



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

Executive Summary

May 12, 2000

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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.