

## **Cash Assistance in San Mateo County: A Summary of Recent Research Findings**

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This presentation provides a select and brief synopsis of research findings regarding the SUCCESS model and TANF/CalWORKS. It addresses the questions, "Has San Mateo County's cash assistance program been successful?" and "Which families need continuing support?" The presentation concludes with a discussion of future implications and some policy recommendations.

Research was undertaken to understand and address issues regarding the performance of the Temporary Aid for Need Families (TANF) program as it functions in San Mateo County. California's version of TANF is referred to as California Work Opportunity and Responsibility to Kids Program, or CalWORKs. CalWORKs is the primary cash assistance program for low-income families with children.

In 1994, San Mateo County abandoned the traditional entitlement model and adopted a "work first" approach to providing aid to families and their dependent children. After a two-year community and agency-wide planning process, the San Mateo County Human Services Agency (HSA) unveiled its Shared Undertaking to Change the Community and Enable Self-Sufficiency (SUCCESS) model in 1996. The SUCCESS Model represented a fundamental change in the way human services were delivered, focusing on streamlined services for low-income families in the face of federally imposed time limits to assistance, and increased participation requirements for welfare recipients. In July 1997, HSA was authorized by the California Department of Social Services (CDSS) to operate its SUCCESS model as a demonstration project for the state of California.

In 1998, CalWORKs was implemented throughout California. It was determined that the SUCCESS model was significantly different from the CalWORKs requirements, and therefore, the SUCCESS demonstration project was ended in 1999.

The findings in this presentation are drawn from the SUCCESS evaluation (1998-2001) and the TANF "Leavers" Study (1999-2001). An analysis of the impact of the SUCCESS model was conducted between 1994 and 2001 with additional analyses that focused upon child well-being (1999) and a cost/benefit analysis (1994-2000). During 1999 and 2000, research was conducted on the circumstances of individuals and families who leave TANF. The data for these studies were extracted from county and state administrative data systems and supplemented by surveys of program participants.

### ***Has San Mateo County's Cash Assistance Program Been Successful?***

San Mateo County has reduced the CalWORKs caseload a greater proportion than any of the 58 California Counties. Since 1998, San Mateo has reduced its CalWORKs caseload by 65%, higher than the Statewide rate of 34% or the Bay Area rate of 48%. Caseload reductions remain much larger than average even after controlling for differences in economic conditions and demographic characteristics between Counties.

San Mateo County's caseload reductions reflect real improvement in family economic circumstances and well-being. Research has shown:

- Individuals who leave CalWORKs ("Leavers") have higher incomes than individuals who continue to receive assistance
- Leavers demonstrate increased earnings over time
- Leavers are relatively unlikely to return to assistance
- Very few of Leavers' children go into foster care
- Leavers show modest improvement in measures of family and child well being

Through grant savings and increases in Leavers' household income, San Mateo County's cash aid program has generated substantial benefits to clients and to the State. On balance, these benefits are much greater than the program's higher administrative costs relative to the average CalWORKs program. It is estimated that San Mateo County saved nearly ten million dollars between 1998 and 2000 due to caseload reductions.

San Mateo County's full-grant sanction policy increased compliance rates and improved client employment outcomes. The full-grant sanction policy allows for the family to lose all of their benefits if they are not compliant with program requirements. After phase-in, sanction rates were lower under SUCCESS than under Aid to Families with Dependent Children<sup>1</sup> or CalWORKs. The families that did not return to cash aid after being sanctioned experienced increased employment rates and earnings levels.

### ***Which Families Need Continuing Support?***

Many people who leave cash aid remain eligible for public assistance. For example, one in seven Leavers have income below 70% of the poverty level; most of these individuals are not receiving cash aid or food stamps. Forty percent of these very low income Leavers report that they do not have health insurance. Although awareness and use of supports for transitioning off cash-aid is increasing, both HSA practices and legislative policies should be reviewed for further improvement. The greatest impact may be made by addressing gaps in linkages between the CalWORKs Program and other programs such as Food Stamps, Medi-Cal, and the Earned Income Tax Credit.

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<sup>1</sup> Aid to Families with Dependent Children, or AFDC, was supplanted by TANF in 1996.

Although most San Mateo County welfare Leavers have higher income than if they had remained on aid, almost all Leavers remain far below self-sufficiency levels. On average, the annual income for a typical Leaver with a family of three is \$18,000 whereas HSA estimates the self-sufficiency standard for a family of three at \$61,344.

CalWORKs imposes a cumulative five-year time limit on receipt of aid, which will initially impact clients in January 2003. The impact of time limits on client well-being will vary. It is expected that exemptions (e.g., hardship exemption, people over age 60, people receiving SSP, people determined to be incapable of maintaining employment, or participating in, welfare-to-work activities) will significantly reduce the number of affected families. Consequently, non-working families who are not exempt from time limits will have the largest benefit reduction. The families likely to suffer the largest income reduction tend to have young children and speak a primary language other than English or Spanish.

Many issues remain for low-income families in San Mateo County regardless of their welfare status. Families that are functioning below the self-sufficiency standard are extremely vulnerable and will consistently need to access emergency services. Some additional supports such as child care support for working families and reduced fares on public transit could create a profound impact on the health and well-being of low income families.

### ***Summary & Recommendations***

- In general, the cash aid programs in San Mateo County have been successful, however there are vulnerable populations.
- Past practices have shown that a carefully implemented full-grant sanction policy could increase compliance rates and earnings outcomes.
- California should consider implementing new transitional Food Stamps benefits
- Although hardship exemptions may initially cover most San Mateo clients who exceed the Federal time limit on TANF, working poor families who “play by the rules” will face income reduction.
- Caseload levels may rise sharply in an economic downturn. Even during the strong economic conditions that held through 2000, many non-recidivist Leavers remained eligible for cash aid. As economic conditions weaken, it is more likely that people on the edge of self-sufficiency will be seeking HSA services and supports. Consequently, caseload increases are likely to cause a shift in resources from service provision back to grant payments.