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Sanctions and Time Limits in California's Welfare Program

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Summary

California's welfare program—the California Work Opportunity and Responsibility to Kids (CalWORKs) program—provides cash assistance to needy families while helping them gain self-sufficiency. Toward this end, most adults receiving CalWORKs are required to work; they may also (with some restrictions) combine work with education or training. If they do not work or do not seek employment and lack a valid exemption, CalWORKs adults risk losing a portion of their welfare grants.

Federal rules require the state to have close to half of all adults on welfare working at least part-time, or engaged in a limited set of activities intended to lead to employment. Failure to meet this standard (the so-called “work participation rate”) can result in substantial fiscal penalties for the state. The most recent official statistics indicate that only about one-fifth (22.2%) of CalWORKs families required to comply with the federal standard actually did in 2006.

In his 2007, 2008, and 2009 budget proposals, Governor Schwarzenegger suggested major changes to the sanction and time-limit policies in the CalWORKs program, seeking to boost the share of welfare adults who are working. Current state law allows cash assistance to continue to children whose parents have been removed from aid (“sanctioned”) for failing to meet work requirements. Similarly, current law limits adults to a maximum of 60 months of cash assistance, but their children's eligibility is not time limited. The governor's proposals entailed eventually eliminating benefits to the entire family if parents are not working sufficient hours. To-date, the governor's sanction and time-limit proposals have not been included in an enacted budget.

This report examines the likely effects that increasing the severity of sanction and time-limit policies would have on the welfare caseload, the state's work participation rate, and the economic circumstances of vulnerable families.

Comparing California's caseload and work participation rate to those in other states, we find that the state's caseload would be substantially lower, and its work participation rate significantly higher, if the state adopted stricter sanction policies for adults who fail to meet work requirements.

The effect on child poverty depends on whether a grant-elimination sanction simply removes welfare benefits from children or whether recipients respond to the policy in ways that ultimately increase family resources. Controlling for differing state characteristics, we find that states that implemented grant-elimination sanctions in the 1990s reduced child poverty somewhat, compared to states that imposed the less stringent sanction of reducing grant amounts. Our estimates imply that poverty among children in single-mother families in California would be slightly lower if the state adopted a gradual or immediate grant-elimination sanction policy.

Our findings for welfare time limits are somewhat different. We find that the state would be unlikely to see a change in the economic circumstances of families headed by single

mothers if grant-elimination time limits were adopted, but we are unable to determine whether the state's work participation rate and caseload would be higher or lower under more severe time limits.

We note three important limitations in our findings. First, our results suggest that moving to grant-elimination sanctions and time limits would not increase child poverty or worsen the economic circumstance of single-mother families on average, but it is possible that some highly vulnerable families would experience worse economic conditions under grant-elimination policies. Second, our child poverty measures do not take into account the additional costs families face when moving from welfare to work (e.g., child care costs) although some families obtain subsidies or other assistance to offset those costs. Third, because the major welfare policy changes we examine occurred in the 1990s, our study covers a period of robust economic growth followed by a short recession and a period of slower growth. Using these data, it is difficult to predict what might happen to child poverty under grant-elimination policies during a prolonged recession.

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Acronyms

ACF	Administration for Children & Families, DHHS
AFDC	Aid to Families with Dependent Children
CalWORKs	California Work Opportunity and Responsibility to Kids
CPS	Current Population Survey
DSS	California Department of Social Services
DHHS	U.S. Department of Health and Human Services
DRA	Deficit Reduction Act of 2005
FNS	Food and Nutrition Service
MOE	Maintenance of Effort
OFA	Office of Family Assistance, ACF
PRWORA	Personal Responsibility and Work Opportunity Reconciliation Act
SDR	SSP-MOE Data Report (form ACF-204)
SSP	Separate State Program
TANF	Temporary Assistance for Needy Families
TDR	TANF Data Report (form ACF-199)
USDA	U.S. Department of Agriculture

1. Introduction

The creation in 1996 of the Temporary Assistance for Needy Families (TANF) program represents a watershed in federal welfare policy. The legislation that created TANF block-granted a program (Aid to Families with Dependent Children, or AFDC) that had long been uncapped, and it gave states extensive control over program eligibility and on-going requirements. Along with the capped block grant that states could use flexibly, the federal government stipulated penalties if states fail to show that enough welfare adults are meeting federal work requirements. The reauthorization of TANF in 2006 made work requirements considerably more stringent, increasing the likelihood of penalties against the states. Hence, California and other states continue to seek ways of increasing work among adults receiving welfare.

In this report, we examine the effects of changing two policies over which states now have control: sanctions (the penalties families face if parents log too few hours in approved welfare-to-work activities) and time limits (restrictions on the length of time adults can receive aid).¹ We focus on these policies because Governor Schwarzenegger has suggested modifications to the policies in his 2007, 2008, and 2009 budget proposals (California Department of Finance, 2007; California Department of Finance, 2008; California Department of Finance, 2009). In his most recent proposal, the governor recommended eliminating grants to families if parents who have exceeded their allowed 60 months of assistance are not working for an adequate number of hours.² Earlier proposals recommended similar changes to the time limit policy and proposed eliminating family grants if sanctioned parents fail to reverse their sanction within a limited number of months. Currently, the state continues assistance to children regardless of whether their parents forfeited assistance due to a sanction or time limit. To date, the governor's proposals have not been adopted as part of an enacted budget.

Some of the impetus for increasing the severity of sanction and time-limit policies in California has been the expectation that doing so would increase the share of welfare adults meeting federal work requirements (the so-called work participation rate). We evaluate whether this would be the case and how policy changes would affect the number of families on welfare.³

¹ Because we use other states' experiences with similar but not identical sanction and time-limit policies to estimate the likely effect of changing these policies in California (and because the governor's proposals have changed somewhat from year to year), we present the estimates as illustrative of the direction of the changes the state would experience if policymakers established more severe financial penalties for non-compliant or timed-out CalWORKs families.

² In 2009, the governor also proposed eliminating a family's welfare grant if adults not working for sufficient hours fail to attend an in-person, biannual self-sufficiency review. This proposal would have applied to sanctioned adults, but also to many other cases in which adults are not aided, but children are (Legislative Analyst's Office, 2009).

³ Specifically, we examine changes in the number of families containing at least one "work eligible" adult—that is, an adult required to be included in the federal work participation rate calculation. The primary reason we draw attention to effects on the caseload is that a change in the work participation rate provides no information about caseload change: An increase, for instance, could occur in conjunction with a caseload increase, decrease, or no caseload change at all. Caseload declines resulting from modifications a state makes to its eligibility rules (e.g., modifying the time limit) cannot be claimed as a

However, we do not focus simply on expected effects on the state's work participation rate. California's TANF program—California Work Opportunity and Responsibility to Kids (CalWORKs)—is intended to be a safety net for families facing difficult economic circumstances. A major concern with increasing the severity of sanctions and time limits is that the economic circumstances of vulnerable families would suffer. Thus, we also examine the implications that changing these policies would have on child poverty, maternal employment, and household income in single-mother families.⁴

We construct statistical models relating this set of outcomes to state TANF policies in all fifty states, holding constant a broad group of economic, demographic, and political factors that may also differ across states. We focus on the period prior to the federal reauthorization of TANF in 2006. In drawing our conclusions, we compare the caseload, work participation rate and family economic circumstances in states that have California-like policies with the same outcomes in states that have more severe policies.⁵

We derive these outcomes from two sources: the TANF and Separate State Program (SSP) data reports that states collect and submit to the federal government in evidence of their work participation rates and other compliance requirements, and the Annual Social and Economic Supplement to the Current Population Survey (CPS), collected by the U.S. Bureau of the Census.⁶ We used the TANF and SSP data to determine the size of states' welfare caseloads and work participation rates; we used the CPS data to measure poverty, income, and employment among vulnerable families. We obtained details on sanction and time-limit policies from the Urban Institute's Welfare Rules Database.

In the following sections, we discuss the shortfall in California's work participation rate under new federal regulations, characteristics of single-mother families in California, and the likely effects that increasing the severity of sanction and time-limit policies would have on the welfare caseload, the state's work participation rate, and the economic circumstances of single mothers and their children. We then conclude with a discussion of our findings. The appendix briefly summarizes the data and methods. Detailed descriptions of the data and methods are provided in the technical appendix.

credit against the required work participation rate (such "caseload reduction credits" are described in further detail in the following section).

⁴ See also the syntheses presented in Blank (2002) and Grogger and Karoly (2005). These studies review the literature examining the effects of TANF policies on welfare use, poverty, employment and earnings, and other measures of family and child well-being.

⁵ In the case of the work participation rate and the caseload, we compare outcomes across states with more and less severe policies. In the case of family economic circumstances, we compare changes before and after implementation of more severe policies with changes in states that implemented California-like policies.

⁶ The TANF and SSP data reports cover federal fiscal years 1998-2005 (October 1997-September 2005), and we use calendar years 1990-2005 from the CPS. As allowed by federal rules before the 2006 reauthorization of the TANF program, states operated SSPs to move whole segments of the caseload out of the work participation calculation. By 2005 California and thirty-one other states had created such SSPs. These were often created for two-parent families (Office of Family Assistance, 2007a). Such families were typically required to meet state program requirements, which included work requirements. The SSP data reports include the same information about work participation as the TANF data reports.

2. The Welfare Caseload and Federal Work Regulations

The federal legislation creating TANF in 1996 required that states engage 50 percent of most welfare adults for 20 or 30 hours a week in work or in related activities (job search or education related to employment, work experience, and so on)—or face fiscal penalties. States were also required to engage 90 percent of those families *with both parents on welfare* in work activities. These are known, respectively, as the “All Families” and the “Two Parent” work participation rate requirements in the federal legislation.¹ Prior to the reauthorization of TANF in early 2006, most states easily met these requirements because they were extended credits for caseload reductions that reduced the rate they were required to meet.²

Between 2004 and 2006, California’s All Families rate credit averaged 45.5 points (Office of Family Assistance, 2006; Office of Family Assistance, 2007a; Office of Family Assistance, 2007b).³ The size of the state’s caseload reduction credit implies that the CalWORKs caseload fell dramatically in the late 1990s and early 2000s, and indeed it did: The caseload dropped an average of 10 percentage points each year between 1998 and 2000, and then continued to decline at a slower pace for most of the rest of the period between 2001 and 2005, although it rose by 3 percent in 2004 (California Department of Social Services, n.d.).⁴

Changes in the legislation governing TANF, effective fiscal year 2007, have made it more difficult for states to meet federal work participation requirements because of changes in the ways states must calculate their credits. In California, the Department of Social Services estimated in 2007 that the caseload reduction credit under the new rules would drop to about 4 percentage points in coming years, implying that California’s effective All Families work

¹ Single parents of children under age 6 fulfill the federal requirement by working at least 20 hours each week, while most single parents of older children, and one adult in two-parent families with children of any age, must work at least 30 hours a week. States face limitations on the length of time adults can remain in some work-related activities, as well as on the fraction of adults that can be engaged in some of these activities, and still have the adults’ effort count. Rules governing the calculation of the two-parent rate differ somewhat. For details on current program rules and restrictions on countable work activities, see Department of Health and Human Services (2008). California has its own work rules for CalWORKs adults, which differ somewhat from the federal rules. They are summarized at www.dss.cahwnet.gov/CDSSWEB/PG141.htm.

² The so-called caseload reduction credit is a one percentage point reduction in the required work participation rate standard for every percentage point drop in the welfare caseload as compared to the baseline year. The original baseline year was 1995 and the current baseline year is 2005. Before the 2006 reauthorization, states could also exclude from the rate calculation those families receiving state-funded SSP assistance as well as families with children, but not parents, receiving welfare because the latter had been sanctioned or had reached a time limit.

³ Because two-parent CalWORKs families were in the state’s SSP, California had no Two Parent rate to meet until October 2006. While we focus in this report on the All Families rate, we include two-parent families in the rate calculation because their work effort must now be counted in both rate calculations.

⁴ Danielson (2008) describes changes in the education, citizenship, and family characteristics of welfare adults who were required to work in California and in the rest of the nation between 1999 and 2005.

participation rate requirement would be about 46 percent.⁵ It appears that the weak economy may reduce this credit to zero in the immediate future: As of October 2008, the CalWORKs caseload had exceeded its 2005 average (California Department of Social Services, n.d.).

The penalty for failing to meet the All Families rate is a reduction of 5 percent in the state's federal TANF block grant. This penalty can be increased by up to 2 percentage points each year, to a maximum of 21 percent of the state's federal block grant. The state must make up this penalty out of its own funds and, in addition, must increase its required Maintenance of Effort (MOE) welfare expenditures.⁶ To put these penalties in perspective, California's TANF block grant is \$3.7 billion for the current and upcoming fiscal years, and the state's minimum CalWORKs and related program spending is \$2.7 billion. The penalties imply that California may be required to make up a \$149 million shortfall in its TANF block grant, which could grow over time, and must also increase its minimum required state expenditures by \$180 million each year it is out of compliance (Legislative Analyst's Office, 2007; Parrott et al., 2007).⁷ A state can avoid penalties (but it must still increase its MOE expenditures) by entering into a compliance plan with the U.S. Department of Health and Human Services and achieving an agreed-upon increase in its work participation rate.

In 2005, the final year before the reauthorization legislation passed, California achieved its adjusted All Families rate, but it would not have done so absent its caseload reduction credit. With their caseload reduction credits, 49 states and the District of Columbia met their adjusted standards. Absent these credits, only nine states would have been in compliance; three more were within 5 percentage points of meeting the rate absent the credit (Office of Family Assistance, 2006).⁸ Thus, most states, including California, face a substantial shortfall under the new federal requirements.

⁵ This caseload reduction credit is the so-called "natural reduction" credit and is distinct from the "excess MOE" credit that California has considered. The final federal rule published in February 2008 limits flexibility to claim such a credit. See www.acf.hhs.gov/programs/ofa. Both are discussed further in Legislative Analyst's Office (2008).

⁶ MOE is the minimum a state must spend of its own funds in order to qualify for its entire TANF block grant. The level is pegged at 75 percent of its fiscal year 1994 AFDC expenditure, or 80 percent if it fails to meet federal requirements.

⁷ Before penalties are calculated, the state's block grant is first adjusted downward to reflect amounts transferred to the child care or social services block grants and amounts spent through tribal TANF programs. If the state is in compliance with the All Families rate but not the Two Parent rate, the penalty is reduced to reflect the share of the caseload in two-parent families. In California, this is approximately 8 percent.

⁸ Although federal fiscal year 2007 was the first year rates were calculated under the new rules, we use the 2005, not the 2006, statistics to represent the status quo ante because the new legislation was enacted in February 2006, less than half way into fiscal year 2006. Indiana, the one state that failed to meet the federal requirement, was within 3 percentage points of meeting its adjusted rate. Two of the nine states that achieved a 50 percent or higher rate had a waiver to work participation rules in effect. In the absence of the waiver, both states' rates would have been well below 50 percent, and one of the states (Tennessee) would not have met its adjusted rate.

However, California's work participation rate was particularly low, ranking 36th among the fifty states in 2005 (Office of Family Assistance, 2007b).⁹ The difference does not appear to be attributable to California's distinctive demographic characteristics: Adjusting the state's share of immigrants and single mothers, educational attainment, and race/ethnic mix to match that in the rest of the nation pushes the rate even lower.¹⁰

In sections 5 and 6, we assess the potential for proposed policy changes to increase the work participation rate by shifting welfare adults in and out of compliance as well as on and off the caseload. After adjusting for demographic, economic, and political differences across states, we examine whether states with stricter sanction and time-limit policies have higher work participation rates and lower caseloads.

⁹ These rankings were computed under the old work participation rules, implying that they exclude all cases in SSPs (most of which were two-parent cases). It does not take into account waivers to federal rules in effect in two states in 2005. Using those waiver-adjusted work participation rates, California ranked 38th in the nation. California's official rate for 2005 was 25.9 percent, and its rate for 2006 (the most recent available) was 22.2 percent (Office of Family Assistance, 2007a, 2007b).

¹⁰ Our simulation uses the same model as used for the sanction and time limit estimates reported in sections 5 and 6. The number of adults in the denominator of the rate is lower in the simulation, but the simulated number meeting work requirements is even lower. The result is a lower simulated work participation rate. Further details of the variables used in the simulation are provided in the technical appendix, available at http://www.ppic.org/content/pubs/other/409CDR_appendix.pdf.

3. Family Economic Circumstances

Although raising California's work participation rate has been of concern to state policymakers, getting adults on welfare to work is not the sole objective of the CalWORKs program. CalWORKs was crafted to assist low-income families in becoming self-sufficient while providing a safety net for children (Zellman et al., 1999). In this section, we review the circumstances of families liable to be affected by welfare policies. We define these families as single women between the ages of 16 and 46 who have less than a four-year college degree and who have children living with them.

Most of these families do not receive a welfare check in any particular year, but far more will obtain welfare assistance over their lifetimes. Thus, their actions are likely to be affected by changes in welfare policies, regardless of whether they are current recipients of CalWORKs benefits. For instance, they may work more or less if sanction or time-limit policies are more or less strict, or they may take other action to change the resources available to their families (such as moving in with friends or family or obtaining more education). In contrast, mothers with more resources (those with more education and married mothers) are much less likely to substantially alter their behavior in the wake of a welfare policy change.¹

Between 2003 and 2005, the endpoint in our period of analysis, an average of 8.4 percent of families in California were headed by a single mother who lacked a four-year college degree. These families had less than two children (1.7 on average), and close to half (47.6%) had a child under age 6. Slightly over two-fifths of mothers (43.3%) had some college experience, while about three out of ten had a high school diploma or equivalent (29.3%) and about the same share had not completed high school (27.4%).

These families had higher incomes in the mid-2000s than they did in the early 1990s before the advent of CalWORKs: In 2003-2005, an average of 34.9 percent had incomes below the federal poverty line, down from 44.1 percent in 1990-1992.² Single mothers were also more likely to be working: In 2003-2005, 72.9 percent had worked at some point during the reporting year, up from 61.2 percent in 1990-1992.³ Earnings among the group of single mothers who had worked at all during the year averaged \$23,132 in 2003-2005, compared to \$15,436 in 1990-1992.⁴ Clearly, at least by some measures these vulnerable families were better off in the mid-2000s than they were in the early 1990s. Although welfare reform policies may have contributed to these improvements, it is not clear whether the specific sanction and time-limit policies that California adopted are important for family well-being. We explore this issue in the sections that follow.

¹ Although some have argued welfare policies can affect the incidence of single motherhood by providing an alternative to marriage, the existing research finds little or no effect of welfare policies on marriage or fertility among single women. However, research is still ongoing in this area (Grogger and Karoly, 2005). While married couples are eligible for welfare, the vast majority of welfare families (approximately 95 percent nationwide) include only one parent in the assistance unit.

² Examining poverty from the child's point of view, 40.9 percent of children living with single mothers who did not have a college degree lived in poverty in 2003-2005.

³ CPS respondents were also asked whether they worked in the previous week. Using this metric, an average of 62.3 percent were working in 2003-2005 while 48.4 percent were working in 1990-1992.

⁴ Dollar values are adjusted for inflation to 2005 levels.

4. Sanction and Time-Limit Policies

Sanctions are the reduction or elimination of a family's aid payment if parents fail to meet work-related requirements, while time limits restrict the length of time adults can receive welfare assistance. When state lawmakers fashioned the CalWORKs program in 1996 and 1997, they established policies intended to further the state's "work-first" approach for adults on welfare while preserving a safety net for children (Zellman et al., 1999).¹ Consequently, CalWORKs sanction and time-limit policies focus penalties on adults.

California continued the sanction policy established under AFDC, the federal cash assistance program preceding TANF. That policy calls for a reduction in the family's aid payment equal to the sanctioned adult's share for as long as that adult remains out of compliance with requirements.² Most states established more severe penalties.³

Likewise, California is one of four states that have not applied the federal 60-month time limit on aid to families on welfare. In California, *adults* have a 60-month time limit on welfare benefits, but children can continue to receive welfare benefits after parents have reached time limits, as long as they remain otherwise eligible.⁴ California uses state funds to continue assistance to these children.

The governor's 2008 budget proposal included a recommendation to eliminate family grants over a period of 12 months if sanctioned parents fail to reverse their sanction (the 2007 proposal suggested a grace period of 3 months). Likewise, the 2007, 2008, and 2009 budget proposals recommended eliminating family grants once a parent has reached the time limit unless that parent meets federal work requirements (California Department of Finance, 2007; California Department of Finance, 2008; California Department of Finance, 2009).⁵

¹ We emphasize that the CalWORKs program is far more than its sanction and time limit policies. CalWORKs incorporates a range of policies designed to promote work among adult welfare recipients, ranging from assistance with job search to subsidized child care for those who become employed.

² Adult welfare recipients were subject to so-called "durational sanctions" until 2007, which meant that those who had been sanctioned more than once had to spend a minimum number of months in sanction status before their full grant would be restored. Pursuant to AB 1808 (2006), this is no longer the case.

³ For a more detailed typology of the sanction and time-limit policies across states, see Table A.2 of the technical appendix, available at http://www.ppic.org/content/pubs/other/409CDR_appendix.pdf.

⁴ Children continue to be eligible if their total family income remains below an income threshold, which varies by family size. The threshold is lower after adult(s) reach their time limit.

⁵ The intent of these changes, at least in part, is to increase California's work participation rate (California Department of Finance, 2007, 2008). In the wake of the federal reauthorization of TANF in 2006, California must include in the work participation rate calculation sanctioned adults whose children continue receiving assistance. Sanctioned adults who have been sanctioned for three months or less in the previous twelve months can be excluded. This means that roughly half of California's sanctioned caseload can be excluded from the calculation (Danielson, 2006). Federal rules in the wake of TANF reauthorization require California to count time-limited parents whose children continue to receive aid when calculating the work participation rate. That is, these parents will be added to the denominator of the calculation and may also be included in the numerator (if they are working an adequate number of hours).

5. Effects of Sanctions

How would the welfare caseload, the work participation rate, child poverty, and single mothers' employment differ under a more severe sanction policy? In this section, we examine the implications of moving from California's current grant-reduction sanction to a policy of gradual or immediate grant elimination.²⁶ We use statistical methods to account for a range of other conditions in states—strength of the economy, political climate, and demographic characteristics—that, apart from policies, may also cause states' work participation rates to differ. In sum, we find that increasing the financial penalties associated with noncompliance with work rules would reduce California's welfare caseload, substantially increase its work participation rate, and slightly reduce poverty among children living with single mothers (Table 5.1).

Table 5.1. Effects of work-related sanctions

	Gradual grant elimination (%)	Immediate grant elimination (%)
Caseload	-27+	-52*
Work participation rate	50*	94*
Child poverty	-4*	-5*
Mother's employment	1	4
Mother's earnings	6	3
Household income	0.03	4*

SOURCES: Authors' calculations from TANF and SSP-MOE data reports (1998-2005), the Annual Social and Economic Supplement to the CPS (1990-2005), and the variables described in technical appendix Table A.3.

NOTES: Significance is in comparison to grant-reduction sanction. Table entries derived from model estimates in technical appendix Table A.4, column 1, and Table A.8, columns 1 and 2. Caseload refers to the portion of the caseload required to be counted in the federal rate calculation. Child poverty, mothers' employment, and mothers' earnings are among families headed by single mothers ages 16-46 who have less than a four-year college degree. For non-linear models (poverty and employment), we simulate the effects at the means of explanatory variables for California in 2003-2005. Household income is cash income from all sources for all residents of housing units that contain such a family.

+ Significantly different at the 10% level or lower.

* Significantly different at the 5% level or lower.

²⁶ The gradual grant elimination category we use includes several variants of this type of sanction. Some states eliminated the grant at the instance of a second or higher sanction. Some eliminated the grant after a sanction lasting more than a certain number of months. This number of months ranged from 1 to 12, with a median of 4 months. Several states imposed a grant reduction sanction if the family had received aid for fewer than 24 months, and a grant elimination sanction if it had received aid for more months.

Adjusting for other differences, states with gradual or immediate grant-elimination sanctions have adult-headed caseloads that are lower by about a quarter to a half as compared to states with grant-reduction sanctions.²⁷ The work participation rate is sharply higher, by 50 percent in the case of a gradual sanction and by over 90 percent in the case of an immediate sanction. In other words, if the state had had a gradual sanction in place, California's work participation rate would have been 34 percent in 2005 rather than 23 percent. Under an immediate sanction, it would have been 44 percent. These differences are large; however, a portion of the change (about half in the case of a gradual sanction) is due to a federal rule change in 2006. This rule change requires more of California's sanctioned adults to be counted in the state's work participation rate, thus lowering the rate even though the state has not altered its sanction policy.

Our estimates suggest that moving to some form of a grant-elimination sanction will result in a smaller caseload and a higher work participation rate. A serious concern with such a change is that it would be harmful to low-income families. If the policy simply removes all benefits from families who fail to meet work requirements, or discourages such families from ever applying for benefits, it could increase poverty among at-risk families. On the other hand, it is possible that a grant elimination sanction would encourage work, either because sanctioned adults would be able to replace lost assistance with work or because the more stringent sanction would motivate more parents on assistance to comply with work requirements while on welfare, or both.²⁸

We explore these issues by investigating the effect of more severe sanction policies on the economic circumstances of single-mother families.²⁹ We find that, relative to California-like policies, grant-elimination sanctions reduce child poverty by a small amount. About 41 percent of California children in single-mother families were poor in 2003-2005. With grant elimination sanctions, the percentage would have been about 39 or 40 percent (a reduction of approximately 4 to 5 percent, as shown in Table 5.1). Single-mother employment and earnings are higher, but the effects are not statistically significant.³⁰ Implementation of an immediate (but not gradual) grant-elimination sanction increases income in the households in which these families live by a small amount (4 percent). Overall, the results suggest that grant-elimination sanctions do not negatively affect the cash resources of single-mother families.³¹

²⁷ Previous studies examining the effects of welfare sanctions on caseload find mixed evidence of a negative effect of gradual full-family sanctions and a negative effect of immediate full-family sanctions (Danielson and Klerman, 2008; Grogger and Karoly, 2005). These studies were not able to exclude child-only cases, which are little affected by work-related TANF policies.

²⁸ To be consistent with our finding that the smaller caseload is smaller when more severe sanctions are in place, in the latter scenario it must be the case that some on welfare who work more leave assistance.

²⁹ If we restrict the sample to mothers with less than a high school degree, a larger fraction of whom received income from public assistance, estimates remain substantially the same, but sample sizes are smaller and coefficients are estimated less precisely.

³⁰ The table reports results using any maternal work during the past year as the outcome. We found similar results when we examined any work in the last week. Grant elimination sanctions did not have a statistically significant effect on non-work factors associated with poverty: number of children per mother, number of adults in the household, and the probability of a single woman being a mother.

³¹ The previous research does not specifically examine the effects of more stringent sanctions on single-mother employment and earnings. One study finds that greater financial penalties associated with a sanction reduce deep poverty among single mothers by a small amount but do not have an effect on overall single-mother poverty (McKernan and Ratcliffe, 2006).

6. Effects of Time Limits

How are the set of outcomes we consider—welfare caseload, work participation rate, child poverty, and single mothers’ employment—different if a grant-elimination time limit is in place rather than a grant-reduction policy? In this section, we examine the implications of moving from California’s current policy, a grant-reduction time limit, to two variants of a grant-elimination time limit. The first policy is simply one of halting assistance to families in which an adult has reached the time limit. The second extends additional months of assistance to the family as long as the time-limited adult is working sufficient hours to meet the requirement.³²

In sum, due to the data limitations discussed below, we are unable to estimate the effect of changing California’s time-limit policy on the work participation rate and the caseload of those required to be counted in that rate. However, we find that increasing the financial penalty associated with reaching a time limit is not likely to change the economic circumstances of vulnerable families (Table 6.1).

Table 6.1. Effects of welfare time limits

	Grant elimination (%)	Grant elimination with extension if meeting work requirement (%)
Child poverty	3	1
Mothers’ employment	-1	0
Mother’s earnings	1	5
Household income	-2	2

SOURCES: Authors’ calculations from the Annual Social and Economic Supplement to the CPS (1990-2005) and the variables described in technical appendix Table A.3.

NOTE: Significance is in comparison to grant-reduction time limit (reached). Table entries derived from model estimates in technical appendix Table A.8, columns 1 and 2. Child poverty, mothers’ employment, and mothers’ earnings are among families headed by single mothers ages 16-46 who have less than a four-year college degree. For non-linear models (poverty and employment), we simulate the effects at the means of explanatory variables for California in 2003-2005. Household income is cash income from all sources for all residents of housing units that contain such a family.

+ Significantly different at the 10% level or lower.

* Significantly different at the 5% level or lower.

An important rule change in 2006 requires states that continue children on welfare once parents have reached a time limit to include those timed-out parents in their work participation rate calculation. Before 2006, states with grant-reduction policies like California’s excluded

³² Adults may qualify for a time limit exemption or extension for other reasons. Table A.3 of the Technical Appendix lists the reasons that we include in the set of TANF program characteristics that we hold constant in our regression models.

time-limited adults from their rate calculations. This rule change implies that we lack a reasonable baseline policy to estimate differences across states with more and less severe time limits using data from before the federal reauthorization of TANF. Thus, we are unable to estimate whether California's work participation rate and caseload would be higher or lower under a grant-elimination time limit.

It is important to note that time limits set into motion potentially complex behavioral changes among welfare recipients and potential recipients, and it is possible that a more severe time limit might either reduce or increase the state's work participation rate.³³ For example, a grant-elimination time limit might increase the incentive of welfare adults to work. However, it is also possible that families considering whether to apply for CalWORKs might defer their applications until they face more extreme hardship in order to avoid exhausting their months of eligibility. Families facing relatively greater hardships may be less able to find and keep employment. Such a change in the types of families on welfare could lower the state's work participation rate.

As with grant-elimination sanctions, a major concern with grant-elimination time limits is that they would harm low-income families. Clearly, the loss of benefits to children without any compensating actions on the part of adults would worsen their economic situation. At the same time, it is conceivable that a full-family time limit might change work incentives or other incentives enough to improve the family's economic situation. Examining the economic circumstances of single-mother families (in which the mother does not have a college degree), we find that relative to states in which families had reached grant-reduction time limits, states in which families had reached grant-elimination time limits had somewhat higher child poverty rates, but the difference is not statistically significant.³⁴ Grant-elimination time limits, with or without an extension for those complying with work rules, have mixed effects on single mothers' employment and earnings and on household income, but the differences are never statistically significant.³⁵ In other words, based on the experience of other states (holding constant many other factors), we do not find robust evidence that moving from a grant-reduction to a grant-elimination time limit would substantially increase poverty among children in single-mother families.³⁶

³³ We note that we estimate the work participation rate to be lower in states with grant-elimination time limits as compared to states with no time limit. We also estimate the caseload to be smaller. However, the differences are not statistically significant. Previous research has found that time limits (as compared to no time limit) reduce single mothers' use of welfare and the welfare caseload (Danielson and Klerman, 2008; Grogger, 2001; Grogger, 2003; Mazzolari, 2007).

³⁴ Our model controls, among other things, for the length of the time limit and the set of time-limit exemptions and extensions that a state permits. Table A.3 in the technical appendix (available at http://www.ppic.org/content/pubs/other/409CDR_appendix.pdf) lists the full set of control variables.

³⁵ The table shows results for any maternal work during the past year. We found similar results when we examined any work in the past week.

³⁶ Note that California does impose a time limit, so that differences described in the text are in comparison to that time limit. Analyzing data that end in the early 2000s, the previous literature finds mixed evidence that a grant-elimination time limit in comparison to *no* time limit increases employment among single mothers but no evidence that a grant-elimination time limit alters income, the number of weeks worked, or annual earnings. See Grogger and Karoly (2005) for a summary. Making that same comparison between no time limit and a grant-elimination time limit, our estimates imply no statistically significant change in income, employment, or poverty.

7. Conclusions

Increasing the severity of CalWORKs sanction and time limit policies has been considered in three successive budget cycles. In this report, we examine the likely effects of modifying these policies.

We find that states with stricter sanction policies have substantially higher work participation rates and lower caseloads than states with a California-like sanction policy. Neither of the sanction policies that the governor proposed in 2007 and 2008 would likely make up the expected shortfall in California's work participation rate; however, the increase in the participation rate in the wake of either one could be dramatic.

One important concern is that adopting grant-elimination sanctions will worsen the economic circumstances of children in vulnerable families. We find that implementing a stricter sanction policy actually lowers poverty rates slightly among children living in single-mother families.

The evidence we muster indicates states that adopted grant-elimination time limits did not see increased child poverty as a result; we also do not find evidence that grant-elimination time limits increased single mothers' employment.

There are three important limitations of our findings. First, our results suggest that moving to a grant-elimination sanction or time-limit would not increase child poverty or worsen the economic circumstance of single-mother families on average, but it is possible that some highly vulnerable families would experience worse economic conditions under grant-elimination policies.³⁷ Such families may be discouraged from applying for welfare, or they may lose benefits under stricter policies and not be able to increase earnings or other sources of income to make up the loss. Second, the child poverty measure does not take into account the additional costs families face when moving from welfare to work (e.g., less parental time with children and work-related expenses). Incorporating these costs could reduce the measured benefits of policies that promote work.³⁸ Third, because the welfare reform period began in the 1990s, our study covers a period of major economic growth followed by a short recession and a period of slower growth.³⁹ Using these data, it is difficult to predict what will happen to child poverty under grant-elimination policies during a prolonged recession in which labor market opportunities are limited.⁴⁰

³⁷ Bitler, Gelbach, and Hoynes (2006) show that the impact of welfare reform policies varied substantially across families.

³⁸ Families receiving CalWORKs assistance, those that have recently left CalWORKs, and some other low-income families, are eligible for services that help to offset the additional expenses of work. The most important of these is subsidized child care.

³⁹ During the 1990s, the robust economy and strong labor market were important factors in encouraging single mothers to work, although policies also played an important role (Blank, 2002).

⁴⁰ Herbst (2008) provides preliminary evidence that some TANF policies have larger effects on work among single mothers when the economy is stronger. The time period examined in this research is similar to the time period we use, implying that it also cannot answer the question of the role of policy during a sustained downturn. In theory, a state's work participation rate is less sensitive than low-wage employment to economic conditions because welfare adults can count a number of different activities

Our findings are at odds with the belief that the economic conditions of children are substantially improved by maintaining their benefits when parents are sanctioned for not working or for reaching the time limit. However, they are similar to the findings of studies examining the introduction of TANF and earlier TANF-like state reform efforts. The 1996 welfare overhaul introduced stronger work requirements and enforced them with financial penalties levied on those who did not meet the requirements. At the time, many argued that the reform would increase poverty among vulnerable children. Drawing on multiple studies, the general consensus is that the 1996 reform did not increase child poverty. Indeed, several studies conclude that the introduction of TANF helped reduce child poverty by encouraging maternal employment.⁴¹ Clearly, full-family sanctions and time limits remove welfare benefits from some children. But their economic circumstances will depend on how their parents respond to these incentives to work.

toward their required hours. At the same time, employment is the most common activity that welfare adults pursue (Danielson, 2006), and it is also a route that is less expensive for states than supporting subsidized employment, on-the-job training, and related efforts.

⁴¹ For summaries of the national studies, see Grogger and Karoly (2005), Blank (2002), and Meyer and Holtz-Eakin (2001). See also Sawhill and Haskins (2007), O'Neill and Korenman (2004), and Haskins and Primus (2002). McKernan and Ratcliffe (2006) find no overall effect of welfare reform on child poverty and mixed effects for specific welfare reform policies. For evidence of welfare program effects on other child outcomes, see Gennetian et al., (2002) and Morris et al. (2005).

Appendix: Data and Methods

This appendix provides a brief description of the data and methods used in this study. A detailed technical appendix is available on the PPIC website http://www.ppic.org/content/pubs/other/409CDR_appendix.pdf). Here, we first describe our approach to analyzing the work participation rate and welfare caseload, and then our approach to arrive at estimates of changes in employment, poverty, and income among single-mother families.

To measure the work participation rate and the number of cases containing an adult required to be counted in the rate calculation, we use official statistics from the Office of Family Assistance reports, 1998-2005 (OFA, n.d.). We construct the participation rate from OFA information on the size of the TANF and SSP caseloads meeting federal work participation requirements and the size of the caseloads not meeting these requirements. We use the natural log of the work participation rate and the natural log of the caseload divided by the population of women ages 16-46 in the state and year. We divide by the population statistic in order to adjust for that source of variation in the size of welfare caseload: State populations vary widely. We obtained the denominator for the caseload outcome from U.S. Bureau of the Census population estimates. We estimate the effect of state TANF policies using the variation in policies across states. We control for national changes across years, state-level measures of economic conditions, demographic characteristics, political variables, and a detailed set of welfare policies.

For family economic conditions, we use the Annual Social and Economic Supplement of the Current Population Survey. These data, collected by the U.S. Census Bureau, are used for official poverty statistics. We focus our analysis on the main population thought to be affected by welfare policy: single mothers ages 16 to 46 who do not have a bachelor's degree. We investigate four main outcomes: poverty, maternal employment, annual earnings, and household income. We estimate the effect of state TANF policies using the variation in policies across states and over time. We use a "difference-in-difference-in-differences" approach. We control for state and year fixed effects, individual-level demographic characteristics (such as age, education, age of youngest child, and race/ethnicity) and state-level factors (policies, economic conditions, and political variables). We identify the effect on family economic conditions of the change in state TANF policies using data from 1990-1996 and 1999-2005 (we exclude 1997 and 1998 because during those years many states had only partially implemented their TANF programs). We use single women in the same age range and with the same level of education as a "control group" — we assume that any effect of the TANF policy variables on this group is spurious and that the additional effect on single mothers is causal. In robustness checks, we also use married mothers in the same age range and with the same education as a control group. Using this control group, we find policy effects that are similar in magnitude although they are not statistically significant.

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Sanctions and Time Limits in California's Welfare Program

Technical Appendix

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Description

In this technical appendix, we provide details of the approach we used to arrive at the estimates presented in the tables in the report. We first describe the data and methodology underlying our estimates of policy effects on the work participation rate. This section includes a discussion of the robustness of our estimates, most especially to the key assumption that we have adequately controlled for state differences in economic, demographic, and other factors. We then describe the data and methodology we used to estimate effects of sanctions and time limits on the employment, earnings, income, and poverty of single mother families.

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1. Analysis of Work Participation Rate
2. Analysis of Family Economic Circumstances



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1. Analysis of Work Participation Rate

Data: Dependent Variables

TANF and SSP-MOE Data Reports

The Office of Family Assistance (OFA) reports the All Families and Two Parent rate numerator and denominator for fiscal years 1998-2005. While the Current Population Survey (CPS), the data source we use for our analysis of family economic conditions, is available for a longer time period and also has large samples of welfare recipients, we do not use it for the work participation rate analysis because accurately tracking federally countable work activities is not possible using the CPS. In order to know whether an adult is meeting the federal requirement, we must know hours of employment in a month and participation in any other countable activities (see the instructions to states at www.acf.hhs.gov/programs/ofa/tanfrpts/index.htm). The CPS tracks only usual weekly hours worked and was not designed to ask about hours of participation in the other countable activities.¹ Finally, research using the CPS commonly does not distinguish between child-only (or zero-parent) cases and cases containing one or more parents, because it is difficult to do so. Child-only cases, however, are disregarded from the work participation rate (unless they are child-only because parents are sanctioned or time limited), and such cases now make up a substantial minority of the caseload.

Thus we use official work participation statistics for the 50 states as the dependent variables in the work participation rate models. Until the reauthorization of the TANF program in 2006, official work participation rates excluded cases in SSPs. While OFA also reports work

¹ The CPS is also known to undercount welfare recipients substantially (Klerman, Ringel, and Roth, 2005), and we do not know whether those who accurately report welfare receipt are more or less likely to be working than those who misreport their welfare receipt.

participation rates among families in SSPs (even though those in an SSP had no federal work participation requirement until fiscal year 2007), official estimates of the numerator and denominator of the rates are not published. We therefore calculate estimates of the SSP numerator and denominator by going back to the individual-level data that states submit quarterly to the Department of Health and Human Services (DHHS) using form ACF-204 (SSP-MOE Data Report). Both the TANF and SSP individual-level data are available at aspe.hhs.gov/ftp/hsp/tanf-data/index.htm, and the instructions to states for filling out the forms are available at www.acf.hhs.gov/programs/ofa/tanfrpts/index.htm.²

According to ACF official caseload statistics, SSP cases made up 7 percent of all cases in the nation as a whole in 2005, and 51 percent of two-parent cases were in an SSP (OFA, 2007). Because it is possible that the data that states submitted about their SSP cases is of lower quality than the data they submitted for their TANF cases, and because we do not exactly reproduce official work participation rates by going back to the individual-level data, we also present results that exclude SSP cases (see Table A.4).

Official state work participation rates are estimates: DHHS requires states that do not submit the entire universe of their cases to submit a sample large enough to calculate caseload statistics with an acceptable level of precision, which is defined to be approximately 250 cases per month or the entire caseload if it is smaller (Office of Family Assistance, 1999). If a state runs an SSP, this data requirement is doubled (250 TANF and 250 SSP cases).³ Before releasing the data, DHHS samples from the universe for states that report the universe. Therefore, sample

² The TANF Data Report is submitted using form ACF-199. In California, this dataset is called the Q5.

³ States were not required to submit individual-level data on their SSP cases, but all did. States also submit data on a (smaller) sample of “inactive” cases—cases that closed in the reporting month. We do not use these data in this report.

sizes across states are fairly uniform, with the exception that states with SSPs have double the sample of those without SSPs. No state had an SSP before fiscal year 2000.

Table A.1 presents sample sizes, by type of case, for California.⁴ California moved two parent cases to an SSP in FY 2000, so its two parent sample rises dramatically, and its overall sample doubles, from that year forward. It is worth noting that, while most single- and two-parent cases contain an adult who is federally required to participate in work activities, child-only cases do not have such “work-eligible” adults.

Table A.1
TANF and SSP-MOE data reports, California sample sizes

Fiscal Year	Single-parent	Two-parent	Child-only	Total
1998	3,440	2,226	1,434	7,100
1999	1,941	831	961	3,733
2000	2,098	3,225	1,182	6,505
2001	1,840	3,034	1,207	6,081
2002	1,890	3,082	1,303	6,275
2003	1,808	3,052	1,426	6,286
2004	1,764	2,723	1,981	6,468
2005	1,588	2,729	2,050	6,367

SOURCE: Authors’ calculations from TANF and SSP-MOE Data Reports.

NOTES: In this table, “single-parent” refers to cases counted only in the All Families work participation rate (although some were disregarded), “two-parent” refers to cases counted in both the All Families and Two Parent rates (again, some were disregarded), and “child-only” refers to cases with no work-eligible adults (under the regulations in effect until FFY 2007).

ACF Official Caseload Data

OFA also reports state-level caseload totals at www.acf.hhs.gov/programs/ofa/caseload/caseloadindex.htm. We use these in our check on the robustness of the methodological approach (described below). We also use them to adjust our estimates of SSP work participation rates—we require that the caseload totals we calculate from the SSP-MOE Data reports sum to the administrative totals reported by OFA.

⁴ The large sample in 1998 is apparently due to the large number of cases “listed in error” (e.g., inactive cases mistakenly selected to be in the sample) in California in that year.

Census Data

We divide the numerator and denominator of the work participation rate by the number of females between the ages of 16-46 in a state to take account of the fact that state populations vary widely. We obtained population counts from Census Bureau estimates, available at www.census.gov/popest.

Data: Independent Variables

The key policies of interest in this report are welfare sanctions and time limits. States' sanction and time limit policies are complex; however, we can classify them into a small number of types. We classify state sanction policies into four types: Adult removed, grant reduction, gradual grant elimination (the family's assistance is eventually eliminated if adult(s) fail to fulfill program requirements over a period of time), and immediate grant elimination. Adult-removed and grant-reduction sanction policies result in a very similar financial penalty to the family (the grant is reduced); however, under a grant-reduction policy sanctioned adults were always included in the federal work participation rate calculation. Under an adult-removed policy they were not until federal fiscal year 2007. Under current federal regulations, even adults removed from the case must be included in the rate calculation. Therefore, we use the grant-reduction sanction to characterize California's policy in our simulations as it matches California's current policy under current federal rules.

We characterize states as having no time limit, a grant-reduction time limit, or a grant-elimination time limit (the entire family is ineligible if an aided adult reaches the time limit). California has a grant-reduction time limit.

Table A.2 reports the distribution of sanction and time limit policies across the 50 states in fiscal year 2005. For sanctions, California is one of 12 states with a policy of removing the adult

from the case. Another three states reduce the family's grant. Almost half of states (23) use a gradual grant elimination, increasing the size of the financial penalty to the family over time if the parent remains out of compliance. Over 20 percent (12 states) immediately eliminate the family's grant if an adult is sanctioned.

Table A.2
State sanction and time limit policies

Policy	Number of states in FY 2005
Work-related sanctions	
Adult removed	12
Grant reduction	3
Gradual grant elimination	23
Immediate grant elimination	12
Welfare time limits	
None	5
Grant reduction	4
Grant elimination	41
Extended if meeting work requirement ⁵	8

SOURCE: Urban Institute, Welfare Rules Database.

NOTES: Recipients in Arizona faced a full-family time limit, but had not reached it by the end of FY 2005 because the state switched from a 24-month adult to a 60-month full-family policy in October 2002. We classify states as having no time limit if their policy is to extend all recipients who reach the time limit.

California is one of four states that removes the adult from the case, but continues the children on assistance, if the adult reaches the time limit. Five states impose no time limit and the rest (41 states) eliminate the family's grant if the adult reaches the time limit. Out of the 45 states that impose a time limit, eight allow the entire grant to continue to be paid if the adult is in compliance with work requirements.

Table A.3 lists, and provides sources for, the entire set of independent variables included in the models that underlie the estimation results presented in the body of the report.⁶ The

⁵ States adopted this policy in addition to either a grant reduction or grant elimination time limit.

variables in the last section of Table A.3 (entitled “Demographic characteristics”) are included in the simulation described in Section 2 of the report. The variables in the first and second sections of Table A.3 (entitled “TANF policy: Work-related sanctions” and “TANF policy: Time limits”) are included in the simulations described in Sections 5 and 6 of the report.

Listed in the “TANF Program Characteristics” section of Table A.3 are other characteristics of sanction and time- limit policies that we also include in the models to capture important details of the policies. In particular, these additional controls adjust for the possibility that states with nominally severe policies relax them in practice by their use of exemptions (or the opposite, for states with less severe policies).

**Table A.3
Independent variables**

Variable description	Source
TANF policy: Work-related sanctions	
Grant reduction, adult removed, gradual grant elimination, or immediate grant elimination	Urban Institute, Welfare Rules Database, Burke and Falk, 2001; Crouse, 1999 anf.urban.org
TANF policy: Time limits	
No time limit, grant reduction, or grant elimination	Urban Institute, Welfare Rules Database anf.urban.org
Extension if meeting work requirement	Urban Institute, Welfare Rules Database anf.urban.org
TANF policy: Financial incentives to combine work and welfare⁷	
Maximum benefit for a family of three with no earnings, adjusted to reflect state cost-of-living differences	Urban Institute, Welfare Rules Database anf.urban.org
Maximum earnings for initial eligibility for a family of three, adjusted to reflect state cost-of-living differences	Urban Institute, Welfare Rules Database anf.urban.org

⁶ We exclude the District of Columbia from the analyses because the variables we use to characterize states’ political climates and government transfers are missing for D.C.

⁷ The cost-of-living adjustment referred to in this section of the table is a state-specific constant. We base it on the National Academy of Sciences recommendation for state-level adjustments to the federal poverty threshold (Citro and Michael, 1995). The adjustment assumes that housing costs vary by state and account for 44 percent of the average poverty budget. All other costs are assumed constant across states. For housing costs, we use the U.S. Department of Housing and Urban Development’s estimates of the fair-market rent for a two-bedroom apartment in 2003 (www.huduser.org/datasets/fmr.html).

Variable description	Source
Earnings in month 1 of benefit receipt at which the benefit for a family of three would equal \$0, adjusted to reflect state cost-of-living differences	Urban Institute, Welfare Rules Database anf.urban.org
Earnings in month 13 of benefit receipt at which the benefit for a family of three would equal \$0, adjusted to reflect state cost-of-living differences	Urban Institute, Welfare Rules Database anf.urban.org
Other policies	
Child-care guaranteed to TANF recipients complying with program rules	National Child Care Information Center www.nccic.org/pubs/stateplan/stateplan-intro.html
Maximum state EITC benefit, adjusted to reflect state cost-of-living differences	Center on Budget and Policy Priorities and State Tax Offices cbpp.org
Minimum wage, adjusted to reflect state cost-of-living differences ⁸	Neumark and Wascher (2007) -
TANF program characteristics	
Exempted from time limit while sanctioned	Urban Institute, Welfare Rules Database anf.urban.org
Exempted or extended from time limit if unit head is elderly	Urban Institute, Welfare Rules Database anf.urban.org
Exempted or extended from time limit if caring for young child	Urban Institute, Welfare Rules Database anf.urban.org
Exempted or extended from time limit if ill or incapacitated or caring for ill child or relative	Urban Institute, Welfare Rules Database anf.urban.org
Exempted or extended from time limit if receiving alcohol, drug, or mental health treatment	Urban Institute, Welfare Rules Database anf.urban.org
Exempted or extended from time limit if victim of domestic violence	Urban Institute, Welfare Rules Database anf.urban.org
Exempted or extended from time limit if lacking job skills	Urban Institute, Welfare Rules Database anf.urban.org
Exempted or extended from time limit if support services not available	Urban Institute, Welfare Rules Database anf.urban.org
Time limit is three years or less	Urban Institute, Welfare Rules Database anf.urban.org
Time limit is periodic or intermittent	Urban Institute, Welfare Rules Database anf.urban.org
Conciliation process adhered to before first sanction imposed	Urban Institute, Welfare Rules Database anf.urban.org
Activities and required participation hours vary by adult education or skills	Urban Institute, Welfare Rules Database anf.urban.org
Required hours of participation vary by age of youngest child	Urban Institute, Welfare Rules Database anf.urban.org
Required hours of participation are determined on a case-by-case basis	Urban Institute, Welfare Rules Database anf.urban.org

⁸ This cost-of-living adjustment is the same one used earlier in the table (in the “TANF policy: Financial incentives to combine work and welfare” section).

Variable description	Source
Required hours of participation is rules based (vs. at caseworker discretion)	Urban Institute, Welfare Rules Database anf.urban.org
English as a second language allowed as a work activity	Urban Institute, Welfare Rules Database anf.urban.org
Counseling allowed as work activity	Urban Institute, Welfare Rules Database anf.urban.org
Exempt from work requirements if ill	Urban Institute, Welfare Rules Database anf.urban.org
Exempt if caring for an ill relative	Urban Institute, Welfare Rules Database anf.urban.org
Exempt if parent is a minor	Urban Institute, Welfare Rules Database anf.urban.org
Exempt if parent is a minor attending school	Urban Institute, Welfare Rules Database anf.urban.org
Exempt if elderly	Urban Institute, Welfare Rules Database anf.urban.org
Exempt if pregnant	Urban Institute, Welfare Rules Database anf.urban.org
Exempt if child care not available	Urban Institute, Welfare Rules Database anf.urban.org
Exempt if victim of domestic violence	Urban Institute, Welfare Rules Database anf.urban.org
Exempt if caring for a child less than 1 month old, 1-12 months of age, or 13 months and older	Urban Institute, Welfare Rules Database anf.urban.org
TANF applicants can be offered a lump-sum "diversion" payment in lieu of welfare	Urban Institute, Welfare Rules Database anf.urban.org
Work participation waiver in effect	OFA, Work Participation Rate memoranda www.acf.hhs.gov/programs/ofa/particip/indexparticip.htm
Economy	
Unemployment rate x100	Local Area Unemployment Statistics www.bls.gov/lau
Total per capita employment	Quarterly Census of Employment and Wages www.bls.gov/cew
Twentieth percentile wage	Current Population Survey www.census.gov/cps
Per capita personal income	US Bureau of Economic Analysis www.bea.gov
Per capita dividends, interest and rent	US Bureau of Economic Analysis www.bea.gov
Average earnings per job	US Bureau of Economic Analysis www.bea.gov
Percent employment in manufacturing	US Bureau of Economic Analysis www.bea.gov

Variable description	Source
Percent employment in professional services	US Bureau of Economic Analysis www.bea.gov
Percent employment in educational services	US Bureau of Economic Analysis www.bea.gov
Percent employment in food and accommodation services	US Bureau of Economic Analysis www.bea.gov
Per capita taxable income	State Higher Education Executive Officers www.sheeo.org
Political climate and government characteristics	
Democratic governor	Klarner (2003); dataset updated on web www.ipsr.ku.edu/SPPQ/journal_datasets/klarner.shtml
Legislative professionalism	Peeverill Squire, University of Iowa -
Per capita tax revenues	State Higher Education Executive Officers www.sheeo.org
Per capita full-time government employees	U.S. Bureau of Economic Analysis www.bea.gov
Per capita government payroll (full-time employees)	U.S. Bureau of Economic Analysis www.bea.gov
Demographic characteristics	
Percent non-citizen	Current Population Survey (merged outgoing rotation group) www.census.gov/cps
Percent elderly	Current Population Survey (merged outgoing rotation group) www.census.gov/cps
Percent of households headed by single mothers, 16-46 (1998-2005 state mean)	Current Population Survey (March demographic supplement) www.census.gov/cps
Percentage of single mothers, 25-46 with less than a high school, high school, and more than high school education (1998-2005 state mean)	Current Population Survey (March demographic supplement) www.census.gov/cps
Percentage of adults 25-46 with less than a high school, high school, and more than high school education	Current Population Survey (merged outgoing rotation group) www.census.gov/cps
Percent Asian/Other, non-Hispanic Black, non-Hispanic White, and Hispanic	Current Population Survey (merged outgoing rotation group) www.census.gov/cps
Percent of births to unwed mothers	Vital Statistics www.cdc.gov/nchs/VitalStats.htm
Median family income	U.S. Bureau of the Census www.census.gov/hhes/www/saipe

Methodology and Detailed Model Results

We estimate regression models of the effects of the policies of interest, fiscal year fixed effects, and a rich set of state background characteristics (detailed in Table A.3) on the natural log of the work participation rate, the natural log of the per capita caseload required to meet work requirements, and the natural log of the per capita caseload meeting work requirements (Table A.4). The denominator we use is the number of women between the ages of 16 and 46 in the population. The estimates are robust to using the total state population as the denominator (results available from the first author upon request).

We use the policies that California currently has in place—grant-reduction sanction and having reached a grant reduction time limit—as the omitted categories across all specifications.

Columns 1-3 of Table A.4 present estimates using our preferred specification. The first column contains estimates of policy effects on the rate, the second estimates for the caseload required to be counted in the rate calculation (the denominator of the rate), and the third estimates for the caseload meeting the rate (the numerator of the rate). Note that a significant change in the rate is typically driven by a large shift in either the numerator or the denominator. While it would be possible for a significant change in the rate to be driven by insignificant changes in the numerator and denominator with opposite signs, we do not see this in our models. We take the parameter estimates for immediate grant elimination sanctions as providing evidence of the credibility of our results overall. This is the most stringent sanction policy, and it has the largest effects on the caseload failing to meet the rate and on the rate itself, effects that are statistically larger than those for gradual full-family sanctions.⁹

⁹ We would not expect estimates for reaching a full-family time limit to be larger than those for reaching a partial-family limit because in both cases (under the old rules) time-limited adults were dropped from the work participation rate calculation.

Our preferred estimates do not include state fixed effects, the standard approach when estimating the effects of policy changes on repeated cross-sections. However, our data begin in FY 1998; states implemented their TANF programs between October 1996 and January 1998. Some states made the most substantial changes to their welfare programs even earlier under waivers to AFDC program rules. Thus, including state fixed effects results in estimates that exclude changes made by most states. Only one state changed its time limit policy between FY 1998 and 2005. While six states adopted gradual full-family sanctions between FY 1998 and 2005, seventeen adopted them in 1997 or earlier. Nevertheless, in columns 4-6 of Table A.4 we present estimation results that include state fixed effects. Not surprisingly, we obtain imprecise estimates of the time limit parameters. In the case of sanction policies, we obtain two coefficients significant at the .05 level. The results suggest that a gradual grant elimination sanction *reduces* the caseload meeting work requirements (although with no effect on the overall work participation rate). Since the model is identified by states that switched policies, a natural interpretation of the perverse estimate is that states with low work participation rates who were seeking improvements changed to gradual full-family sanction policies. The second significant effect implies, similar our preferred model, that an immediate grant elimination sanction reduces the caseload failing to meet requirements (although the estimated effect on the overall work participation rate is significant only at the .10 level).

Columns 7-12 in Table A.4 present the results of two robustness checks. First, we exclude cases in SSPs because, as discussed above, SSP data may be of lower quality than TANF caseload data. Doing so does not substantially change the estimates of grant elimination sanctions, although gradual grant elimination sanctions are less precisely estimated and are no longer significant. Second, we drop fiscal years 1998 and 1999, which were years when the TANF

Emergency Data Report was in effect. Doing so reduces the significance of gradual full-family sanctions from the 0.05 to the 0.10 level, although again the estimated coefficient changes little.

Although we have little confidence in the estimates, for completeness we also present model results using the Two Parent rate as the outcome (see Table A.5). The number of observations is 357, not 400, because in some years states had no adults in two-parent families that were required to be counted in the federal rate calculation. We do not perform the robustness check of dropping cases in SSPs because about half of all two-parent families were in SSPs. In 2005, 31 states had SSPs.

The estimates imply implausibly large policy effects. While they are in the same direction in the case of time limits, the results for sanction policies are difficult to interpret. In states that included two-parent cases in their TANF caseload, two-parent sample sizes are small, thus decreasing the precision of the work participation estimates. In addition, the estimates may be driven by large effects in states that have few two-parent cases (and in some years, no two-parent cases).¹⁰

¹⁰ We note that if we restrict the observations in the All Families rate regressions (reported in Table A.4) to be the same states in the same years as used in the Two Parent rate model, having no time limit continues to increase the work participation rate by a statistically significant 51 percent and gradual and immediate grant-elimination sanctions also increase the rate by 36 and 55 percent, respectively (although the former estimate is significant only at the 10 percent level). Full results are available from the first author upon request.

Table A.4
Effects of state TANF policies on work participation, all families rate

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
	Work participation rate	Caseload required to meet requirements	Caseload meeting requirements	Work participation rate	Caseload required to meet requirements	Caseload meeting requirements	Work participation rate	Caseload required to meet requirements	Caseload meeting requirements	Work participation rate	Caseload required to meet requirements	Caseload meeting requirements
Time limits												
Grant elimination (reached)	0.14 (0.20)	0.023 (0.22)	0.16 (0.20)	-0.11 (0.23)	0.38 (0.24)	0.27 (0.32)	0.26 (0.25)	0.14 (0.22)	0.41* (0.21)	0.28 (0.25)	0.11 (0.22)	0.39+ (0.22)
Extended if meeting work requirement	0.14 (0.11)	-0.11 (0.12)	0.035 (0.13)	-0.11 (0.077)	0.024 (0.11)	-0.087 (0.14)	0.027 (0.10)	-0.059 (0.12)	-0.032 (0.13)	0.038 (0.098)	-0.050 (0.12)	-0.012 (0.12)
No time limit	0.45* (0.20)	0.25 (0.27)	0.70* (0.23)	-3.22 (2.30)	1.60 (2.02)	-1.61 (2.75)	0.54* (0.26)	0.37 (0.29)	0.90* (0.26)	0.64* (0.24)	0.24 (0.30)	0.88* (0.29)
Grant reduction (implemented)	0.41* (0.20)	-0.19 (0.16)	0.22 (0.24)	-0.010 (0.17)	-0.069 (0.18)	-0.079 (0.32)	0.037 (0.14)	-0.044 (0.16)	-0.0067 (0.15)	0.079 (0.13)	-0.071 (0.16)	0.0076 (0.15)
Grant elimination (implemented)	0.27 (0.16)	-0.064 (0.20)	0.21 (0.17)	-0.18 (0.25)	0.46+ (0.23)	0.28 (0.31)	0.35 (0.22)	0.070 (0.23)	0.42* (0.19)	0.35 (0.22)	0.072 (0.24)	0.42* (0.20)
Work-related sanctions												
Gradual grant elimination	0.41* (0.17)	-0.30+ (0.17)	0.11 (0.13)	-0.18 (0.11)	-0.18 (0.11)	-0.36* (0.14)	0.35 (0.22)	-0.34 (0.19)	0.0012 (0.091)	0.39+ (0.22)	-0.41* (0.19)	-0.020 (0.093)
Immediately grant elimination	0.67* (0.21)	-0.71* (0.23)	-0.040 (0.20)	0.33+ (0.19)	-0.32* (0.16)	0.0068 (0.25)	0.63* (0.28)	-0.93* (0.26)	-0.31 (0.18)	0.67* (0.28)	-1.02* (0.27)	-0.34+ (0.18)
Adult removed	0.18 (0.20)	-0.19 (0.22)	-0.0076 (0.18)	-0.42+ (0.23)	-0.11 (0.18)	-0.53+ (0.27)	0.037 (0.30)	-0.26 (0.26)	-0.23 (0.18)	0.085 (0.29)	-0.28 (0.27)	-0.20 (0.18)
R-squared	0.70	0.87	0.84	0.82	0.95	0.93	0.69	0.90	0.85	0.79	0.90	0.88
Observations	400			400			400			300		
State-specific controls	X			X			X			X		
State fixed effects				X								
Fiscal year fixed effects	X			X			X			X		
Types of cases included	TANF/SSP			TANF/SSP			TANF			TANF/SSP		
Years	FY 98-05			FY 98-05			FY 98-05			FY 00-05		

SOURCE: Authors' calculations from TANF and SSP Data Reports and the variables described in Table A.3.

NOTES: Columns 1 and 2 contain the estimates discussed in the body of the report. All dependent variables are in natural logs, and caseloads are divided by females 16-46 in a state and year. All models are estimated on 8 fiscal year observations for each of 50 states (we exclude the District of Columbia). State-specific controls are listed in Table A.3. Models are estimated with robust standard errors corrected for state-level clustering. Complete model results available from the first author upon request.

Significance: + = .10; * = .05

Table A.5
Effects of state TANF policies on work participation, two-parent rate

	(1)	(2)	(3)	(4)	(5)	(6)
	Work participation rate	Caseload required to meet work requirements	Caseload meeting requirements	Work participation rate	Caseload required to meet work requirements	Caseload meeting requirements
Time limits						
Grant elimination (reached)	0.1017 (0.4041)	0.21 (0.47)	0.3347 (0.6387)	0.1786 (0.4868)	0.35 (0.37)	0.5477 (0.7809)
Extension if meeting work requirement	-0.0250 (0.2752)	0.18 (0.21)	0.1511 (0.3548)	-0.0705 (0.3888)	0.24 (0.20)	0.0963 (0.5714)
No time limit	2.0218 (0.5884)*	0.42 (0.62)	3.0137 (1.0989)*	2.9305 (0.8434)*	-0.036 (0.60)	3.8667 (1.6023)*
Grant reduction (implemented)	0.5747 (0.5867)	-0.35 (0.31)	0.0879 (0.7054)	0.5101 (0.8627)	-0.060 (0.26)	0.5423 (1.3580)
Grant elimination (implemented)	0.3964 (0.3637)	0.19 (0.44)	0.6771 (0.6137)	0.4402 (0.5285)	0.33 (0.40)	0.9232 (0.8397)
Work-related sanctions						
Gradual grant elimination	0.2457 (0.2746)	-0.81 (0.48)	-0.6914 (0.6965)	0.2648 (0.3927)	-0.83 (0.50)	-0.6295 (0.9455)
Immediate grant elimination	-0.1186 (0.4917)	-1.50* (0.51)	-2.1341 (1.0451)*	-0.2984 (0.8471)	-1.78* (0.54)	-2.7048 (1.5801)+
Adult removed	-0.5926 (0.3132)+	-1.22* (0.54)	-1.9772 (0.7639)*	-0.4978 (0.5713)	-0.72 (0.50)	-1.2943 (1.0722)
R-squared	0.49	0.85	0.67	0.58	0.90	0.69
Observations	357			278		
State-specific controls	X			X		
Fiscal year fixed effects	X			X		
Years	FY 98-05			FY 00-05		

SOURCE: Authors' calculations from TANF and SSP Data Reports and the independent variables described in this Appendix.

NOTES: All dependent variables are in natural logs, and caseloads are divided by females 16-46 in a state and year. All models are estimated on up to 8 fiscal year observations for each of 50 states (we exclude the District of Columbia). Years in which a state had no cases required to be counted in the Two Parent rate are dropped. State-specific controls are listed in Table A.3. Models are estimated with robust standard errors corrected for state-level clustering. Complete model results available from the first author upon request.

Significance: +=.10; *=.05

Robustness of Methodological Approach

A central concern about the approach we take to estimate the effects of policies on the work participation rate is that unobserved state characteristics may bias the estimated effects of sanction and time-limit policies. In this section, we test the robustness of our approach to resolving this concern.

A typical method used by researchers is to “difference out” such unobserved characteristics by including an indicator variable for each state that captures all time-invariant background state characteristics that are difficult to measure or even identify. This approach is unavailable to us because the data on work participation rates begin simultaneously with states’ implementation of their TANF programs. Thus, as we discussed in the previous section, including state-level indicators sweeps out effects of the policies of interest.

For this reason, the approach we take in this report is to measure important state political, demographic, economic, and TANF program characteristics that are likely candidates for biasing the policy estimates. We also include fiscal year indicator variables to flexibly capture nationwide changes that affected work participation.

As a robustness check on this approach, we use state-level official welfare caseloads that span both the TANF and the AFDC (roughly, pre-1997) periods.¹¹ With these data, we can estimate models of caseload size using the identical approach we use to estimate models of the work participation rate. That is, we can use both the control variables and year indicators we used in the models presented in the report. We can then add state indicators. The results of this comparison are presented in Table A.6. If the control variables adequately capture state differences that are correlated with the

¹¹ These data include both TANF and SSP cases.

outcome of interest, the estimates in the first two columns should be substantially the same.

The one difference between the specifications in Table A.4, columns 1-3 and Table A.6, column 1, is that we add two indicator variables to mark the date of implementation of each state's TANF program, as well as any AFDC waiver program that pre-dated it. However, if we exclude these two variables, the estimates in columns 1 and 2 are not meaningfully different.

Turning to Table A.6, the pattern of significance across the two sets of policy variables is identical across columns 1 and 2, and the substantive size of the significant estimate for immediate full-family sanctions is quite similar across the columns.¹² These results show that the addition of flexible state-specific, but non-time varying, controls does not wash out policy effects. We thus increase our confidence that the approach we take in the report adequately controls for unobserved state characteristics that are correlated with the policies and outcomes of interest. In column 3 we present estimates from a model that excludes the control variables included in columns 1 and 2. In other words, this is the conventional differences-in-differences specification. The estimates in column 3 provide some evidence that state-level, time-varying factors are correlated with welfare policies. Reaching full family time limits becomes significant in the conventional difference-in-differences specification as does the maximum benefit for a

¹² It is unrealistic to expect that the substantive size of the coefficients in this table should match the coefficients in column 2 of Table A.4. First, these caseloads include child-only, or zero-parent cases. Such cases are likely not affected by the policy changes brought by TANF and the predecessor changes under AFDC waivers. Thus, the effects we estimate in Table A.6 are relatively diluted. Second, these regressions include the earliest implementation of TANF policies (roughly, 1996 and 1997). Thus, policy effects may be diluted because they are averaged over years in which many states were ramping up their programs and years in which the programs were fully in place. Danielson and Klerman (2009) find strong evidence of gradual policy phase-in.

family of three with no earnings (last estimate not shown in table). The time-limit estimate becomes insignificant if we add back in variables describing the details of states' time-limit extension and exemption rules (estimate not shown in table).

Table A.6
Policy effects on the TANF and SSP caseload

	(1)	(2)	(3)
Time limits			
Grant elimination (reached)	0.0016 (0.0873)	-0.0866 (0.0883)	-0.1323 (0.0629)*
Extension if meeting work requirement	-0.0932 (0.0831)	-0.0442 (0.0642)	-0.0671 (0.0680)
No time limit	0.0210 (0.1225)	0.5523 (0.3558)	-0.3400 (0.2274)
Grant reduction (implemented)	-0.0100 (0.1036)	-0.0609 (0.0955)	-0.0464 (0.0837)
Grant elimination (implemented)	-0.0670 (0.0714)	-0.0670 (0.0661)	-0.0868 (0.0560)
Work-related sanctions			
Gradual grant elimination	-0.0621 (0.0897)	-0.0199 (0.0766)	-0.1225 (0.0843)
Immediate grant elimination	-0.3217 (0.0860)*	-0.3016 (0.0790)*	-0.2877 (0.1244)*
Adult removed	-0.0456 (0.0834)	-0.0409 (0.0736)	-0.0471 (0.0880)
Fiscal year fixed effects	X	X	X
State fixed effects		X	X
State-specific controls	X	X	
Major AFDC waiver/TANF policies	X	X	X
Years	FY 90-05	FY 90-05	FY 90-05
Observations	800	800	800
R-squared	0.89	0.95	0.90

SOURCE: Authors' calculations from ACF caseload data and independent variables as described in Table A.3.

NOTES: Major AFDC waiver/TANF policies are maximum benefit, maximum earnings at application, maximum earnings at months 1 and 13 to retain eligibility, diversion, and indicators for implementation of other waiver and TANF policies. The dependent variable across all columns is the natural log of the total caseload (AFDC and then the combined total of TANF and SSP cases) divided by females ages 14-46 in a state and year. All models are estimated on 16 years of observations for each of 50 states. Standard errors are corrected for state-level clustering. Complete model results are available from the first author upon request.

Significance: * = .05

2. Analysis of Family Economic Circumstances

Data: Dependent Variables

Current Population Survey

We construct family well-being measures using the Annual Social and Economic Supplement (also known as the March supplement) to the Current Population Survey (CPS). We include in our sample only single women who had not completed a bachelor's degree and who were between the ages of 16 and 46 at the time of the survey for the time periods 1990-1996 and 1999-2005. We exclude 1997 and 1998 because those were the initial implementation years of TANF, and any policy effects during these years are likely diluted.

Excluding the District of Columbia, this gives us a total sample size of 212,023. The state with the smallest sample of single women ages 16-46 is Arkansas. Its sample ranged between 117 and 206 over the period 1990-2005, excluding 1997-1998. The state with the largest sample is California, with a yearly sample of between 1,106 and 1,799.

We construct four main outcome variables: (1) an indicator of whether the woman's family income was below the federal poverty line; (2) an indicator of whether a woman worked using the reported number of annual hours worked;¹³ (3) the natural log of the woman's reported annual earnings; (4) the natural log of the total annual income of the household in which the woman and her children lived. CPS definitions of family, household, and income can be found at

www.census.gov/population/www/cps/cpsdef.html.

¹³ We obtained similar results using an indicator of whether the woman worked in the week before the survey.

Data: Independent Variables

In the models of family economic circumstances we use all the variables in Table A.3, except for the state-level demographic characteristics listed in the last section of the table. The individual-level variables that we include in their stead are listed in Table A.7.

Table A.7
Additional independent variables used in the analysis of family economic conditions

Variable description
Any children under age 6 and under age 18
Number of children under age 6 and under age 18 (minus 1)
Racial/ethnic categories: non-Hispanic white, non-Hispanic non-white, and Hispanic
Age categories: 16-24, 25-29, 30-34, 35-39, 40-46
Education categories: high school dropout, high school graduate, some college
Marital status: never married, divorced, widowed
Whether pregnant
Amount of unearned Income
Whether lives in central city

SOURCE: Annual Social and Economic Supplement to the Current Population Survey.

NOTES: Sample limited to single women between the ages of 16 and 46 who have not obtained a bachelor's degree.

Methodology and Detailed Model Results

We examine four measures of the economic well-being of single mothers: family poverty, any hours of employment in the last year, annual earnings, and household income.

We estimate probit models for poverty and employment, and linear models for the natural log of annual earnings and the natural log of household income. The models include the policy characteristics and independent variables described in Table A.3 and add the variables listed in Table A.7. The policy effects are estimated using individual-level variables from the CPS and a difference-in-difference-in-differences approach. We include state and year fixed effects to net out national changes over time that affected poverty, employment, and income among single women, as well as constant, state-

specific factors associated with these outcomes. Finally, we estimate outcomes for single mothers net of the effect on single women without children because TANF policies should have little or no effect on the latter, control group.¹⁴ In the case of the estimates obtained using a non-linear model, we compute the marginal effects listed in Table 5.1 and 6.1 using mean values for 2003-2005 in California.

Table A.8 provides estimates for sanction and time-limit policies.

Table A.8
Effects of state TANF policies on economic conditions of single-mother families

	(1)	(2)	(3)	(4)
	Income below poverty	Positive annual hours worked	Log earnings	Log household income
Time limits				
Grant elimination (reached)	0.0452 (0.051)	-0.03 (0.0486)	0.0067 (0.0327)	-0.0314 (0.0347)
Extension if meeting work requirement	-0.0153 (0.03)	0.0385 (0.0333)	0.0432 (0.0288)	0.0298 (0.0189)
No time limit	0.0469 (0.0368)	-0.0258 (0.049)	-0.0617+ (0.0338)	0.0055 (0.0342)
Grant reduction (implemented)	-0.1396* (0.0504)	-0.097 (0.0621)	-0.1384* (0.0503)	0.0508 (0.0366)
Grant elimination (implemented)	0.0073 (0.0436)	0.0307 (0.0533)	-0.0358 (0.0425)	-0.0106 (0.0282)
Work-related sanctions				
Gradual grant elimination	-0.0983* (0.0342)	0.0048 (0.0456)	0.0095 (0.0372)	0.038 (0.0322)
Immediate grant elimination	-0.137* (0.033)	0.0668 (0.0452)	-0.0238 (0.0296)	0.0794* (0.0252)
Adult removed	-0.0457 (0.0447)	-0.0304 (0.0532)	-0.0409 (0.0419)	0.0258 (0.0355)
Observations	212,023	212,023	149,326	210,086
R-squared	0.1369	0.1594	0.3811	0.2339

SOURCE: Authors' calculations from Annual Social and Economic Supplement to the CPS and other data as described in Table A.3.

NOTES: All models are estimated for 1990 to 1996 and from 1999 to 2005. Models include state and year fixed effects as well as variables listed in Tables A.3 and A.7. All variables are interacted with single mother status, and the reported coefficients are net of the effects on single women without children. Standard errors are corrected for state-level clustering. Full results are available from the first author upon request.

Significance: + = .10; * = .05

¹⁴ We also estimate models using married women as the control group, and obtain similar results. The reduction in poverty due to gradual full-family sanctions is, however, not significant in this specification. Complete model results are available from the first author upon request.