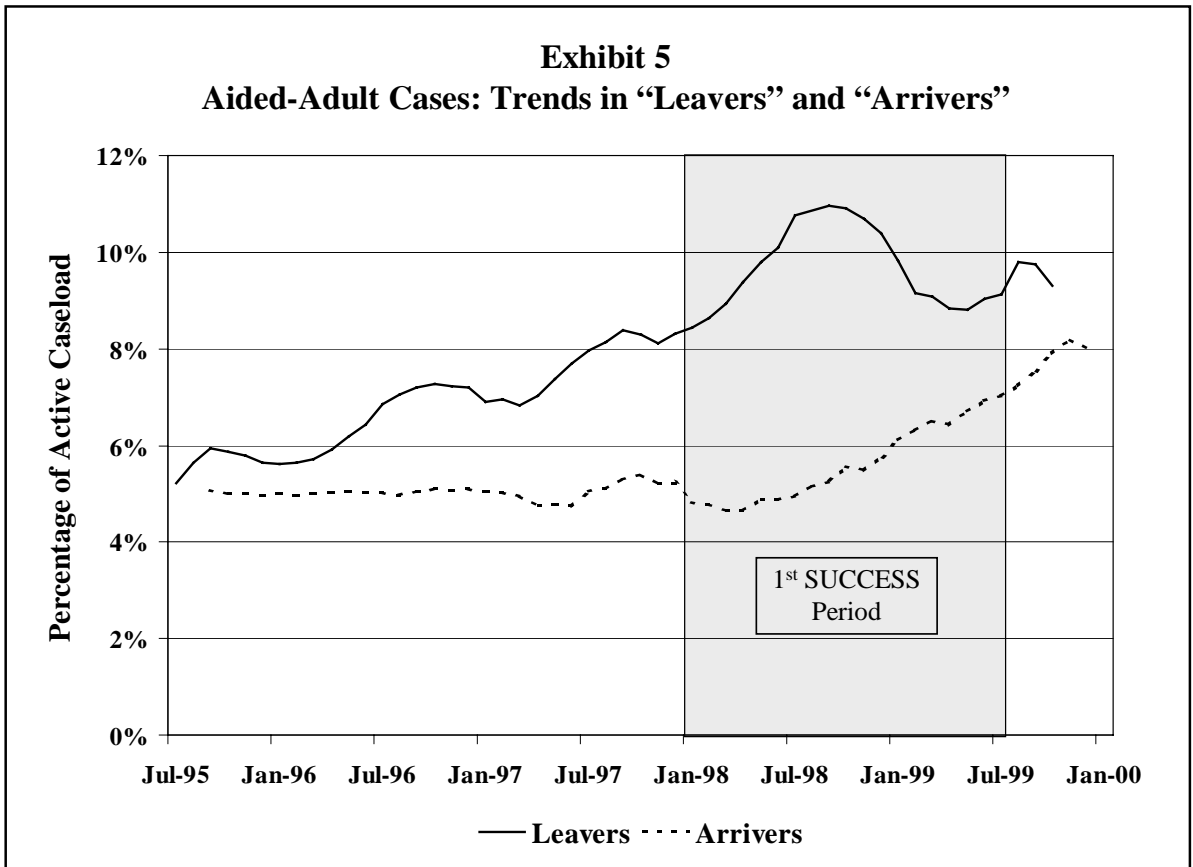
**Exhibit 4
Trends in One-Parent, Two-Parent, and Child-Only Caseloads**



original SUCCESS program in late 1997. Caseload declines continued in 1999, although at a much slower pace than the previous two years.

Aided-adult caseload now 67 percent below pre-recession levels. The aided-adult caseload has declined much more rapidly than the child-only caseload in the second half of the 1990s. By December 1999 the one-parent caseload is 77 percent below its recession peak, and the two-parent caseload is 92 percent below its peak level. In aggregate, the aided-adult caseload (i.e., the sum of the one-parent and two-parent caseloads) is now about one-third the mid-1980s level.

Child-only caseload remains far above pre-recession levels, likely to grow under new sanction policies. On the other hand, the child-only caseload has declined by only 41 percent relative to its peak level in the mid-1990s, and remains 150 percent above the level experienced in the mid-1980s. We estimate that about half of San Mateo County’s child-only caseload consists of families with citizen children and undocumented parents. Parents in these families are not subject to SUCCESS work-program requirements, a fact that



contributes to the slow rate of decline for this component of the cash-aid caseload. Further, we expect that the modification of SUCCESS sanction policies to comply with CalWORKs rules will result in the child-only caseload increasing, as full-family and partial-grant sanctions are replaced by a sanction structure in which non-cooperative adults are removed from the assistance unit.

Rapid aided-adult caseload declines from July 1995 to July 1998 associated with rise in the proportion of the caseload leaving aid each month. San Mateo County’s cash aid caseload trends reflect underlying trends in the number of cases arriving on or leaving cash aid. Throughout this report we define “leavers” to be families who are on the caseload in the current month and who will be off aid for at least the next two months, and “arrivers” to be families beginning a spell on aid in the current month after a break in aid of at least two months. Exhibit 5 indicates that the rapid decline in the aided-adult caseload from July 1995 to late 1998 was associated with a sharp increase in the proportion of the current caseload leaving aid each month. The percentage of leavers on the active caseload increased from

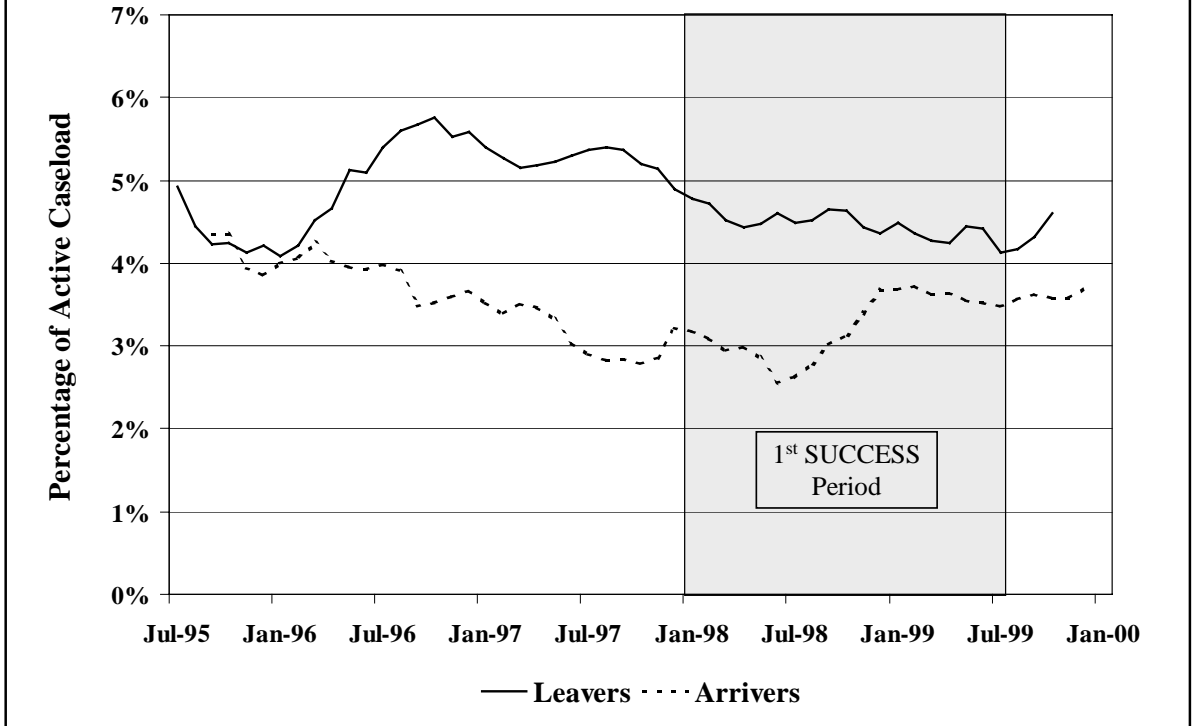
about 5 percent in July 1995 to a peak of 11 percent in late 1998, at the end of the first full year of SUCCESS operations.

Moderation of aided-adult caseload declines in 1999 associated with a sharp drop in leavers in late 1998 and a rise in arrivers in 1998 and 1999. Exhibit 5 also shows that the gap between the proportion of the caseload leaving and arriving each month grew to six percent of the active aided-adult caseload in July 1998. However, the gap narrowed sharply in late 1998 as the proportion of active caseload leaving each month fell abruptly from 11 to 9 percent, and as the proportion of new arrivers on the caseload continued to rise, reaching 8 percent by late 1999.

Although not presented in a separate exhibit, we also examined the trend in the proportion of “new” arrivers, to gauge the extent to which arriving cases represent recidivists or “first-timers.” The proportion of aided-adult cases arriving on aid without a member of the assistance unit receiving cash aid in the previous two years decreased from 55 percent in late 1995 to 45 percent in late 1997, as the proportion of the aided-adult caseload exiting each month grew from 5 to 8 percent. Under SUCCESS, the proportion of “new” arrivers fell further to 37 percent in late 1998, after the exit rate increased to 11 percent. As caseload declines moderated in 1999, “new” arrivers have increased to 40-45 percent of the arriver population. In other words, we found an inverse relationship between the overall exit rate and the proportion of arrivers who have not received cash aid recently. This is because, following months with high exit rates, the group of families at risk of beginning a new spell on cash aid contains a higher proportion of families who have recently been on aid.

The moderation of aided-adult caseload declines in 1999 is not associated with a decline in local economic conditions, as the San Mateo County unemployment rate declined to historic lows in 1999. This suggests that the change in cash-aid caseload dynamics in 1999 is either the result of a change in the composition of the active caseload (e.g., a steady inflow of families arriving on aid, coupled with an increase in the proportion of families with more substantial barriers to self-sufficiency), or a decline in the effectiveness of the SUCCESS program in moving families to self-sufficiency in 1999. At various points below, we will present evidence that the moderation in caseload declines is caused by a change in the composition of the active caseload.

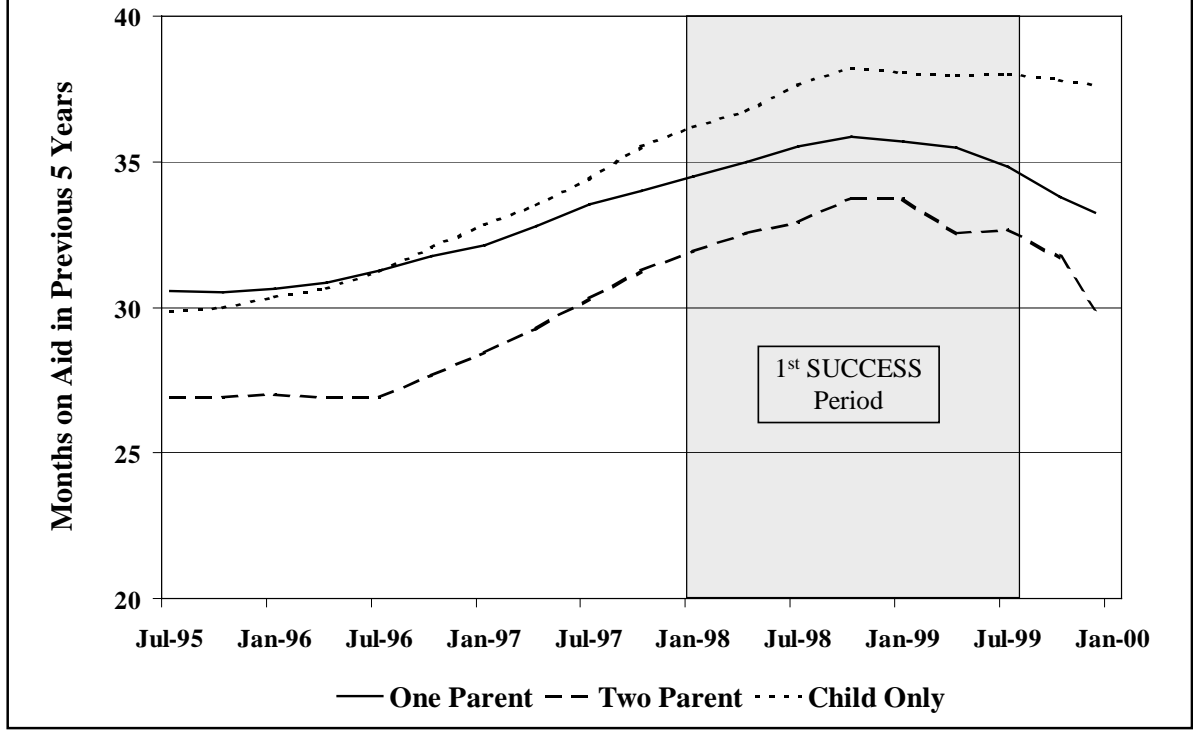
Exhibit 6
Child-Only Cases: Trends in “Leavers” and “Arrivers”



Moderation of child-only caseload declines in late 1998 associated with an increase in arrivers. Exhibit 6 graphs leaver and arriver child-only cases as a percentage of the active child-only caseload between July 1995 and December 1999. Note that child-only cases are not subject to work-program requirements, and therefore we do not expect the SUCCESS program to have had a significant impact on this caseload. The exhibit shows that the decline in the child-only caseload between January 1996 and July 1998 was associated with an initial increase in the proportion of child-only cases leaving each month and a modest ongoing decline in the proportion of new arrivers. However, the proportion of new arrivers rose abruptly in the second half of 1998, slowing the rate of decline for the child-only caseload.

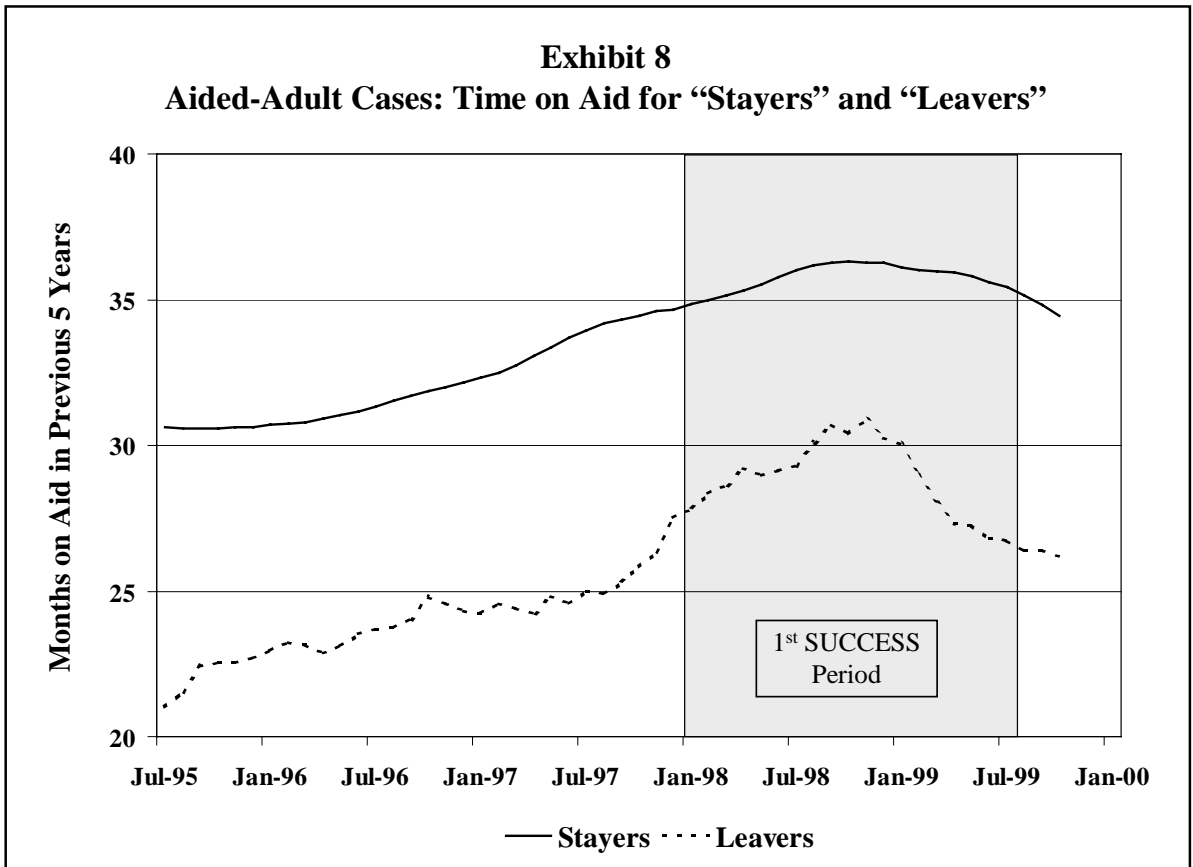
We examined the characteristics of the incoming child-only caseload to identify the sources of growth in the child-only entry rate. Because families with undocumented parents are the largest component of the child-only caseload, we first explored whether the entry rate increase was caused primarily by an increase in the Hispanic ethnicity or Spanish language proportion of the incoming child-only caseload. We found that these proportions remained

**Exhibit 7
Time on Aid by Case Type**



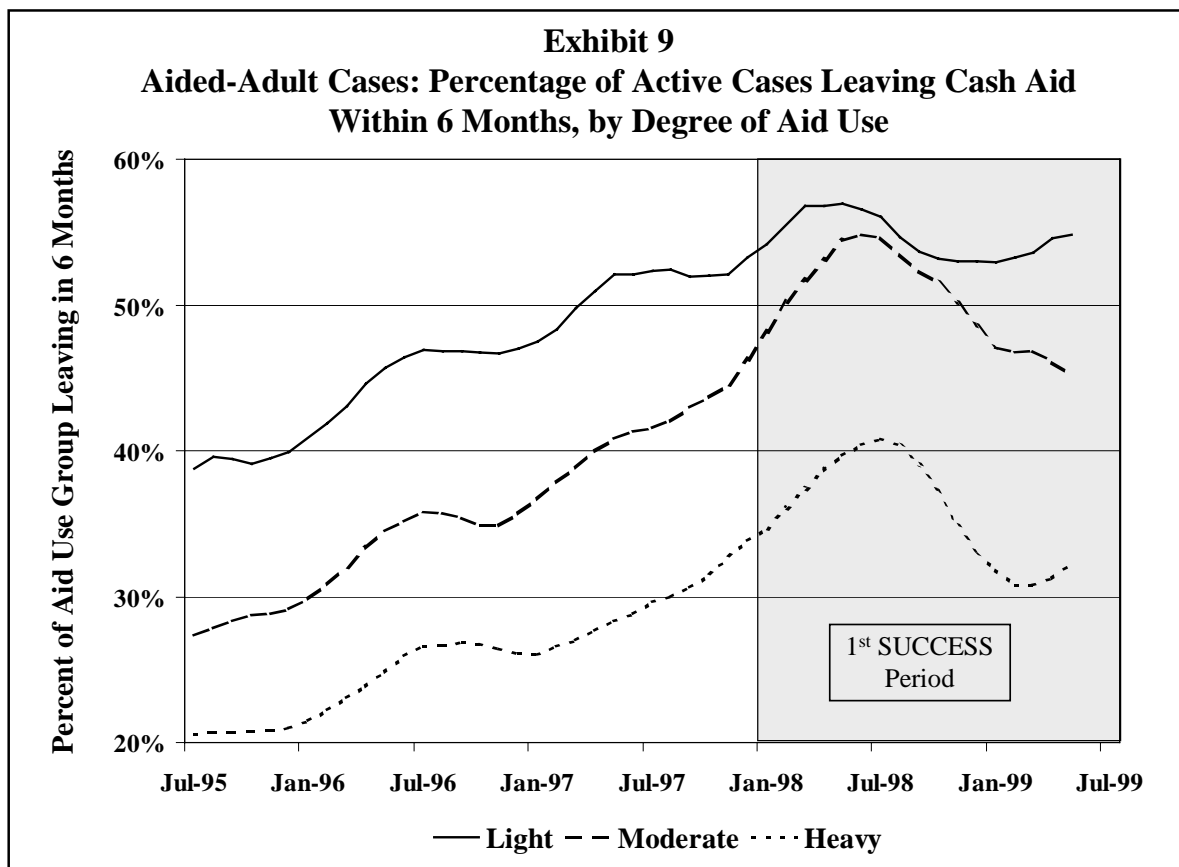
stable from 1997 to 1999, with Hispanic families representing 66 percent and Spanish language families representing 57 percent of incoming child-only cases throughout the period. Therefore, the child-only entry rate increase does not appear to be associated with an increase in undocumented immigration.

Some analysts have speculated that the *statewide* increase in the child-only caseload under CalWORKs has been in part due to otherwise eligible parents volunteering to be removed from the assistance unit. If this activity has played a role in the growth in the child-only entry rate in San Mateo County, then we would expect the proportion of child-only cases with a formerly active adult to have increased in the second half of 1998. However, we found that the proportion of child-only cases beginning a new spell on aid that had an adult previously active on the case remained constant at about 12 percent throughout the 1997-1999 period. Therefore it is unlikely that the voluntary removal of parents from the assistance unit caused the increase in the child-only entry rate in late 1998.



Although we have not yet been able to identify the source of this increase, we will continue to monitor this trend and explore alternative explanations as we prepare the final report. For example, the rise in the child-only entry rate may be caused by an increase in the number of parents receiving SSI/SSP. Although not available for use in preparing this report, we will use the full MEDS file to identify SSI/SSP receipt to assess the validity of this explanation in the final report.

Cumulative time on aid now declining for aided-adult caseload. Exhibit 7 reports trends in the average number of months on aid in the previous five years (60 months) for one-parent, two-parent, and child-only cases. After growing consistently from 1996 through 1998, average cumulative time on aid has leveled off at 38 months for child-only cases, and declined from 36 months to 33 months and from 33 months to 30 months for one-parent and two-parent cases, respectively. The break in the trend in cumulative time on aid for aided-adult cases in 1999 is the result of the growing proportion of arrivers on the aided-adult

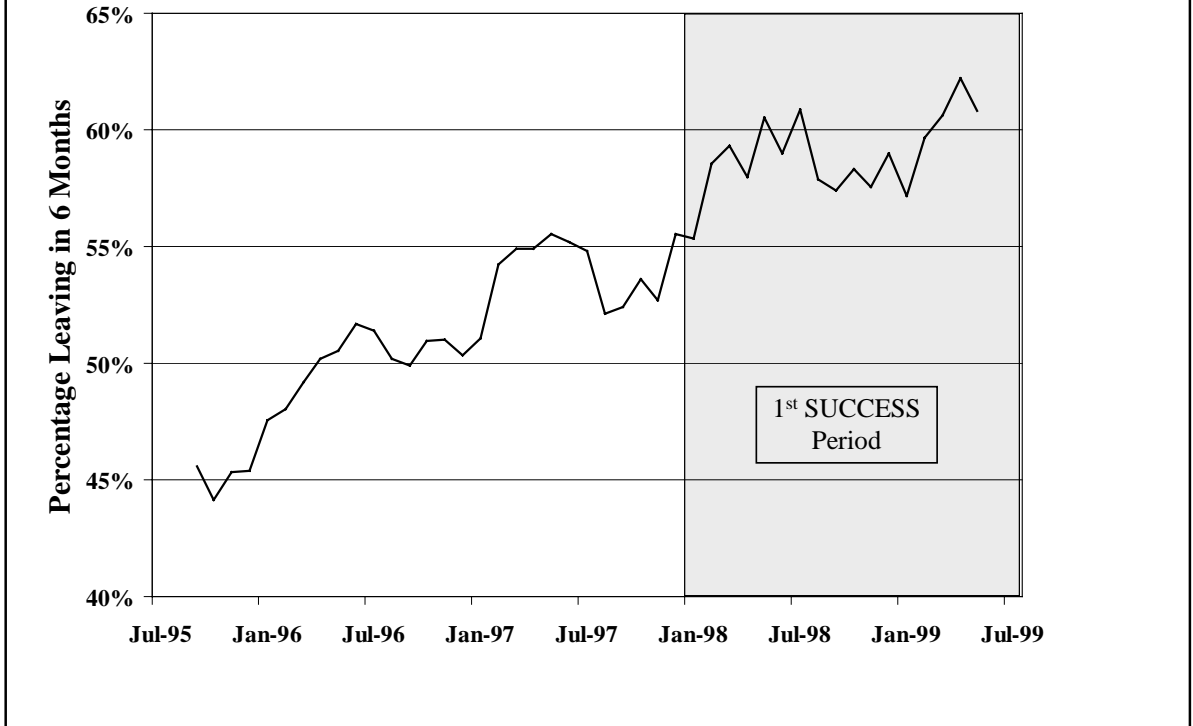


caseload reported in Exhibit 5. This is because arrivers tend to have relatively light histories of aid use.

Fewer families with long histories of aid use are leaving aid in 1999. Exhibit 8 compares mean cumulative time on aid over the previous 5 years for active aided-adult cases continuing on aid (“stayers”) and active cases leaving aid in the following month (“leavers”). The exhibit shows that after climbing from 21 to 31 months from July 1995 to late 1998, mean cumulative time on aid for leavers fell sharply in 1999, reaching 26 months by the end of the year. This result suggests that fewer families with heavy aid-use histories left aid in 1999 than in the first year of SUCCESS.

To demonstrate this directly, we grouped active aided-adult cases by degree of cumulative aid use into light (0-12 months on aid in the previous 60 months), moderate (13-30 months), and heavy (31-60 months) aid-use groups. We then calculated the proportion of each of these groups of active cases leaving aid within the next 6 months. Exhibit 9 reports the result of this exercise. As we expected, the proportion of the heavy aid-use group leaving

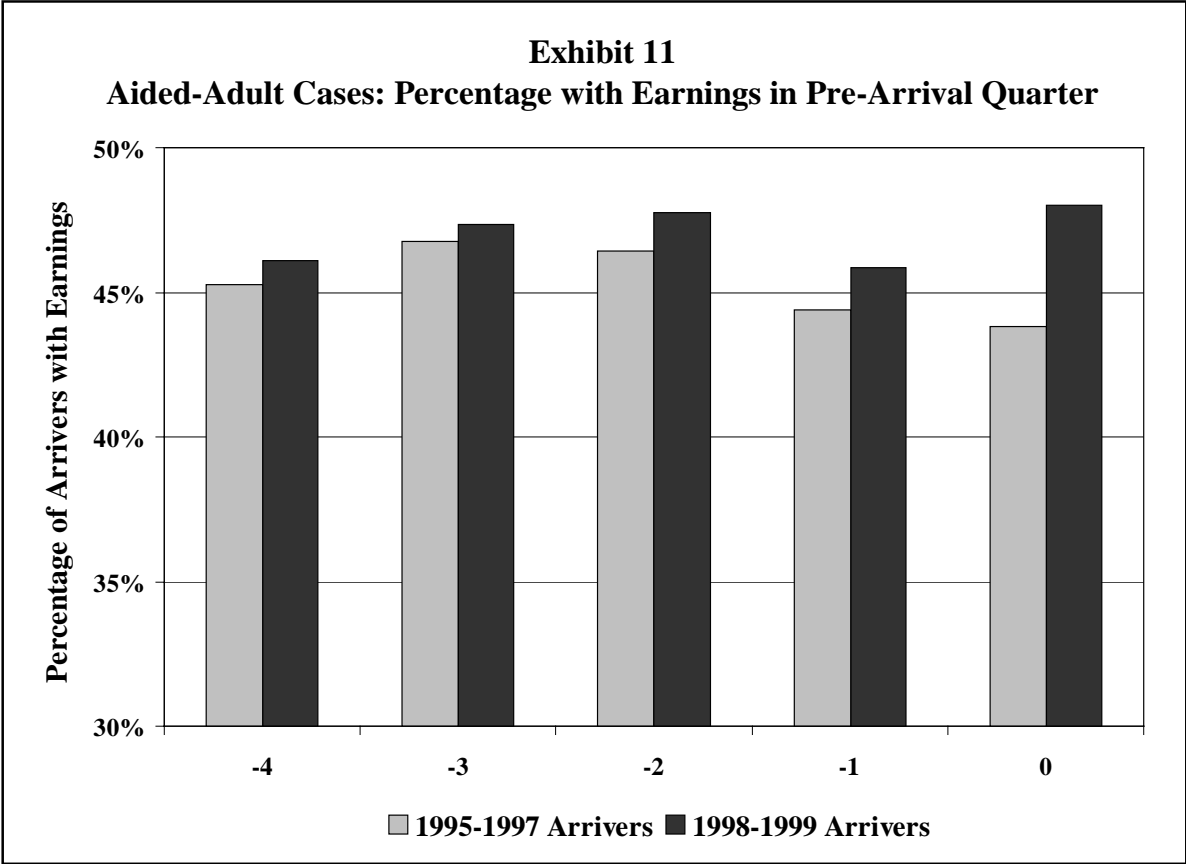
Exhibit 10
Aided-Adult Cases: Proportion of “Arrivers” Leaving in 6 Months



aid – after doubling from 20 percent to 40 percent from July 1995 to July 1998 – dropped sharply in early 1999 to 32 percent.

Controlling for changes in caseload composition, SUCCESS is effective in moving families quickly off aid. Does the drop in the proportion of heavy aid users leaving aid in 1999 reflect poor program performance, or the changing composition of the active caseload? Because massive cash-aid caseload declines since 1995 may have shifted the composition of the aided-adult caseload toward a higher proportion of cases with substantial barriers to self-sufficiency, an analysis of the proportion of light aid users and recent arrivers leaving aid should provide a fairer assessment of the ability of SUCCESS to move clients quickly off aid.³ Exhibit 9 shows that the SUCCESS program has continued to be effective in moving light aid users off aid. The proportion of active aided-adult cases with light histories of

³ For example, we will show below that pre-SUCCESS and SUCCESS period arrivers have similar employment and earnings outcomes prior to arriving on aid. This suggests that arrivers in the two periods presented a similar challenge to the county human services staff, and that differences in outcomes after arrival for the two groups may be due to the differential impact of the welfare programs in place in the SUCCESS and pre-SUCCESS periods.

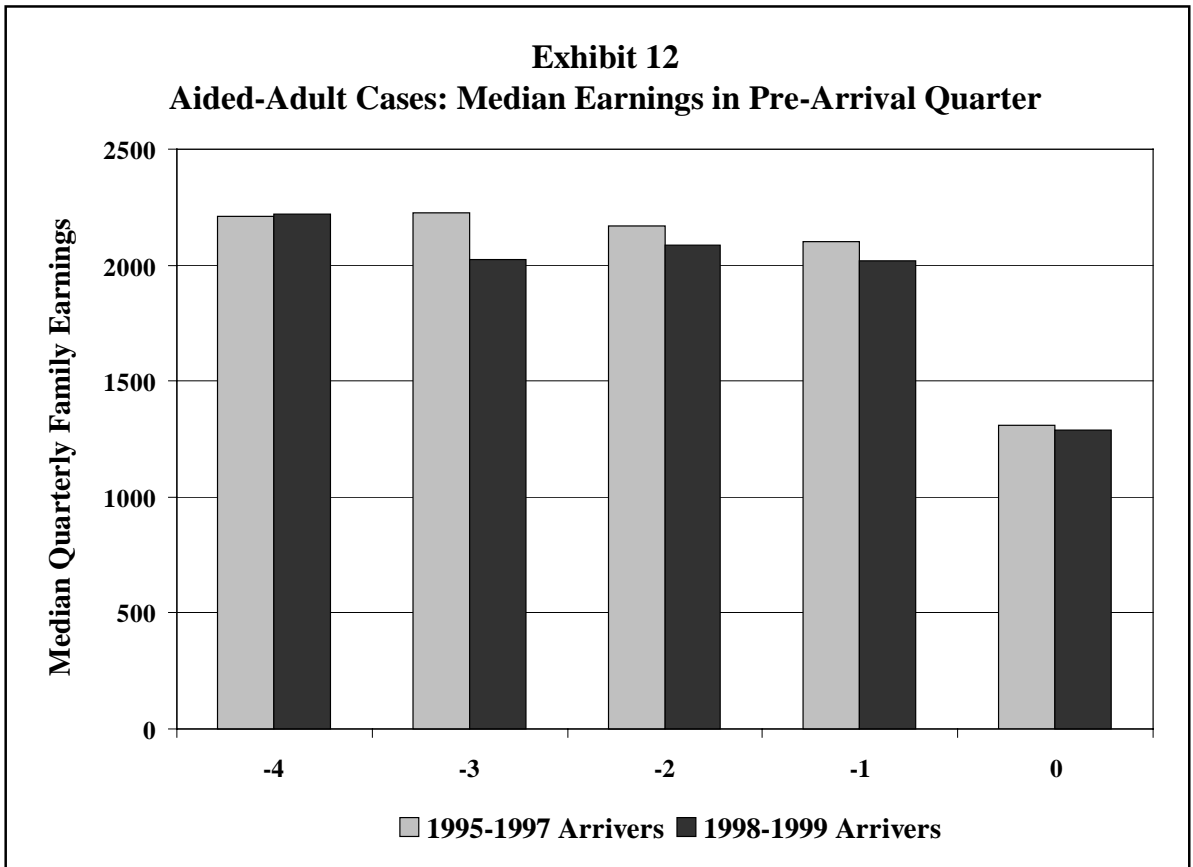


cumulative aid use leaving aid within 6 months grew from 40 percent in late 1995 to 52 percent just prior to the implementation of SUCCESS in late 1997, and has remained in a range of 53-57 percent under SUCCESS. Furthermore, Exhibit 10 shows that the proportion of arrivers leaving aid within 6 months of arrival has increased from 52 percent as SUCCESS was being implemented in late 1997 to over 60 percent in early 1999. These results imply that, controlling for changes in the composition of the active caseload over the last four years, the SUCCESS program has been effective in moving families quickly off aid.

Employment and Earnings

Our analysis of employment and earnings uses matched quarterly UI system wage data and CDS case data. For each set of figures below we first calculate total quarterly family earnings for different groups of families,⁴ and then calculate median earnings *among*

⁴ Total earnings for aided families are the sum of the earnings of parents and needy relatives who are active on the case in the quarter. When we later calculate post-assistance family earnings for leavers, we sum the earnings of parents and needy relatives who were in the assistance unit when the cash aid case discontinued.



those families with positive earnings in the quarter. All earnings have been adjusted to December 1999 dollars.⁵ We begin by looking at employment outcomes for families arriving on aid.

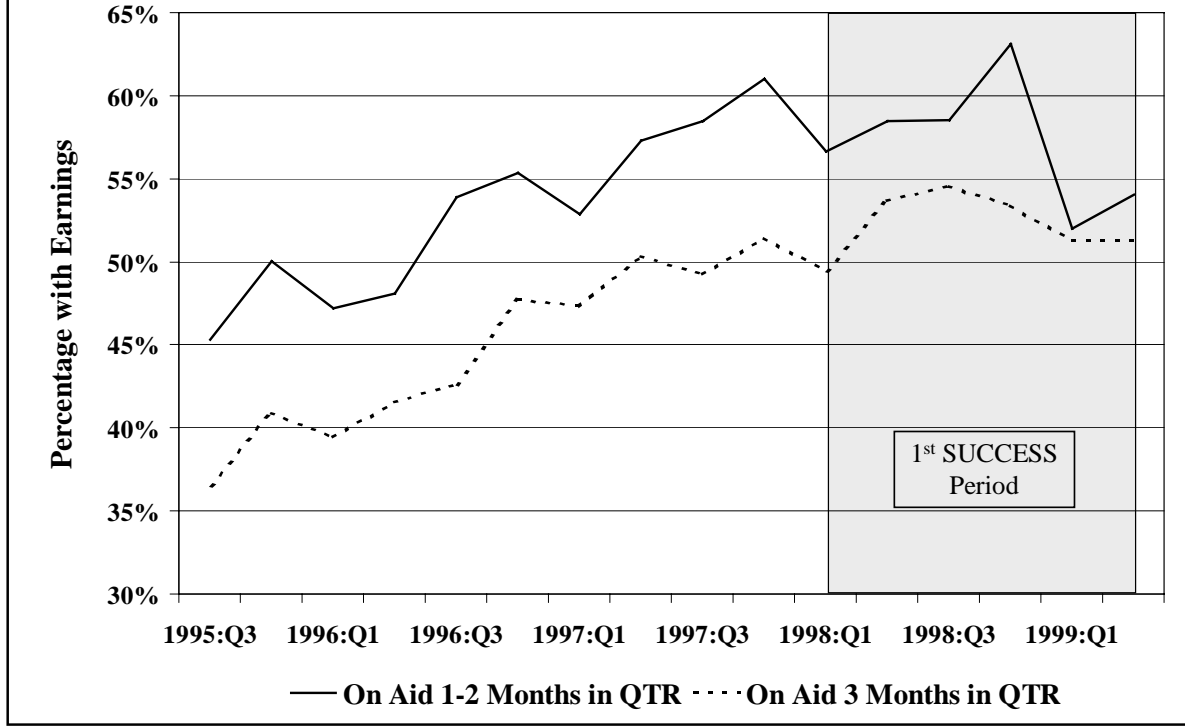
SUCCESS and pre-SUCCESS arrivers have similar earnings levels. Exhibit 11 compares the evolution of employment probabilities leading up to the quarter of arrival on cash aid for families arriving in the pre-SUCCESS (July 1995 to December 1997) and SUCCESS (1998-1999) periods. Quarter 0 is the quarter in which the family begins the new aid spell, Quarter -1 is the first quarter prior to the quarter in which the family arrived on aid, Quarter -2 is the second quarter prior to the arrival quarter, and so on.⁶ The exhibit indicates that families arriving on aid in the SUCCESS period are somewhat more likely to have

Pre-assistance family earnings for arrivers are the sum of the earnings of parents and needy relatives who will be in the assistance unit when the case is first approved for aid. In all cases, the earnings of children associated with the assistance unit are excluded.

⁵ We adjusted earnings by the Consumer Price Index (all items) for the San Francisco PMSA.

⁶ Note that a family can be an arriver in both time periods. If a family arrived on aid more than once within a single time period, then quarterly employment probabilities and earnings are calculated relative to the last arrival on aid in the period. In other words, each family is counted at most once in each time period.

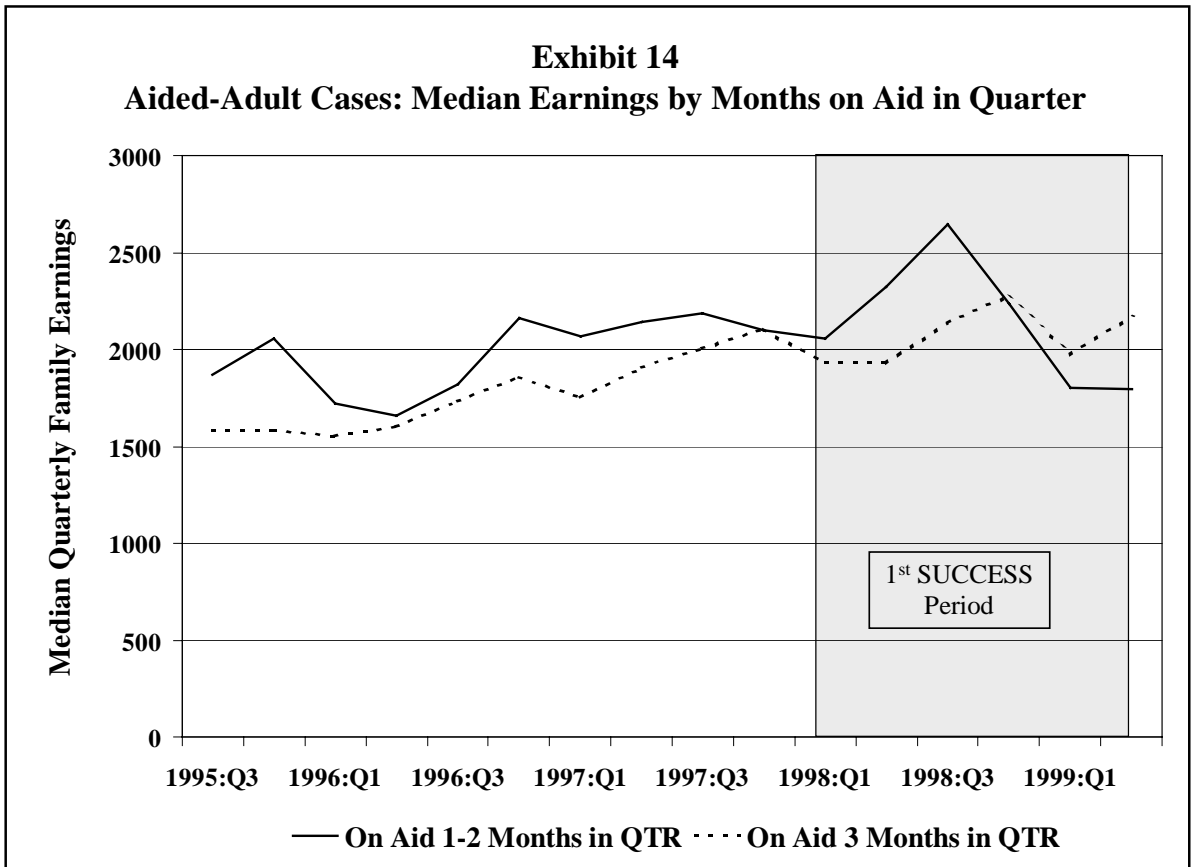
Exhibit 13
Aided-Adult Cases: Percentage with Earnings
by Months on Aid in Quarter



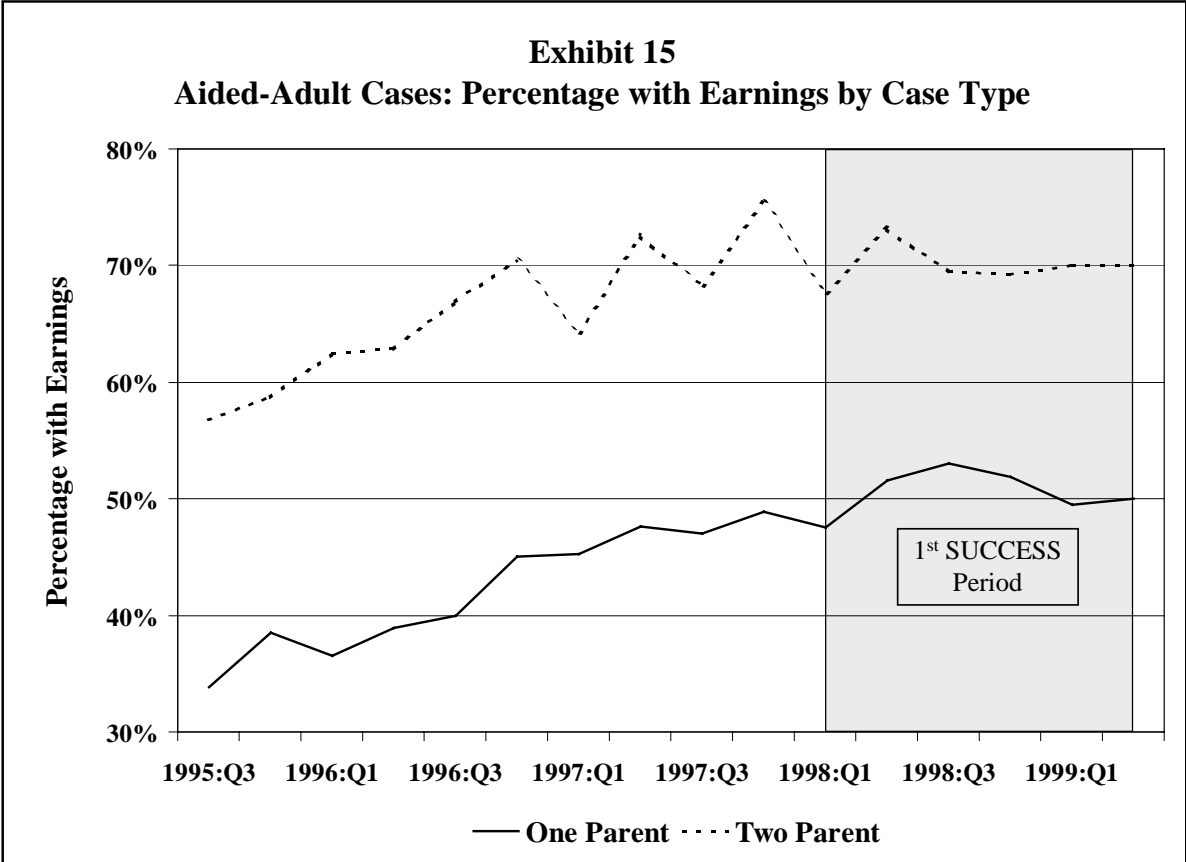
earnings than families arriving in the pre-SUCCESS period (48 percent vs. 44 percent) in the arrival quarter, and earnings probabilities are almost identical in the four quarters prior to arrival. The small increase in the probability of employment in the arrival quarter may reflect the more rapid movement of new clients into employment under SUCCESS.

Exhibit 12 shows that SUCCESS and pre-SUCCESS arrivers also have almost identical median quarterly earnings in the arrival quarter and over the preceding four quarters. Both groups experience sharp earnings declines prior to arrival on aid, with median quarterly earnings dropping from about \$2,000 in the quarter prior to arrival to \$1,300 in the first quarter on cash aid.

These results show that the composition of the group of families arriving on aid has not changed significantly, in terms of employment and earnings experiences, between the pre-SUCCESS and SUCCESS periods. This implies that a comparison of outcomes for families arriving on aid may provide a fairer assessment of SUCCESS program performance than a comparison of trends in outcomes for the caseload as a whole.



Shift in composition of caseload towards arrivers reduces measured earnings for aided-adult cases. Exhibit 13 graphs the trend in the proportion of active aided-adult cases with earnings. We group families into those on cash aid 1-2 months in the calendar quarter, and those on aid all three months in the quarter. From the third quarter of 1995 through the fourth quarter of 1998 there is a substantial increase in the proportion of both groups of cases with earnings. The proportion of families on aid 1-2 months in the quarter with earnings rises from 45 percent in 1995:Q3 to 63 percent in 1998:Q4, while the proportion of families on aid the entire quarter who have earnings rises from 36 percent to 54 percent over the same period. Families on aid only part of the quarter were more likely to have earnings in this period because this group included a high proportion of “leavers” who – as we will see in the next section – have relatively high employment probabilities. Recall, however, that the composition of the active caseload changed in late 1998 and 1999 so that it contains a larger proportion of arrivers and a smaller proportion of leavers in this period (see Exhibit 4). Because arrivers tend to have much lower earnings than leavers, this composition change

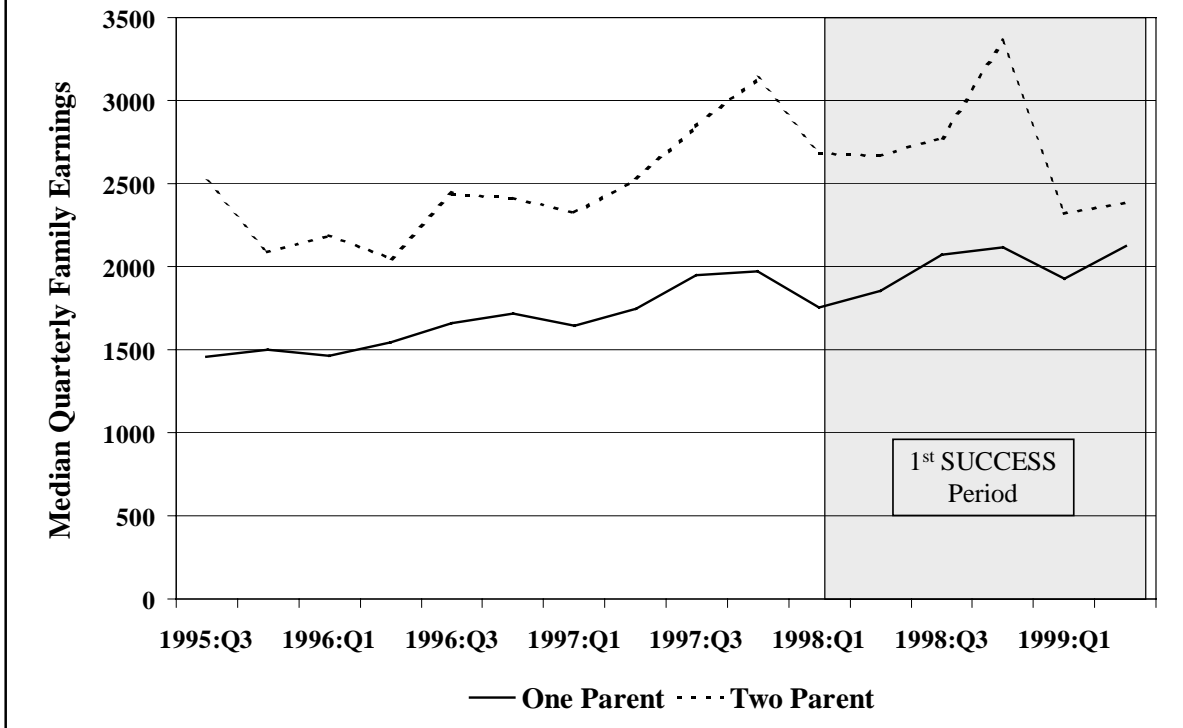


accounts for the drop in employment probabilities for aided-adult cases on aid 1-2 months in the quarter in 1999:Q1-1999:Q2.

The impact of the shift in the composition of the aided-adult caseload from leavers to arrivers is also apparent in median earnings levels. Exhibit 14 compares the median quarterly earnings of families on aid 1-2 month and all 3 months in the quarter. Over most of the period, families on aid in part of the quarter tend to have higher earnings than families on aid throughout the quarter. However, in late 1998 and the first half of 1999, this pattern reverses.

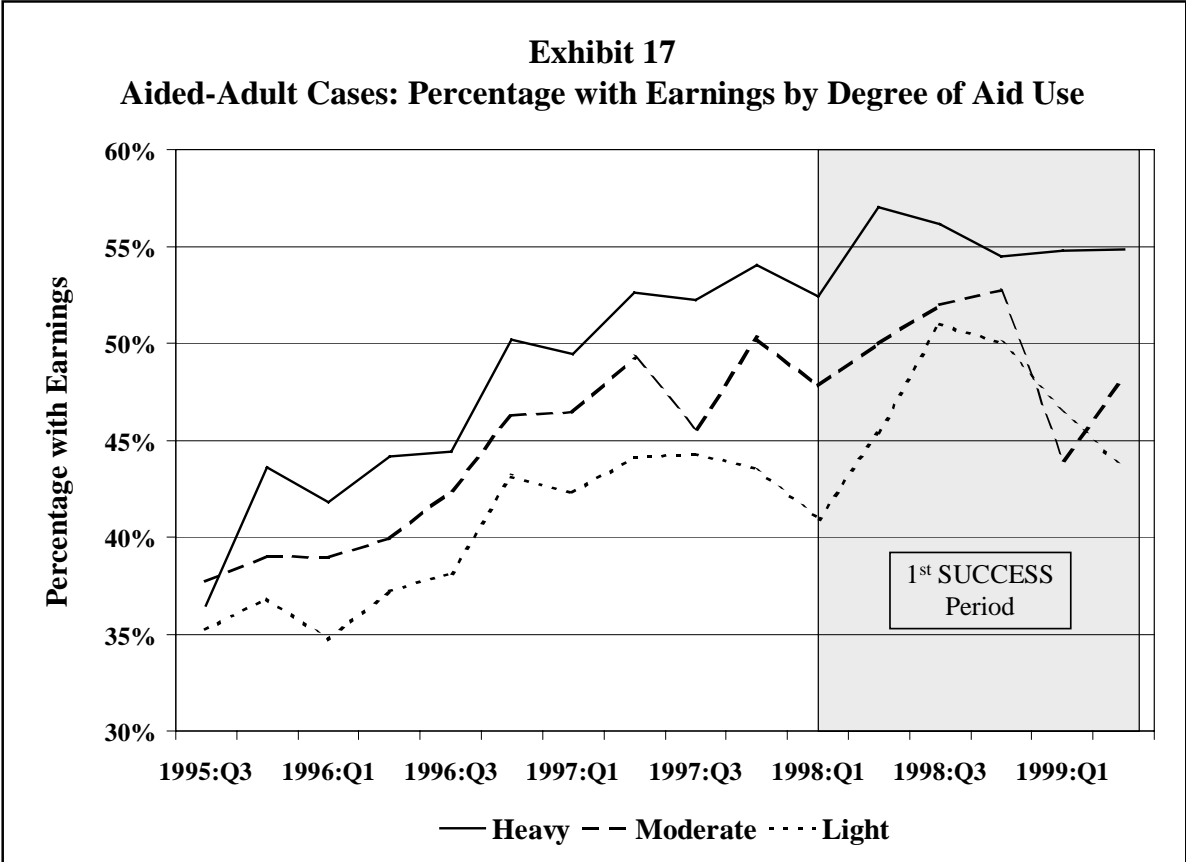
Two-parent families have higher employment rates and family earnings. Exhibit 15 compares the proportion of one-parent and two-parent families with earnings, for those families on aid all 3 months in the quarter. The proportion of two-parent families with earnings grew from 57 percent in 1995:Q3 to 70 percent in 1996:Q4, and has remained around 70 percent in the subsequent 3 years. The proportion of one-parent families with

Exhibit 16
Aided-Adult Cases: Median Earnings by Case Type



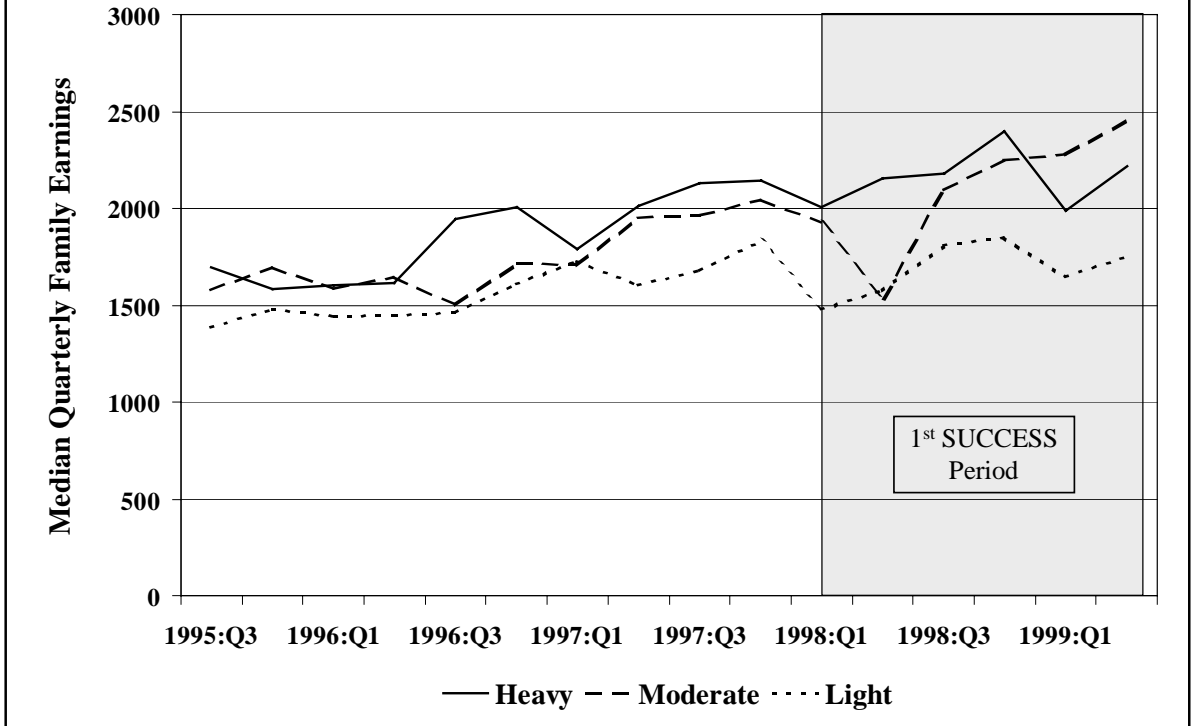
earnings grew from 33 percent in 1995:Q3 to 53 percent in 1998:Q3, and was about 50 percent in the first half of 1999.

Exhibit 16 compares median quarterly family earnings for one-parent and two-parent families. Median earnings for one-parent families increase consistently from \$1,500 in 1995:Q3 to \$2,200 in 1999:Q2. Because San Mateo County has a very small number of two-parent families on cash aid (only 55 families by December 1999), there is much more variation in median earnings for this group. Median quarterly two-parent family earnings are generally \$600-\$1,000 higher than the median earnings level for active one-parent families, although the gap narrowed considerable in 1999 due to a sharp drop in median earnings for two-parent families. In the final report we will determine whether this is an ongoing trend or a temporary fluctuation. Overall, the higher earnings levels for two-parent families reflect both the advantage of having a second adult wage earner, and the fact that two-parent families tend to have larger assistance units, and therefore can remain on aid with higher earnings than one-parent families.



Families with heavy aid-use histories have higher earnings. The final set of exhibits in this section compares employment and earnings outcomes for active aided-adult cases grouped by degree of cumulative aid use. Again, we define light, moderate, and heavy aid-use groups to have 0-12, 13-30, and 31-60 cumulative months on aid in the previous 60 months, respectively. Exhibit 17 shows that after 1995:Q3, there is generally an inverse relationship between cumulative time on aid and the probability of a member of the assistance unit being employed. For example, in 1999:Q2, 55 percent of families in the heavy aid-use group have earnings, compared to 48 percent of the moderate aid-use group and 43 percent of the light aid-use group. Exhibit 18 presents the trend in median quarterly earnings for each aid-use group, and also reveals an inverse relationship between median earnings levels and cumulative time on aid. Over most of the period, the heavy aid-use group has the highest median earnings level, while the light aid-use group has the lowest level of earnings.

Exhibit 18
Aided-Adult Cases: Median Earnings by Degree of Aid Use



The inverse relationship between cumulative time on aid and earnings is largely due to the differences in the age composition of the aid-use groups. Adults in their late 20s and 30s tend to have higher earnings than adults in their teens or early 20s, and adult heads of cases in the light and moderate aid-use categories tend to be more concentrated in the younger age categories.

4.2 OUTCOMES FOR FAMILIES LEAVING CASH AID

In this section we compare outcomes for families leaving aid under SUCCESS in 1998 and 1999 with outcomes for families leaving aid between July 1995 and December 1997.⁷ We first examine employment probabilities and earnings levels, and then consider cash-aid recidivism and post-exit use of non-cash aid.

Employment and Earnings

SUCCESS leavers are more likely to have earnings immediately after exit. Exhibit 19 shows how employment probabilities evolve over time after families with aided adults leave aid. Quarter 0 is the last quarter in which the family received aid (which we refer to as the exit quarter), quarter 1 is the following quarter, and so on. The figure shows that families leaving aid under SUCCESS in 1998 and the first half of 1999 are more likely to have earnings immediately after exit than families leaving aid in the previous 30 months. For example, 67 percent of SUCCESS leavers have earnings in the first quarter after exit, compared to 62 percent of the pre-SUCCESS leavers. However, earnings probabilities for the two groups of leavers converge over time; 63 percent of each group have earnings in the fifth quarter after exit.

Note that we can only follow early SUCCESS leavers over the full five-quarter post-exit period, so trends reported here may be affected by changes in the composition of the leavers group as we look forward in time from the exit quarter. Therefore, we should be cautious in reading too much into these preliminary outcomes, although they do suggest that the higher initial earnings probabilities for SUCCESS leavers do not persist over time. We will continue to monitor these outcomes as we prepare the final report.

Earnings levels are comparable for SUCCESS and pre-SUCCESS leavers. Exhibit 20 compares median quarterly family earnings for SUCCESS and pre-SUCCESS leavers with earnings. Both groups show median quarterly earnings of \$2,700 in the exit quarter, rising to about \$3,700 in the following quarter. For the pre-SUCCESS leavers, median earnings rise consistently to about \$5,200 after the 12th post-exit quarter.

⁷ Note that a family can be a leaver in both the SUCCESS and pre-SUCCESS periods. However, if a family leaves aid more than once within a single time period, outcomes are calculated relative to the quarter of the last exit from aid in the period.

Exhibit 19
Aided-Adult Cases: Percentage with Earnings in Post-Exit Quarter

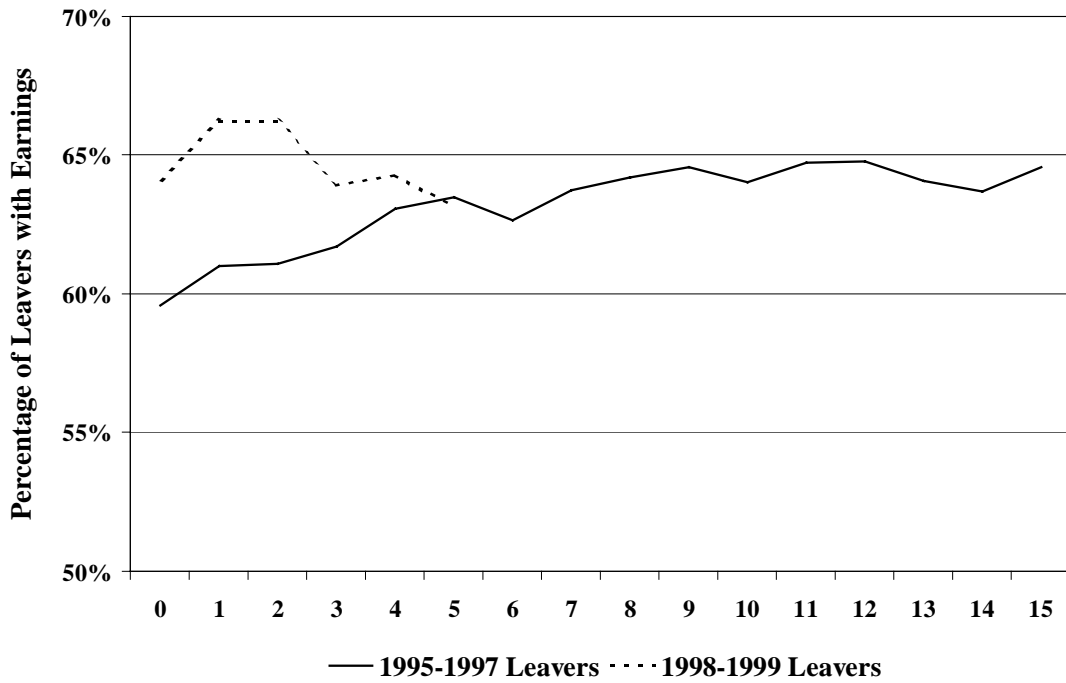
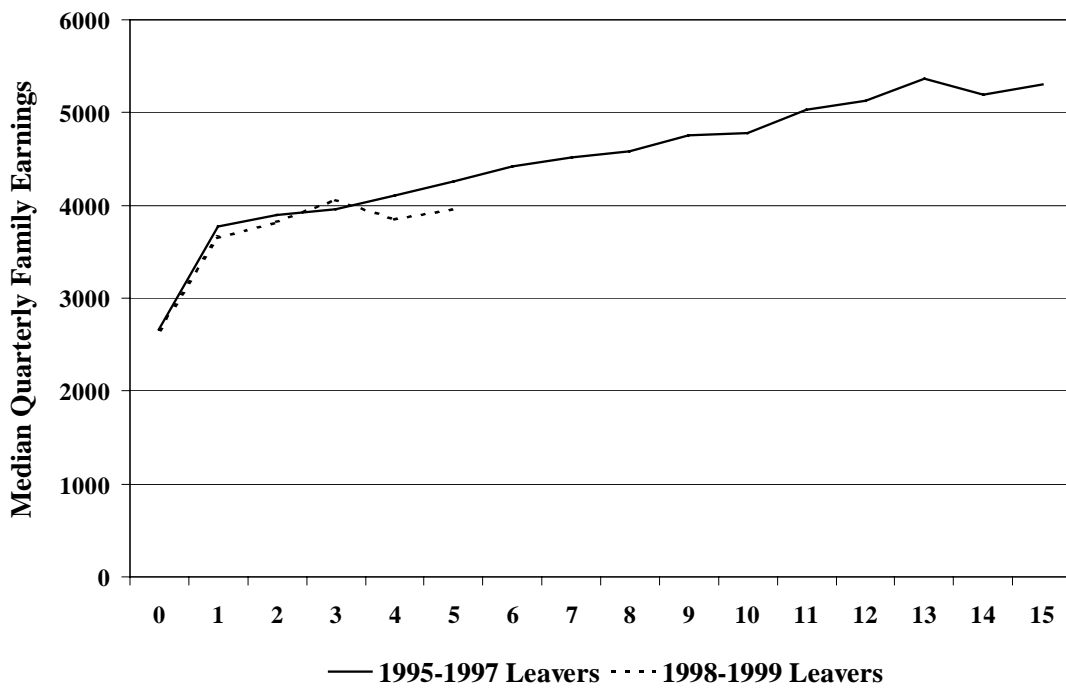


Exhibit 20
Aided-Adult Cases: Median Earnings in Post-Exit Quarter



Employment and Earnings by Administrative Reason for Exit

Proportion of exits due to employment and client non-cooperation increase under SUCCESS, while inter-county transfers decline. We next use CDS negative action codes to sort aided-adult case leavers into six groups by reason for discontinuance from cash aid. Exhibit 21 compares the distribution of 1995-1997 leavers and 1998-99 leavers by these reasons. The proportion of leavers reporting excessive earnings increased from 19 percent to 24 percent under SUCCESS, while the proportion of leavers exiting due to client non-cooperation increased from 9 to 14 percent. Note that about 60 percent of leavers in the non-cooperation category in 1998-1999 are SUCCESS full-family sanctions, and we will focus on outcomes for these families in Section 4.3. Finally, note that the percentage of aided-adult cases formally transferring to receive aid in another county declined from 18 percent in 1995-1997 to 14 percent under SUCCESS in 1998-1999. This result, in conjunction with findings presented in the first-year report, indicates that inter-county transfers have not been an important component of San Mateo County’s caseload declines under SUCCESS.

Exhibit 21		
Aided-Adult Cases: Percentage Distribution of Leavers by Reason for Discontinuance		
Reason for Discontinuance:	Pre-SUCCESS	SUCCESS
Excessive Earnings	19	24
Inter-County Transfer	18	14
Client Non-Cooperation	9	14
Unable to Locate/Client not in CA	4	4
Failure to Provide Info	24	26
Other	26	18

Exhibit 22 graphs the proportion of aided-adult case leavers with earnings in the last quarter on aid (quarter 0) and subsequent quarters over both the pre-SUCCESS and SUCCESS periods, by administrative reason for exit.⁸ The ranking of earnings probabilities

⁸ Because our earnings data cover California employment, we cannot measure post-exit earnings for most cases in the “Unable to Locate/Client not in CA” group. Therefore, this group was dropped from Exhibits 22-25.

Exhibit 22
Aided-Adult Cases: Percentage with Earnings by Reason for Exit

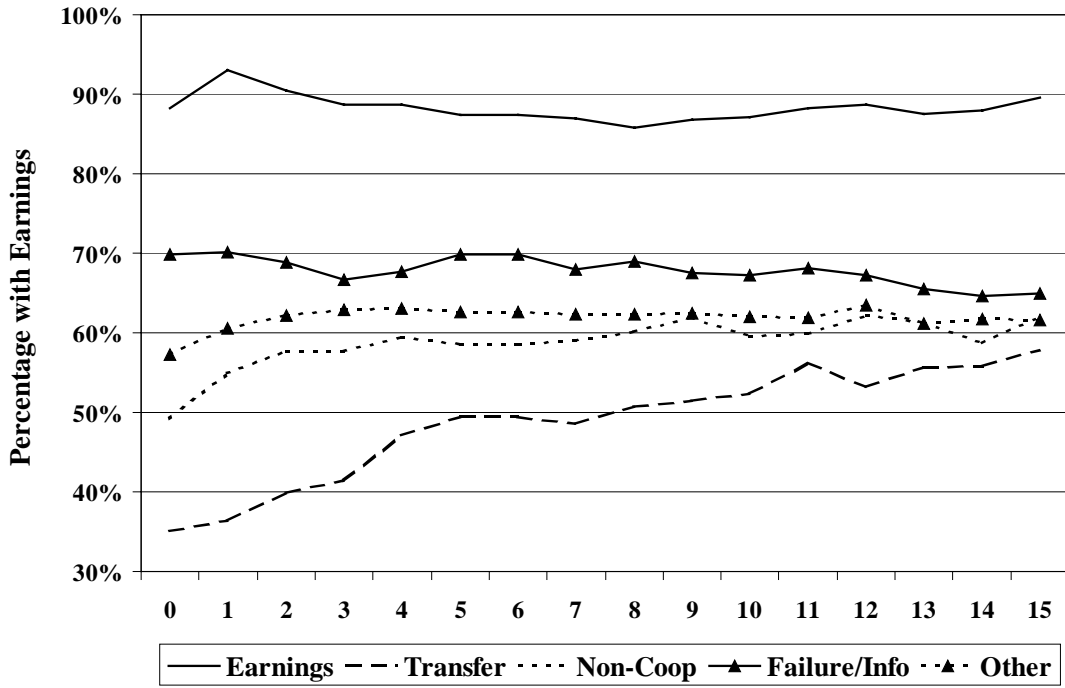
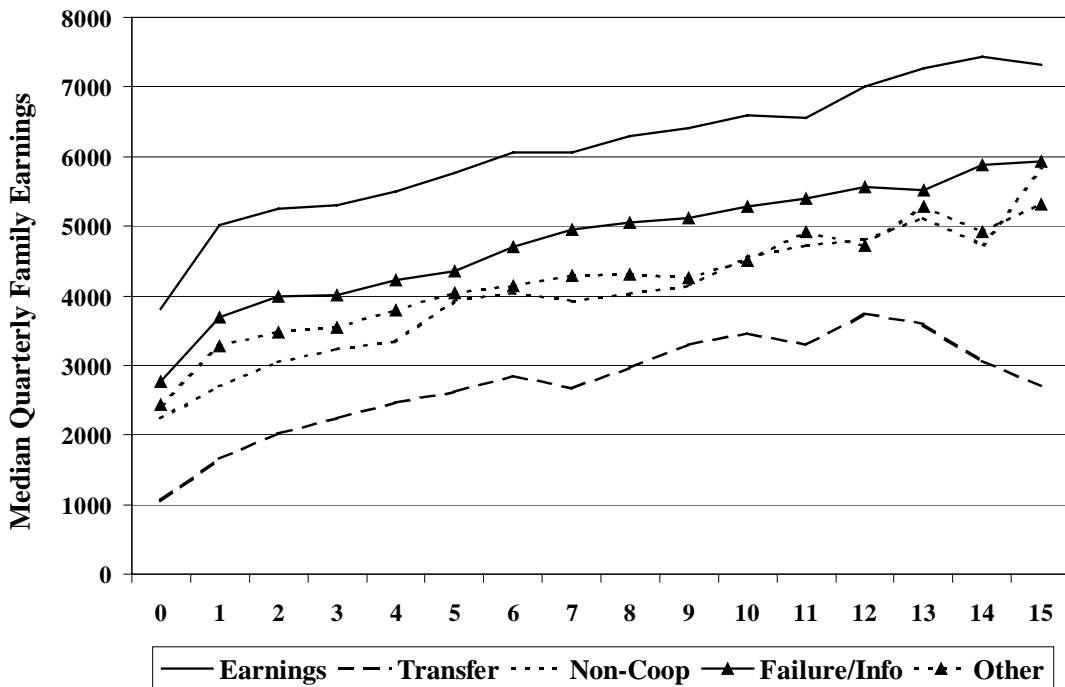


Exhibit 23
Aided-Adult Cases: Median Earnings by Reason for Exit



is consistent with our expectations: families who report leaving aid due to earnings have much higher earnings probabilities (93 percent in the first quarter off aid) than all other is groups, while families transferring to cash aid in another county have lower earnings probabilities (36 percent in the first quarter off aid in San Mateo County) than other families leaving cash aid in San Mateo County. In addition, note that about 70 percent of families leaving cash aid due to failure to provide information (e.g., failure to return CA-7) have earnings, which suggests that many of these families really leave due to earnings.

Exhibit 23 graphs median quarterly family earnings for aided-adult case leavers with earnings in both the pre-SUCCESS and SUCCESS periods, by administrative reason for exit. Again, rankings are consistent with our prior expectations: families who report leaving aid due to earnings have much higher quarterly earnings levels (median of \$5,000 in the first quarter off aid) than all other groups, while families transferring to cash aid in another county have lower earnings levels (\$1,700 in the first quarter off aid in San Mateo County) than other families leaving cash aid in San Mateo County.

Employment and earnings outcomes by exit reason under SUCCESS are similar to pre-SUCCESS outcomes. Exhibit 24 compares the percentage of SUCCESS and pre-SUCCESS leavers with earnings by administrative reason for exit, while Exhibit 25 compares median quarterly family earnings for these groups of leavers. Again, quarter zero is the last quarter on aid, quarter 1 is the first quarter off aid, and so on.

Exhibit 24 shows that earnings probabilities are similar for each type of leaver across the two time periods. For example, under SUCCESS 86 percent of families leaving cash aid due to excessive earnings have earnings in their last quarter on aid. The percentage with earnings rises to 92 percent in the first post-exit quarter, then drifts lower over the next four quarters. Similarly, in the pre-SUCCESS period 89 percent of families leaving cash aid due to excessive earnings have earnings in their last quarter on aid, with the percentage rising to 93 percent in the first post-exit quarter, before drifting lower over the subsequent four post-exit quarters. Note that SUCCESS leavers do have lower earnings probabilities in post-exit quarters 3-5, which is related to the higher rate of cash-aid recidivism observed in the SUCCESS period, which we discuss below.

Exhibit 24
Aided-Adult Cases: Percentage of Leavers with Earnings
by Reason for Exit

SUCCESS Leavers:					
Quarter	Earnings	Reason for Exit			
		Transfer	Non-Coop	Failure/Info	Other
0	86	38	50	70	62
1	92	38	52	70	65
2	88	43	57	68	66
3	83	42	55	63	68
4	81	48	56	63	68
5	78	55	63	63	62
Pre-SUCCESS Leavers:					
Quarter	Earnings	Reason for Exit			
		Transfer	Non-Coop	Failure/Info	Other
0	90	34	51	69	55
1	93	35	54	68	59
2	90	38	56	67	60
3	89	41	58	65	61
4	89	46	59	66	62
5	87	49	57	67	62

Exhibit 25 shows similar earnings outcomes across the different groups of aided-adult case leavers between the SUCCESS and pre-SUCCESS periods. For example, in each time period we generally observe the same group rankings, with families reporting excessive earnings having the highest level of quarterly earnings, followed in order by “failure to provide info”, “other”, “client non-cooperation”, and “inter-county transfer”. In addition, quarterly median earnings levels for each group are comparable across the two time periods. In the case of families exiting due to excessive earnings, median quarterly earnings are about \$3,700 in the last quarter on aid, rising to about \$5,000 per quarter in the first five post-exit quarters in the SUCCESS period (Exhibit 24). In the pre-SUCCESS period (Exhibit 25), earnings for the same group rise from \$3,800 in the last quarter on aid to \$5,000-\$5,500 in the first five post-exit quarters.

Exhibit 25
Aided-Adult Cases: Median Quarterly Family Earnings
by Reason for Exit

SUCCESS Leavers:					
Quarter	Earnings	Reason for Exit			
		Transfer	Non-Coop	Failure/Info	Other
0	\$3,698	\$1,279	\$1,891	\$2,625	\$2,476
1	4,850	1,861	2,357	3,454	2,946
2	4,917	1,898	2,703	3,778	3,471
3	4,914	2,917	2,939	3,815	3,500
4	5,015	2,454	3,338	3,579	3,537
5	5,025	2,170	3,471	3,899	3,895

Pre-SUCCESS Leavers:					
Quarter	Earnings	Reason for Exit			
		Transfer	Non-Coop	Failure/Info	Other
0	\$3,825	\$1,051	\$2,243	\$2,685	\$2,373
1	5,043	1,506	2,801	3,593	3,230
2	5,263	1,951	3,042	3,815	3,393
3	5,275	2,067	3,139	3,843	3,519
4	5,474	2,383	3,165	4,102	3,670
5	5,601	2,455	3,640	4,114	3,980

Recidivism

Recidivism has increased... Exhibit 26 presents the trend in the percentage of aided-adult case leavers returning to cash aid with six months of exit. We see that after falling from 19 percent in late 1995 to 11 percent in July and August of 1998, the recidivism rate increased sharply to 16 percent in late 1998 and has since remained in the 15-16 percent range. Exhibit 27 shows a similar trend in recidivism for child-only case leavers, with the recidivism rate falling from 22 percent in late 1995 to 11 percent in May 1998, before rising back to 15 percent in late 1998 and early 1999.

...But recidivist cases are moving quickly off aid. To gauge the effectiveness of the SUCCESS program in moving recidivist cases and other recent arrivers off aid, we examined the trend in the proportion of recidivists (families returning to aid after a break in aid of less than 6 months) and other arrivers exiting cash aid within 6 months of arriving on cash aid.

Exhibit 26
Aided-Adult Cases: Percentage of Leavers Returning to Cash Aid
Within 6 Months

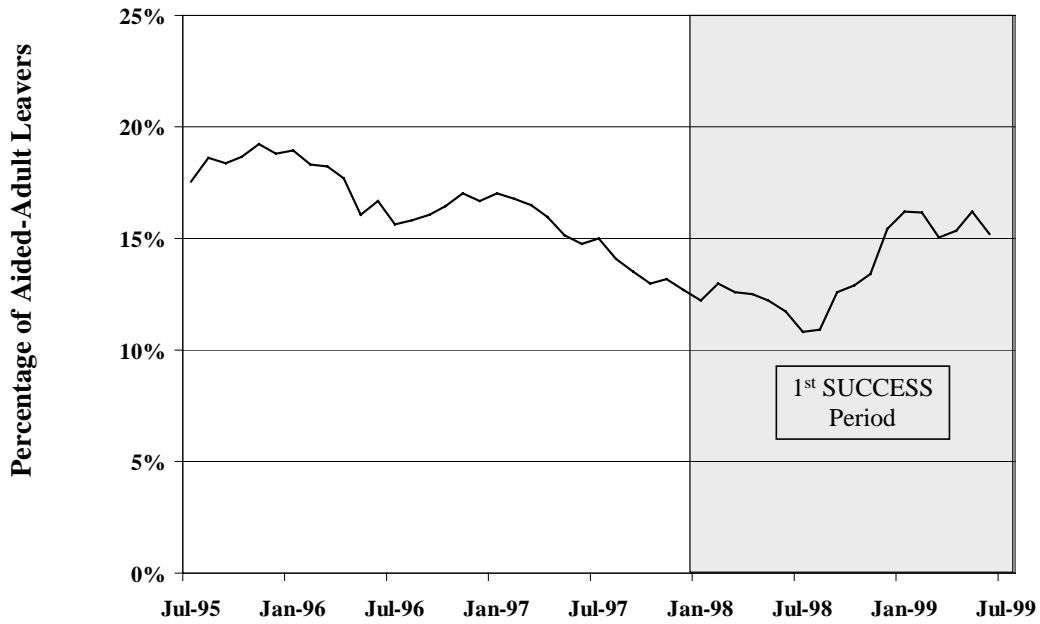
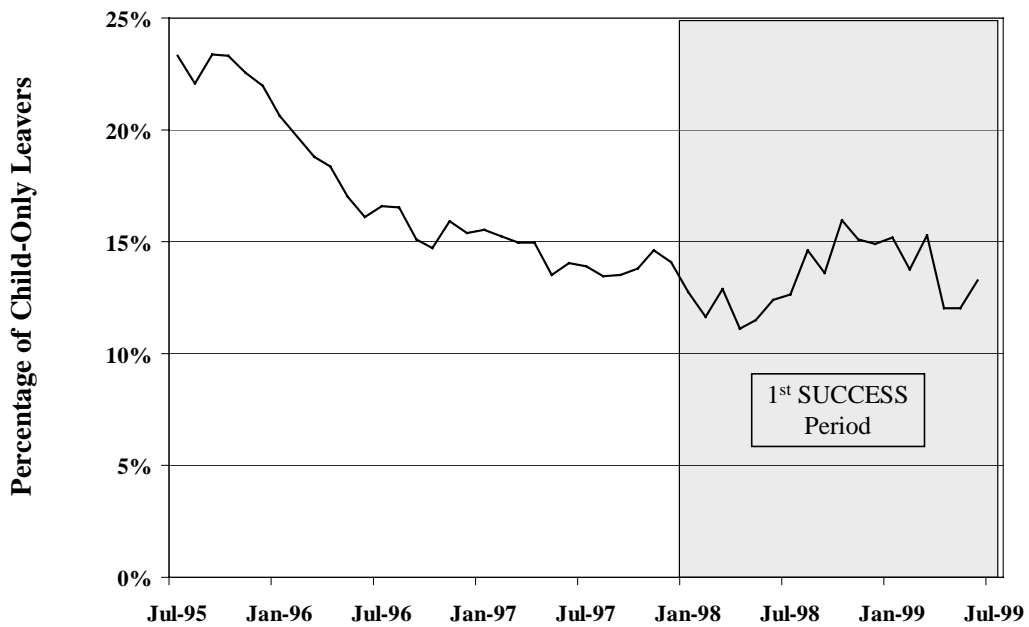


Exhibit 27
Child-Only Cases: Percentage of Leavers Returning to Cash Aid
Within 6 Months



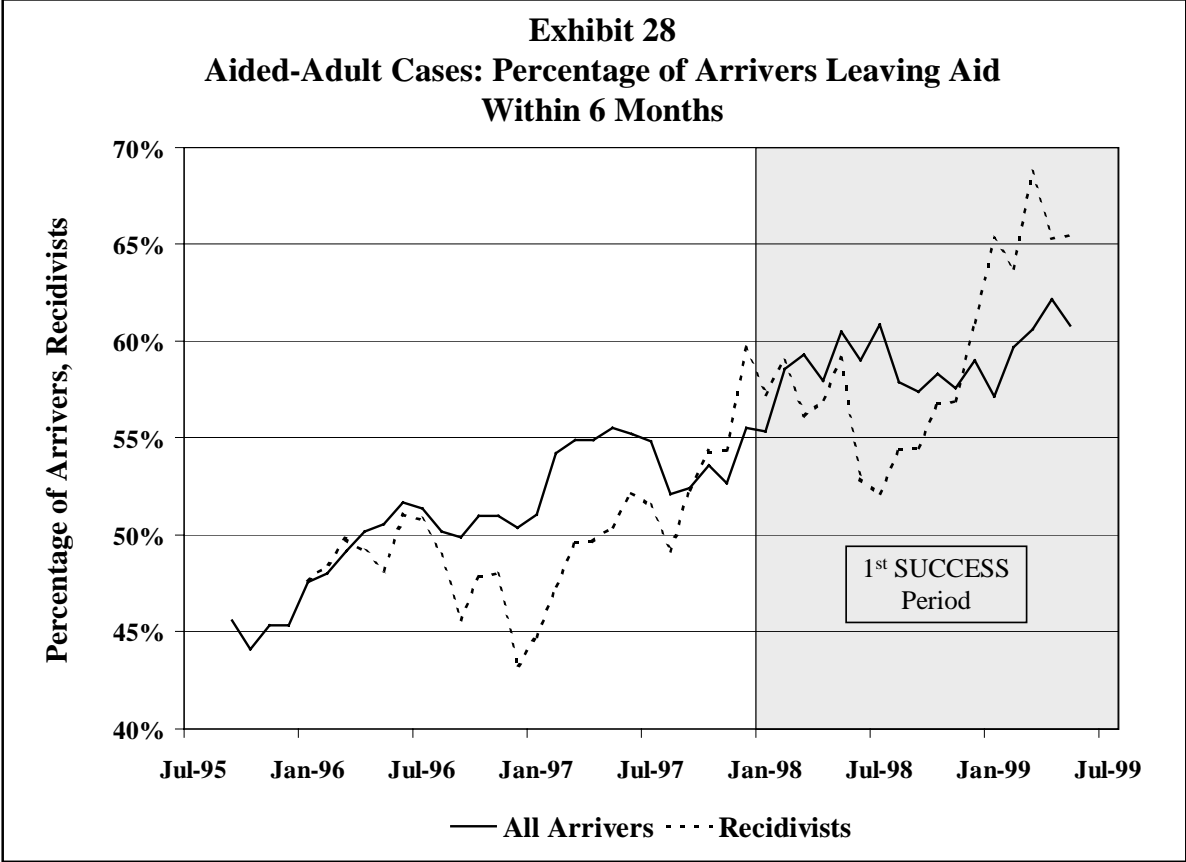


Exhibit 28 shows an increasing proportion of recidivists and other arrivers leaving cash aid within 6 months of arrival over the period. For example, the proportion of recidivists leaving aid within 6 months rises from 45-50 percent in 1996 to 65-70 percent in early 1999, while the proportion of other arrivers leaving aid within 6 months of arrival rises from 45 percent in late 1995 to about 60 percent in early 1999. In particular, note that the proportion of recidivists leaving aid within 6 months increased rapidly in the second half of 1998 and remained at very high levels in early 1999.

These results suggest that the rise in recidivism in late 1998 and 1999 may not reflect poor program outcomes, but rather changes in the composition of the group of families leaving aid. The recent increase in recidivism follows more than three years of caseload declines that have cut San Mateo County’s aided-adult caseload by 80 percent. It is plausible that the group of families leaving aid under SUCCESS includes a growing number of families with greater barriers to self-sufficiency. Exhibit 28 is consistent with the conclusion that it may take more than one exit for these families to achieve independence from cash aid.

Exhibit 29
Aided-Adult Cases: Percentage of Leavers Receiving Non-Assistance Medi-Cal Within 6 Months of Exit

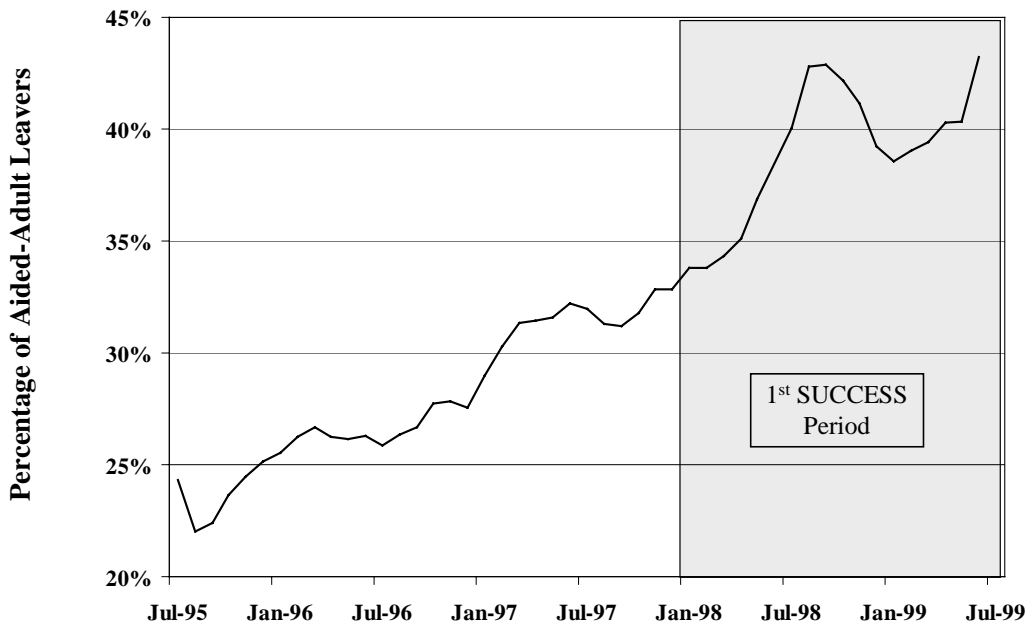
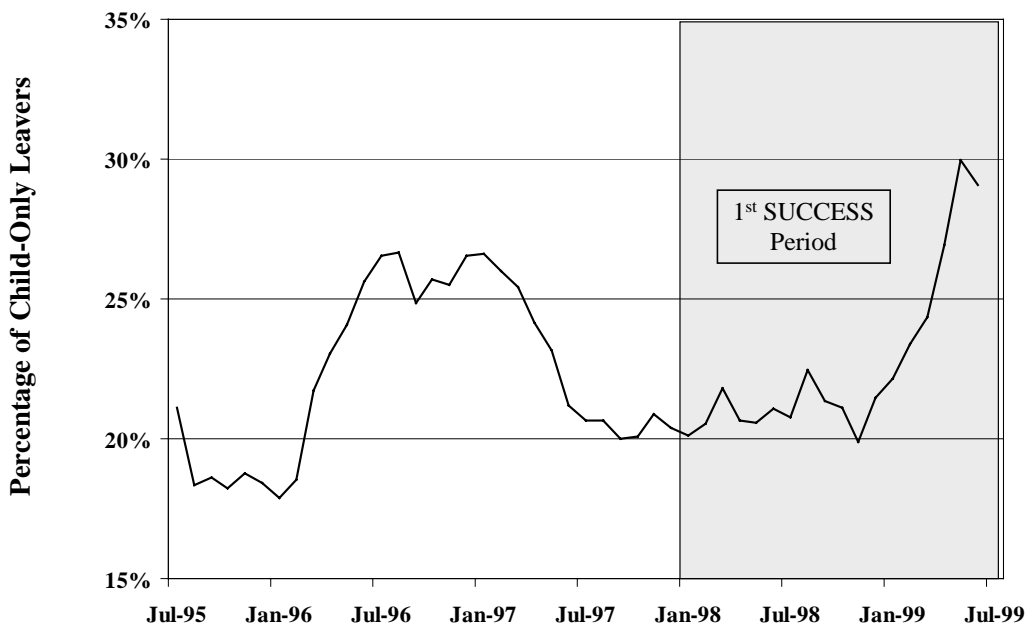


Exhibit 30
Child-Only Cases: Percentage of Leavers Receiving Non-Assistance Medi-Cal Within 6 Months of Exit



Post-Exit Aid Use

Take up of non-assistance Medi-Cal is increasing. Exhibit 29 shows that the proportion of aided-adult case leavers with any family member receiving non-assistance Medi-Cal (NAMC) within 6 months of exit has increased substantially since July 1995, with particularly large increases occurring after the implementation of SUCCESS in late 1997. About 26 percent of aided-adult case leavers in the second half of 1995 had a family member receive NAMC within 6 months of exit. The proportion rises to 32 percent prior to the implementation of SUCCESS in late 1997 and 43 percent by June 1999. Note that the temporary drop in the proportion receiving NAMC in late 1998 and early 1999 coincides with the sharp increase in recidivism described in Exhibit 26. If we looked at the combined rate at which adult-adult case leavers received NAMC or received Medi-Cal because they returned to cash aid, would we would observe an upward trend throughout the SUCCESS period.

The trend in post-exit receipt of NAMC is quite different for exiting child-only cases. Exhibit 30 shows that this group of leavers experienced a sharp decline in receipt of NAMC in 1997 from 26 to 20 percent, and a sharp increase in NAMC receipt from 20 to 30 percent in 1999. The child-only caseload contains a large proportion of cases with citizen children and undocumented parents, and the decline in NAMC receipt in 1997 may be a response to the restrictions on immigrant eligibility for public benefits embodied in the federal welfare reform law (recall that PRWORA passed in August 1996). The sharp increase in receipt of NAMC in 1999 coincides with a state outreach effort to increase the rate of take up of public health insurance by low-income children.

Take up of non-assistance Food Stamps increased slightly under SUCCESS. Exhibit 31 describes the trend in the proportion of aided-adult case leavers with a family member receiving non-assistance Food Stamps (NAFS) within 6 months of exit from cash aid. In the two years prior to the implementation of SUCCESS, NAFS take-up rates typically ranged between six and seven percent, and under SUCCESS take-up rates have increased slightly to around eight percent.

Exhibit 32 suggests that the restrictions on immigrant eligibility for public benefits in the federal welfare reform law may have reduced take up of NAFS by members of exiting child-only cases. The take-up rate fell from 12 percent in August 1996 (the month in which

Exhibit 31
Aided-Adult Cases: Percentage of Leavers Receiving Non-Assistance
Food Stamps Within 6 Months of Exit

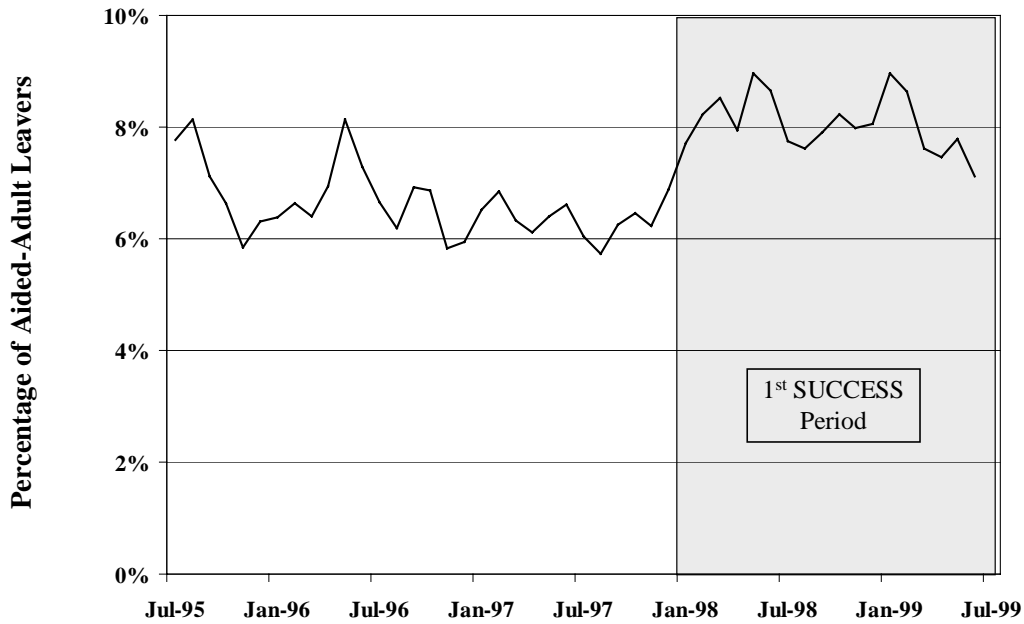


Exhibit 32
Child-Only Cases: Percentage of Leavers Receiving Non-Assistance
Food Stamps Within 6 Months of Exit

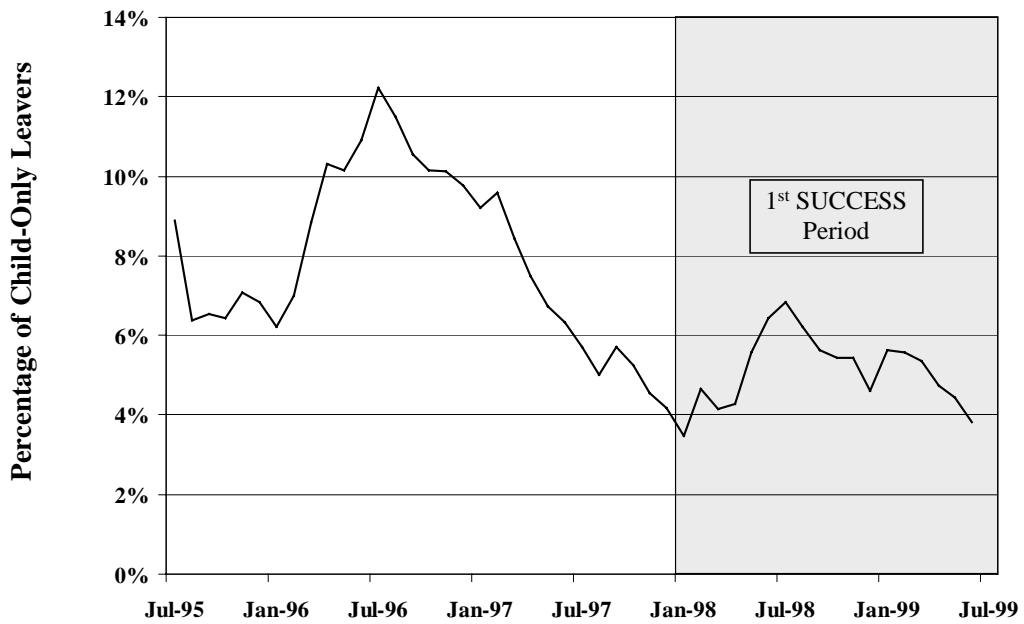


Exhibit 33
Aided-Adult Cases: Percentage of Leavers with a Child Receiving a Foster Care Grant Within 6 Months of Exit

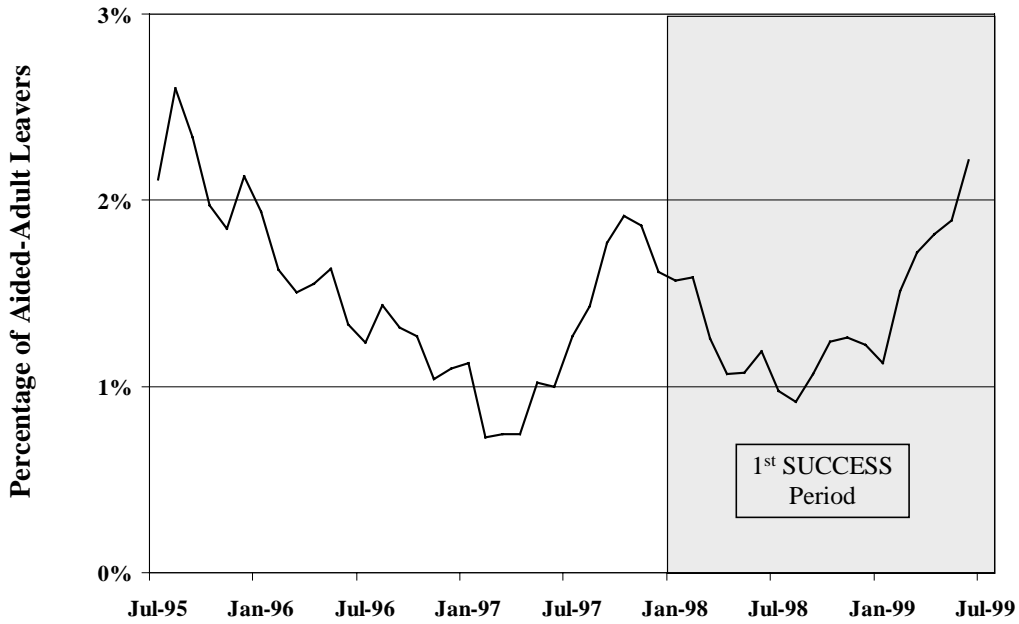
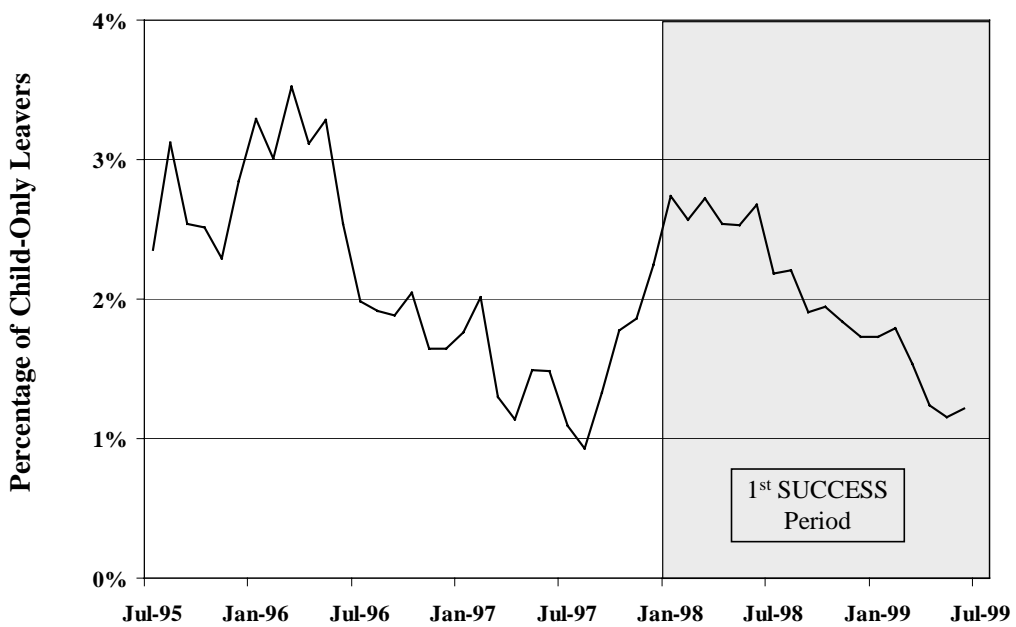


Exhibit 34
Child-Only Cases: Percentage of Leavers with a Child Receiving a Foster Care Grant Within 6 Months of Exit



PRWORA was signed into law), to four percent in January 1998. Take-up rates have generally been in the four to six percent range under SUCCESS.

Few children on exiting cash-aid cases receive foster care grants within 6 months of exit. The last two exhibits in this section describe the time trends in the proportion of aided-adult (Exhibit 33) and child-only (Exhibit 34) case leavers with a child receiving a foster care grant within 6 months of exit from cash aid.⁹ The proportion generally remains in the range of 1-2 percent of leavers for aided-adult case leavers, and 1-3 percent for child-only case leavers. We note that these rates are quite low, and we are cautious about reading too much into the specific trends, as foster care placement rates are in large part a function of the prevailing philosophy of the county's child welfare services staff. For example, the increase in the proportion of leavers with a child entering foster care in late 1997 and early 1998 may reflect a shift in emphasis away from "family reunification" at this time.

⁹ We will look at child welfare outcomes in greater depth when CWS/CMS data become available.

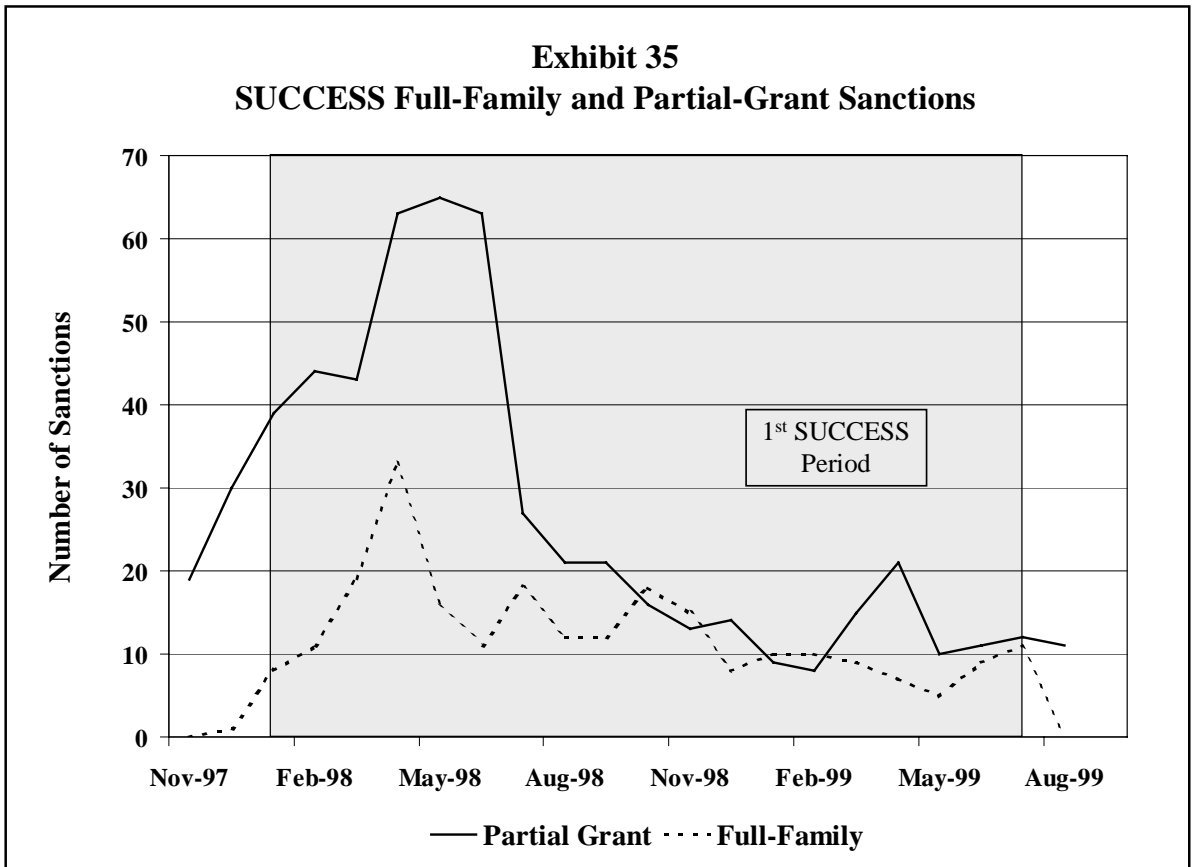
4.3 OUTCOMES FOR SANCTIONED FAMILIES

As described in detail in Chapter 2, an important feature of the original SUCCESS program was its rigorous sanction policy. Under AFDC/GAIN, clients could be sanctioned for failure to comply with work-program or child-support requirements, with a maximum penalty of removal of non-compliant adults from the cash-aid assistance unit. SUCCESS expanded the areas in which non-cooperation could be punished to include failure to comply with case-plan requirements, and imposed an escalating sanction structure that resulted in a one-month full-family sanction in the second episode of non-compliance (increasing to a six-month full-family sanction in the fourth episode of non-compliance). Modifications to the SUCCESS program in August 1999 made SUCCESS sanction policies consistent with CalWORKs regulations, removing non-cooperation with case-plan requirements from the list of punishable actions and replacing the escalating sanction structure with a maximum penalty of removal of non-compliant adults from the cash-aid assistance unit. In other words, changes to the SUCCESS sanction policy in August 1999 largely restored the old AFDC/GAIN sanction structure.

In this section we present preliminary findings on the impact of the SUCCESS program's sanction policies. We describe trends in partial-grant and full-family sanction frequencies under the original SUCCESS program, and compare the demographic characteristics of sanctioned families to the characteristics of other families on aid or leaving aid during the period. For comparison purposes, we also examine the characteristics of families with sanctioned adults under AFDC/GAIN. Finally, we compare pre- and post-sanction earnings, cash-aid recidivism, and use of non-cash aid by families leaving the SUCCESS program due to a full-family sanction with outcomes for other families leaving aid in the original SUCCESS period.

SUCCESS Full-Family and Partial-Grant Sanction Trends

SUCCESS sanction rates decline after initial phase-in. Given that the SUCCESS sanction policies required non-cooperative adults to immediately correct or risk the removal of the entire family from the cash-aid caseload, we would expect to see a relatively large number of sanctions as the new policy is initially phased-in, followed by a declining number of sanctions over time as cases with non-cooperative adults either come into compliance or



are removed from the caseload. Exhibit 35 shows that actual sanction trends under SUCCESS are consistent with this pattern.

Exhibit 35 graphs the number of cases receiving a partial-grant sanction and the number of cases beginning a full-family sanction under SUCCESS from November 1997 through August 1999. The figure shows that the number of partial-grant sanctions grew rapidly as the SUCCESS program was phased-in across San Mateo county in late 1997 and the first half of 1998, increasing from 19 cases in November 1997 to 63-65 cases in April-June 1998 (about four percent of the aided-adult caseload). Partial grant sanction rates then declined rapidly in the summer of 1998, falling to 27 cases in July of 1998 and remaining in the range of 8-21 partial-grant sanction cases per month (one to two percent of the monthly aided-adult caseload) until the repeal of the original SUCCESS sanction structure in August 1999.

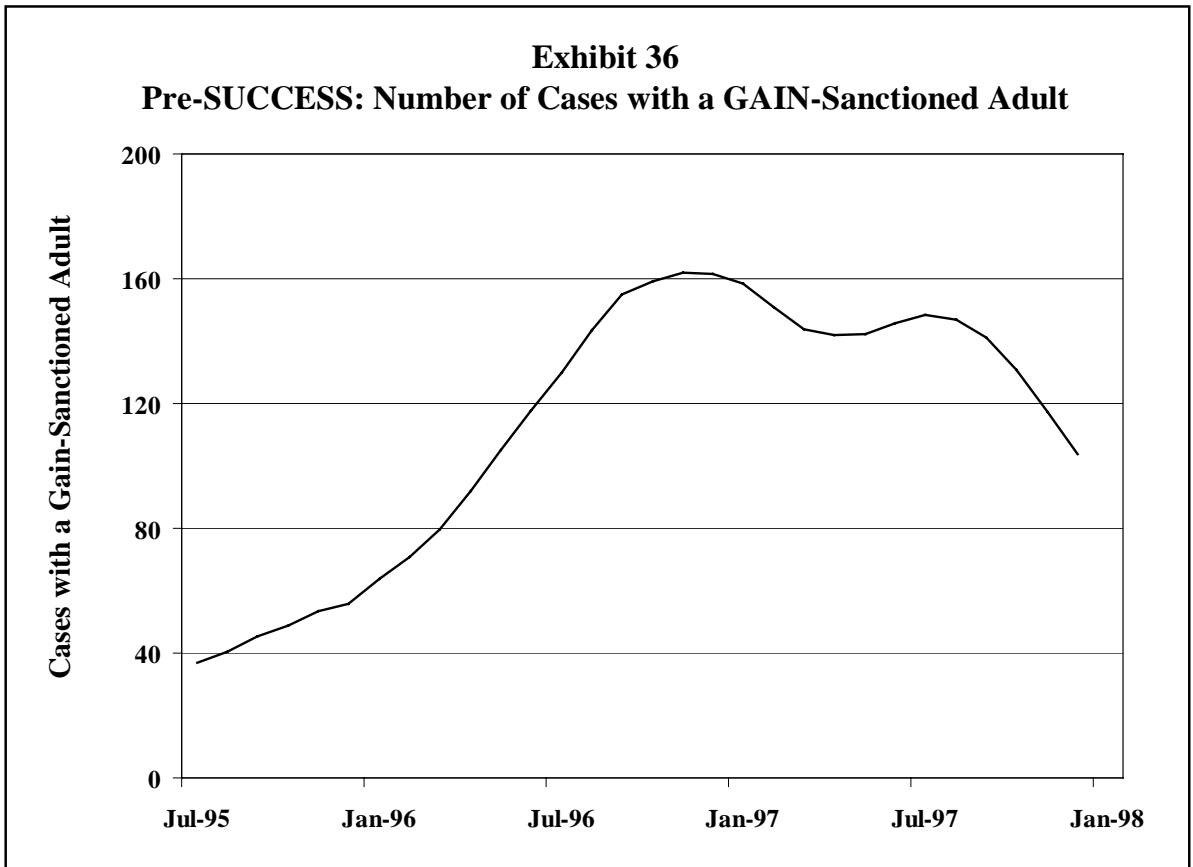
The full-family sanction trend follows a similar time pattern. The number of cases beginning a full-family sanction increased rapidly from one case in December 1997 to 33 in

April 1998, then declined abruptly to 16 in May 1998 and remained in a range of 5-18 cases per month until August 1999 (one-half to two percent of the monthly aided-adult caseload). The drop off in full-family and partial-grant sanctions in the spring and summer of 1998 is associated with a decrease in the number of sanctions in the Southern and Central regions of San Mateo County – the first regions to implement the SUCCESS program.

Half of families receiving a SUCCESS partial-grant sanction corrected before receiving a full-family sanction. In the period between August 1997 and August 1999, 224 families received a full-family sanction, and 243 families received a partial grant sanction but corrected before going on to receive a full-family sanction. Keeping in mind that under SUCCESS families received a partial-grant sanction before receiving a full-family sanction, the sanction counts indicate that 52 percent (243 out of 467) of families receiving a partial-grant sanction under SUCCESS corrected before ever receiving a full-family sanction.

Direct effect of sanctions a small component of caseload declines under SUCCESS. To what extent did San Mateo County's full-family sanction policy contribute to the rapid caseload declines experienced by the county under the SUCCESS program? Although we cannot estimate the indirect effects of the policy on client behavior, we can measure the direct impact of full-family sanctions on the caseload by identifying the number of cases leaving the caseload due to sanction that did not subsequently return to cash aid. Of the 224 families who received full-family sanctions between November 1997 and July 1999, 53 returned and were active on cash aid in July 1999, and an additional 44 families returned from sanction and subsequently exited cash aid for a non-sanction reason by July 1999. Subtracting returnees from the total number of families sanctioned under SUCCESS leaves 127 families exiting cash aid due to sanction and not returning to aid. This total represents only nine percent of the total caseload decline in San Mateo County between November 1997 and July 1999.

SUCCESS and GAIN sanction patterns are different. How do sanction trends under SUCCESS compare with trends in GAIN program sanctions? Exhibit 36 plots the six-month moving average of the number of cases with a GAIN-sanctioned adult between July 1995 and December 1997. After work-program participation requirements were tightened under GAIN in 1994-95, the number of families with a sanctioned adult grew rapidly from about 40 per month in July 1995 to about 160 per month in late 1996. The number of sanctioned cases



declined gradually until late 1997, at which point GAIN sanctions were phased out as the SUCCESS program was phased in.

Note that the declining number of families with a GAIN-sanctioned adult in 1997 occurred in the context of rapidly declining caseloads. Consequently, GAIN-sanctioned cases as a proportion of the aided-adult caseload remained in the range of four to five percent throughout this period. This points to an important difference between GAIN and SUCCESS sanction structures. Under GAIN, individuals could remain in sanction status for an indeterminate amount of time, and therefore the number of cases with GAIN sanctions, after reaching “equilibrium” following the tightening of GAIN participation requirements in 1994-95, leveled off at a stable four to five percent of the caseload by late 1996. Under SUCCESS, the proportion of aided-adult cases with a partial grant sanction also reached four percent after the program was fully phased-in in the spring of 1998. However, the SUCCESS sanction structure did not allow these cases to remain in a partial-grant sanction status. Consequently, sanction rates under SUCCESS fell to much lower levels in the

summer of 1998 as partial-grant sanction cases either complied with program requirements or were terminated from cash aid.

Demographic Characteristics of Sanctioned Families

Exhibit 37 compares the demographic characteristics of four groups of cases:

1. The average monthly aided-adult caseload in San Mateo County between the grant of the SUCCESS waiver in August 1997 and the repeal of original SUCCESS sanction policies in August 1999;
2. All aided-adult cases leaving cash aid between August 1997 and August 1999 without experiencing a partial-grant or full-family sanction under SUCCESS;
3. All aided-adult cases experiencing a full-family sanction under SUCCESS between August 1997 and August 1999; and
4. All aided-adult cases experiencing a partial-grant sanction under SUCCESS between August 1997 and August 1999, but not experiencing a full-family sanction (families that corrected prior receiving a full-family sanction).

Sanctioned families tended to be heavy aid users. Families receiving a full-family or partial-grant sanction were about a third less likely to have a light aid-use history than the typical family on aid (13-14 percent vs. 22 percent), and less than half as likely to have a light aid-use history as the typical family leaving aid in the SUCCESS period (13-14 percent vs. 32 percent).

Partial-grant sanction families who corrected had more children. Full-family sanction cases were similar to non-sanction leavers in the distribution of cases by number of children, and both groups tended to have fewer children than the typical family on aid in the SUCCESS era. For example, 48 percent of full-family sanction cases and 51 percent of non-sanction leavers had only one aided child, as opposed to 44 percent of the average monthly caseload. However, partial-grant sanction cases that did not go on to receive a full-family sanction tended to have more children than cases that failed to correct (40 vs. 48 percent of cases with a single child). This result is consistent with the notion that non-cooperative adults with larger families have a greater financial incentive to avoid a full-family sanction than adults with smaller families.

Sanctioned families were less likely to have very young children. Full-family sanction and partial-grant sanction cases were three and six percent less likely, respectively,

Exhibit 37				
Demographic Characteristics of Families Sanctioned Under SUCCESS				
	Average Monthly Aided- Adult Caseload 8/97 – 8/99	Aided-Adult Non-Sanction Leavers 8/97 – 8/99	Full-Family Sanction 8/97 – 8/99	Partial-Grant Sanction 8/97 – 8/99
Number of Families:	1461	2958	224	243
Case Type:				
• One Parent	91	90	89	91
• Two Parent	9	10	11	9
Cumulative Aid Use:				
• Light	22	32	13	14
• Moderate	21	24	25	21
• Heavy	57	44	62	65
Number of Children:				
• 1	44	51	48	40
• 2	29	29	30	30
• 3+	27	20	22	30
Age Youngest Child:				
• 0-2 years	36	41	34	30
• 3-5 years	23	22	28	25
• 6-11 years	27	24	26	30
• 12+ years	14	13	12	15

to have a child under age three than the typical family on aid in the SUCCESS period. This result reflects the fact that adult caretakers of children under 12 months were exempt from SUCCESS program work requirements, and therefore not subject to sanction for failure to comply with work-program requirements.

Families sanctioned under GAIN were also more likely to have heavy aid-use histories and less likely to have young children. Exhibit 38 compares the characteristics of cases with a GAIN-sanctioned adult with the characteristics of the average monthly cash-aid caseload in the two years prior to the implementation of the SUCCESS program. The exhibit shows that, like families sanctioned under SUCCESS, GAIN-sanctioned families were much less likely to have light cumulative aid-use histories than the average monthly caseload (16 percent vs. 26 percent). GAIN-sanctioned cases were also less much likely to have a child under age 3 (17 percent vs. 37 percent) than the typical case because adult caretakers of children under 3 were exempt from work-program participation requirements under GAIN.

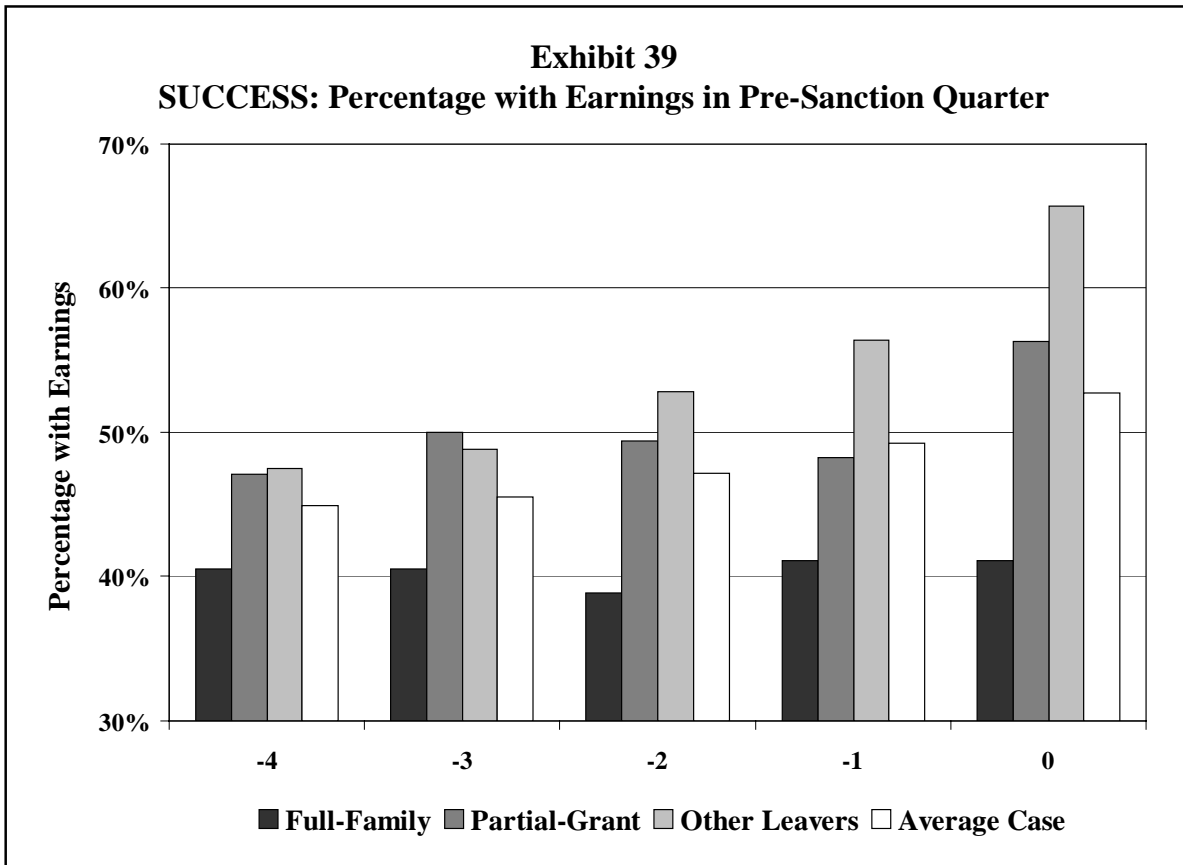
Exhibit 38
Demographic Characteristics of Families Sanctioned Under GAIN

	Average Monthly Aided-Adult Caseload 7/95 – 7/97	Case Ever GAIN Sanctioned 7/95 – 7/97
Number of Families:	3470	688
Case Type:		
• One Parent	86	78
• Two Parent	14	22
Cumulative Aid Use:		
• Light	26	16
• Moderate	25	23
• Heavy	49	61
Number of Children:		
• 1	47	45
• 2	29	30
• 3+	24	25
Age Youngest Child:		
• 0-2 years	37	17
• 3-5 years	25	31
• 6-11 years	26	36
• 12+ years	12	16

Employment and Earnings for Sanctioned Families

The next two exhibits describe how the earnings of families who will receive a SUCCESS full-family or partial-grant sanction evolve in the quarters leading up to the sanction. The exhibits compare pre-sanction and sanction-quarter earnings outcomes for sanctioned families to (1) pre-exit earnings for non-sanction leavers in the SUCCESS period, and (2) the average earnings trend for all non-sanction cases on cash aid in the SUCCESS period.

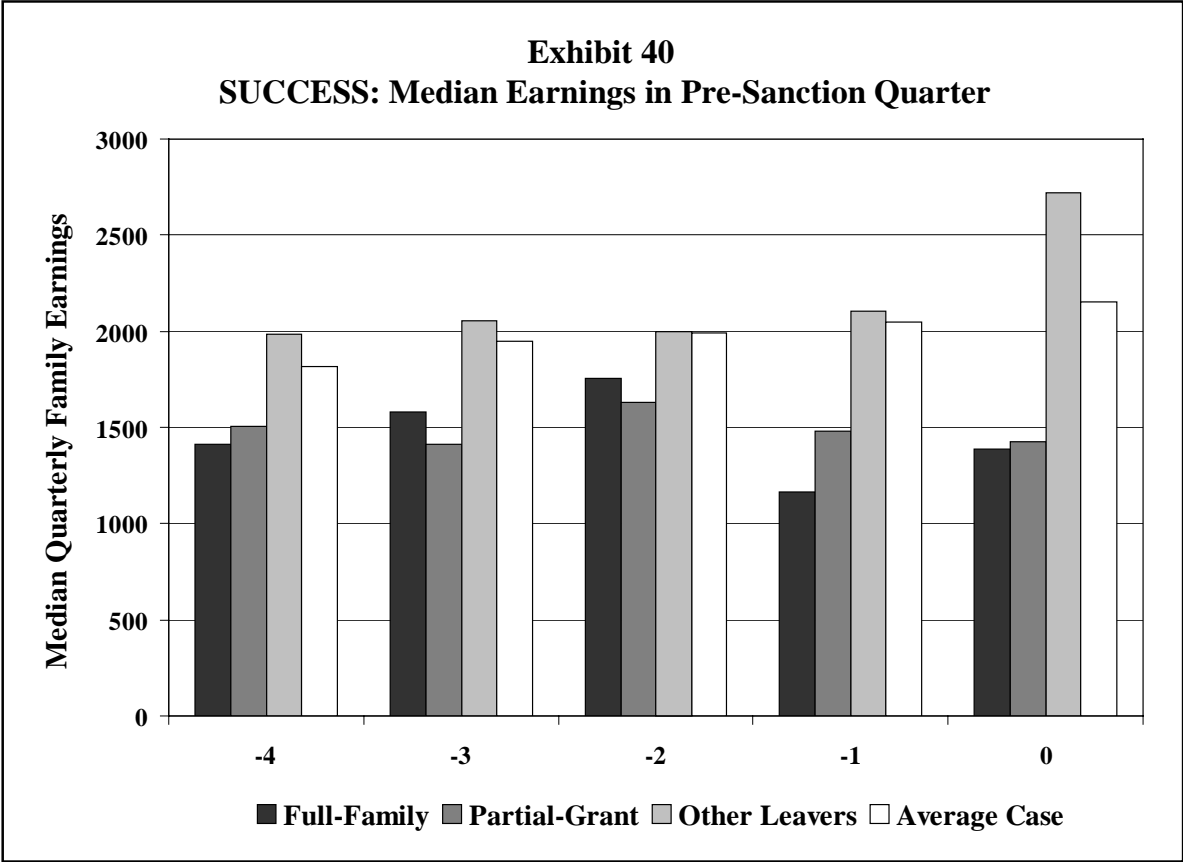
Full-sanction families are less likely to have earnings prior to sanction. Exhibit 39 reveals two key differences in the earnings probabilities of SUCCESS partial-grant and full-family sanction cases. First, families who will receive a full-family sanction are less likely to have earnings throughout the period leading up to the sanction quarter. In the four quarters prior to the sanction quarter, 45-50 percent of families receiving a partial-grant sanction have



earnings, compared to 39-42 percent of families receiving a full-family sanction. Except in the quarter immediately prior to sanction, partial-grant sanction families are more likely to have earnings than the typical family on aid, while the proportion of full-family sanction families with earnings remains below the proportion of other aided families with earnings, with the gap growing as the sanction quarter approaches.

More strikingly, in the sanction quarter, the proportion of partial-grant sanction families with earnings rises sharply to 56 percent, while the proportion of full-family sanction families with earnings remains constant at 41 percent. These trends reflect the fact that partial-grant sanction families avoid a full-family sanction by complying with program requirements (e.g., work-program requirements), while families receiving a full-family sanction do not.

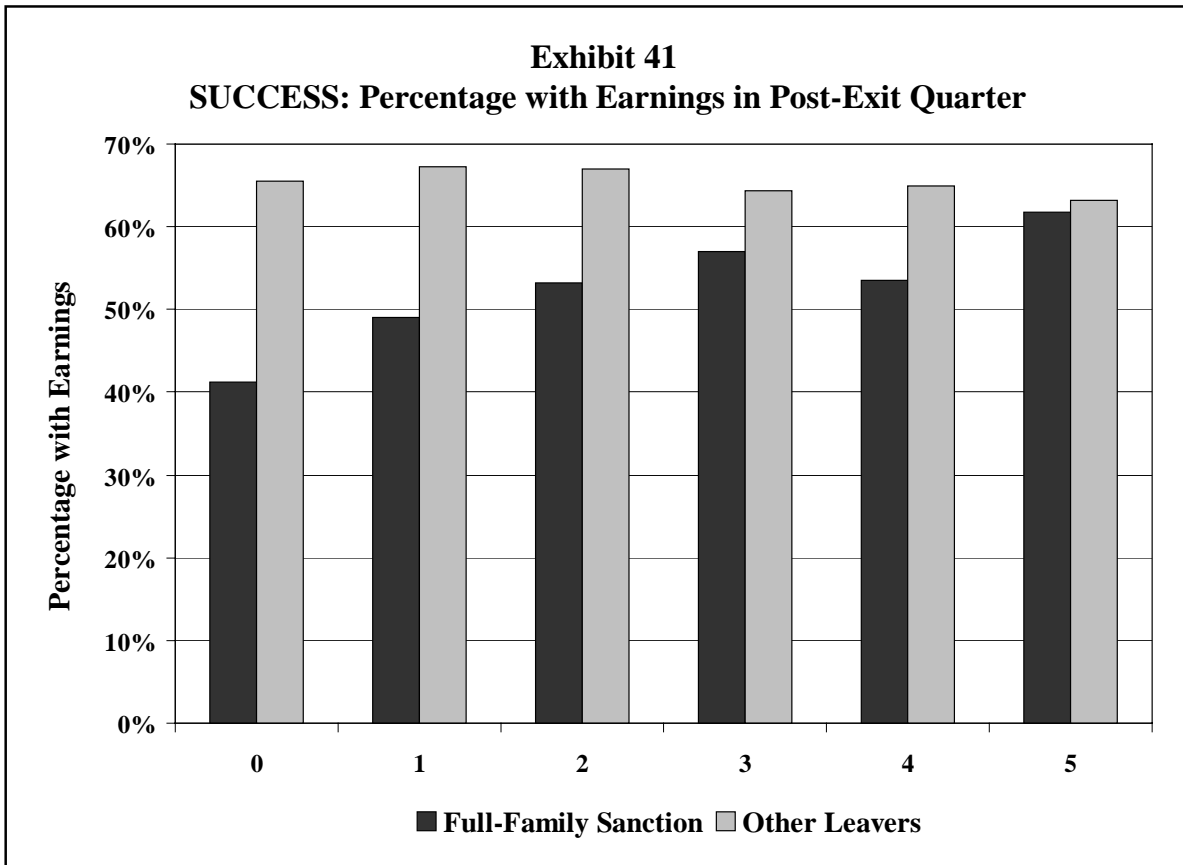
Sanctioned families have low levels of earnings prior to sanction. Exhibit 40 compares the median earnings for families with earnings in each of the four groups. The exhibit shows that both groups of sanctioned families have much lower earnings than non-



sanction leavers and non-sanctioned families on cash aid in the quarters prior to sanction and in the sanction quarter. In the sanction quarter, median quarterly earnings among both full-family and partial-grant sanction families with earnings is \$1,400, compared to a median of \$2,200 for non-sanctioned families on cash aid and \$2,700 for non-sanction leavers.

The next two exhibits compare the earnings of full-family sanction leavers and families exiting cash aid for other reasons in the SUCCESS era. Note that full-family sanction *leavers* are a subset of the families ever receiving a full-family sanction, because our definition of “leaver” requires a two-month break in aid receipt, and some full-family sanction cases experienced only a one-month break in cash-aid receipt.

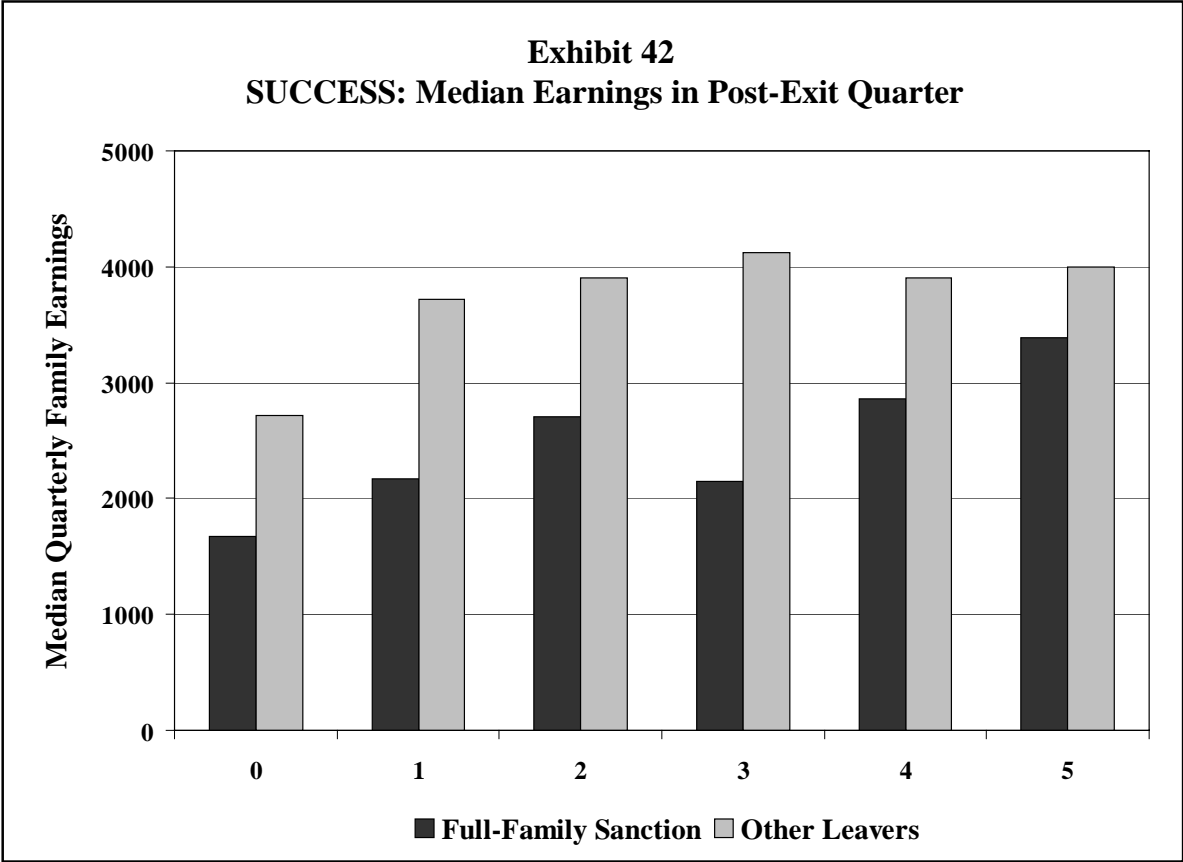
Earnings of full-family sanction families rise after exit, approaching levels comparable to other leavers. Exhibit 41 compares the proportion of full-family sanction and non-sanction leavers with earnings in the last quarter in on aid and the subsequent 5 quarters. Non-sanction leavers are far more likely to have earnings in their last quarter on aid than families exiting cash aid due to sanction (66 percent vs. 41 percent). However, over the next



5 quarters, the proportion of full-family sanction leavers with earnings rises to 62 percent, approaching a level of parity with other leavers in the SUCCESS era.

Exhibit 42 compares median quarterly family earnings of families with earnings in each of the two groups of leavers. Non-sanction leavers earn substantially more than full-family sanction leavers in the last quarter on aid and in the first few quarters after exit. Specifically, the median earnings for non-sanction leavers are \$2,700 in the last quarter on aid, rising to levels between \$3,700 and \$4,100 per quarter over the next five quarters. Median earnings for full-family sanction leavers are \$1,700 in the last quarter on aid, rising to \$3,400 in the fifth quarter after exit. The trends suggest that sanctioned families do partially close the earnings gap by the post-exit quarter.

Note that we can only follow early SUCCESS leavers over the full five-quarter post-exit period, so the trends we report here may be affected by changes in the composition of these groups as we move forward in time from the exit quarter. Although we should be cautious in reading too much into these preliminary outcomes, these results do suggest that



earnings outcomes for sanctioned families do improve over time after exit, but still lag behind outcomes for non-sanction leavers. We will continue to monitor these trends as we prepare the final report.

Recidivism and Post-Exit Aid Use

Full-family sanction cases are more likely to return to cash aid. Exhibit 43 compares the proportion of full-family sanction leavers and non-sanction leavers with any family member returning to cash aid, any member using non-assistance Medi-Cal or Food Stamps, or any child receiving a Foster Care grant within six months of the family’s exit from cash aid. The exhibit shows that full-family sanction leavers were more likely to return to cash aid (26 percent vs. 21 percent), less likely to receive non-assistance Medi-Cal (25 percent vs. 35 percent), and more likely to receive non-assistance Food Stamps (18 percent vs. 7 percent) than non-sanction families leaving aid in the SUCCESS era. The higher recidivism rate for full-family sanction leavers is consistent with the poorer post-exit

Exhibit 43
Post-Exit Aid Use by SUCCESS Full-Family Sanction Leavers

	All Aided-Adult Case Leavers	SUCCESS Full-Family Sanction Leavers
Number of Exits, August 1997 – July 1999:	4266	175
Within 6 months of exit, percentage of families with:		
• Any member returning to cash aid	21	26
• Any member receiving non-assistance Medi-Cal	35	25
• Any member receiving non-assistance Food Stamps	7	18
• Any child receiving a Foster Care grant	2	1

earnings outcomes for this group. The low use of non-assistance Food Stamps by non-sanction leavers is probably caused by the high proportion who discontinue from cash aid by failing to return their CA-7, and are therefore automatically discontinued from Food Stamps. Finally, we note that children in full-family sanction families are less likely to receive a foster care grant within six months of exit, although the frequency of receipt of foster care is small for both groups of leavers.

5. CONCLUSION

In this concluding chapter we summarize the key findings of the outcomes analysis conducted in Chapter 4, and then briefly describe the final steps to be taken in the SUCCESS program evaluation.

Summary of Key Findings

San Mateo County's cash-aid caseload declines slowed in 1999. After falling sharply in the previous three years, San Mateo County's cash-aid caseload declined at a more moderate rate in 1999. The moderation in caseload declines is associated with a sharp drop in the proportion of aided-adult cases leaving aid each month, and an increase in the number of aided-adult and child-only cases arriving on aid each month in late 1998 and 1999.

Controlling for changes in caseload composition, SUCCESS has been effective in moving families quickly off aid. Although the rate at which heavy aid users leave cash aid declined in 1999, SUCCESS has continued to be effective in moving recent arrivers and families with light aid-use histories quickly off aid. About 55 percent of light aid users and more than 60 percent of recent arrivers in 1999 leave cash aid within 6 months. These exit rates are higher than were experienced prior to the implementation of SUCCESS. The decline in exit rates for heavy aid users may reflect an underlying shift in the composition of this group towards a higher proportion of families with substantial barriers to self-sufficiency, as a result of the large caseload declines experienced in the second half of the 1990s.

SUCCESS leavers are more likely than pre-SUCCESS leavers to have earnings immediately after exit. Sixty-seven percent of SUCCESS leavers have earnings in their first quarter after exit, compared to 62 percent of pre-SUCCESS leavers. However, earnings probabilities for the two groups appear to converge over time. In addition, quarterly family earnings levels are comparable for SUCCESS and pre-SUCCESS leavers, averaging \$2,700 in the last quarter on aid and rising to \$3,700 in the first quarter off aid.

Recidivism increased in 1999, but recidivist cases move quickly off aid. After falling from 19 percent in 1995 to 11 percent in mid-1998, the proportion of families returning to cash aid within 6 months of exit rose to 15 percent in 1999. However, about 65

percent of families returning to cash aid in the first half of 1999 left aid again within 6 months, compared to the 60 percent exit rate for all families arriving on cash aid. These results suggest that the rise in recidivism in 1999 reflects underlying changes in the composition of the group of families leaving aid in San Mateo County. Families leaving aid in 1999 may include a higher proportion of families with more barriers to self-sufficiency, and it may take more than one exit before many of these families are able to achieve independence from cash aid.

Half of families receiving a partial-grant sanction under SUCCESS corrected before receiving a full-family sanction. In the period between the implementation of the original SUCCESS program in August 1997 and the revision of SUCCESS sanction policies in August 1999, 467 families received a SUCCESS partial grant sanction. Of these families, 243 (52 percent) corrected before ever receiving a full-family sanction, while 224 (48 percent) went on to receive a full-family sanction lasting at least one month.

Full-family sanctions have been a small component of the cash-aid caseload declines under SUCCESS. Of the 224 families receiving a full-family sanction under the original SUCCESS sanction policy, 127 families did not return to cash aid in San Mateo County by July 1999. This total represents only nine percent of the total caseload decline under the original SUCCESS program.

Families sanctioned under SUCCESS are less likely to be light aid users and less likely to have very young children than other families on aid. Families receiving a partial-grant or full-family sanction under SUCCESS were about a third less likely to have light aid-use histories (on aid no more than 12 months in the previous five years) than the typical family on aid in the original SUCCESS period. SUCCESS-sanction families were also less likely to have children aged 0-2 in the assistance unit than other families on aid. Families sanctioned under GAIN in the two years prior to the implementation of SUCCESS also tended to be heavy aid users and to have few very young children.

Families receiving a full-family sanction under SUCCESS are less likely to have earnings prior to sanction, but earnings rise after exit, approaching levels comparable to other families leaving cash aid. Only 41 percent of families receiving a full-family sanction have earnings in the sanction quarter, compared to 56 percent of families who receive a partial-grant sanction but correct before receiving a full-family sanction, 66 percent of non-

sanction families leaving cash aid, and 53 percent of non-sanction families remaining on cash aid. Families receiving a partial-grant or full-family sanction have median quarterly earnings of \$1,400 in the sanction quarter, compared to \$2,700 for non-sanction families leaving cash aid and \$2,200 for non-sanction families remaining on aid. However, earnings outcomes for families leaving aid due to a full-family sanction improve over time and approach parity with non-sanction cash-aid leavers. By the fifth post-exit quarter, 62 percent of both groups of leavers have earnings, with median quarterly family earnings of \$3,400 for full-family sanction leavers and \$4,000 for non-sanction leavers.

Families leaving aid due to full-family sanction are more likely to return to cash aid than other “leavers.” Twenty-six percent of full-family sanction leavers return to cash aid within six months, compared to 21 percent of non-sanction leavers. This result is consistent with the better post-exit earnings outcomes observed for non-sanction leavers.

Next Steps

The findings presented in this report provide preliminary information on the impact of the original SUCCESS program. For many of outcomes measured in this report – in particular for post-exit employment probabilities, earnings levels, recidivism, and non-cash aid use – it is vital to monitor trends over the next year to assess SUCCESS program impacts more accurately. The final impact evaluation report will present these findings in 2001. The final report will also compare outcomes between the first and second SUCCESS periods to assess the impact of the repeal of the original SUCCESS sanction and work-requirement policies in late 1999. The final report will also compare outcomes in San Mateo County with outcomes achieved under CalWORKs in a group of comparison counties. Lastly, the final report will include a cost-effectiveness analysis of the outcomes achieved under SUCCESS, and extend the first-year child well-being analysis presented in a companion to this report.